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REPORT OF MANAGEMENT FOR 2022

Dear Shareholders,

Companhia Energética de Minas Gerais ('Cemig' or 'the Company') submits for your consideration the Report of Management, the Financial Statements, the Opinion of the Audit Board, the report of the Audit Committee and the Report of the Company's external auditors on the business year ended December 31, 2022, together with the statements of the executive officers who have reviewed the financial statements and the related report of the external auditors.

MESSAGE FROM MANAGEMENT

We made significant progress in 2022 - a year that will be remembered for our success in implementing our strategy.

At the time of the revision of the Company's strategic planning we made our main objectives transparently clear: "to focus and win", prioritizing investments in Minas Gerais and continuously seeking improvements in operational efficiency, financial results, and the quality of service provided to clients.

To start with the financial results: For 2022 we report significant net profit of R$4.1 billion, with Ebitda of R$6.9 billion, even with the provision, in 2022, for the Pasep and Cofins tax credits on ICMS, which had an impact of approximately R$1.3 billion on profit. That is to say, even with this significant provision, these results show the resilience of Cemig's operations, and its capacity to generate cash and profits in its business.

In debt management: We published our strategy for reduction of our FX exposure - our Eurobond issue of 2017 and 2018 - in steps. In 2021 we had repurchased US$500 million of this issue, and in 2022 we bought back a further US$244 million, reducing our FX exposure to US$756 million, or approximately half its initial amount. This was beneficial both for our debt profile and for perception of our risk by the market and the rating agencies.

Another highlight is our low financial leverage - expressed as Net debt / Adjusted Ebitda - of 0.96x at the end of the year, enabling the Company to implement its investment program and maintain its credit quality, consequently continuing to ensure good access to the capital market.

Once again, our operational expenses were completely covered by tariffs in both the distribution and the transmission businesses, and Ebitda in both activities was higher than the required regulatory level. In 2023 we will continue to invest in new measures for operational efficiency - among which one highlight has been our reductions of post-employment obligations, with significant positive effects on our net profit and balance sheet.

The results of our energy trading business merit special mention. We are the largest energy trader operating in Brazil in service to final clients, and we have a history of significant financial results, reflecting our careful analysis of scenarios, and management of our portfolio of energy contracts. In 2022 we generated Ebitda of R$964 million from trading - which we celebrate as an outstanding result in the power trading environment in Brazil.

In 2022 the prices of our shares rose by a great deal more than the Ibovespa index, and also the average for the electricity sector, showing the degree to which investors recognize and trust the quality and performance of our Company. Further, in terms of return on investment for our investors, we distributed dividends of more than R$2 billion, also among the best in the electricity sector.

In our service to clients, which is an important part of our strategic vision, we continue to present consistent results, with quality indicators better than those used as benchmarks by the regulator. Our DEC (the average total duration of outages per client in the year) was 9.48 hours, which compares with the regulatory threshold of 9.98 hours; and our FEC (the average frequency of outages per consumer in the year), was 4.58, while the regulatory maximum is 6.43.

We have an ambition to transform the relationship with our more than 9 million clients, significantly improving their perception in relation to the services we provide. As an example, through our Cliente+ project, we aim to provide an omnichannel operation, unifying the customer service channels available (telephone, in-person and online), providing integrated fully-cognitive service across the various platforms that clients use, increasingly fast and more efficiently.

In our strategy of concentrating investment in Minas Gerais, we are investing R$3.1 billion in our distribution business - a very significant amount, and one which represents a change of level in our investment in the distribution concession. This means more supply of electricity, in turn boosting growth in the State of Minas Gerais, while providing ever-improving quality to our clients. Another consideration is that these investments become part of our Regulatory Remuneration Base (BRR), to be ratified by Aneel in the tariff Review for next year.

In our transmission business: We won the auction for Lot 1 of the Aneel auction of December 2022 - construction of a transmission line connecting Minas Gerais with Espírito Santo - representing annual revenue of R$17 million. This is a significant and memorable result, as it represents the return of Cemig GT to a protagonist stance of investing in our core business, within Minas Gerais, maintaining control of our assets.

In generation: In 2023 we have begun the process of renewal of the generation concessions of the Theodomiro Carneiro Santiago plant (formerly named Emborcação), and our Nova Ponte and Sá Carvalho plants, which represent approximately half of our total generation capacity, while continuing to invest in renewable sources, now with increased focus through our Distributed Generation subsidiary, Cemig SIM.

Divestment from non-strategic assets, or those in which we do not have control of the operations, is part of our strategy. In this area we have had very significant results in 2022 - we have disposed of our equity interests in Renova, Axxiom and Ativas. In March 2023, we concluded the sale of our entire equity stake in the Santo Antônio generation plant. All these disinvestments have enabled management to focus on the principal businesses, which add value for stockholders. In 2023 we expect to continue to make divestments of minority equity interests, or in companies where we have shared control.

We believe that human capital plays a fundamental role in execution of our strategy. In this context, we derived considerable satisfaction from the result of our 2022 company atmosphere survey, which showed a strong increase of 11 points in the index of employee satisfaction from the previous survey, with 75% of respondents reporting a favorable assessment. This is testimony to our employees' growing engagement and commitment to the future success of the Company.

Sustainability of our operations is in our DNA. 100% of our electricity generation is from renewable sources. We are the only company in the power sector outside Europe that has been in the Dow Jones Sustainability Index every year for the last 23 years. At the beginning of 2023, we received one more recognition that ratifies this status of sustainable company: the top position in Brazil in the annual Carbon Clean200™ global ranking of the 200 listed companies that have led initiatives for solutions for the transition to a clean energy future. We were also honored to be placed in 37th position in the Carbon Clean200™ worldwide ranking.

In conclusion, we can reaffirm that we have been successful in implementing our strategy in the year - through: planned investments in Minas Gerais; divestment from non-strategic assets; continuous improvement in service to clients; achievement of solid financial results, with discipline in management of costs; and reduction of our foreign exchange exposure; - and all this with increased engagement by our employees, and sustainable corporate practices.

These results bring us increasing optimism and enthusiasm to continue with execution of our strategy, in our objective of 'focusing to win', and continuously seeking to make Cemig more efficient, profitable and admired by its clients, ready at all time to face future challenges.

We thank our employees, stockholders and other stakeholders for the sum of their efforts to ensure that Cemig continues to play a protagonist role in the Brazilian power industry.

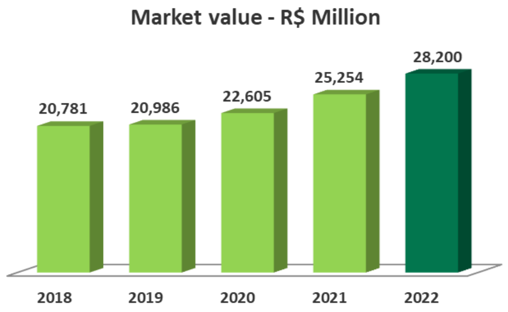
BRIEF HISTORY OF CEMIG

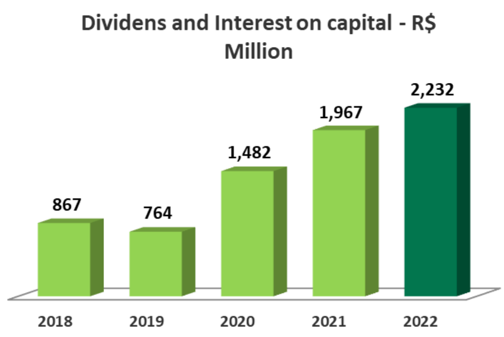
Companhia Energética de Minas Gerais ('Cemig') is a listed company of mixed public- and private-sector ownership, controlled by the government of the Brazilian state of Minas Gerais. Its shares are traded on the exchanges of São Paulo, New York and Madrid (Latibex). Its market valuation at the end of 2022 was approximately R$28 billion. For the 23th year running, Cemig has been included in the Dow Jones Sustainability World Index (the 'DJSI World'), for period 2022-23 - reflecting its established position as one of the world's most sustainable companies. It continues to be the only energy company in Latin America that has been included in the DJSI World since that index was created, in 1999.

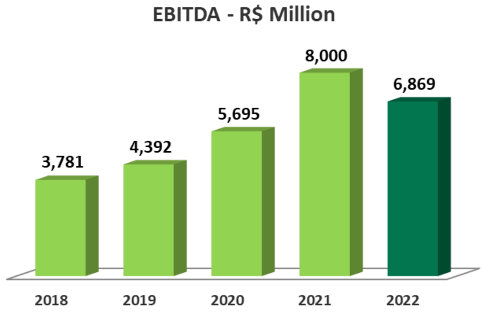
Cemig operates in generation, transmission, distribution and sale of energy, energy solutions and natural gas distribution. The Cemig Group comprises: the holding company, Cemig, its wholly owned subsidiaries Cemig Geração e Transmissão S.A. ('Cemig GT'), including its subsidiaries, jointly-controlled subsidiaries and associated companies, and Cemig Distribuição S.A. ('Cemig D') and Cemig Soluções Inteligentes em Energia S.A. (Cemig Sim), totaling 102 companies, 9 consortia and 2 FIPs (Equity Investment Funds), with assets and businesses in numerous states of Brazil.

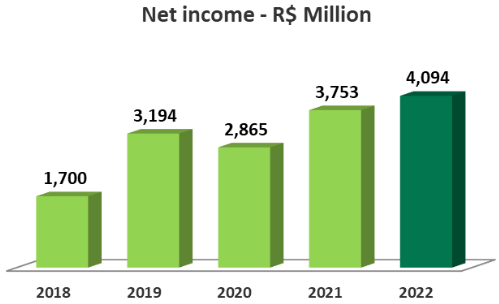
Cemig monitors and supervises management and activities of the subsidiaries and affiliates, through active participation in their governance bodies, always applying the criteria of good governance and supporting the efforts for them to achieve the aims of their business plans.

Main indicators:









Other indicators:

Description	2018	2019	2020	2021	2022
GWh billed	43,563	42,214	39,402	43,263	44,895
Revenue (R$'000)	22,266	25,487	25,228	33,646	34,463
Earnings per share - R$	1,17	2,10	1,69	2,22	1,87
Number of customers billed ('000)	8,409	8,514	8,697	8,885	9,037
Number of employees	6,083	5,596	5,254	5,025	4,969

Our mission, vision and values

Mission

To provide the public with integrated solutions for clean and accessible energy in a way that is innovative, sustainable and competitive.

Vision

To be among the three best integrated energy groups in Brazil in terms of governance, financial health, performance of assets and satisfaction of clients.

Values

Respect for life; integrity; generation of value; sustainability and social responsibility; commitment and innovation.

Ethical Principles and Code of Professional Conduct

The Cemig Code of Conduct

On April 18, 2022 the Board of Directors of Cemig approved the new *Cemig Code of Conduct* (https://ri.cemig.com.br/en), which was reviewed and revised with participation by employees of all the areas of the Company. It is based on the pillars of Cemig's identity and policies: respect for life, integrity, generation of value, commitment, innovation, sustainability, social responsibility, and alignment with the Company's cultural identity. It constitutes a pact which aims to incorporate common values, objectives and behavior, developing a of integrity. The Code is to be complied with by all the people to whom it is addressed: managers, members of the Board of Directors, members of committees under the bylaws, employees, interns and outsourced parties who have any established relationship with the Company's stakeholders.

The Ethics Committee

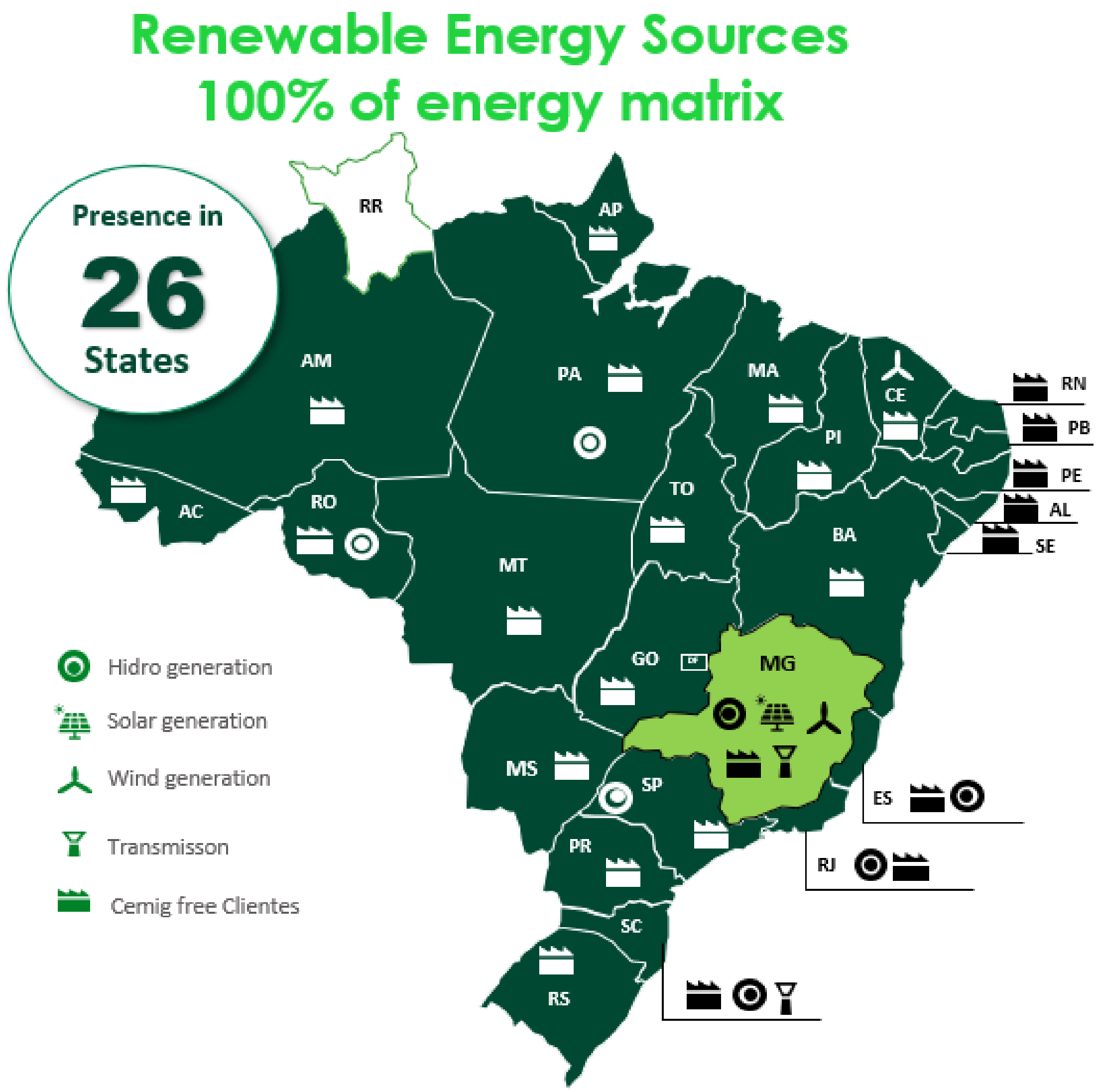
The Ethics Committee is responsible, among other attributions, for coordinating action in relation to management (interpretation, publicizing, application and updating) of the Statement of Cemig Code of Conduct, including assessment of and decision on any possible non-compliances.

The Commission is made up of 8 members including Superintendents and Managers, appointed by the Executive Board. It may be contacted through our Ethics Channel - the anonymous reporting channel on the corporate Intranet, or by email, internal or external letter or by an exclusive phone line - these means of communication are widely publicized internally to all staff.

These channels enable both reports of adverse activity and also consultations. Reports may result in opening of proceedings to assess any non-compliances with Cemig's Statement of Cemig Code of Conduct.

Area of operation

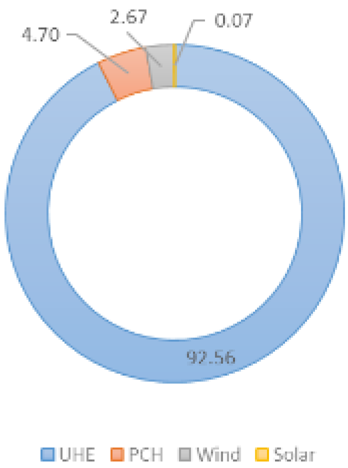
As the map below shows, the Company operates in several regions of Brazil, with the greatest concentration in the Southeast.



OUR BUSINESS

Generation

Cemig's installed capacity produces electricity exclusively from renewable sources (hydroelectric, wind or solar).



Including its subsidiaries, jointly controlled entities and affiliated companies, on December 31, 2022, Cemig had 69 plants in operation (60 hydroeletric, 7 wind and 2 solar), with installed capacity of 5,519.6 MW, (information unaudited by the independent auditors), as follows:

Generating plant	Installed capacity (MW)*
Theodomiro Carneiro Santiago (formely Emborcação)	1,192
Nova Ponte	510
Irapé	399
Três Marias	396
Salto Grande	102
Queimado	86.6
Rosal	55
Sá Carvalho	78
Itutinga	52
Camargos	46
Santo Antônio	268.7
Belo Monte	1,313
Aimorés	148.5
Amador Aguiar I	94.3
Amador Aguiar II	82.6
Funil	81
Igarapava	49.7
Eólicas	147.3
Baguari	47.6
Others	370.3
	5,519.6

* The figures for installed capacity represent Cemig's proportional interest in each project.

Renegotiation of hydrological risk - the Generation Scaling Factor (GSF)

On September 9, 2020, the Law 14,052/2020 was issued, changing the Law 13,203/2015 and establishing new conditions for renegotiation of hydrological risk in relation to the portion of costs incurred due to the GSF, borne by the holders of hydroelectric plants participating in the Energy Reallocation Mechanism (MRE) since 2012, when there was a serious crisis in water sources.

The compensation to the holders of hydroelectric occurs through the extension of the concession period for generation grants. The extension periods were ratified by Aneel Ratifying Resolution 2,919/2021 and Ratifying Resolution 2,932/2021. The extension periods of the plants of Lot D were, under the rule, equal to the maximum 7 years permitted by Law 14,052/2020.

This renegotiation represents important progress for the electricity sector, reducing levels of litigation - and also for Cemig, in that it enables extension of the periods of its generation concessions, including those of the Nova Ponte and Theodomiro Carneiro Santiago (formely Emborcação) plants, the concession contracts of which were extended from 2025 to 2027. More information on the new expiration periods of the generation concessions in Note 18.

Transmission

The Company operates and maintains 40 substations and 5,017 km of transmission lines, operating at 230kV, 345kV and 500 kV, as part of Brazil's National Grid system. It also has assets that it operates and maintains in ten substations of other transmission agents.

Cemig GT has transmission assets in 11 other companies, with whom it has operation and maintenance contracts, in 17 substations (of which tow are not substations of Cemig GT), and 439 km of transmission lines.

Energy distribution

Cemig D is one of Brazil's leading electricity operators. Its concession area covers 567,478 km², comprising approximately 97% of the State of Minas Gerais.

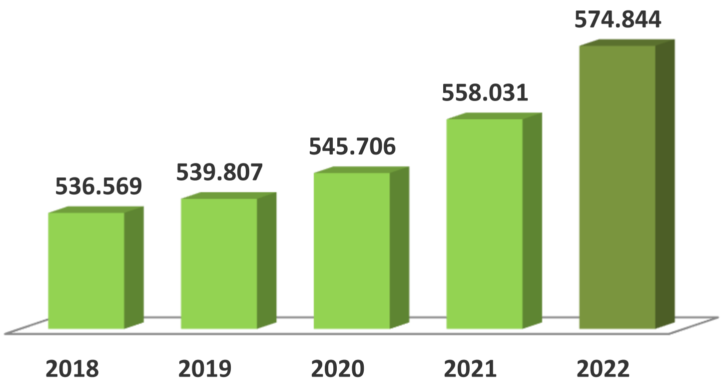
It is the largest distribution company in Latin America, with 574,844 km of distribution networks comprising 124,946 km in urban areas and 431,413 km in rural regions, and 18,485 km of distribution lines, with 8,885 thousand customers invoiced in 2022.

Cemig D also has the country's highest percentage of low-income customers benefiting from the Brazilian Social Tariff - serving an average of 1,187 qualifying customers with this profile, or 16% of its total of customers in the residential category.

Area of operation

Changes in Cemig D's sub-transmission and distribution line in the last five years.

Distribution lines (Km)



Energy trading

Cemig's trading companies are the leaders in serving the free market in Brazil. We have expanded our area of operation to other states, consolidating our position with the addition of new clients in the states where we already operate, especially Minas Gerais, São Paulo, and Rio Grande do Sul. We currently have customers in 25 states.

Cemig, the leader in sales to end clients in the free market, with a 15.03% share, recently surpassed the volume of 1,200 MW average of energy sold in the incentive market, which represents almost 16% of this segment, according to data released by the Chamber of Commercialization of Electric Energy (CCEE). This is an unprecedented mark for the market and especially for the Company, which has been increasing its sales to this segment continuously since 2010.

Sale and distribution of gas

Cemig also operates in sales and distribution of natural gas through its subsidiary Gasmig, which is the exclusive distributor for piped natural gas in the whole of the State of Minas Gerais. In 2022, Gasmig sold a total of 1,105,465 thousand m^3 of gas: 79% to industrial customers; 3% for thermal generation; and 18% to the automotive, residential and other sectors.

FINANCIAL RESULTS

(Figures in R$'000000 unless otherwise indicated)

Consolidated results

Net income for the year

Cemig presented a net income of R$4,094 million in 2022 compared to a net income of R$3,753 million in 2021, representing an increase of 9.09%.

The main variations in revenue, costs, expenses and financial result are presented separately by segment in the sequence of this report.

Ebitda (Earnings before interest, tax, depreciation and amortization)

Cemig's consolidated Ebitda, adjusted by the exclusion of non-recurring items, increased by 16.77% in 2022, compared to 2021, while the adjusted Ebitda margin increased from 17.63% in 2021 to 20.10% in 2022.

Ebitda 2022 - R$'000000	Generation	Transmission	Trading	Distribution	Investee	Total
Net income for the year	888	350	684	443	1,729	**4,094**
+/- Income tax and Social Contribution tax	307	174	314	(67)	(702)	**26**
+/- Net financial revenue (expenses)	150	96	(34)	1,115	240	**1,567**
+ Depreciation and amortization	328	-	-	738	116	**1,182**
= Ebitda according to "CVM Instruction n. 156" (1)	**1,673**	**620**	**964**	**2,229**	**1,383**	**6,869**
Non-recurring and non-cash effects						
- Net income attributable to non-controlling interests	-	-	-	-	(2)	**(2)**
- Gains arising from the sale of non-current asset held for sale	-	-	-	-	(105)	**(105)**
+ Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers	-	-	-	830	-	**830**
- Reversal of tax provisions - Social security contributions on profit sharing	(29)	(27)	(5)	(42)	(33)	**(136)**
+ Tax provisions - Indemnity of employess' future benefit (the 'Anuênio')	14	13	2	98	9	**136**
- Put option - SAAG	-	-	-	-	(35)	**(35)**
+ Write-off of financial assets	172	-	-	-	-	**172**
- TARD related to infrastruture	-	-	-	(145)	-	**(145)**
- Reversal of provision for losses (reversal) (note 16)	-	-	-	-	(162)	**(162)**
- Change in estimate of expected losses (note 8)	-	-	-	(131)	-	**(131)**
- Gain in the MVE - Mechanism for the Sale of Surplus, net of taxes	-	-	-	(204)	-	**(204)**
+ Impairment losses	-	-	-	-	7	**7**
- Bargain purchase results (note 16)	-	-	-	-	(5)	**(5)**
- Result of the agreement between FIP Melbourne and AGPar (note 16)	-	-	-	-	(161)	**(161)**
Adjusted EBITDA (2)	**1,830**	**606**	**961**	**2,635**	**896**	**6,928**

(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated financial statements in accordance with CVM Circular SNC/SEP n. 1/2007 and CVM Resolution n. 156 of June 23, 2022. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income and Social Contribution taxes. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. The Company publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

(2) The Company adjusts the Ebitda measured according to CVM Resolution n. 156/2022 removing non-current items, which, because of their nature, do not contribute towards information on the potential of future cash generation, since they are extraordinary items.

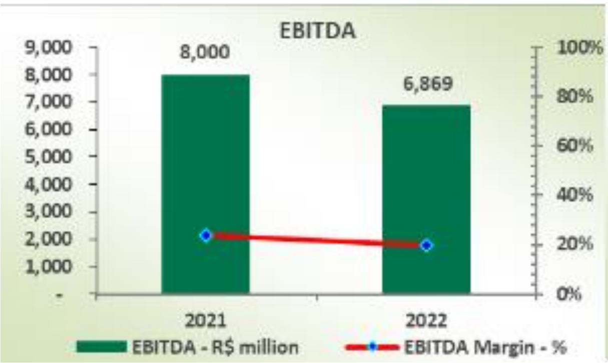
Ebitda 2021 - R$'000000	Generation	Transmission	Trading	Distribution	Investee	Total
Net income for the year	1.395	421	433	1.701	(197)	**3.753**
+/- Income tax and Social Contribution tax	409	78	224	655	(421)	**945**
+/- Net financial revenue (expenses)	758	395	(15)	8	1.107	**2.253**
+ Depreciation and amortization	255	3	1	683	107	**1.049**
= Ebitda according to "CVM Instruction n. 156" (1)	**2.817**	**897**	**643**	**3.047**	**596**	**8.000**
Non-recurring and non-cash effects						
- Net income attributable to non-controlling interests	-	-	-	-	(2)	**(2)**
- Periodic Tariff Review adjustments, net	-	(215)	-	-	-	**(215)**
- Gains arising from the sale of non-current asset held for sale	-	-	-	-	(109)	**(109)**
Reversal of tax provisions	-	-	-	(89)	-	**(89)**
- Renegotiation of hydrological risk (Law 14,052/20), net	(1.032)	-	-	-	-	**(1.032)**
- Renegotiation of hydrological risk (Law 14,052/20), investees (4)	-	-	-	-	(308)	**(308)**
- Anticipation for service provision, net (3)	-	-	(148)	-	-	**(148)**
+ Net adjustment related to devaluation in investments	-	-	-	-	204	**204**
+ Impairment losses	-	-	-	-	51	**51**
- Bargain purchase results (note 16)	-	-	-	-	(4)	**(4)**
- Write-off of the balance of the post-employment obligation for life insurance	(38)	(36)	(7)	(309)	(25)	**(415)**
Adjusted EBITDA (2)	**1.747**	**646**	**488**	**2.649**	**403**	**5.933**

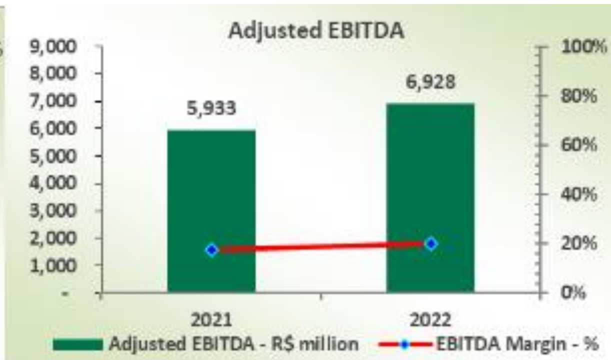
(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated financial statements in accordance with CVM Circular SNC/SEP n. 1/2007 and CVM Resolution n. 156 of June 23, 2022. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income and Social Contribution taxes. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. The Company publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

(2) The Company adjusts the Ebitda measured according to CVM Resolution n. 156/2022 removing non-current items, which, because of their nature, do not contribute towards information on the potential of future cash generation, since they are extraordinary items.

(3) The amount refers to early payment of amounts for provision of services of the subsidiary ESCEE to a free customer, net of PIS/Pasep and Cofins taxes.

(4) On September 30, 2021 the jointly controlled subsidiaries Nesa and Aliança Energia, and the affiliated company Madeira, recognized amounts of R$30 million, R$149 million and R$129 million, respectively, arising from renegotiation of hydrological risk.





Operational revenue

The breakdown of revenue is as follows:

	Consolidated	
	2022	2021
Revenue from supply of energy - captive customers, in Cemig's concession area	30.158.388	29.619.254
Revenue from use of the energy distribution systems (TUSD) - free customers	3.684.574	3.448.318
CVA, and Other financial components	(1.146.560)	2.146.043
Restitution of PIS/Pasep and Cofins credits to consumers - Realization	2.360.056	1.316.995
Revenues from transmission		
Revenues from operation and maintenance	413.044	354.910
Revenue of transmission construction	407.193	251.973
Financial remuneration of the transmission contract assets	575.449	660.457
Generation indemnity revenue	47.028	-
Revenue of distribution construction	3.245.688	1.852.263
Adjustment of cash flow expectation of the financial asset of distribution concession	39.369	53.751
Revenues from financial actualization of the concession bonus	466.857	523.105
Settlement in the CCEE	182.893	1.156.503
Transactions in the mechanism of sale of surplus - MVE	453.131	452.896
Gas supply	4.529.123	3.470.406
Fine for violation of the continuity indicator standard	(94.035)	(70.948)
Revenue by anticipation of service rendering	-	153.970
PIS/Pasep and Cofins credits to be refunded to consumers	(829.783)	-
Other operational revenues	2.657.114	1.935.273
Taxes and charges levied on revenue	(12.686.721)	(13.679.051)
Net operating revenues	**34.462.808**	**33.646.118**

Revenue from supply of energy - captive customers, in Cemig's concession area

In 2022 revenue from supply of energy was R$30,158 million compared to R$29,619 million in 2021, representing an increase of 1.82%.

	2022			2021			Change, %	
	MWh (2) (3)	R$(million)	Average price/MWh billed (R$/MWh) (1)	MWh (2) (3)	R$(million)	Average price/MWh billed (R$/MWh) (1)	MWh	R$
Residential	11.216.803	10.133	903,38	11.185.772	11.123	994,39	0,28	(8,90)
Industrial	18.203.746	5.991	329,11	16.360.861	5.275	322,42	11,26	13,57
Commercial, Services and Others	8.956.518	6.155	687,21	8.334.095	5.520	662,34	7,47	11,50
Rural	3.092.932	2.050	662,80	3.975.398	2.566	645,47	(22,20)	(20,11)
Public authorities	855.672	660	771,32	729.312	583	799,38	17,33	13,21
Public lighting	1.138.039	535	470,11	1.225.733	718	585,77	(7,15)	(25,49)
Public services	1.400.256	841	600,60	1.418.306	879	619,75	(1,27)	(4,32)
Subtotal	**44.863.966**	**26.365**	**0,59**	**43.229.477**	**26.664**	**0,62**	**3,78**	**(1,12)**
Own consumption	30.942	-	-	33.074	-	-	(6,45)	-
Net unbilled retail supply	-	(189)	-	-	(14)	-	-	1.250,00
	44.894.908	**26.176**	**587,67**	**43.262.551**	**26.650**	**616,80**	**3,77**	**(1,78)**
Wholesale supply to other concession holders (2)	16.776.567	3.894	232,11	12.952.726	3.024	233,46	29,52	28,77
Wholesale supply unbilled, net	-	88	-	-	(55)	-	-	(260,00)
Total	**61.671.475**	**30.158**	**490,89**	**56.215.277**	**29.619**	**528,42**	**9,71**	**1,82**

(1) The calculation of the average price does not include revenue from supply not yet billed.
(2) Includes Regulated Market Energy Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.
(3) Data not audited by external auditors.

The main impacts on revenue in 2022 arise from the following factors:

- the average price billed to Rural clients was 22.20% lower, due mainly to the number of consumers in this category being 31.3% lower, as a result of migration to other consumer categories in compliance with Aneel Normative Resolution (ReN) 901/2020, which ordered change of category for clients that did not re-register and provide proof of the status of their activity as qualifying for the tariff benefit applied to Rural consumers;
- Volume of energy billed to Industrial consumers 11.26% lower, due to migration of clients from the captive market to the Free Market, and also to lower activity in the industrial sector in the state than in the previous year;
- Volume of energy billed to the Public illumination category 7.15% lower due to replacement of existing lamps with LED lamps in some prefectures;
- Volume of energy billed to the Public authorities category 17.33% higher, due to return of activity following the pandemic, and reclassification of consumers from the Rural and Public services categories to the Public authorities category, as required by Aneel Normative Resolution (ReN) 901/2020;
- Volume of energy billed to the Commercial and services category 7.47% higher, due to the increase in the number of consumers in this category mainly as a result of migration of clients from the Public services and Rural categories, in compliance with Aneel Normative Resolution (ReN) 901/2020.

In addition to the comments above, we should also highlight the significant reduction in the ICMS tax component of the amounts that Cemig D charges to clients, in the second half of 2022, as a result of ICMS tax for all categories of consumer being limited to a maximum of 18%, and this tax not being applicable to distribution services, nor to the sector charges linked to electricity operations.

Revenue from Use of Distribution Systems (TUSD)

This is revenue from charging Free Customers the Tariff for Use of the Distribution System (TUSD), on the volume of energy distributed. From January to December 2022, this was R$3,685 million, compared to R$3,448 million in 2021 - increase of 6.87%.

This variation is mainly due to the 22.82% increase in the average tariff on free customers in fiscal year 2022, compared to the same period in 2021, partially offset by the reduction in the ICMS rate, as previously commented.

Additionally, there was an increase of 1.99% in the energy transported in fiscal year 2022, compared to the previous year.

	MWh (1)		
	2022	2021	Change, %
Industrial	20,666,410	20,446,578	1.08
Commercial	1,760,697	1,535,217	14.69
Rural	40,142	44,161	(9.10)
Public services	13,130	3,650	259.73
Public authorities	2,662	-	-
Concessionaires	300,924	310,178	(2.98)
Total energy transported	**22,783,965**	**22,339,784**	**1.99**

(1) Data not audited by external auditors..

CVA and Other financial components in tariff adjustments

Cemig D recognizes in its financial statements the positive or negative variations between actual non-controllable costs and the costs that are used in calculating rates charged to customers. These balances represent the amounts that should be reimbursed to the customers or passed on to Cemig D in the next tariff adjustments of Cemig D.

An expense of R$1,146 million was recognized in 2022, compared to R$2,146 million in 2021. This mainly reflects lower costs of purchase of electricity for resale, due to the more favorable hydrological situation in 2022. A highlight is the reduction in costs of energy acquired at auction, due to the reduction in dispatching of thermal plants, and also to lower costs of the System Services Charge due to the effect of lower dispatching of thermal plants outside the merit order. Another factor in the amount of CVA gains to be returned to consumers was lower payments for settlement of energy purchases on the CCEE than in 2021, mainly due to the lower spot price in 2022, which remained at the minimum level during almost the entire year.

See more information in note 14.4 of these financial statements.

Reimbursement, paid to consumers, of credits of PIS, Pasep and Cofins taxes - Amount realized

In 2022 the company posted a gain from realization of the restitution to consumers of credits of R$2,360 million, compared to R$1,317 million in 2021. The return of these amounts to revenue reflects the tariff charged by Cemig from June 2022 through May 2023 being discounted by these amounts of the PIS, Pasep and Cofins taxes, which are being returned to consumers. See more details in note 21.

Transmission concession revenue

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R$413 million in 2022, compared to R$355 million in 2021, 16.34% higher, mainly reflecting the annual adjustment of the RAP of the transmission companies (concession contracts 006/1997 and 79/2000), plus entry of new works;
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$407 million in 2022, compared to R$252 million in 2021, 61.60% higher. This mainly reflects, the higher volume of realization in the portfolio of transmission investment projects; and
- Revenues from financial remuneration of transmission contract assets were 12.87% lower, at R$575 million in 2022, compared to R$660 million in 2021. This variation mainly reflects the lower value of the IPCA inflation index - the indexor used for remuneration of the contract - which was 5.78% in 2022, compared to 10.06% in 2021.

More details in Note 15.

Distribution Construction Revenue

The construction revenues associated with assets related to the infrastructure of the distribution concession totaled R$3,246 million in 2022, compared to R$1,852 million in 2021, an increase of 75.27%. This reflects higher execution of the Company's investment plan than in the previous year, in particular the following: increased connection requests from clients; execution of the Advanced Metering Infrastructure project, with installation of 230,000 smart meters; expansion of the high voltage system, with 45 new and expanded substations being energized; and construction of 896 km of distribution lines.

This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

Supply of gas

We report revenue from supply of gas totaling R$4.529 billion in 2022, compared to R$3,470 million in 2021 - an increase of 30.52%. This primarily reflects a 16% adjustment, by the IGPM inflation index, in the margin on natural gas up to May 22, when new margins for Gasmig, higher than as of 2021, were set.

Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from transactions with energy on the CCEE (Power Trading Chamber) in 2022 was R$183 million, or 84.19% lower than in 2021 (R$1,157 million). This reduction is mainly due to the reduction of 78.9% in the average spot price (PLD) in the Southeast and Center-West regions, which was R$58.99/MWh in 2022, compared to R$279.61/MWh in 2021, due to a better hydrological condition.

Taxes and regulatory charges reported as deductions from revenue

The sector charges and taxes that are treated as deductions from revenue totaled R$12,687 million in 2022, or 7.25% less than in 2021 (R$13,679 million). This is mainly a reflection of reduction of the ICMS tax rate for all categories of consumer, and removal of applicability of this tax to distribution services and the sector charges linked to electricity operations, as mentioned above.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses totaled R$26,139 million in 2022, compared to R$26,201 million in 2021.

The following paragraphs comment on the main variations. See more on the breakdown of Operating costs and expenses in Note 28 of these financial statements.

Energy bought for resale

The expense on electricity purchased for resale in 2022 was R$14,614 million, or 9.24% less than in 2021 (R$16,101 million). The main factors are:

- Expenses on electricity acquired at auctions in the Regulated Market 46.58% lower, at R$3,334 million in 2022, compared to R$6,242 million in 2021. This is mainly due to lower availability dispatching of the thermal plants, and lower acquisition of energy through the Surplus and Deficits Offsetting Mechanism (MSCD);
- increase in the cost with the purchase of energy in the Free Market, being R$6,003 million in 2022, compared to R$4,976 million in 2021. The growth is due mainly to the increase in the amount of energy purchased between the years 2021 and 2022, which enabled the realization of energy sales contracts;
- reduction of 56.74% in the cost with short-term energy, being R$530 million in 2022, compared to R$1,224 million in 2021, justified, mainly, by the variation of the PLD, which had its average value of R$58.99 in 2022, compared to the average value of R$279.61 in the previous year;
- Expenses on purchase of energy in the spot market 56.74% lower, at R$530 million in 2022, compared to R$1,224 million in 2021, mainly reflecting the much lower average spot price of R$58.99 in 2022, compared to R$279.61 in 2021;
- The expense on electricity from Itaipu Binacional was 15.51% lower: R$1,644 million in 2022, compared to R$1,946 million in 2021. The lower figure mainly reflects reduction, by issue of a resolution, in the price for demand from Itaipu, in US dollars - from R$28.07/kW to R$24.73/kW;
- Expenses on Distributed Generation 55.91% higher in 2022, at R$1,644 million, compared to R$1,268 million in 2021. This higher figure reflects the higher number of generation units installed (191,153 in December 2022, compared to 115,868 in December 2021); and the higher volume of energy injected into the grid (3,041 GWh in 2022, compared to 1,920 GWh in 2021);
- Expenses on supply acquired through physical guarantee quota contracts 11.14% higher, at R$925 million in 2022, compared to R$832 million in 2021 - due to the annual increase in the Annual Generation Revenues (RAG - Receita Anual de Geração) of the plants operating under the quota regime, which is set by a Resolution, always in July;
- Expenses on quotas of supply from the Angra I and Angra II nuclear plants were 46.04% higher in 2022, at R$357 million, compared to R$245 million in 2021. This reflects the annual financial adjustment, set by a Resolution, of Cemig's monthly quota from R$20.3 million in 2021 to R$29.7 million in 2022;
- Expenses on 'bilateral' contracts were 17.98% higher in 2022, at R$493 million, compared to R$418 million in 2021. This is mainly the result of the annual adjustments of bilateral contracts in the Regulated Market.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. For more details please see Note 28a of these financial statements.

Charges for use of the transmission network and other system charges

Charges for use of the transmission network in 2022 totaled R$2,925 million, compared with 2021 (R$3,663 million), a reduction of 20.15%.

These charges are payable by energy distribution and generation agents for use of the facilities that are components of the national grid as well as the electric system. The amounts to be paid and/or received by the Company are set by a Resolution from the Regulator (Aneel).

This variation mainly reflects costs of the System Services Charge (CCEE-ESS) 56.65% lower, as a result of lower dispatching of plants outside the merit order; partially offset by costs of Contracts for Use of the Distribution System (CUSDs) 39.47% higher than in 2021, since these costs were reduced in 2021 as a result of the credits that the Company held at that time.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. More details see note 14b of these financial statements

Gas bought for resale

In 2022, the Company recorded an expense with gas purchased for resale in the amount of R$2,735 million compared to R$2,011 million, representing an increase of 36.00%. This variation arises basically from the readjustment of costs due to the contractual variation of natural gas prices.

Personnel expenses

Personnel expenses were R$1,352 million in 2022, compared to R$1,240 million in 2021, an increase of 8.99%. This reflects the salary increase of 11.08%, in November 2021, agreed under the Collective Agreement with the employees - and compares with a salary increase of 4.00% in November 2021, also under a Collective Agreement.

Employee and management profit-sharing

The expense with employees' and directors' profit sharing was R$83 million in 2022, compared to R$134 million in the previous year, representing a reduction of 38.06%. This variation is basically due to the change in the criteria for calculating the participation, as provided in the collective agreements for Cemig's Profit Sharing Program for 2022 and 2021.

Post-employment obligations

The impact of the post-employment obligations of the Company on operational profit in 2022 was an expense of R$626 million, compared to an expense of R$15 million in 2021. This variation is due to the changes made by the Company in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and ex-employees. The Company ceased the payment of this post-employment benefit; and thus, it wrote off the balance of the obligation, with a counterpart in the Income Statement. More details in note 24.

Outsourced services

The expense with outsourced services was R$1,706 million in 2022, compared to R$1,450 million in 2021, representing an increase of 17.66%. The main variations that explain this increase are:

- 21.36% increase in expenses with maintenance and conservation of electrical facilities and equipment, being R$589 million in 2022, compared to R$485 million in 2021;
- increase of 56.49% in information technology expenses, being R$146 million in 2022, compared to R$93 million in 2021.

Operational provisions

Operating provisions were R$455 million in 2022 compared to R$375 million in 2021, representing an increase of 21.63%. The main variations that explain this increase are:

- variation in the provisions for tax contingencies, which presented a net constitution of R$182 million in 2022, compared to R$2 million in 2021. This variation arises mainly from the provisioning of the social security contributions of the action for Annuity Compensation, as well as the financial updating of the actions related to the social security contributions on the payment of Profit Sharing (PLR), which are adjusted by the Selic rate (more details in note 25);
- increase in the provisions for labor contingencies, which presented a net constitution of R$98 million in 2022, compared to R$35 million in 2021. This increase is mainly due to the judgment of the issue that deals with the prevalence of negotiated over legislated, moving several processes of the most varied phases and matters, leading to an increase in additions.

Expected credit losses (PCE)

Reduction of 24.31% in the expected credit loss, which represented a constitution of R$109 million in 2022 compared to R$144 million in 2021, due to the lower default rate observed in the last 12 months and, additionally, the revision of the rules for measurement of losses, seeking greater adherence to the behavior of the Company's default.

Share of (loss) profit of associates and joint ventures, net

A net gain of R$843 million value of non-consolidated investees was posted by the equity method in 2022, which compares with a net gain of R$182 million in 2021.

The 2022 result is mainly associated with the following factors:

- recognition, in 2022, of a receivable in the amount of R$162 million, following the payment made by AGPar to FIP Melbourne under an agreement arising from CCBC Arbitration Judgment 86/2016; and

- reversal, in the amount of R$162 million, of the provision for the Company's contractual obligations to the investee Madeira Energia and other stockholders. This provision was made in 2021, with a negative effect on Equity income (gain/loss in non-consolidated investees) in that year.

Note 16 gives the breakdown of equity method gains/losses, by investee.

Net financial result

The Company reports net financial expense of R$1,567 million in 2022, compared to net financial expenses of R$2,253 million in 2021. This variation is mainly due to the following factors:

- deppreciation of the dollar against the Real in 2022 of 6.5%, compared to appreciation, of 7.39%, in 2021 - generating a posting of revenues of R$338 million in 2022 vs. expenses of R$353 million, in 2021;
- the fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R$438 million in 2022, compared with a negative item of R$538 million in 2021, arising basically from a rise in the yield curve related to expectation of increase in the US$/R$exchange rate;
- recognition of the premium on repurchase of debt securities in the amount of R$47 million in the fourth quarter of 2022 (R$491 million in the third quarter of 2021) as a result of the partial buyback of its Eurobonds - Tender Offer. More details about this operations in Note 22; and,
- Net gain 189.06% higher year-on-year on monetary updating of the balances of the CVA account, and of Other financial components, in the tariff calculation: a gain of R$185 million in 2022, compared to a gain of R$64 million in 2021. This basically reflects the higher Selic rate - the basic interest rate used as indexor of the balance - when compared to the previous year.

For a breakdown of financial revenues and expenses see Note 29 of these financial statements.

Income tax and social contribution tax

In 2022, the expense on income tax and the Social Contribution tax totaled R$26 million, on pre-tax profit of R$4,121 million, an effective rate of 0.64%. In 2021, the Company's expense on income tax and the Social Contribution tax totaled R$945 million, on pre-tax profit of R$4,698 million, an effective rate of 20.12%.

There is a reconciliation of these effective rates with the nominal tax rates in Note 10(d) to the financial statements.

Liquidity and capital resources

Our business is capital-intensive. Historically, we have a need for capital to finance the expansion and modernization of the existing generation and transmission facilities.

Our liquidity requirements are also affected by our dividend policy. We finance our liquidity and capital needs principally with cash generated by operations and with funds from financing.

Cash and cash equivalents

Cash and cash equivalents on December 31, 2022 totaled R$1,440,661 million, compared to R$825,208 million on December 31, 2021. No cash nor cash equivalents were held in any other currency than the Real. The main components of this variation are as follows.

Cash flow from operations

Net cash generated from operating activities in 2022 and 2021 totaled R$6,613 million and R$3,683 million, respectively. This variation results mainly from the higher expenditure of resources, in 2021, with the purchase of energy and charges for the use of the basic transmission network in relation to the amounts that had been included in the tariff adjustment.

Cash flow from investment activities

Net cash consumed in investing activities in 2022 totaled R$3,206 million, compared to a net cash generated in 2021 of R$1,371 million. This result is mainly due to the increase in the investments made in the electric energy and gas distribution infrastructure assets, being R$3,112 million in 2022 (R$1,798 million in 2021).

Cash flow in financing activities

Cash flow consumed in financing activities during 2022 totaled R$2,792 million, compared to net cash consumed of R$5,910 million in 2021. Despite the increase in interest on capital and dividends paid, there was a reduction in payments of loans and debentures, as well as new funding during 2022.

Results by segment

Distribution - Results

For 2022 Cemig D reports net profit of R$443 million, which compares with net profit of R$1,701 million in 2021. This table shows the principal variations from 2021 to 2022:

Net operational revenue

Net operational revenue in 2022 was R$20,919 million, 3.66% lower than in 2021 (R$21,713 million) due mainly to the following factors:

- Total revenue from supply of electricity in 2022 was R$20,209 million, or 6.93% lower than in 2021 (R$21,713 million). This mainly reflected volume of energy sold 2.45% lower in 2022 than 2021, and also the lower rate of ICMS tax charged on electricity bills in the second half of 2022, with reduction of the tariff. This lower amount of ICMS tax does not affect the Company's net profit, since it is offset by lower payments of ICMS tax;

- Revenue from charging Free Consumers the Tariff for Use of the Distribution System (Tarifa de Uso do Sistema de Distribuição, or TUSD) on the volume of energy distributed was R$3,715 million in 2022, or 6.97% more than in 2021 (R$3,473 million);
- CVA and Other financial components in tariff adjustments in 2022 comprised an expense of R$1,146 million, compared to a gain of R$2,146 million in 2021; and,
- The sector charges, and taxes, that are treated as deductions from revenue totaled R$9,442 million in 2022, or 14.09% less than in 2021 (R$10,992 million). This reflects the significant reduction in the ICMS tax applied to electricity tariffs, in the second half of 2022, after ICMS tax for all categories of consumer were limited to a maximum of 18%, and ICMS was ruled as not applicable to distribution services, nor to the sector charges linked to transactions in electricity.

Cost of electricity

In 2022 the cost of electricity was R$11,938 million, compared to R$14,853 million in 2021, a reduction of 19.63%, mainly due to:

- cost of electricity purchased for resale 19.88% lower, at R$9,171 million in 2022, compared to R$11,447 million in 2021; and,
- charges for use of the electricity system 18.75% lower, at R$2,767 million in 2022, compared to R$3,406 million in 2021.

Costs of operation

Costs of operation in 2022 totaled R$7,488 million, 45.99% more than in 2021 (R$5,129 million), mainly due to these factors:

- Construction revenues representing assets related to the infrastructure of the distribution concession totaled R$3,193 million in 2022, compared to R$1,802 million in 2021, an increase of 77.19%, basically reflecting the higher volume of execution of Cemig D's investment plan than in the previous year;
- Operational provisions in 2022 totaled R$399 million, compared to R$198 million in 2021, an increase of 101.22%. The main factors in this lower figure are: (i) net new provisions for tax contingencies of R$140 million in 2022, compared to a net reversal of R$18 million in provisions in 2021; and (ii) higher provisions for employment-law contingencies, of R$68 million, in 2022, compared to R$1 million in 2021.

Detailed information on the variations and effects presented in this segment can be found in the financial statements of Cemig D.

Transmission - Results

In 2022 the transmission segment produced net profit of R$354 million, 15.91% lower than its profit of R$421 million in 2021. A highlight of 2021 was recognition of the upward adjustment resulting from the Periodic Review of Permitted Annual Revenue, in the amount of R$215 million.

Transmission concession revenue

The following paragraphs comment on the main variations:

- Revenue from operation and maintenance of infrastructure was R$413 million in 2022, 16.34% more than in 2021 (R$355 million), associated mainly with (i) the annual adjustment of the transmission companies' RAP (Permitted Annual Revenue), under contracts 006/1997 and 79/2000, and (ii) the entry of new works;
- Revenues related to construction, strengthening and enhancement of infrastructure totaled R$407 million in 2022, compared to R$252 million in 2021, an increase of 61.60%, due basically to a higher volume of realization of transmission investment projects in the year; and,
- Financial remuneration on transmission contract assets was 12.87% lower in 2022, at R$575 million, compared to R$660 million in 2021. This increase mainly reflects the lower IPCA inflation index - the indexor used for remuneration of the contract - in 2022, which was 5.78% in 2022, compared to 10.06% in 2021.

Construction cost

Construction cost in 2022 was R$291 million - compared to R$183 million in 2021, an increase of 58.55%, in line with the policy in the Company's Strategic Plan, to intensify investment in strengthening and enhancement for upgrading of the asset base, based on consideration of deadlines, costs and expected return. Execution of the investment portfolio in 2022 complied with the planning for projected energizations and revenues. The revenues will be recognized and formalized in the Tariff Review process scheduled for 2023.

Detailed information on the variations and effects presented in this segment can be found in the financial statements of Cemig GT.

Generation - Results

Cemig's generation segment produced net profit of R$892 million in 2022, 36% lower than R$1,394 million in 2021. This table shows the principal factors in the differences between 2022 and 2021:

- Costs of electricity bought for resale were 86.08% lower, at R$81 million, in 2022, compared to R$580 million in 2021. This is mainly due to the improvement in the GSF (Generation Scaling Factor), which was 0.86 in 2022, and 0.77 in 2021. Also, there was a reduction of 78.9% in the average spot price (PLD) in the Southeast and Center-West regions, from R$279.61/MWh in 2021 to R$58.99/MWh in 2022, as a result of better hydrological conditions;
- The 2021 result included the positive effects of renegotiation of hydrological risk - under Law 14052/20, totaling R$1,032 million (see more details in Note 18 to the financial statements).

Detailed information on the variations and effects presented in this segment can be found in the financial statements of Cemig GT.

Trading - Results

In 2022 the Trading segment reported net profit of R$675 million, 55.89% higher than in 2021 (R$433 million) - mainly due to the following variations:

Revenue from transactions on the Power Trading Exchange (CCEE)

Net revenue in the Trading segment in 2022 was R$7,918 million, compared to R$6,430 million in 2021, an increase of 23.14%. This mainly reflects the higher volume of energy sold, lower differences in prices between the submarkets, and lower exposure on the CCE, as against a higher volume of purchases of energy to replenish the inventory of supply from incentive-bearing sources.

Cost of electricity bought for resale

The expense on electricity bought for resale in 2022 was R$6,880 million, or 19.97% higher than in 2021 (R$5,735 million). This mainly reflects continuing transfer of energy trading contracts from the subsidiary Cemig GT to the holding company (Cemig).

Provisions for client default

Provisions for client default were reduced by 96.07% in 2022, from R$13 million in 2021 to R$0.5 million in 2021, due mainly to lower default in the 12-month period.

Results of equity holdings, and the holding company

The results of the affiliated companies, the jointly controlled subsidiaries and the holding company are calculated as a single segment, in accordance with the Company’s business strategies. For 2022, the aggregate result of the Company’s equity holdings was a net profit of R$1,730 million, compared to a loss of R$196 million in 2021. The individual variations in the results of the investees which produced this aggregate improvement in 2022 are given in more detail in Note 16 to the financial statements.

FUNDING AND DEBT MANAGEMENT POLICY

The Company generated a significant total of cash flow from operations in 2022, due to higher collection of receivables, with rigorous combat of default, and due to energy losses and operational expenses being kept within the regulatory limits for the Distribution business. In the other businesses, highlights included: the increase in the volume of energy sold by Cemig GT and by the Company itself (the holding company of the group - which we also refer to as Cemig H); and disposal and reduction of holdings in non-strategic assets, which resulted in a greater focus on our strategy of growth in the core business. This financial equilibrium made it possible to execute a significant volume of investments without negatively affecting the Company's leverage, which in turn contributed to sustainability of its operations and continuity of its program of investments.

In June 2022 Cemig D concluded its 8th issue of non-convertible debentures, with surety guarantee and no asset guarantees, for a total of R$1 billion, in two series. The First Series was for a total of R$500 million, with remuneratory interest of 1.35% p.a. above the CDI rate, and payment bullet at 5 years. The Second Series, also for R$500 million, pays remuneratory interest of 6.11% p.a. above IPCA inflation, with maturity at 7 years and amortizations in the 6th and 7th years.

In December 2022 Cemig GT concluded settlement of its 9th Issue of non-convertible debentures, with surety guarantee and no asset guarantees, for a total of R$1 billion, in two series: The First Series was for a total of R$700 million, with remuneratory interest of 1.33% p.a. above the CDI rate, maturity at 5 years, and amortizations in the 36th, 48th and 60th months. The Second Series, characterized as 'Green Debentures', was for R$300 million, with remuneratory interest of 7.62% p.a. above IPCA inflation, and payment bullet at 7 years.

In parallel, to reduce concentration of its debt, Cemig GT made one more partial early buyback of its dollar-nominated Eurobond issue, which has maturity in December 2024. US$244 million of the principal of this debt was repurchased as a result of the Tender Offer made by Cemig GT. See Note 22 for more information.

Corroborating the progress described above, we highlight that the international risk rating agencies Standard and Poor's and Fitch Ratings maintained their ratings for the Company, and for Cemig GT and Cemig D; and Moody's increased its ratings for all of them, from Ba3 to Ba2 on the global scale - the same as its sovereign rating for Brazil - and on the Brazilian scale, from AA-.br to AA.br. These ratings reflect success in the implementation of measures that resulted in improvement of the Company's credit quality: improvement of the liquidity profile, disposal of assets, better operational efficiency and increased Ebitda, combined with a strategy of prudent liability management.

This table shows Cemig's ratings with the three principal agencies:

Fitch		Investment grade										Speculative grade											
National	Global	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
dez - 21													Bond										
dez - 22																							

Moodys	Investment grade										Speculative grade											
Global	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	
dez - 21																						
dez - 22																						
National	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
dez - 21																						
dez - 22																						

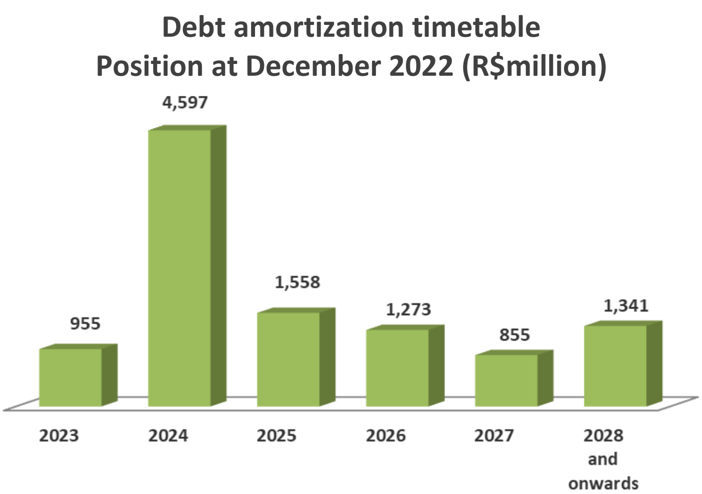
S&P		Investment grade										Speculative grade											
National	Global	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
dez - 21														Bond									
dez - 21																							

The details of funding raised, including costs and maturities, are given in Note 22.

Both the Eurobonds and the debentures have financial restrictive covenants related to (i) indebtedness and (ii) distribution of dividends, all of which the Company continues to comply with.

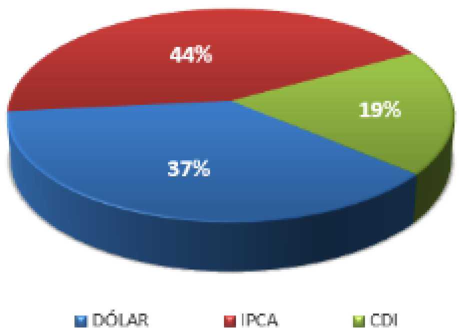
The Company's debt on December 31, 2022 totaled R$10,579 million, with average tenor of 3.2 years.

This chart shows the present amortization timetable:



The indexes of the Company's debt are presented in the chart below:

Main indexors of debt at December 31, 2022



For the debt whose reference is the IPCA index, there is a natural hedge, given that the revenue from the distribution activity and a large part of the commercialization contracts are also corrected by this index. Regarding the Eurobonds, issued in dollars, there is a hedge structure that causes the final exposure to be pegged to the CDI. The real cost of the Company's debt is 8.96% p.a. at constant prices and 15.27% p.a. in nominal cost.

PROPOSAL FOR ALLOCATION OF NET INCOME

The Board of Directors decided to propose to the Annual General Meeting to be held on April, 2023 the following allocation of the net income for 2022, totaling R$4,092 million, of realization of the deemed cost of PP&E, totaling R$127 million, realization of the Unrealized Earnings Reserve totaling R$835 million, as follow:

- R$205 million will be held in Stockholders' equity in the Legal Reserve, as required by Law 6,404/1976;
- R$2,232 million as minimum mandatory dividends, to the Company's shareholders, to be paid in two equal installments, by June 30 and December 30, 2023, as follows:
    - R$1,983 million in the form of mandatory dividends as of Interest on Equity, declared in 2022;
    - R$249 million in the form of dividends, to holders whose names are in the Company's Nominal Share Registry on the date of the AGM;
- R$1,756 million to be held in Shareholders' equity in the Retained Earnings Reserve, to provide funding for the Company's consolidated investments planned for 2023, in accordance with a capital budget;
- R$26 million to be held in Shareholders' equity in the Tax Incentives Reserve, for tax incentive due to investment in the region of Sudene.

The amount of R$835 million remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2021 and the new constitution in 2022, of the same amount.

Payment of the dividends will be made by December 30, 2023, in accordance with the availability of cash and at the decision of the Executive Board.

REGULATORY ENVIRONMENT

Energy generation

After 5 years with one of the worst hydrological scenarios that Brazil has experienced, the average Affluent Natural Energy (ANE) index in 2022 was 98% of the historic average - a rapid recovery from the all-time historic low of 2021 (71% of the Long Term Average). With the improvement of hydrology and the measures for preservation of water storage, the Electricity Sector Monitoring Committee (Comitê de Monitoramento do Setor Elétrico - CMSE) and the National System Operator (Operador Nacional do Sistema Elétrico - ONS) coordinated closing down of the thermoelectric plants that had been dispatched outside the merit order before the end of the rainy season (up to April). At the end of this period water storage in the reservoirs of the National Grid reached 75% of the maximum level, approximately 33% higher than the percentage at the same time in 2021. In the second half of 2022 hydrology levels continued to be high, as a result of which the system had storage of 58% at the end of the year, compared to 38% at the end of 2021.

The average Spot Price (PLD) in the Southeast and Center-West in 2022 was R$58.99/MWh, compared to R$279.61/MWh in 2021, an reduction of 78.9%. The spot price (Preço de Liquidação de Diferenças - 'PLD') remained at its floor level (R$55.70/MWh) in 7 months of the year. The highest value was in August - at R$76.90/MWh - due to a pessimistic forecast for the value of ANE, which turned out not to be realized. The better hydrological situation led to the average of the Generation Scaling Factor (GSF) being higher in 2022, at 0.86, compared to 0.77 in 2021.

Energy distribution

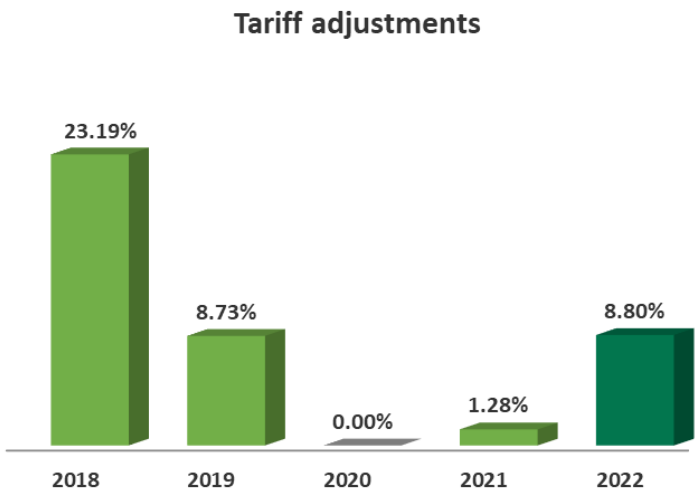
The Annual Tariff Adjustment - Cemig D

Cemig D's Tariff Adjustment occurs annually on May 28 and every five years, under the concession contract, there is also an overall Periodic Tariff Revision, also in May. The aim of the tariff adjustment is to pass on the non-manageable costs in full, and to provide inflation adjustment for the manageable costs which are established in the Tariff Review. Manageable costs are adjusted by the IPCA inflation index, less a deduction factor known as the X Factor, intended to capture productivity improvement, under a methodology using the price-cap regulatory model.

At its 18th Ordinary Public Meeting on May 24, 2022, the Council of Aneel decided to extended the period of validity of the Company's tariffs.

On June 21, 2022 Aneel ratified the result of the Annual Tariff Adjustment of Cemig Distribution (Cemig D), effective from June 22, 2022 to May 27, 2023, the result of which is an average increase for consumers of 8.80%. For residential consumers (B1) the average effect was an increase of 5.22%, which is well below the average of Brazilian residential tariff adjustments, which was 10.61%. The period in which the tariffs were without the new adjustment, from May 28 to June 21, 2022, had its financial effect calculated for subsequent compensation to Cemig D.

In the composition of the approved readjustment, the variation of costs of parcel B, manageable costs, represented 3.89%, and the variation of non-manageable costs, already considered the partial return of Pasep/Cofins credits, contributed with the remaining 4.91%.



It is important to note that of the amount charged to clients in their electricity bills, only 23.1% stays with the Company for remuneration of investment, depreciation and the concession holder's costs: this portion is referred to as Portion B. The other 76.9% is passed through to the consumer to cover the Company's non-manageable costs, a major component of which is purchase of power supply, and taxes.

Energy transmission

Cemig GT's revenue from its transmission assets is set by Aneel and updated in three ways: by the Periodic Tariff Revision, any Extraordinary Tariff Review, and the Annual Tariff Adjustment. Cemig GT works with the regulator for recognition of its costs in the processes of reviews, price adjustments, and ratification of Annual Permitted Revenues (RAPs) for new assets.

The annual adjustment of Transmission revenue takes place on July 1 of each year, except when there is a Tariff Review. This process aims to (i) adjust the approved RAP by the adjustment index specified in each concession contract; (ii) add a component of new RAP for improvements that have started commercial operation in the tariff cycle in question (July of the previous year through June of the year of the adjustment); and (iii) calculate the Adjustment Amount, which is a financial component referring to the adjustments in RAP of the prior cycles. Brazil adopts the revenue-cap regulatory model for transmission - setting a ceiling for the revenue to be earned for transmission during the period.

The Annual Adjustment of RAP for Cemig GT for the 2022-2023 cycle, which took place on July 1, 2022, was an increase of 21%. This comprised: the effect of the reprofiling of the Financial Component of the RAP, the Annual Cost of the Assets within the National Grid, updating of the previously ratified revenue by the IPCA inflation index, and recognition of new components added for strengthening or improvement of the grid.

The values of the RAP of Cemig GT - Itajubá (concession contract 079/2000) and of Companhia de Transmissão Centroeste de Minas Gerais - Centroeste (concession contract 004/2005) were adjusted upward by 10.7% for the 2022-2023 cycle (from the previous cycle), reflecting inflation as measured by the IGPM index in the period.

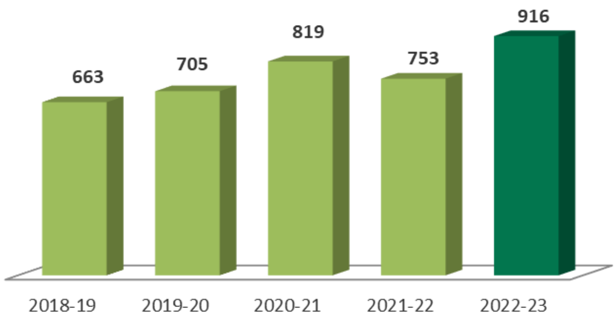
RAP for 2022-2023 cycle

Aneel established the RAPs for the 2022-2023 cycle, in effect from July 1, 2022 , representing an adjustment of 19.96%. The increase relates mainly to: (i) reprofiling of the Financial Component of the existing National Grid assets - which were 64% higher than in the 2021-2022 cycle; (ii) different monetary updating indexes in the period (11.7% for the IPCA and 10.7% for the IGPM); and (iii) new works addition.

	Readjustment index	RAP 2021-2022 cycle R$MM	RAP 2022-2023 cycle R$MM	Change, %
Concession contract - 006/97	IPCA	682.8	825.6	21.0%
Concession contract - 079/00	IGPM	40.7	45.0	10.7%
Concession contract - 004/05	IGPM	28.5	31.5	10.7%
Concession contract - 006/11	IPCA	7.9	8.9	11.7
		759.9	**911.0**	**19.9%**

The total revenue of the transmission companies for the 2022-23 cycle - the aggregate for the contracts of Cemig GT, Itajubá and Centroeste - was R$916 million, a total increase of 21.65% over the previous cycle.

Transmission revenue (RAP) R$mn

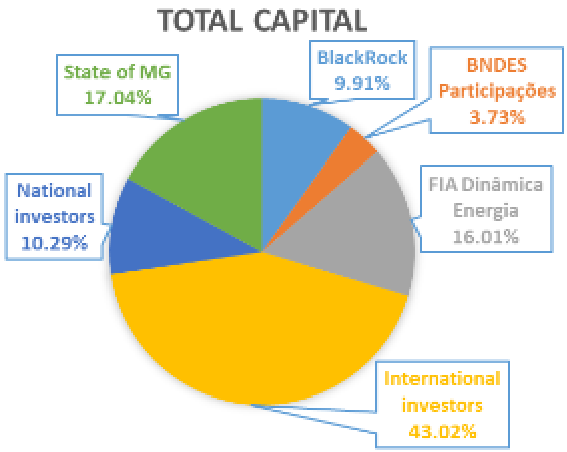


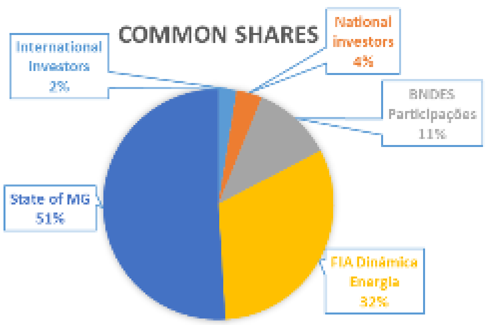
CAPITAL MARKETS

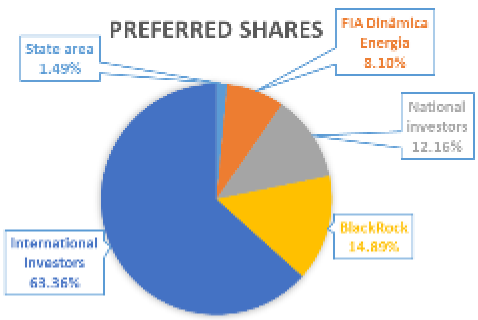
Cemig's shares were initially listed on the stock exchange of Minas Gerais State on October 14, 1960. Since 1972 they have been traded on the São Paulo stock exchange - under the tickers CMIG3 for the ON (common) shares, and CMIG4 for the preferred shares (PN). Cemig has been listed at Corporate Governance Level 1 on the São Paulo stock exchange since October 2001.

ADRs for Cemig's shares have traded on the New York stock exchange since 1993 with tickers CIG and CIG/C) - and at Level 2, since 2001. Cemig shares have traded on the Madrid stock exchange (ticker: XCMIG) since 2002.

Shareholding structure







Share prices

The closing prices of Cemig's securities in São Paulo (Bovespa), New York (NYSE) and Madrid (Latibex) in 2021 and 2022 were as follows):

Security	Ticker	Currency	Close of 2021	Close of 2022
Cemig PN	CMIG4	R$	8.92	11.14
Cemig ON	CMIG3	R$	13.06	16.15
ADR PN	CIG	US$	1.63	2.03
ADR ON	CIG.C	US$	2.64	3.12
Cemig PN (Latibex)	XCMIG	Euro	2.06	1.81

Source: Economática. Prices adjusted by corporate action, including dividends.

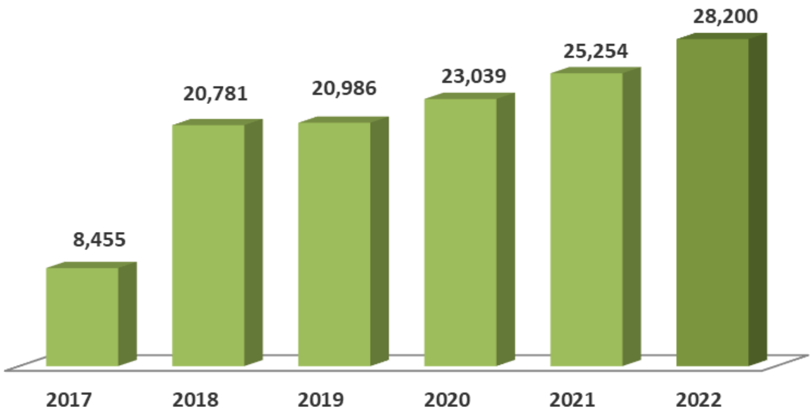
Total trading volume in the preferred shares, CMIG4, in 2022 was R$30.24 billion, a daily average of approximately R$120.66 million. The total volume making Cemig's preferred (PN) shares one of the most traded on the São Paulo stock exchange, thus offering investors an enhanced degree of security and liquidity.

Average daily volume of trading in the preferred shares on the NYSE in 2022 was US$14.99 million, with total volume of US$3.79 billion- reaffirming Cemig's position as a global investment option. And on the NYSE, Cemig's ADRs had the highest trading volume of all Brazilian power sector ADRs in 2022.

On the São Paulo exchange, Cemig was the electricity sector company with the third highest trading volume. Both of Cemig's shares that trade on the Bovespa outperformed the Brazilian electricity sector index - the IEE.

	CMIG4	CMIG3	CIG	CIG.C	IBOV	IEE	DJIA
2022/2021	24.94%	23.61%	25.03%	18.25%	4.69%	3.11%	(8.78%)

Market capitalization is calculated on the totality of the company's shares at market price on the last trading day of each year. Cemig's market cap. increased by 11.67% in 2022.



INVESTMENTS

Investments in electricity generation and distributed generation

Aliança Geração

Cemig GT holds 45% of the equity in Aliança Geração de Energia S.A ('Aliança Geração'), which has two capital expenditure investment projects in progress:

- The Acauã wind farm complex, comprising 3 wind farms: Central Eólica Acauã I S.A. ('Acauã I'), Central Eólica Acauã II S.A. ('Acauã II'), and Central Eólica Acauã III S.A. ('Acauã III') - in the municipalities of Tenente Laurentino Cruz, Lagoa Nova, Santana do Matos and São Vicente, in the State of Rio Grande do Norte. Building of the Acauã wind farm complex project began in March 2021, and full commercial operation is estimated to start in the second half of 2023. It will have 26 wind tower generators, with capacity of 4.2 MW - total generation capacity of 109.2 MW and estimated average output of 57.77 MW.

In December 2022 the Gravier wind farm - Central Eólica Gravier S.A. - in the municipality of Icapuí, in Ceará State, began commercial operation. Construction began in January 2021. It will have 17 wind tower generators, with capacity of 4.2 MW - total generation capacity of 71.4 MW, and estimated average output of 28 MW.

The investments are being financed by the cash position of Aliança Geração itself, debentures and other financial instruments.

Implementation of the Boa Esperança and Jusante photovoltaic solar plants

On August 23, 2022 the Company signed Full EPC (Engineering, Procurement and Construction) contracts for construction of the Boa Esperança and Jusante photovoltaic solar generation plants, for which the planned capex is R$824 million - R$447 million for Boa Esperança and R$377 million for Jusante.

The Boa Esperança plant, on a site owned by the Company at Montes Claros, Minas Gerais, will have inverter installed capacity of 85MW (approximately 100.4 MWp). The Jusante plant, on a site owned by the Company in São Gonçalo do Abaeté, Minas Gerais, will have 7 generating plants, each with inverter installed capacity of 10MW (approximately 87 MWp), located on Company-owned land, in the municipality of São Gonçalo do Abaeté, Minas Gerais. Initial energization is planned for September 2023.

The implementation of these plants is in accordance with the Cemig group's strategic planning, strengthening its generation from renewable sources, with profitability compatible with the Company's cost of capital for this type of project.

The Poço Fundo project:

In September 2022 the new generating units of the Poço Fundo Small Hydro Plant, in the south of Minas Gerais state, started operation. This expansion is part of the investment program and marks the beginning of a phase of construction of new plants by Cemig. The new components increase the generation capacity of the plant overall from 9.16MW to 30 MW. The plant has installed new and more efficient equipment, for investment of approximately R$150 million, which will enable remote operation of the plant by the Company's System Operation Center (Centro de Operação do Sistema - COS).

The project came into operation 3 months earlier than the date specified in the Aneel 03/2019 auction, for start of commercial supply by the enlarged plant.

Cemig Sim

Cemig Group company focused on innovation and energy solutions, invested approximately R$82 million in photovoltaic solar power generation plants in 2022.

The company reached the mark of 5,600 solar energy consumer units by 2022. The company is seeking to expand its installed capacity to Cemig's Strategic Planning, prospecting the development of new projects and plans to invest, in the period between 2023 and 2025, the equivalent of R$1.2 billion in the Distributed Generation segment.

Investments in transmission

Cemig GT

The Company won the auction for Lot 1 of Aneel Transmission Auction 2/2022, held on December 16, 2022: the contract for the new 165-kilometer 230kV Governador Valadares 6 - Verona high voltage transmission line. The Company's bid was for RAP of approximately R$17 million. The deadline for start of operation is March 30, 2028, and the concession is for 30 years.

This contract has important synergies: It takes advantage of the Company's existing operation and maintenance structure; and the Company expects optimization of Capex and early delivery of the project, with profitability in line with its cost of capital for this type of project. The result of this auction consolidates Cemig GT's strategic positioning as one of the largest companies in power transmission in Brazil, in line with its objectives of sustainable growth and generation of value, obeying its commitment to transmission of power with reliability, transparency and safety for the whole of society, respecting the environment.

Taesa

Taesa was the winner in the disputes for Lots 3 and 5 of the same transmission auctions. The amount of the winning RAP was R$91.4 million for Lot 3 and R$152.2 million for Lot 5.

The result is the result of the execution of Taesa's strategic planning, of its mission to connect Brazil with safe and reliable energy.

Investments in distribution

The investments in distribution, in the year 2022, were approximately R$3,056 million, representing an increase of more than 70% in relation to the investments of 2021 (R$1,740 million).

Cemig D is forecasted to strengthen its investment program, in line with the strategic planning of Cemig Group, with the expectation of relevant investments from 2021 to 2025, with positive reflections on the regulatory remuneration base and consequent increase in revenue.

Cemig D's higher investment will also have positive impacts on the improvement of the quality of electricity supply, customer service and reduction of operation and maintenance costs, given the increased reliability of the electric system.

Natural gas

Companhia de Gás de Minas Gerais - Gasmig is the exclusive distributor of piped natural gas in Minas Gerais, through a concession grant, serving the industrial, residential, commercial and thermoelectric segments, supplying compressed natural gas (CNG), liquefied natural gas (LNG) and automotive gas (CNG). Cemig holds 99.57% of Gasmig's capital.

In 2022, Gasmig invested R$55.5 million (R$56.6 million in 2021) mainly in the expansion of its Natural Gas Distribution Networks (NGDNs) in the State of Minas Gerais, and its customer base increased by 16%, from 71,236 in 2021, to 82,582 consumer units in 2022.

The company is focusing its investments in the expansion of the gas distribution network in line with Cemig's Strategic Planning and plans to invest, in the period between 2023 and 2025, the equivalent of R$1.3 billion.

RELATIONSHIP WITH OUR CLIENTS

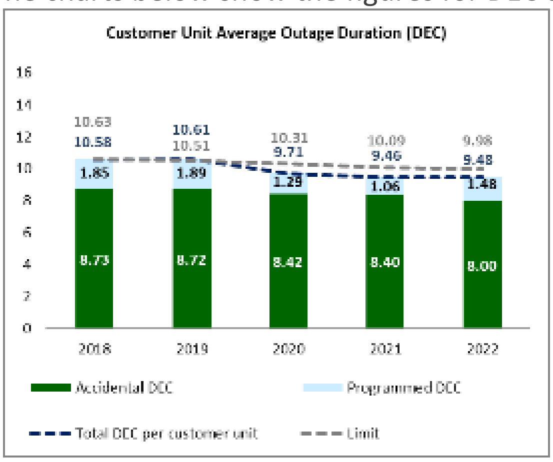
Quality of retail supply

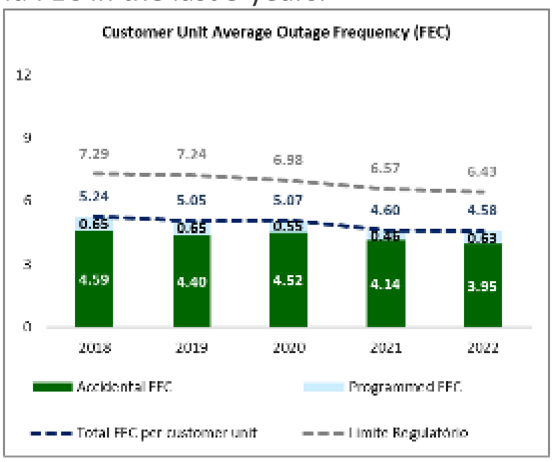
The outage duration indicator, DEC (average total hours of blackout per consumer, in the year), was 9.48 hours in 2022, which compares to the regulatory limit of 9.98 hours. DEC has two components - programmed outages, and accidental outages. In 2022 the accidental outages component of the DEC was 8.00 hours, Cemig D's best result in recent years, and significantly lower than in 2021.

The outage frequency indicator, FEC (average number of blackouts, per consumer, in the year) has been reduced significantly over the years. It was 4.58, in 2022, compared to the regulatory limit of 6.43.

These results underline Cemig's commitment to continuous improvement in service to clients, through increased investments and efficacious application of funds.

The charts below show the figures for DEC and FEC in the last 5 years:





Service policy

To provide quality customer service, and to facilitate customer access, Cemig D makes available a mix of customer service channels available in various means of communication, both in-person and by telephone or online, serving all the segments of the market.

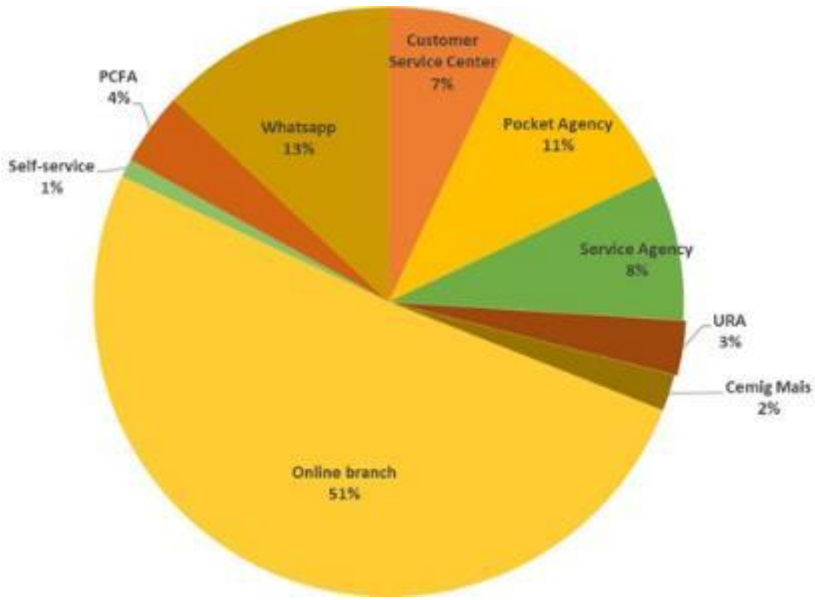
The concession area of Cemig D is almost the entirety of the Brazilian State of Minas Gerais; the Company is present in all 774 of the state's municipalities. In-person customer service is given by the Cemig Fácil service network, operating through 139 Branches and 638 Service Posts. Due to continuation of the Covid-19 pandemic, Cemig continues to comply with the health safety protocols for the safety of its consumers and employees.

Telephone service is provided through the Fale com a Cemig ("Talk to Cemig") facility. This includes a specific number for the hearing-challenged. This channel also handles service to customers via video and the various chats of social media. The number of contacts reported in 2022 was 7.4 million.

As well as its website, which received 53 million contacts in 2022, Cemig also has service channels via WhatsApp and Telegram for its main services - these received more than 13 million contacts in the year.

We also highlight the Cemig Atende ("Cemig Responds") app, available for smart phones and tablets in Android and iOS, which attended 11 million contacts in 2022. A further 1 million contacts were made via self-service 'totems' inside street branches, and at five external points. In total, this means that Cemig dealt with more than 122.3 million client service contacts in 2022, through its various channels.

The chart below shows the percentage participation of the various client communication channels in 2022.



Customer satisfaction

As a reference for Cemig's work in improving service to its clients, we highlight the Quality Satisfaction Perception Index (ISQP) award, researched and published annually by the Brazilian Electricity Distributors' Association (Associação Brasileira das Distribuidoras de Energia Elétrica - Abradee).

The survey published the end of August 2022 reported a satisfaction index of 67.7%. This was higher than the percentage reported by Abradee for the country as a whole, 67.0%, indicating that (i) in spite of Cemig's efforts to improve its service to clients, the pandemic had a strong influence on the result, and (ii) the development of digital channels has made clients increasingly demanding.

In the quest for continued improvement in service to our clients, we have put in place monthly NPS (Net Promoter Score) surveys, to improve our understanding of clients' needs, and thus operate more efficiently in response to their complaints.

NPS surveys also enable our clients to make comments on their experience with Cemig, opening up more space for them to express their opinion on the services we provide.

The 2022 IASC survey was held from July 5 to October 5, 2022, through questionnaires made in municipalities chosen by lot from within the areas of concessions or operational authorizations of all of Brazil's electricity distributors.

The results will be published only in April 2023.

Transformation in cliente service

Cemig has a strategic partnership to transform the relationship with its more than 9 million clients in Minas Gerais State.

The "Cliente+" project has as its main aim to provide an Omnichannel operation, bringing together all the existing client service channels - telephone, in-person and digital - providing a single overall channel for contact including all the platforms used by clients.

For this to achieve the desired effectiveness, a management structure called the Torre de Controle ('Control Tower') been created, with a central dashboard for real-time support and monitoring which shows the results of a specially developed data and analytical intelligence architecture. Rapidly and with directed action, it is able to deal with inconsistencies, redefine processes and apply improvements in the operation.

Management of billing

Cemig's project to deliver electricity bills by email had reached 1 million customers by the end of 2022, 38.48% more than at the end of 2021 (725,000). Several new initiatives were taken in 2022 to increase the number of clients opting to receive their electricity bill via email - this important sustainability initiative also has a direct effect on client satisfaction, in that the clients themselves feel that they are contributing to preservation of the environment and reduction of the Company's costs.

Management of default and revenue collection

The domestic environment in terms of default by population for their basic household accounts was challenging in 2022.

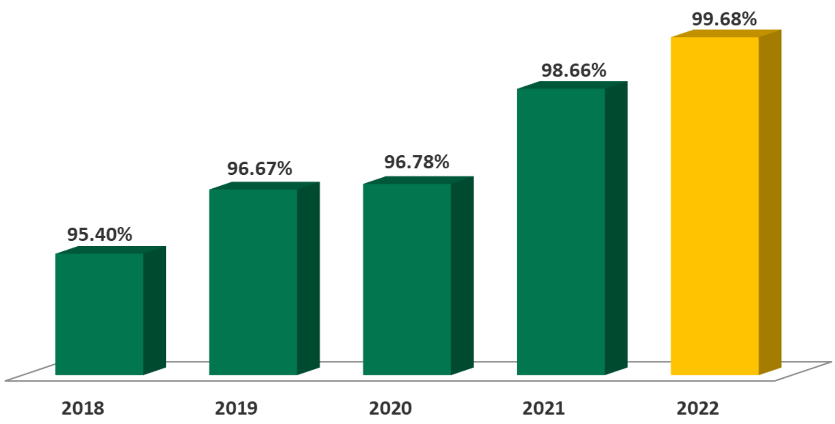
On the other hand, the results achieved by our distribution segment were positive, as a result of a number of initiatives taken by the Company:

- Intensification of collection activities - an increase of 20% from 2021 in the number of individual actions - and improvement of their methods and effectiveness. More than 35 million collection demand communications were issued by text message and email (including notifications prior to the date of electricity bills becoming due); 2 million collection letters were delivered jointly with new bills issued by meter readers; 5.7 million accounts were reported to credit record agencies; supply was suspended to 1.9 million accounts; and 272,000 legal protest demands were issued in the public notaries system;
- There was strong third-party collection activity by contracted collection companies on past due debts for retail supply that had proved more difficult to collect - those more than one year past due, or those arising from irregular consumption;
- A specific group was set up for collection of debts from a specific portfolio of clients arising from irregular consumption;
- Systematic action by a specialized team dedicated to collection from large clients, hospitals and public authorities;
- Stimuli for use of electronic means of payment - more accessible. In the first half of 2022 Cemig D carried out a promotional campaign, Conta com Pix ("Rely on Pix"), for clients to use the Pix instant payment method. This increased the proportion of monthly bill payments made by this method by 12%;
- Payment by credit card through digital channels, and directly to field service teams, was made available;
- Campaigns were created for negotiation of debt, through digital channels, and also through the local (Procon) consumer protection agencies;
- Reduction of ICMS value added tax on electricity bills for the final quarters of the year, non-application of extra months under the 'Tariff Flag' system, and the effects of income transfer policies in the second half of year;
- Improvement of the method of calculation of the provision for double receivables.

The ARFA collection index (total collection / total invoiced)

In the 12 months to the end of 2022, this index reached a historic peak of 99.68%, as can be seen in the following graph:

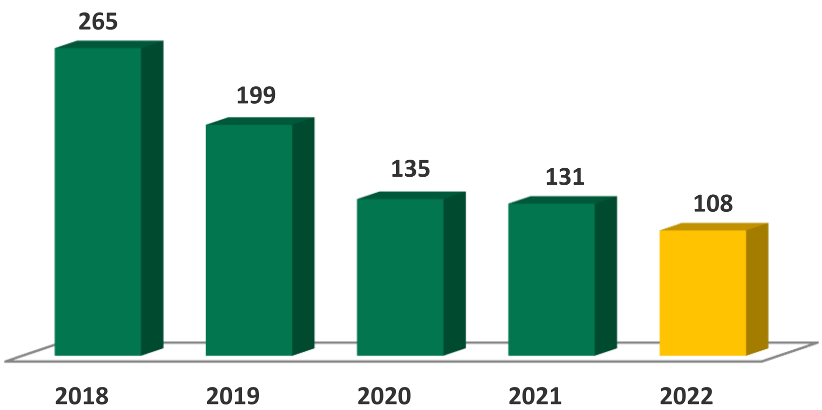
Historic values of the collection index



Allowance for doubtful receivables

The result of the index in 2022 was R$108 million. Comparison with the previous year is limited by a non-recurring effect - adjustment of the criterion for classification of credits as being in default, to provide a better reflection of the company's actual experience of success in collection of receivables (which resulted in a reversal of provisions in the amount of R$138.8 million).

Annual PECLD - in R$ million



Management of power losses

The indicator Total Losses in Distribution (IPTD) in 2022 was 11.11% in relation to the total energy injected into the distribution system. This was a reduction of 0.12% compared to the result of 11.23% for 2021. The total IPTD for 2022 comprises 8.77% in technical losses, and 2.34% in non-technical losses. This result is within the target of 11.2% set by Aneel for Cemig for 2022. For the second year running the Company contained its levels of losses to within regulatory limits, thanks to implementation of its Energy Recovery Plan in 2022, detailed as follows.

The main actions in the Energy Recovery Plan in 2022 included: (i) 401,000 inspections at consumer units in the Company's concession area; (ii) replacement of 612,000 obsolete meters; (iii) removal of 4,300 clandestine connections to the electricity supply network; (iv) installation of 237,000 smart meters; and (v) intensification of work on charging and collection for irregular consumption (with 295 GWh billed).

It is important to highlight that through its Integrated Metering Center, Cemig remotely monitors large captive and free clients receiving high, medium and low voltage supply, thus monitoring approximately 63% of the associated consumption. This monitoring makes it possible to identify and prevent attempts to carry out or repeat fraud in the metering systems.

For 2023, aiming to maintain the trend to reduction of losses to levels below regulatory limits, various actions to combat and control losses are planned, including: (i) inspections at consumer units; (ii) campaigns of communication to the population; (iii) criminal proceedings against re-offending perpetrators of fraud; (iv) modernization of the metering system; (v) increase in the number of smart meters; and (vi) regularization of clandestine connections in low-income communities (the "Legal Energy Program" - Programa Energia Legal).

RELATIONSHIP WITH EXTERNAL AUDITORS

The Company's policies in contracting of services of external auditors aim to avoid conflict of interest and loss of objectivity and are based on the principles that preserve the independence of the auditor. To avoid subjectivity in the definition of principles of independence in the services provided by the external auditors, procedures have been established for approval of the contracting of these services, expressly defining: (i) services that have been previously authorized; (ii) services that are subject to prior approval by the Audit Board/Audit Committee; and (iii) services that are prohibited.

Complying with the requirement of the CVM, a turnover system of external auditors is adopted, with a frequency of five years. Since the second quarter of 2022 the auditors responsible for the Company's external auditing has been KPMG Auditores Independentes Ltda. The services provided by the Company's external auditors have been as follows:

Service	2022	2021
Auditing of financial statements and ancillary obligations	4,864	9,616

It should be noted that any additional services to be provided by the external auditors, are subject to obligatory prior approval by the Executive Board and Board of Directors, taking account of any conflict of interest, loss of independence or objectivity of the auditors, in accordance with the terms specified in the Sarbanes-Oxley Law and Resolution n. 162/2022.

SUSTAINABILITY - ESG PERFORMANCE

Cemig's commitment to ethical and sustainable development is at the heart of its activity. The company has been in the Dow Jones Sustainability World Index (the 'DJSI World') since that index was created, and in the ISE Corporate Sustainability Index (Índice de Sustentabilidade Empresarial) of the São Paulo stock exchange for 18 years. Cemig has also been recognized for its leadership in corporate sustainability by its award of the maximum score in the 'A List' of the Carbon Disclosure Project (CDP) for management of hydrological risk.

ESG Indicators

Cemig publishes its environmental, social and governance indicators quarterly in its Quarterly ESG Report, and annually in its Annual and Sustainability Report. For more details on Cemig's performance in 2022, the report can be accessed at: reports.

Cemig's commitment to sustainable development takes material form in its commitment to the ESG factors, which are integrated into the Company's daily operations, and put into practice in the following areas:

Environmental performance

Cemig is a signatory to and supports and participates in various Brazilian and international initiatives, aiming to underline and strengthen its commitment and contribution to sustainable development, and to orient the practices of its managers, audit committee, employees, interns, outsourced contractors and subcontractors, business partners, suppliers and service providers.

Among its various voluntary commitments, since 2007 Cemig has participated in the Carbon Disclosure Project (CDP), a non-profit which enables companies, cities and states to publish their environmental impact, so as to generate data and stimulate initiatives that promote the sustainable economy.

In 2022, Cemig totaled a little more than R$36 million of resources invested in the environment, encompassing waste management, Research and Development projects, and compliance with environmental obligations and improvements. The prioritization and allocation of these resources are periodically reviewed by the Environmental Adequacy Plan Monitoring Group.

Water resources

Water is the principal raw material for production of energy by Cemig - used to turn its turbines. 100% of the water used is returned to the related water course, and water management and conservation are of extreme importance to Cemig, management based on its water resources policy.

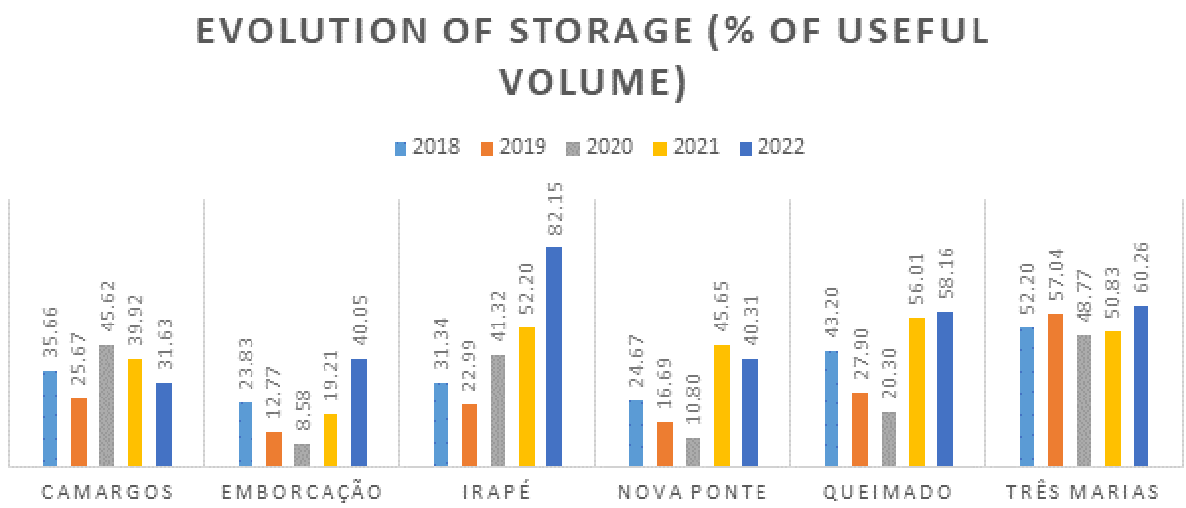
The body that decides to dispatch thermoelectric generation plants linked to Brazil's National Grid is the National System Operator (ONS), responsible for the coordination and control of operation of the energy generation and transmission facilities in the National Grid, under the inspection and regulation of the energy regulator, Aneel.

Since 2016, Cemig has had a Water Resources Policy, the principles of which aim for adoption of rational and sustainable practices in use of water resources, conservation of water, preservation of water tables, and a close relationship with stakeholders.

In critical periods of severe drought, (occurred between 2013 and 2019), water crisis (occurred in 2021) and heavy rains (occurred in the 2021/2022 rainy season), monitoring and forecasting of the levels of reservoirs and constant dialogue with public authorities, civil society and users have been of primordial importance in ensuring generation of power, as well as to guarantee the other uses of water resources.

Cemig published daily figures on the levels of several of its reservoirs on its website and on the PROX App, which is available for download to iOS and Android.

The chart below shows the information on water storage levels in Cemig's principal reservoirs in December 2022, compared with the same time in previous years.



This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

Management of waste

Cemig manages its wastes in compliance with Brazil's National Solid Wastes Policy (Política Nacional de Resíduos Sólidos - PNRS). Its units follow the process of identifying, separating, packing and transporting their wastes to temporary warehousing at the Igarapé Advanced Distribution Center (CDA-IG), after which Cemig's Material and Services Supplies management unit is responsible for final disposal.

In 2022, 44.98 thousand tons of industrial wastes were allocated for disposal: 99.84% of these wastes were sold or recycled and 0.16% were co-processed, sent for treatment or disposed of in industrial landfill. With the disposal of scrap, and used oil, the Company obtained gross revenue of R$59,785 thousand.

Refurbishment of transformers also helps reduce generation of scrap - the equipment is returned to service in the Company's electricity system. Further, with the refurbishment of a total of 779 transformers in 2022, the Company achieved a saving of approximately R$1.799 million.

In 2022 a total of 1,000 tons of oil was regenerated, reused, decontaminated and re-refined. Of this amount, 404 tons (459,000 liters) of insulating oil was regenerated and reused by the Company. A further total of approximately 595 tons (677,000 liters) of insulating oil was sold for reuse for other purposes, for example as lubricating oil.

These circular-economy activities, such as refurbishment of transformers, and regeneration of oil (reuse of materials in the electricity system) are of great value for the environment, since they reduce the volume of wastes and scrap generated by the Company.

In 2022 approximately 234 tons of wood chips and shavings were sent for reuse in production of energy, in blast furnaces, to generate heat in industrial processes. Also in 2022, 10,065 lamp units were allocated for decontamination and recycling.

An important point is that in 2022 Cemig put in place a new logistics operator, to execute reverse logistics - optimizing and improving the internal controls of materials that are no longer of use to the Company. The aim of starting this new logistics project is to modernize processes and make them more efficient. This operation, coordinating delivery of new materials and return of materials unable to be used, has provided improved agility and efficiency to both employees and clients, with added technology.

The whole of the reverse logistics process and disposal of wastes is carried out in a way that is environmentally correct and responsible, to ensure that all the scrap and industrial waste generated is correctly disposed of.

Programs for fish populations

Cemig created the 'Peixe Vivo' ('Fish Alive') Program, with the mission of minimizing impact on fish populations, seeking handling solutions and technologies that integrate the generation of energy by Cemig with conservation of native fish species, promoting involvement of the community. In 2022, the Program completed 15 years of existence.

Since its creation the program operates on two fronts: preservation of fish populations and support for research projects and formation of protection strategies to avoid and prevent fish deaths at Cemig's hydroelectric plants.

In 2022, seven research projects were executed, using the Company's own funds, and R&D funds. In the year 63 works were published - two theses, four dissertations, four monographs, 41 scientific summaries, 11 scientific articles, and one short course - related to the projects or actions of the Peixe Vivo Program. The research projects coordinated by the Peixe Vivo team in 2022 involved a total of 158 people from teaching and research institutions.

Within this strategy of publication of results, one important event of the Peixe Vivo Program was delivery of a short course at the 14th Brazilian Ichthyology Meeting, entitled Operation and Maintenance of Hydroelectric Plants: Impacts on Fish Populations and Mitigation Measures. The aim of the course was to disseminate to various actors the practices carried out by Cemig in prevention of fish deaths during operation of hydroelectric plants.

In 2022 a total of R$7 million was spent on actions related to fish populations and research projects under the Peixe Vivo program.

Climate change

To contribute to world efforts to limit global warming, in 2022 Cemig signed adherence to the global Ambition Net Zero movement of the United Nations Global Compact - underlining and strengthens its firm commitment to sustainability and best ESG practices.

The global importance of debate on the effects of climate change continues to receive special attention from Cemig, identifying the risks and opportunities of the businesses, and intensifying the quest for solutions for adaptation and mitigation, avoiding risks and impacts on the Company's business.

Cemig's leadership is engaged and involved in discussions on greenhouse gas emissions, focusing on effective action, as shown by the establishment of voluntary targets for reduction of: (i) emissions; (ii) electricity consumption; and (iii) energy losses.

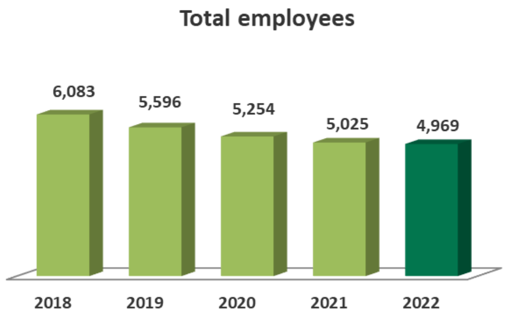
Social Performance

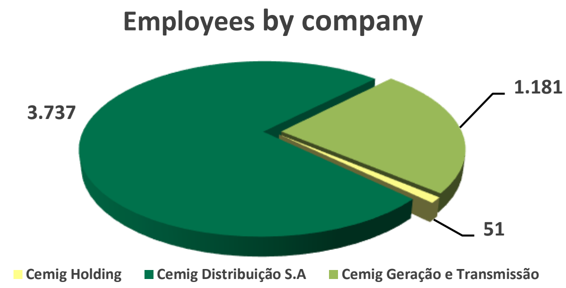
Human resources

Cemig believes that its human capital is a fundamental element for fulfillment of its commitment to economic, social and environmental sustainability. With this focus, it adopts best practices in the labor market in its management of people.

Number of employees

Faced with the reality imposed by the current regulatory conditions of the energy sector, Cemig continues to work in search of more efficiency and greater alignment with the sector's references. In order to incorporate new talents, promote the natural rotation of the staff, taking advantage of opportunities to review processes and improve efficiency, the company has implemented voluntary severance programs in recent years, which resulted in a significant reduction in the number of employees in recent years, from 6,083 in 2018 to 4,969 employees in 2022, as shown in the graph below:





Cemig hired 378 people in 2022. These hirings were to fill vacancies at the technical, operational, administrative and university levels, replenishing the Company’s team principally in essentially technical areas.

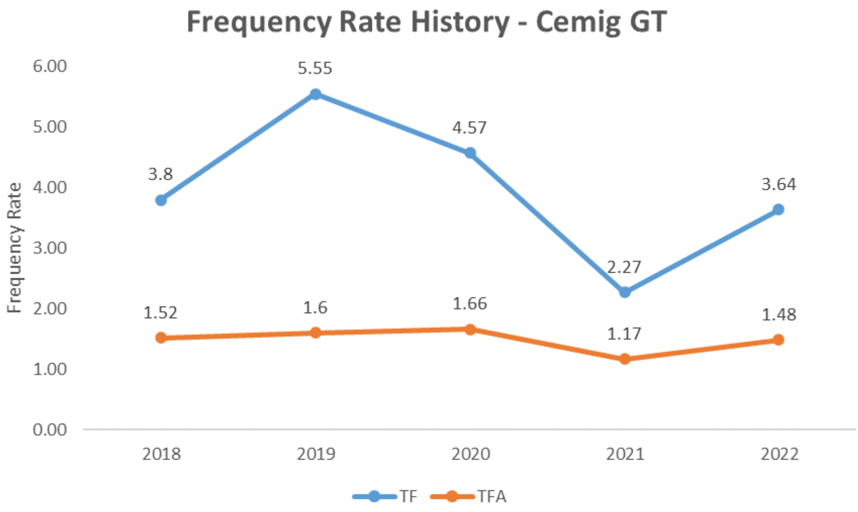
As well as hirings through public competitions, we made professional hirings from the market for management positions for cases where external recruitment was more appropriate - limited to a total of 40% of management positions.

Health, Hygiene and Safety in the workplace

In 2022 health protocols were adopted, based on monitoring the development of Covid-19 throughout the country.

The challenge of permanent activity in the area of health, with continuous monitoring of employees and the use of the App, through which information is provided to employees, made a positive contribution to protecting the health of employees and their family members, and minimizing transmissibility of the disease in the Company’s internal environment.

Our accident rates, measured as the Basic accident frequency rate (TF) and the Rate of Accidents with Time off Work (TFA), in 2022, we present the best indices of the last 5 years.



Our accident rates increased from 2021, breaking a series in which the number has decreased since 2019. The Company has been undertaking internal actions and review of processes aiming to resume the downward tendency of the TFA and TF figures in the coming years, including education campaigns to raise awareness of professionals who make up the workforce.

Organization climate and culture

In October 2022, Cemig held its Engagement and Atmosphere Survey for the employees, to obtain information on aspects of their sense of connection to and engagement with the Company, aiming for objectiveness on subjects that might influence the organizational climate. 59% of the Company's direct employees took part, and the percentage of those reporting a favorable view was 75% - or 11 percentage points higher than in the survey made in 2021.

Cemig has also engaged strongly in promotion of a new culture, aiming to ensure the organization's needs are met and its results achieved, through its Novas Energias ('New Energies') program, which began in June 2020. Based on the 'cultural mapping', packages were designed with practices that aim to develop people management processes, aiming to enhance results in alignment with strengthening of Cemig's desired culture.

The main practices dealt with in these packages were creation of structured models for internal governance, through strategic connections, career paths, recruitment and selection (internal and external), integration, a recognition program, internal communication, performance management, development of future leaders, and the succession process. Theoretical leadership development modules were also enacted, aiming to keep managers aligned with what is expected in relation to the practices developed by the team of the Novas Energias ('New Energies') project.

The following are some of the highlights of 2022:

The AI6% Program - This program encourages employees and retirees of Cemig to use a program in which 6% of their income tax liability is paid to Infancy and Adolescents' Funds (Fundos da Infância e da Adolescência, or FIAs).

The 2022 AI6% Campaign involved the participation of 1,391 employees, who voluntarily allocated R$1 million to benefit approximately 20,000 children and teenagers in vulnerable situations, served by 145 institutions. The Company also allocated part of its income tax payable to the same FIA's.

The amount invested by the Company was R$1.5 million. In total, R$2.6 million was donated to entities spread out over the 77 municipalities in the Company's area of influence.

Corporate Volunteer Program - Corporate volunteering is recognized in the business world as an important tool for improving organizational climate, developing skills, and contributing to improvement of society - and a company's image and reputation.

Great social transformations can be promoted from volunteer work. Offering help without receiving any financial consideration for it changes the way you look at the world, sets an example for new generations, and brings benefits such as increased empathy, personal development, and strengthened ties with those around you.

The You Program (Programa Você) - encompasses several actions to encourage and support employee involvement in voluntary activities. The Program is structured to maximize the potential of volunteers' ongoing actions - a path that migrates gradually from assistentialism to participative citizenship and social transformation.

This program was created based on 3 pillars: (i) incentives to encourage voluntary work, disseminating the Company's culture and offering the first contact with the theme; (ii) transformative action, focusing on entrepreneurship, education and female empowerment; and (iii) suggestion of actions that employees can take on the volunteering program, which any of them can join.

Aiming to implement improvements in the process and meet the needs of all those involved in volunteering, both volunteers and beneficiaries, strategic planning of volunteering was carried out with the help of a company specialized in the subject.

2022 was atypical, with changes in the Company's volunteering activities, the return to in-person working, and some restrictions due to the election, but even so actions were taken with positive impacts on society, such as social assistance activities in accordance with the needs of the moment.

The SOS Chuvas (SOS Rains) campaign - More than 600 towns in Minas Gerais were under alert, and thousands of people negatively affected, by damage caused by heavy rains in the state. To help in assistance actions, Cemig made collection points available at its branches in 17 municipalities of the state, for collection of mineral water, personal hygiene items, non-perishable foods, cleaning materials, bedclothes and towels - to help people who had suffered from the floods at the beginning of the year.

V-Day - Volunteering Day - This event was held in Santa Luzia, at the Tancredo Neves state school, serving residents of the area and of the occupied area of Vitória, in the Isidoro region. 685 people were benefited by actions of 94 volunteers and 34 partnerships. Local residents received a series of benefits free of charge - including: medical attention (family doctor, nutritionist, psychologists, blood pressure and glucose tests); advice on oral health; a solidarity bazaar; a beauty workshop (braids, haircuts, eyebrows, makeup, nails); legal advice (family courts); orientation and writing of résumés; financial orientation; orientation for public safety in relation to the electricity network; art exhibitions; a solar telescope; and games for children including popcorn and Cotton Candy.

Dam safety

The process that aims to ensure safety of the dams operated and maintained by Cemig uses, in all its phases, a methodology founded on best Brazilian and international practices and specific laws.

The vulnerability of each dam is calculated automatically, and continuously, and monitored by the specialized inspector dam safety system. There are periodic reviews of dam safety by Cemig's professionals, which can also involve a multidisciplinary team of external consultants. These reviews go carefully into all matters relating to the safety of the dams, which are carefully investigated by highly-qualified specialists.

Cemig was the pioneer in Brazil in preparation of emergency action plans (Planos de Ação de Emergência - PAEs) to be applied in the event of dam ruptures, with a focus also on readiness for ordinary flood situations. The intention is to build a culture of preparedness for communities living along the rivers where Cemig's plants are located - since floods are increasingly frequent events.

Maintaining its policy of ever closer relationship with the external public, in 2022 Cemig maintained a focus on actions to promote integration between Emergency Action Plans (PAEs) relating to its generation plants and the Contingency Plans (Plancons) of municipalities - holding in-person and online workshop meetings for familiarization and training.

The Company created the Vamos Project, which centers on a methodology for integration of PAEs with Plancons (Contingency Plans), with a view to improvement and standardization of these constructive interactions.

As an initial step, Integration Committees (Comitês de Integração - Ci's) were formed for the PAE of each dam. These are multidisciplinary forums with representation of various actors of municipalities - an environment enabling discussion and development of PAEs to take place as a group activity.

A total of 16 Cis have been constituted.

In 2022, after two years of effective shutdown due to the pandemic, the Proximidade ('Proximity') Program resumed its in-person meetings, with events at four hydroelectric plants: Queimado, Nova Ponte, Theodomiro Carneiro Santiago (formely Emborcação) and Irapé. A very wide range of publics and institutions took part in these events, including emergency response bodies (Municipal Civil Defense bodies and Fire Brigades). As well as the subjects related to operation of the plants (meteorology, reservoir operation, dam safety and socio-environmental actions), it was also announced that the PROX (Mobile risk management) app was now available, and presentations on PAEs were given.

Projects in culture, sport and health

Cemig has a policy of sponsorship that aims to evidence the Company's commitment to the reality and demands of the environment and the locations where it works, contributing to development and strengthening of culture, sport, education and social activity, in line with public policies of the communities where it is involved.

<u>Culture</u>

Cemig the company that makes the largest investment of culture in Minas Gerais. In 2022 Cemig GT invested R$69.8 million in 146 projects. As well as incentivizing producers and artists, Cemig's support created direct benefits for the population, which gains access to cultural goods in a secure and democratic way.

<u>Health</u>

In 2022 Cemig invested R$18.5 million in various regions of the state, serving 166 hospital units, with installation of photovoltaic generation plants and replacement of inefficient equipment with more up-to-date equipment.

<u>Sport</u>

For the community, sports programs create social recovery and citizenship benefits, especially for children and teenagers, not only by encouraging sports but also by generating opportunities for local young people to become athletes. For the Company, these projects enhance its image as a company committed to the development of healthy habits, and the welfare and development of the communities.

Cemig launches a public call for proposals every year to select projects that promote the practice of sports and offer social and citizenship benefits, especially for children and adolescents. In addition, these projects reinforce the company's image as one committed to the well-being and development of local communities. In the last four years, Cemig has allocated more than R$17 million to sports projects, positively impacting the lives of more than 10,000 children and adolescents in 35 municipalities in all regions of Minas Gerais. Of this amount, 30% came from the state sports law and 70% from the federal law.

For Cemig, diversity is a value and must also be present in sports. Since 2019, the Company has invested in the "Play like a girl" project, which aims to promote sports for girls in situations of social vulnerability in the metropolitan region of Belo Horizonte.

With more than R$1.5 million invested, the project has been able to bring countless benefits to needy communities in the region. Besides providing sports practice, the initiative has contributed to the formation of leaders, the valuing of diversity, and the promotion of gender equality.

Furthermore, in the last four years, almost 12% of the resources allocated to sports have been directed to projects that work exclusively with people with disabilities in several sports modalities and regions of the state.

An example of these investments is the "Paralympic Swimming" project, which has brought important recognition to Minas. Through the formation of athletes and support for training, many of these young people were successful in the Tokyo Paralympics, an event in which they won medals and brought pride to the people of Minas Gerais.

The company remains committed to making a difference in people's lives and to contributing to the construction of a fairer and more inclusive society.

Fund for the elderly

With people over the age of 60 enjoying longer lifetimes, and consequently becoming a larger proportion of the population, Cemig seeks, through allocation of incentive-bearing funds, to help with projects for protection of and service to the elderly in Minas Gerais state, with widening and improvement of the activities. Cemig also centers efforts on supporting proposals for structuring of Municipal and State Funds for the Elderly in the state, improving the activities destined for them.

One Requests for Concepts from the public was launched in 2022 to select projects to support the elderly, aligned with the organizational guidelines.

Technological management and innovation

The energy industry is undergoing transformational changes, led by the intersection of different factors, such as: (i) growing decentralization of energy generation systems; (ii) advances in energy storage technologies; (iii) proliferation of digital technologies, which enable energy to be produced, transmitted and consumed more intelligently and efficiently; (iv) growth in various sources of renewable energy, such as wind and solar; and (v) the trend to decarbonization the economy using energy from renewable sources, as part of global efforts to mitigate climate change.

With eyes on this new group of changes, in 2018 Cemig created the *CemigTech* program, and the *Strategic Digital Technology Plan* - covering training, diagnosis, prospecting and technological ways forward, aiming to:

- create new training for the new types of business emerging in the country and the world;
- build project bid documents to collect R&D proposals in digital technology to place the company in harmony with technological evolution and the major digital transformations; and

- create projects that can boost new business activities that create economic and social benefit for the Company.

Constant innovation is one of Cemig's major principles, and the process of becoming aware of new ideas for the sector is a part of this. For this purpose, the Cemig 2021 Innovation Challenge was launched in August 2021, to take place over a period of 18 months.
The challenge was opened to the general public, which will be invited to present proposals for formatting of new Research and Development projects, in accordance with the rules of Aneel. The projects will be assessed under the guidelines for innovation approved in the strategic planning and, if approved, will be formalized with new draft contracts for development of the ideas that are approved.

The Cemig Challenge expects proposals on the following macro themes:

- Intelligent products and services
- Electricity systems of the future
- Electrification and electro-mobility - and
- Alternatives in sustainable generation.

Any individual or legal entity with head office in Brazil can send proposals.

The Energy Efficiency Program

Through its Energy Efficiency Program, Cemig has been running projects to orient the population on the optimum use of energy.

Cemig D's Energy Efficiency Program maintains a large number of projects in execution - a total 39 initiatives in progress at the end of 2022. They include projects from public Calls for Projects, held annually by the program, and also projects built directly by Cemig.

In 2022 this program invested approximately R$100 million in projects throughout Cemig D's concession area, and made a further R$50 million available in a new public tender to select proposals for a portfolio of projects to be financed in 2023 and 2024.

The actions of the Program tend to focus on energy efficiency associated with social responsibility, innovation and generation opportunities for Cemig D as a business. They have prominently featured initiatives benefiting hospitals, schools, low-income communities and public lighting.

Research and Development program

Cemig Distribuição invested more than R$12.2 million in 37 R&D projects, on several themes, of which we highlight the following:

- Development of synergetic networks for applications in energy distribution.

- Development of a methodology using ground penetrating radar to assess risk of urban trees falling.
- Artificial Intelligence in the Distribution Operation: the Distribution Operations Center of the Future - An integrated space-time situation awareness hyper-vision platform.

Cemig Geração e Transmissão executed 30 R&D projects, for investment of R$11.27 million, on a range of themes, the following being highlights:

- Adaptation of Cemig’s virtual reality system to integration with real-time image inspection resources, and joint training of the field teams and the System Operations Center (COS);
- Individual Notification System (Dispositivo Individual para Notificação - DIN) in the event of a dam emergency;
- A tool for setting future prices in the optimum composition of an energy purchase and sale portfolio; and
- Ecological processes: Development of new eco-technologies for diagnostics and environmental processes (the Proecos project).

Management systems - Certificates

Cemig always seeks the best conduct of its processes aiming at the continuous improvement of its management and the achievement of strategic objectives, with the consequent satisfaction of its clients.

To this end, it maintains certifications of its processes in the norms NBR ISO 9001 - Quality Management System, NBR 14001 - Environmental Management System, and NBR 45001 - Health and Safety Management System.

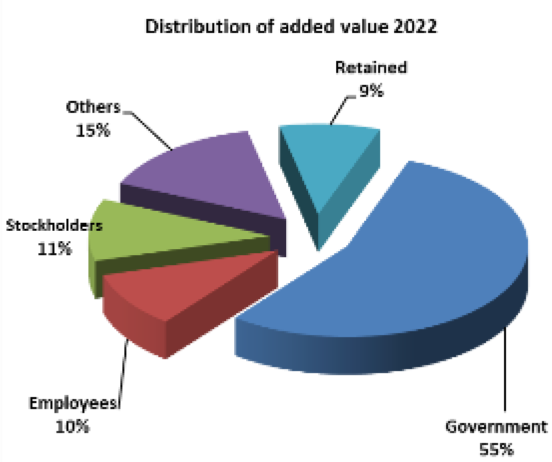
Currently, there are three certified scopes in the company: Cemig Generation and Transmission Center, Cemig Distribution Center and the Ombudsman. It is important to note that the management and support processes are part of the scope of these businesses.

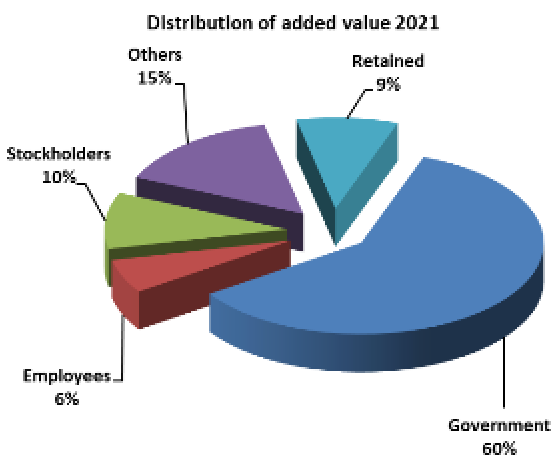
In 2022, the Cemig Generation and Transmission nucleus went through its 2nd maintenance audit, the Cemig Distribution nucleus went through a recertification audit, and the Ombudsman nucleus went through its 2nd maintenance audit. The certification cycles are always within a period of three years (Recertification, 1st maintenance, and 2nd maintenance).

The maintenance of the certificates was recommended to all the centers, which confirms the commitment of everyone involved to meet the requirements of the ISO norms and, as is well known, these norms are internationally recognized as the best management practices in the market.

Value Added

The Value-Added Statement (Demonstração do Valor Adicionado, or DVA) is an indicator of wealth creation and of the Company's importance for society in general: the added value created in 2022 was R$20,796 million, compared to R$20,667 million in 2021.





Performance in Corporate governance

Cemig's corporate governance is based on transparency, equity and accountability. The main characteristic of Cemig's governance model is clear definition of the roles and responsibilities of the Board of Directors and Executive Board in formulating, approving and executing the policies and directives on how to conduct the Company's business. The members of the Board of Directors, who are appointed by the General Meeting of Stockholders, elect that Board's chair and deputy chair and appoint the Executive Board (statutory executive officers).

The focus of the Company's governance has been a balance between the economic, financial and environmental aspects of Cemig, aiming to continue contributing to sustainable development, and continuous improvement of its relationship with stockholders, clients, employees, society as a whole and other stakeholders. To sustain a well-structured corporate governance model, Cemig follows the good practices and recommendations of the Brazilian Corporate Governance Institute (Instituto Brasileiro de Governança Corporativa - IBGC), fostering a relationship of trust and integrity with its stakeholders. Since 2001 Cemig has followed the Level I Corporate Governance Practices of the São Paulo stock exchange (B3).

Board of Directors

Meetings

The Board of Directors met 27 times up to December 31, 2022, to discuss strategic planning, projects, acquisition of new assets, various investments, and other subjects.

Membership, election and period of office

The present period of office began with the EGM on April 29, 2022, with election by the multiple voting system.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Shareholders to be held in 2024.

The composition of the Board of Directors will be assessed annually by the Board of Directors itself, aiming to implement a gradual change with a view to increase diversity - for which targets may possibly be established.

The Board of Directors has eleven sitting members, 10 nominated and elected by the stockholders, and one elected by the employees. One member of the Board of Directors is its Chair, and another is its Deputy Chair. The members of the Board of Directors are elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Shareholders, Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to any requirements and prohibitions in applicable legislation and regulations.

A list with the names of the members of the Board of Directors, their responsibilities and resumes is on our website at: https://ri.cemig.com.br/en.

The Audit Committee

The Audit Committee is an independent, consultative body, permanently established, with its own budget allocation. Its objective is to provide advice and assistance to the Board of Directors, to which it reports. It also has the responsibility for such other activities as are attributed to it by legislation.

The Audit Committee has four members, the majority of them independent, nominated and elected by the Board of Directors in the first meeting after the Annual General Meeting for periods of office of three years, not to run concurrently. One re-election is permitted.

The responsibilities of the Audit Committee are available on our website: https://ri.cemig.com.br/en.

Executive Board

The Executive Board has 7 (seven) members, whose individual functions are set by the Company's bylaws. They are elected by the Board of Directors, for a period of office of two years, subject to the applicable requirements of law and regulation, and may be re-elected up to three times.

Members are allowed simultaneously also to hold non-remunerated positions in the management of wholly owned subsidiaries, subsidiaries or affiliates of Cemig, upon decision by the Board of Directors. They are also, obligatorily under the by-laws, members, with the same positions, of the Boards of Directors of Cemig GT (Generation and Transmission) and Cemig D (Distribution).

The period of office of the present Chief Officers expires at the first meeting of the Board of Directors held after the Annual General Meeting of 2024.

The composition of the Executive Board will be assessed annually by the Board of Directors itself, aiming to implement a gradual change with a view to increase diversity - for which targets may possibly be established.

The members of the Executive Board, their resumes and responsibilities are on our website: https://ri.cemig.com.br/en

Fiscal Board

Meetings

- In 2022, 12 meetings of the Fiscal Board were held.

Composition, election and term

- We have a permanent Fiscal Board, composed of five effective members and their respective alternates, elected by the General Assembly for a mandate of two (2) years.
- In the composition of the Fiscal Board, the following nomination rules will be observed:
- minority common stockholders and preferred stockholders shall be assured the right to elect, in a separate vote, one (1) member, respectively, in accordance with the applicable legislation; and,
- the majority of the members must be elected by the Company's controlling shareholder, and at least 1 (one) of them must be a public servant, with permanent ties to the Public Administration.
- The composition of the Fiscal Board and curricular information about its members is available on our website at https://ri.cemig.com.br/en

Internal auditing, management of risks and internal controls

Maintaining a minimum frequency of a year for the updating procedure, the Executive Board and the Board of Directors approved, after consideration by the Audit Committee, Cemig's updated Corporate Top Risks and Compliance Risks Matrix for 2022-23.

These risks, associated with execution of strategy and scenarios of the Company's exposure, conflicts of interest, fraud and corruption are under the responsibility of the members of the Executive Board, and are monitored and reported periodically to Senior Management. The Matrix is divided into separate risk components: Distribution, Generation, Trading, IT, Institutional Regulations, Agile Management with Safety, Corporate Enabling Factors, and Financial.

To strengthen governance and discussion on risk management even further, in June 2022 the Risks Committee was created, linked to and advising the Board of Directors. It was given the duties of analysis of compliance with the requirements of the regulatory and inspection agencies; definition of the principal risks ('Top Risks'), and monitoring of their treatment; identification and measurement of action plans for mitigation and control of the risks identified; and assessment of the limits of tolerance to the risks to which the Company will be exposed.

The Company also has an Annual Internal Audit Plan, approved by the Company's management, for assessing the principal corporate procedures. The objective of this plan is to ensure appropriateness, efficacy and efficiency in the Company's processes, as well as compliance with the laws, rules, standards and internal procedures to which the Company is subject. The Internal Audit makes an independent assessment of the efficacy of the management of risks, and the effectiveness of the internal control system, reporting any deficiencies and proposing actions for improvement to be implemented by the areas responsible, which are periodically monitored for their compliance.

Certification of quality from the Institute of Internal Auditors (IIA)

In 2023 Cemig's Internal Audit unit received Quality Certification from the Institute of Internal Auditors (IIA), the world body that regulates the activity of internal auditing in terms of compliance with international rules and standards of auditing. This is an important achievement - it places Cemig's Internal Auditing area in the select group of Brazilian companies that have this international certification from the IIA.

Anti-fraud Policy

Cemig prides itself on its commitment to combat and prevention of fraud, corruption and any type of act that might represent deviation from the ethical conduct required by established internal and external rules. In this it relies on, and enjoys, the dedication and diligence of the entire workforce to ensure that no unlawful act is committed in its name.

For prevention of any act of this type, the Company has an effective system of internal controls and compliance, including, among others, the Ethics Committee, the Reporting Channel, and internal policies and procedures for integrity, auditing, encouragement for reporting of irregularities, and prevention of fraud and corruption. All employees and any professionals in any relationship with Cemig, including stockholders, managers, employees and outside contractors, are made fully aware of them.

The Reporting Channel guarantees confidentiality, anonymity and non-retaliation to those reporting a complaint. The Ethics Committee is responsible for making sure there is proper investigation of all accusations received, and after this is concluded, the responses are made available to the reporting parties.

RECOGNITION - AWARDS

As a result of the efforts made by Cemig in 2022, several segments of the Company recognized the excellence of its activities, resulting in several awards, among which we highlight:

The Dow Jones Sustainability World Index

For the 23th consecutive year, Cemig has been selected for inclusion in the Dow Jones Sustainability World Index (the 'DJSI World'), for 2022-2023. The index functions as a global financial performance indicator, while testifying to Cemig's objective of respecting and building new businesses in accordance with enhanced corporate sustainability practices. The new composition of the DJSI World comprises 330, selected from among 3,519 companies.

The ISE Corporate Sustainability Index of the B3

Cemig is included in this index for the 18th year running, reflecting its strong sustainable practices. The index is of Brazilian companies, and assesses corporate governance, economic efficiency, care for the environment, and social responsibility. Inclusion in the ISE recognizes Cemig's intense efforts to develop sustainable solutions aligned with preservation of the environment.

Cemig was awarded the maximum score in aspects such as policy for management of social and environmental risks in the supply chain, ethical management, sustainability of the business model, protection of employees' data, and management of systemic risks.

Cemig's inclusion in the ISE Index of the B3 (the São Paulo stock exchange) demonstrates its continuous commitment to adoption of the best ESG (environment, social and governance) practices, which are determining factors for sustainable growth, with the aim of creation of value for its stockholders, employees, suppliers and the general public.

ISS - ESG Corporate Rating

Since 2016 Cemig has been classified as "Prime" - attributed to companies with high performance in ESG - by Institutional Shareholder Services Inc. (ISS), a global supplier of solutions in corporate government, responsible investment, market intelligence and editorial content to institutional investors and corporations worldwide.

Standard & Poor's Global Sustainability Yearbook 2022

Cemig was listed in the Bronze category of S&P's Sustainability Yearbook 2022, a publication respected worldwide in terms of corporate sustainability. This recognition includes Cemig in the list of the world's most sustainable companies.

A record 7,500 companies, in 61 sectors, participated in the 2022 selection. The scores obtained in the evaluation conducted by S&P Global are also a key factor in selection for the DJSI.

Standard & Poor's Global Sustainability Yearbook 2023

The Company was also listed, in the Bronze category, in the Sustainability Yearbook 2023. In the electric power sector there are only three Brazilian companies in the list, and Cemig is the first in the ranking.

This recognition reflects the Company's efforts in adoption of measures focused on improvement of its economic, environmental, social and governance performance.

The Carbon Clean200™ ranking

Cemig received one more important recognition: It was rated the top Brazilian company in the annual Carbon Clean200™ global ranking of the 200 listed companies that have led initiatives for solutions for the transition to a clean energy future.

The 2023 ranking is for the 200 listed companies judged to have earned the most sustainable revenues in the world, selected through careful evaluation of social and environmental criteria, chosen from 35 countries.

Cemig was classified 37th in the worldwide ranking, but first in the ranking of Brazilian companies.

The Hugo Werneck Environment and Sustainability Award

Cemig SIM won the important 13th Hugo Werneck Environment and Sustainability Award, in the Best Solar Energy Example category, with its Cemig SIM REC (the Cemig SIM Renewable Energy Certificate), which recognizes use of 100% clean and renewable energy. The award underlines Cemig SIM's commitment to sustainable development.

2022 Minas Gerais Ser Humano awards

Cemig was one of the winning companies in the 2022 Minas Gerais Ser Humano awards, given by the Minas Gerais chapter of the Brazilian Human Resources Association (Associação Brasileira de Recursos Humanos - ABRH/MG). The Company was rated outstanding in two categories: ESG and Internal Communications.

The aim of the awards is exchange of awareness and experience on good practices by companies and organizations, and evaluation of the scenario in People Management in general.

The Aberje Awards

The Aberje Awards are the most important event recognizing corporate communication in Brazil. Cemig received an award in the Events category for the Minas Gerais and Center-West Region. In 2021, Cemig executed a very large-scale plan for its traditional Christmas event, providing dozens of attractions that entertained and enchanted local people during the whole of December. Three major events were held in parallel: Cidade do Natal, at the State governor's Mangabeiras Palace, Natal Iluminado, in the traditional city of Tiradentes, and Luzes da Liberdade (in Belo Horizonte's Praça da Liberdade government square).

FINAL REMARKS - APPRECIATION

Cemig's management is grateful to its majority shareholder, the State of Minas Gerais, for the trust and support constantly shown throughout the year and the same mode of our shareholders. Cemig also thanks the communities served by the Company, interested parts and, its highly qualified group of employees, for their dedication.

SOCIAL STATEMENT

1) Basis of calculations	2022			2021		
	Amount (R$'000)			Amount (R$'000)		
Net revenue (NR)	34,462,808			33,646,118		
Operational profit (OP)	5,687,177			6,951,171		
Gross payroll (GP)	1,351,999			1,240,468		
2) Internal social indicators	**Amount (R$'000)**	**% of GP**	**% of NR**	**Amount (R$'000)**	**% of GP**	**% of NR**
Food	88,835	6.57	0.26	81,442	6.57	0.24
Mandatory charges/costs on payroll	282,637	20.91	0.82	270,982	21.85	0.81
Private pension plan	81,220	6.01	0.24	79,165	6.38	0.24
Health	65,458	4.84	0.19	58,689	4.73	0.17
Safety and medicine in the workplace	21,299	1.58	0.06	22,063	1.78	0.07
Education	712	0.05	-	835	0.07	-
Training and professional development	33,052	2.44	0.10	16,687	1.35	0.05
Provision of or assistance for day-care centers	2,342	0.17	0.01	1,904	0.15	0.01
Profit sharing	79,634	5.89	0.23	134,267	10.82	0.40
Others	12,960	0.96	0.04	19,331	1.56	0.06
Internal social indicators - Total	**668,149**	**49.42**	**1.95**	**685,365**	**55.26**	**2.05**
3) External social indicators	**Amount (R$'000)**	**% of OP**	**% of NR**	**Amount (R$'000)**	**% of OP**	**% of NR**
Education	9,929	0.17	0.03	1,792	0.03	0.01
Culture	69,839	1.23	0.20	12,827	0.18	0.04
Sport	4,886	0.09	0.01	3,381	0.05	0.01
Other donations/subsidies / ASIN project	96,407	1.70	0.28	44,442	0.64	0.13
Total contributions to society	**181,061**	**3.19**	**0.52**	**62,442**	**0.90**	**0.19**
Taxes (excluding obligatory charges on payroll)	10,505,547	184.72	30.48	12,298,720	176.93	36.55
Internal social indicators - Total	**10,686,608**	**187.91**	**31.00**	**12,361,162**	**177.83**	**36.74**
4) Environmental indicators	**Amount (R$'000)**	**% of OP**	**% of NR**	**Amount (R$'000)**	**% of OP**	**% of NR**
Related to the company's operations	32,344	0.57	0.09	28,256	0.41	0.08
Total investment in the environment	**32,344**	**0.57**	**0.09**	**28,256**	**0.41**	**0.08**
As to annual targets to minimize toxic waste and consumption during operations, and increase efficacy of use of natural resources, the company:	(x) has no targets ( ) meets 0-50% of targets		( ) meets 51-75% of targets ( ) meets 76-100% of targets	(X) has no targets ( ) meets 0-50% of targets		( ) meets 51-75% of targets ( ) meets 76-100% of targets
5) Workforce indicators	**2022**			**2021**		
Number of employees at end of business year	4,969			5,025		
Hirings during the business year	378			235		
Number of outsourced employees	33			48		
Number of interns hired	99			-		
Employees' levels of education						
- University and university extension	1,338			1,309		
- 2 Secondary	3,582			3,658		
- 1 Primary	49			58		
Number of employees over 45 years old	2,232			2,434		
Number of women employed	724			694		
% of supervisory positions held by women	14.06			13.16		
Number of African-Brazilian employees	281			277		
% of supervisory positions held by African-Brazilians	1.04			1.58		
Number of employees with disabilities	160			170		

6) Corporate citizenship	2022		
Ratio between highest and lowest compensation in the Company	26.77		
Total number of work accidents, considering own employees:	17		
Who selects the company's social and environmental projects?	( ) senior management	(x) senior management and line managers	( ) all the employees
Who decides the company's work-environment health and safety standards?	( ) senior management and line managers ( ) does not get involved	(x) all employees ( ) follows the ILO guidelines	( ) All + Accident Prevention Ctee. (x) encourages and follows the ILO
In relation to labor union freedom, the right to collective bargaining, and/or internal employee representation, the company:	( ) senior management and line managers ( ) senior management and line managers	( ) senior management and line managers ( ) senior management and line managers	(x) all employees (x) all employees
The company pension plan covers:	( ) are not considered	( ) are suggested	(x) are required
The profit-sharing program covers:	( ) don't get involved	( ) supports	(x) organizes and encourages
In selecting suppliers, the company's standards of ethics and social and environmental responsibility:	( ) senior management ( ) senior management and line managers	(x) senior management and line managers (x) all employees	( ) all the employees ( ) All + Accident Prevention Ctee.
In relation to employee participation in volunteer work programs, the company:	( ) does not get involved	( ) follows the ILO guidelines	(x) encourages and follows the ILO
Total number of customer complaints and criticisms:	Company: 295,016	Via Procon: 4,372	In the courts: 18,365
7) Other information	**2022**		
Investments in environmental issues	R$39 million		
Monitoring of reservoir water quality	43 reservoirs e 181 collections stations		
Non-reusable wastes and materials	45 mil tons		
Revenue from sales of waste	404 tons		
Investments in environmental issues	R$60 million		

COMPOSITION OF THE BOARDS, AUDIT COMMITTEE AND EXECUTIVE BOARD

THE EXECUTIVE BOARD	
NAME	**POSITION**
Reynaldo Passanezi Filho	Chief Executive Officer
Marney Tadeu Antunes	Chief Distribution and Sales Officer
Leonardo George de Magalhães	Chief Finance and Investor Relations Officer
Thadeu Carneiro da Silva	Chief Generation and Transmission Officer
Marco da Camino Ancona Lopez Soligo	Chief Officer Cemigpar
Dimas Costa	Chief Trading Officer
Henrique Motta Pinto	Chief Regulation and Legal

BOARD OF DIRECTORS
NAMES
Márcio Luiz Simões Utsch - President (majority)
Jaime Leôncio Singer (majority)
Marcus Leonardo Silberman (majority)
José Reinaldo Magalhaes (majority)
Afonso Henriques Moreira Santos (majority)
Ricardo Menin Gaertner (majority)
Aloísio Macário Ferreira de Souza (minority shareholders)
Roger Daniel Versieux (minority shareholders)
João José Abdalla Filho (preferred shareholders)
Paulo César de Souza e Silva (minority shareholders)
Anderson Rodrigues (employee representative)

FISCAL BOARD	
SITTING MEMBERS	SUBSTITUTE MEMBERS
Gustavo de Oliveira Barbosa (President) (majority)	Igor Mascarenhas Eto (majority)
Fernando Scharlack Marcato (majority)	Luísa Cardoso Barreto (majority)
Elizabeth Jucá e Mello Jacometti (majority)	Fernando Passalio de Avelar (majority)
Michele da Silva Gonsales Torres (preferred shareholders)	Ronaldo Dias (preferred shareholders)
João Vicente Silva Machado (minority shareholders)	Ricardo José Martins Gimenez (minority shareholders)

SITTING MEMBERS
Pedro Carlos de Mello (Coordinator and Financial Specialist)
Márcio de Lima Leite
Roberto Tommasetti
Afonso Henriques Moreira Santos

CONSUMER COUNCIL	
SITTING MEMBERS	SUBSTITUTE MEMBERS
José Ciro Mota (Industrial)	Tânia Mara Aparecida Costa Santos
Solange Medeiros de Abreu (Residential)	Betânia Moura Magalhães Corrêa
Edilson Avelino da Mata (Commercial)	Helton Andrade
Aline de Freitas Veloso (Rural)	Weber Bernardes de Andrade
Erick Nilson Souto (Public authorities)	Luiz Paulo Aparecido Gontijo Caetano
Luciano José de Oliveira (Cemig)	Alexandre Ribeiro de Almeida

INVESTOR RELATIONS

Investor Relations Office
Tel: +5531 3506-5024 and 3506-5028
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website: https://ri.cemig.com.br/en
e-mail: ri@cemig.com.br

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021
ASSETS
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
CURRENT					
Cash and cash equivalents	6	1,440,661	825,208	190,483	26,692
Marketable securities	7	1,744,546	1,724,088	100,292	431,222
Receivables from customers, traders and concession holders	8	4,769,431	4,429,883	305,464	157,368
Concession financial assets	14	1,055,378	1,504,666	-	-
Concession contract assets	15	728,404	599,692	-	-
Recoverable taxes	9	1,916,701	1,968,979	1,087	1,088
Income tax and social contribution tax credits	10a	775,492	698,914	-	-
Dividends receivables	30	145,908	335,189	1,975,639	1,820,578
Public lighting contribution		207,280	233,309	-	-
Receivable related to tariff subsidies	13	96,947	291,896	-	-
Other assets		584,455	337,326	27,342	9,547
TOTAL CURRENT		**13,465,203**	**12,949,150**	**2,600,307**	**2,446,495**
NON-CURRENT					
Marketable securities	7	133,631	353,730	376	88,383
Receivables from customers, traders and concession holders	8	43,449	51,540	-	-
Recoverable taxes	9	1,357,846	1,997,285	523,371	502,452
Income tax and social contribution tax recoverable	10a	172,718	315,405	95,750	245,850
Deferred income tax and social contribution tax	10c	3,119,522	2,464,734	995,149	802,270
Dividends receivable	30	-	-	679,794	-
Escrow deposits	12	1,206,595	1,155,169	310,325	307,651
Derivative financial instruments - Swap	31a	702,734	1,219,176	-	-
Accounts receivable from the State of Minas Gerais	11	13,366	13,366	13,366	13,366
Concession financial assets	14	4,937,187	4,969,400	-	-
Concession contract assets	15	5,976,420	5,780,316	-	-
Investments - Equity method	16	5,105,724	5,105,926	19,637,444	18,183,135
Property, plant and equipment	17	2,409,351	2,419,269	1,240	1,411
Intangible assets	18	14,621,853	12,953,317	547	1,380
Leasing - right of use assets	19a	329,077	225,593	2,151	2,050
Other assets		76,161	72,432	78,718	25,011
TOTAL NON-CURRENT		**40,205,634**	**39,096,658**	**22,338,231**	**20,172,959**
TOTAL ASSETS		**53,670,837**	**52,045,808**	**24,938,538**	**22,619,454**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021
LIABILITIES
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
CURRENT					
Suppliers	20	2,832,049	2,683,343	152,356	64,682
Regulatory charges payable	23	510,247	610,695	-	-
Profit sharing		105,207	136,580	13,590	11,126
Taxes payable	21	884,946	528,096	139,603	132,764
Income tax and social contribution	10b	239,674	190,002	-	-
Interest on equity and dividends payable	26f	1,862,798	1,909,050	1,860,681	1,911,250
Loans and debentures	22	955,497	1,465,133	-	52,430
Payroll and related charges		260,015	225,189	13,823	12,596
Public lighting contribution		312,475	357,105	-	-
Accounts payable related to energy generated by residential consumers		455,273	236,000	-	-
Post-employment obligations	24	388,447	346,733	29,166	26,917
Sector financial liabilities	14	-	51,359	-	-
PIS/Pasep and Cofins taxes to be refunded to customers	21	1,154,798	704,025	-	-
Derivative financial instruments - Swaps	31b	90,526	6,130	-	-
Derivative financial instruments - Put Option	31b	672,416	636,292	-	-
Leasing liabilities	19b	57,438	61,586	301	277
Other liabilities		423,372	540,275	22,332	8,288
TOTAL CURRENT		**11,205,178**	**10,687,593**	**2,231,852**	**2,220,330**
NON-CURRENT					
Regulatory charges	23	65,360	204,623	4,624	4,624
Loans and debentures	22	9,624,001	9,898,830	-	-
Taxes payable	21	370,168	341,689	-	-
Deferred income tax and social contribution	10c	932,235	962,255	-	-
Provisions	25	2,029,021	1,888,972	279,141	236,995
Post-employment obligations	24	5,303,538	5,857,941	641,375	697,149
PIS/Pasep and Cofins taxes to be refunded to customers	21	1,808,074	2,318,910	-	-
Leasing liabilities	19b	297,195	182,437	2,125	1,975
Other liabilities		252,801	240,793	2,065	1,970
TOTAL NON-CURRENT		**20,682,393**	**21,896,450**	**929,330**	**942,713**
TOTAL LIABILITIES		**31,887,571**	**32,584,043**	**3,161,182**	**3,163,043**
EQUITY	26				
Share capital		11,006,853	8,466,810	11,006,853	8,466,810
Capital reserves		2,249,721	2,249,721	2,249,721	2,249,721
Profit reserves		10,394,823	10,948,094	10,394,823	10,948,094
Equity valuation adjustments		(1,874,041)	(2,208,214)	(1,874,041)	(2,208,214)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**21,777,356**	**19,456,411**	**21,777,356**	**19,456,411**
NON-CONTROLLING INTERESTS		5,910	5,354	-	-
TOTAL EQUITY		**21,783,266**	**19,461,765**	**21,777,356**	**19,456,411**
TOTAL LIABILITIES AND EQUITY		**53,670,837**	**52,045,808**	**24,938,538**	**22,619,454**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais, except earnings per share)

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
NET REVENUE	27	**34,462,808**	**33,646,118**	**2,118,932**	**472,434**
OPERATING COSTS					
Cost of energy and gas	28a	(20,020,182)	(21,449,579)	(1,381,821)	(239,487)
Infrastructure and construction cost	28b	(3,536,442)	(2,035,648)	-	-
Operating costs	28c	(4,095,391)	(3,438,643)	(7,939)	-
		(27,652,015)	**(26,923,870)**	**(1,389,760)**	**(239,487)**
GROSS INCOME		**6,810,793**	**6,722,248**	**729,172**	**232,947**
OPERATING EXPENSES	28c				
Expected credit losses		(108,731)	(143,856)	-	-
General and administrative expenses		(789,389)	(576,612)	(45,727)	(39,533)
Other operating expenses		(1,124,891)	(592,005)	(215,527)	(73,113)
		(2,023,011)	**(1,312,473)**	**(261,254)**	**(112,646)**
Periodic Tariff Revision, net		-	214,955	-	-
Renegotiation of hydrological risk (Law 14,052/20), net		-	1,031,809	-	-
Gains arising from the sale of non-current asset held for sale, net	32	51,512	108,550	44,868	108,550
Bargain purchase	16	5,340	4,006	-	4,006
Share of income, net, of affiliates, subsidiaries and joint ventures	16	842,543	182,076	3,318,015	3,412,862
Operating income before financial income (expenses) and taxes		**5,687,177**	**6,951,171**	**3,830,801**	**3,645,719**
Finance income	29	1,499,794	843,306	40,759	13,697
Finance expenses	29	(3,066,415)	(3,096,299)	(7,885)	(9,402)
		(1,566,621)	**(2,252,993)**	**32,874**	**4,295**
Income before income tax and social contribution tax		**4,120,556**	**4,698,178**	**3,863,675**	**3,650,014**
Current income tax and social contribution tax	10d	(950,490)	(1,156,082)	-	(20,069)
Deferred income tax and social contribution tax	10d	924,301	210,773	228,638	121,376
NET INCOME FOR THE YEAR		**4,094,367**	**3,752,869**	**4,092,313**	**3,751,321**
Total of net income for the year attributed to:					
Equity holders of the parent		4,092,313	3,751,321	4,092,313	3,751,321
Non-controlling interests		2,054	1,548	-	-
		4,094,367	**3,752,869**	**4,092,313**	**3,751,321**
Basic and diluted earnings per preferred share - R$	26	**1.86**	**1.70**		
Basic and diluted earnings per common share - R$	26	**1.86**	**1.70**		

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais)

	Consolidated		Parent company	
	2022	2021	2022	2021
NET INCOME FOR THE YEAR	**4,094,367**	**3,752,869**	**4,092,313**	**3,751,321**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to income or loss in subsequent periods				
Post retirement liabilities - remeasurement of obligations of the defined benefit plans	696,506	301,201	105,173	29,415
Income tax and social contribution tax on remeasurement of defined benefit plans (Note 10c)	(236,813)	(102,408)	(35,759)	(10,001)
Equity gain (loss) on other comprehensive income in subsidiary and jointly controlled entity	-	-	390,279	179,379
Other comprehensive income	1,402	169	1,402	169
	461,095	**198,962**	**461,095**	**198,962**
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES	**4,555,462**	**3,951,831**	**4,553,408**	**3,950,283**
Total of comprehensive income for the year attributed to:				
Equity holders of the parent	4,553,408	3,950,283	4,553,408	3,950,283
Non-controlling interests	2,054	1,548	-	-
	4,555,462	**3,951,831**	**4,553,408**	**3,950,283**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais, except where otherwise indicated)

	Share capital	Capital reserves	Profit reserves	Equity valuation adjustments	Retained earnings	Total	Non-controlling interests	Total Equity
AS OF DECEMBER 31, 2021	**8,466,810**	**2,249,721**	**10,948,094**	**(2,208,214)**	**-**	**19,456,411**	**5,354**	**19,461,765**
Net income for the year	-	-	-	-	4,092,313	**4,092,313**	2,054	4,094,367
Subscription of capital	2,540,043	-	(2,540,043)	-	-	**-**	-	-
Other comprehensive income	-	-	-	461,095	-	**461,095**	(1,498)	459,597
Realization of PP&E deemed cost	-	-	-	(126,922)	126,922	**-**	-	-
Tax incentives reserve	-	-	26,193	-	(26,193)	**-**	-	-
Legal reserve (Note 26)	-	-	204,616	-	(204,616)	**-**	-	-
Retained earnings reserve (Note 26)	-	-	1,755,963	-	(1,755,963)	**-**	-	-
Proposed dividends	-	-	-	-	(2,232,463)	**(2,232,463)**	-	(2,232,463)
AS OF DECEMBER 31, 2022	**11,006,853**	**2,249,721**	**10,394,823**	**(1,874,041)**	**-**	**21,777,356**	**5,910**	**21,783,266**

	Share capital	Capital reserves	Profit reserves	Equity valuation adjustments	Retained earnings	Total	Non-controlling interests	Total Equity
AS OF DECEMBER 31, 2020	**7,593,763**	**2,249,721**	**10,060,605**	**(2,431,423)**	**-**	**17,472,666**	**4,682**	**17,477,348**
Subscription of capital	873,047	-	(873,047)	-	-	**-**	-	-
Net income for the year	-	-	-	-	3,751,321	**3,751,321**	1,548	3,752,869
Other comprehensive income	-	-	-	198,962	-	**198,962**	-	198,962
Actuarial losses reclassified (Note 26c)	-	-	-	39,267	(39,267)	**-**	-	-
Realization of PP&E deemed cost	-	-	-	(15,020)	15,020	**-**	-	-
Tax incentives reserve	-	-	21,213	-	(21,213)	**-**	-	-
Legal reserve (Note 26)	-	-	186,505	-	(186,505)	**-**	-	-
Retained earnings reserve (Note 26)	-	-	1,552,818	-	(1,552,818)	**-**	-	-
Proposed dividends	-	-	-	-	(1,966,538)	**(1,966,538)**	-	(1,966,538)
Non-controlling Interests	-	-	-	-	-	**-**	(876)	(876)
AS OF DECEMBER 31, 2021	**8,466,810**	**2,249,721**	**10,948,094**	**(2,208,214)**	**-**	**19,456,411**	**5,354**	**19,461,765**

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
CASH FLOW FROM OPERATIONS					
Net income for the year		4,094,367	3,752,869	4,092,313	3,751,321
ADJUSTMENTS:					
Deferred income tax and social contribution	10	(924,301)	(210,773)	(228,638)	(121,376)
Depreciation and amortization	28	1,182,084	1,049,108	1,115	1,730
Loss on write-off of net residual value of unrecoverable concession financial assets, concessional contract asset, PP&E and Intangible assets		73,626	46,960	-	-
Renegotiation of hydrological risk costs (Law 14,052/20), net	18	-	(1,031,809)	-	-
Writte off related to contractual assets		595	10,937	-	-
Bargain purchase		(5,340)	(4,006)	-	(4,006)
Discount and premium on repurchase of debt securities		46,763	491,037	-	-
Share of loss, net, of subsidiaries and joint ventures		(842,543)	(182,076)	(3,318,015)	(3,412,862)
Remeasuring of concession financial and concession contract assets		(1,245,142)	(1,305,900)	-	-
Periodic tariff reset adjustments		-	(236,627)	-	-
Interest and monetary variation	29	852,637	1,381,422	(31,326)	(11,180)
Exchange variation on loans and debentures	29	(338,265)	353,321	-	-
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers - realization		(2,360,056)	(1,316,995)	-	-
Gains arising from the sale of non-current asset held for sale	32	(51,512)	(108,550)	(44,868)	(108,550)
Appropriation of transaction costs	22	7,422	20,456	-	55
Provisions for operating losses and expected credit losses		432,872	374,678	64,202	23,766
Change in fair value of derivative financial instruments	31	437,887	537,976	-	-
CVA (Parcel A items Compensation) Account and other financial components in tariff adjustments	14	1,146,560	(2,146,043)	-	-
Post-employment obligations	24	665,781	84,798	76,955	36,857
Other		130,038	(24,051)	-	-
		3,475,243	**1,536,732**	**611,738**	**155,755**
Increase (decrease) in assets					
Receivables from customers, traders and concession holders	8	(440,188)	(90,382)	(148,096)	(157,368)
CVA and Other financial components in tariff adjustments	14	190,658	15,120	-	-
Recoverable taxes	9	2,490,079	1,667,775	2	2,062
Income tax and social contribution tax credits	10	148,672	(554,685)	227,617	129,862
Escrow deposits	12	30,884	(70,354)	13,148	1,665
Dividends received from investees		707,695	499,065	1,415,356	1,307,421
Contractual assets and concession financial assets	14	620,439	713,641	-	-
Other assets		87,080	(267,030)	(71,510)	(911)
		3,835,321	**1,913,150**	**1,436,517**	**1,282,731**
Increase (decrease) in liabilities					
Suppliers	20	148,706	324,857	87,674	62,637
Taxes payable	21	408,073	5,008	(109,530)	(46,855)
Income tax and social contribution tax payable	10	1,000,162	1,206,026	-	20,069
Payroll and related charges		34,826	12,434	1,227	1,883
Regulatory charges	23	(239,711)	77,965	-	-
Post-employment obligations	24	(481,964)	(421,970)	(25,307)	(22,156)
Other liabilities		21,248	100,969	(3,011)	(7,628)
		891,340	**1,305,289**	**(48,947)**	**7,950**
Cash generated by operating activities		**8,201,902**	**4,755,171**	**1,999,308**	**1,446,436**
Interest paid on loans and debentures	22	(1,010,077)	(1,590,268)	(20,341)	-
Interest paid on leasing contracts	19	(3,695)	(2,914)	(19)	(18)
Income tax and social contribution tax paid		(704,169)	(500,408)	(7,608)	(815)
Cash inflows from settlement of derivatives instruments	31	129,122	1,021,776	-	-
NET CASH FROM OPERATING ACTIVITIES		**6,613,083**	**3,683,357**	**1,971,340**	**1,445,603**
INVESTING ACTIVITIES					
Marketable securities	7	199,641	2,047,952	418,937	(376,617)
Restricted cash		-	44,479	-	342
Investments					
Acquisition of equity investees		(52,301)	(56,317)	(79,880)	(1,419,659)
Arising from the sale of equity interest, net of costs of sales		51,512	1,366,592	57,581	1,366,592
Cash arising from business combination		-	155	-	-
Property, plant and equipment	17	(173,410)	(182,518)	-	(566)
Intangible assets	18	(119,115)	(50,849)	(30)	(30)
Contract assets - distribution of gas and energy infrastructure	15	(3,112,423)	(1,798,296)	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(3,206,096)**	**1,371,198**	**396,608**	**(429,938)**
FINANCING ACTIVITIES					
Proceeds from loans and debentures	22	1,981,390	13,406	-	-
Interest on capital and dividends paid		(2,093,907)	(1,416,333)	(2,166,635)	(1,411,356)

	Note	Consolidated		Parent company	
		2022	2021	2022	2021
Payment of loans and debentures	22	(2,613,340)	(4,436,672)	(37,240)	-
Leasing liabilities paid	19	(65,677)	(70,145)	(282)	(264)
NET CASH USED IN FINANCING ACTIVITIES		**(2,791,534)**	**(5,909,744)**	**(2,204,157)**	**(1,411,620)**
Net (decrease) increase in cash and cash equivalents for the year		**615,453**	**(855,189)**	**163,791**	**(395,955)**
Cash and cash equivalents at the beginning of the year	6	825,208	1,680,397	26,692	422,647
Cash and cash equivalents at the end of the year	6	1,440,661	825,208	190,483	26,692

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF ADDED VALUE
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais)

	Consolidated		Parent company	
	2022	2021	2022	2021
REVENUES				
Sales of energy, gas and services	43,197,728	42,951,811	2,473,998	523,438
Distribution construction revenue	3,245,688	1,852,263	-	-
Transmission construction revenue	407,193	251,973	-	-
Interest revenue arising from the financing component in the transmission contract asset	575,449	660,457	-	-
Periodic Tariff Reset adjustments	-	236,627	-	-
Gain on financial updating of the Concession Grant Free	466,857	523,105	-	-
Adjustment to expectation of cash flow from reimbursement of distribution concession financial assets	39,369	53,751	-	-
Investment in PP&E	74,411	83,541	-	-
Other revenues	-	16,770	-	-
Estimated credit losses	(103,154)	(130,641)	211	-
	47,903,541	**46,499,657**	**2,474,209**	**523,438**
INPUTS ACQUIRED FROM THIRD PARTIES				
Energy bought for resale	(15,860,825)	(16,519,913)	(1,522,668)	(263,898)
Charges for use of national grid	(2,974,834)	(3,703,852)	-	-
Outsourced services	(2,783,159)	(2,189,153)	(21,038)	(24,020)
Gas bought for resale	(3,473,628)	(2,554,083)	-	-
Materials	(2,439,915)	(1,272,722)	(63)	(46)
Other operating costs	(904,386)	(604,760)	(93,804)	79,393
	(28,436,747)	**(26,844,483)**	**(1,637,573)**	**(208,571)**
GROSS VALUE ADDED	**19,466,794**	**19,655,174**	**836,636**	**314,867**
RETENTIONS				
Depreciation and amortization	(1,182,084)	(1,049,108)	(1,115)	(1,730)
NET ADDED VALUE PRODUCED BY THE COMPANY	**18,284,710**	**18,606,066**	**835,521**	**313,137**
ADDED VALUE RECEIVED BY TRANSFER				
Share of income, net, of associates and joint ventures	842,543	182,076	3,318,015	3,412,862
Result of business combinations	5,340	4,006	-	4,006
Renegotiation of hydrological risk costs (Law 14,052/20), net	-	1,031,809	-	-
Generation indemnity revenue	47,028	-	-	-
Financial revenues	1,616,715	843,306	40,759	13,697
ADDED VALUE TO BE DISTRIBUTED	**20,796,336**	**20,667,263**	**4,194,295**	**3,743,702**
DISTRIBUTION OF ADDED VALUE				
Employees	**2,013,515**	**1,315,814**	**101,632**	**48,102**
Direct remuneration	1,075,144	1,046,048	20,732	9,478
Post-employment obligations and other benefits	796,513	173,990	79,000	36,848
FGTS fund	64,014	60,538	1,900	1,776
Voluntary retirement program	77,844	35,238	-	-
Taxes	**11,555,997**	**12,476,524**	**(7,575)**	**(65,191)**
Federal	7,067,402	5,763,585	(147,472)	(72,189)
State	4,478,296	6,695,175	139,634	3,856
Municipal	10,299	17,764	263	3,142
Remuneration of external capital	**3,132,457**	**3,122,056**	**7,925**	**9,470**
Interest	3,107,541	3,109,268	7,885	9,402
Rentals	24,916	12,788	40	68
Remuneration of own capital	**4,094,367**	**3,752,869**	**4,092,313**	**3,751,321**
Interest on capital	1,983,650	955,282	1,983,650	955,282
Dividends	248,813	1,011,256	248,813	1,011,256
Retained Earnings	1,859,850	1,784,783	1,859,850	1,784,783
Non-controlling interest in retained earnings	2,054	1,548	-	-
	20,796,336	**20,667,263**	**4,194,295**	**3,743,702**

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AS OF DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais, except where otherwise indicated)

1. OPERATING CONTEXT

a) The Company

Companhia Energética de Minas Gerais ('Cemig', ´Parent company' or 'Company') is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded on the São Paulo Stock Exchange ('B3') at Corporate Governance Level 1; on the New York Stock Exchange ('NYSE'); and on the stock exchange of Madrid ('Latibex').

The Company is an entity domiciled in Brazil, with head office in Belo Horizonte/MG. Constituted to operate in the commercialization of electric power and as holding company, with interests in subsidiaries or jointly controlled entities, whose objects are: construction and operation of systems for generation, transformation, transmission, distribution and sale of energy, and also activities in the various fields of energy sector, including gas distribution, for the purpose of commercial operation.

Cemig holds equity interests in the following subsidiaries, jointly controlled entities and affiliates, all of which principal activities are construction and operation of systems of generation, distribution and sale of energy and gas.

Investments	Classification	Description (information of MW not audited)
CONTROLLED ENTITIES:		
Cemig Geração e Transmissão S.A. ('Cemig GT' or 'Cemig Geração e Transmissão')	Controlled entity	Subsidiary engaged in the energy generation and transmission services. Its shares are listed in Brazil, but are not actively traded. Cemig GT has interests in 68 power plants (60 of which are hydroelectric, 7 are wind power and 1 is solar) and associated transmission lines, most of which are part of the Brazilian national generation and transmission grid system, with total installed generation capacity of 5,517 MW.
Cemig Baguari	Controlled entity	Corporation engaged in the production and sale of energy as an independent power producer and in interests in investees or joint operations that are engaged in the production and sale of energy in future projects.
Cemig GeraçãoTrês Marias S.A. (2)	Controlled entity	Corporation engaged in the production and sale of energy as public service concession holder, by commercial operation of the Três Marias Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 396 MW, and guaranteed offtake level of 239 MW average.
Cemig Geração Salto Grande S.A. (2)	Controlled entity	Corporation engaged in the production and sale of energy as public service concession holder, by commercial operation of the Salto Grande Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 102 MW, and guaranteed offtake level of 75 MW average.
Cemig Geração Itutinga S.A.	Controlled entity	Corporation engaged in the production and sale of energy as public service concession holder, by commercial operation of the Itutinga Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 52 MW, and guaranteed offtake level of 28 MW average.
Cemig Geração Camargos S.A.	Controlled entity	Corporation engaged in the production and sale of energy as public service concession holder, by commercial operation of the Camargos Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 46 MW, and guaranteed offtake level of 21 MW average.
Cemig Geração Sul S.A.	Controlled entity	Corporation engaged in the production and sale of energy as public concession holder, by commercial operation of the Coronel Domiciano, Marmelos, Joasal, Paciência and Piau Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity is 39.53 MW; guaranteed offtake level of 27.42 MW average.
Cemig Geração Leste S.A.	Controlled entity	Corporation engaged in the production and sale of energy as public concession holder, by operation of the Dona Rita, Sinceridade, Neblina, Ervália, Tronqueiras and Peti Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity of these plants is 35.16 MW; guaranteed offtake level of 18.64 MW average.
Cemig Geração Oeste S.A.	Controlled entity	Corporation engaged in the production and sale of energy as public service concession holder, by commercial operation of the Gafanhoto, Cajuru and Martins Small Hydroelectric

Investments	Classification	Description (information of MW not audited)
		Plants, and sale and trading of energy in the Free Market. It has aggregate installed capacity of 28.90 MW, and guaranteed offtake level of 11.21 MW average.
Rosal Energia S.A. ('Rosal')	Controlled entity	Corporation that holds the concession to generate and sell energy, operating the *Rosal* Hydroelectric Plant, on the border between the states of Rio de Janeiro and Espírito Santo.
Sá Carvalho S.A. ('Sá Carvalho')	Controlled entity	Corporation that holds the concession to generate and sell energy, operating the *Sá Carvalho* Hydroelectric Plant.
Horizontes Energia S.A. ('Horizontes')	Controlled entity	Corporation that is classified as an independent power producer operating the *Machado Mineiro* and *Salto do Paraopeba* Hydroelectric Plants in Minas Gerais; and the *Salto do Voltão* and *Salto do Passo Velho* Hydroelectric Plants, in the state of Santa Catarina.
Cemig PCH S.A. ('PCH')	Controlled entity	Corporation that is classified as an independent power producer operating the *Pai Joaquim* hydroelectric power plant.
Cemig Trading S.A. ('Cemig Trading')	Controlled entity	Corporation engaged in trading and intermediation of energy.
Empresa de Serviços e Comercialização de Energia Elétrica S.A.	Controlled entity	Corporation engaged in the production and sale of energy as an independent power producer, in future projects.
Cemig Geração Poço Fundo	Controlled entity	Corporation engaged in the production and sale of energy, as an independent producer, through construction and operation of the hydroelectric power plant *Poço Fundo*, located in Machado River, in the State of Minas Gerais.
Central Eólica Praias de Parajuru S.A. ('Central Eólica Praias de Parajuru')	Controlled entity	Corporation engaged in the production and sale of energy at the wind power plant of the same name in the northeastern Brazilian state of Ceará.
Central Eólica Volta do Rio S.A. ('Central Eólica Volta do Rio')	Controlled entity	Corporation engaged in the production and sale of energy at the wind power plant of the same name in Acaraú, northeastern Brazilian state of Ceará.
Cemig Distribuição S.A. ('Cemig D' or 'Cemig Distribuição')	Controlled entity	Subsidiary, whose shares are listed in Brazil but are not actively traded; engaged in the distribution of energy through networks and distribution lines throughout almost the whole of Minas Gerais State.
Companhia de Gás de Minas Gerais ('Gasmig')	Controlled entity	Corporation engaged in the acquisition, transportation and distribution of combustible gas or sub-products and derivatives, through a concession for the distribution of gas in the State of Minas Gerais.
Cemig Sim	Controlled entity	Corporation that provides energy efficiency and optimization services and energy solutions through studies and execution of projects; and services of operation and maintenance of energy supply facilities.
Companhia de Transmissão Centroeste de Minas ('Centroeste')	Controlled entity	Corporation engaged in the construction, operation and maintenance of the transmission line - part of the national grid.
Sete Lagoas Transmissora de Energia S.A. ("SLTE")	Controlled entity	Energy transmission service concession, through construction, operation and maintenance of the energy transmission infrastructure of the Sete Lagoas 4 Substation in the city of Sete Lagoas, Minas Gerais.
JOINTLYCONTROLLED ENTITIES		
Guanhães Energia S.A. ('Guanhães Energia')	Jointly controlled entity	Corporation engaged in the production and sale of energy through building and commercial operation of the following Small Hydro Plants: *Dores de Guanhães, Senhora do Porto* and *Jacaré*, in the county of Dores de Guanhães; and *Fortuna II*, in the county of Virginópolis, in Minas Gerais.
Paracambi Energética S.A. ('formely LightGer') (1)	Jointly controlled entity	Corporation classified as independent power producer, formed to build and operate the *Paracambi* Small Hydro Plant (or PCH), on the Ribeirão das Lages river in the county of Paracambi, Rio de Janeiro State.
Usina Hidrelétrica Itaocara S.A. ('UHE Itaocara')	Jointly controlled entity	Corporation, comprising the partners of the UHE Itaocara Consortium, formed by Cemig GT and Itaocara Energia (of the Light group), responsible for construction of the *Itaocara I* Hydroelectric Plant.
Hidrelétrica Cachoeirão S.A. ('Cachoeirão')	Jointly controlled entity	Production and sale of energy as an independent power producer, through the *Cachoeirão* hydroelectric power plant located at *Pocrane*, in the State of Minas Gerais.
Hidrelétrica Pipoca S.A. ('Pipoca')	Jointly controlled entity	Independent production of energy, through construction and commercial operation of the *Pipoca* Small Hydro Plant (SHP, or *Pequena Central Hidrelétrica* - PCH), on the Manhuaçu River, in the municipalities of Caratinga and Ipanema, in Minas Gerais State.
Retiro Baixo Energética S.A. ('RBE')	Jointly controlled entity	Corporation that holds the concession to operate the *Retiro Baixo* Hydroelectric Plant, on the Paraopeba River, in the São Francisco River basin, in the municipalities of Curvelo and Pompeu, in Minas Gerais.
Amazônia Energia Participações S.A ('Amazônia Energia')	Jointly controlled entity	Special-purpose company created by Cemig GT (74.50% ownership) and Light (25.50%), for acquisition of an equity interest of 9.77% in Norte Energia S.A. ('Nesa'), the company holding the concession for the *Belo Monte* Hydroelectric Plant, on the Xingu River, in the Northern Brazilian State of Pará.
Aliança Norte Energia Participações S.A. ('Aliança Norte')	Jointly controlled entity	Special-purpose company created by Cemig GT (49% ownership) and Vale S.A. (51%), for acquisition of an equity interest of 9% in Norte Energia S.A. ('Nesa'), the company holds the concession for the *Belo Monte* Hydroelectric Plant, on the Xingu River, in the Northern Brazilian State of Pará.
Baguari Energia S.A. ('Baguari Energia')	Jointly controlled entity	Corporation engaged in the construction, operation, maintenance and commercial operation of the *Baguari* Hydroelectric Plant, through participation in the UHE Baguari Consortium (Baguari Energia 49.00%, Neoenergia 51.00%), on the Doce river in Governador Valadares, Minas Gerais.
Aliança Geração de Energia S.A. ('Aliança')	Jointly controlled entity	Unlisted company created by Cemig GT and Vale S.A. as a platform for consolidation of generation assets held by the two parties in generation consortia, and investments in future generation projects. For their shares, the two parties subscribed the following generation plant assets: *Porto Estrela, Igarapava, Funil, Capim Branco I, Capim Branco II, Aimorés,* and *Candonga*. Subsequently, Santo Inácio Wind farm was added to the portfolio, which went in operation in December 2017. With these assets, Aliança has a generating park with an installed capacity of 1,257 MW (*). Of this total, 1,158 MW (*) through stakes in 7 hydroelectric plants with an average physical guarantee of 668 MW (*), 99 MW (*) through stakes in 4 wind farms with an average capacity factor of 46MQ; and 180 MW (*) being implemented through the expansion of the Santo Inácio Wind Farm with one more farm and

Investments	Classification	Description (information of MW not audited)
Transmissora Aliança de Energia Elétrica S.A. ('Taesa')	Jointly controlled entity	three farms in Rio Grande do Norte. Vale and Cemig GT respectively hold 55% and 45% of the total capital. Corporation engaged in the construction, operation and maintenance of energy transmission facilities in all regions of Brazil through direct and indirect equity interests in investees
UFV Janaúba Geração de Energia Elétrica Distribuída SA UFV Corinto Geração de Energia Elétrica Distribuída SA UFV Manga Geração de Energia Elétrica Distribuída SA UFV Bonfinópolis II Geração de Energia Elétrica Distribuída SA UFV Lagoa Grande Geração de Energia Elétrica Distribuída SA, UFV Lontra Geração de Energia Elétrica Distribuída SA, UFV Mato Verde Geração de Energia Elétrica Distribuída SA, UFV Mirabela Geração de Energia Elétrica Distribuída SA, UFV Porteirinha Geração de Energia Elétrica Distribuída SA, UFV Porteirinha II Geração de Energia Elétrica Distribuída SA e UFV Brasilândia Geração de Energia Elétrica Distribuída S.A. Apolo I Empreendimentos e Energia S.A. G2 Campo Lindo I Energia S.A. G2 Campo Lindo II Energia S.A. G2 Olaria I Energia S.A. UFV Fazenda Prudente SPE LTDA	Jointly controlled entity	Generation of electric power from photovoltaic solar sources to the Distributed Generation market ('Geração Distribuída'), with total installed capacity of 72.57MWp.
Affiliated Company		
Madeira Energia S.A. ('Madeira')	Affiliated company	Corporation engaged in the construction and commercial operation of the Santo Antônio Hydroelectric Plant, through its subsidiary Santo Antônio Energia S.A., in the basin of the Madeira River, in the State of Rondônia.
FIP Melbourne (Usina de Santo Antônio)	Affiliated entity	Investment fund managed by Banco Modal S.A., whose objective is to seek appreciation of capital invested through acquisition of shares, convertible debentures or warrants issued by listed or unlisted companies, and/or other assets. This fund held 83% of the share capital of SAAG Investimentos S.A. ('SAAG'), the objects of which are to own equity in Madeira Energia S.A. ('Mesa').

(1) On June 23, 2022, Light S/A completed the sale of its equity holdings in Guanhães Energia and in Paracambi (formerly LightGer) to Brasal Energia S.A. The operation comprised the sale to Brasal Energia S.A. of the whole of the equity interest held by Light, of 51% of the share capital of LightGer and of Guanhães Energia. On November 8, 2022, an Extraordinary General Assembly of the investee approved the amendment to the bylaws that changed its corporate name to "Paracambi Energética S.A.".

(2) On January 24, 2023, Aneel approved the transfer of the concessions of Usinas Hidrelétricas Três Marias and Salto Grande to Cemig GT. The incorporation was approved by the Company's Fiscal Council on February 10, 2023 and will be subject to approval at the General Assembly to be held in April 2023.

Management has assessed the capacity of the Company to continue as a going concern and believes that its operations will generate sufficient future cash flows to enable continuity of its businesses. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

b) Acceptance of the Hydrological Scarcity Account conditions

According to Decree 10,939/2022, which fixed the values of the resources of the Hydrological Scarcity Account for the amounts requested by the concessionaires through the Acceptance Agreement of ReN nº 1,008/2022, the Cemig Distribuição S.A. ("Cemig D") requested the ceiling amount of the funds in the first passthrough under the Decree, relating to the Incentive Program for Voluntary Reduction of Electricity Consumption (Programa de Incentivo à Redução Voluntária de Consumo), and also to importation of energy authorized by the Chamber of Hydroenergetic Management Exceptional Rules Committee on Exceptional Rules for Hydroenergetic Management (Câmara de Regras Excepcionais para Gestão Hidroenergética - "CREG"), for the months of July and August 2021, totaling R$190,658, received on May 9, 2022. This amount reduced the Revenue from supply of energy and increased CVA and Other financial components for 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The parent company and consolidated financial statements of the Company have been prepared in accordance with accounting practices adopted in Brazil, which comprise: the rules issued by the Brazilian Securities Commission (CVM), and the pronouncements made by the Accounting Pronouncements Committee (CPC), and in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Presentation of the Statements of added value (Demonstrações do Valor Adicionado - DVA) is required by the Brazilian corporate law, and by the accounting practices adopted in Brazil for listed companies (CPC 09 - Added Value Statements). As a result, under IFRS this statement is presented as supplementary information, without prejudice to the financial statements as a whole.

The accounting practices adopted in Brazil applied to the parent company financial statements do not differ from those of IFRS applicable to the separate financial statements, since this rule permitted application of the equity method of accounting in subsidiaries, affiliated companies and joint ventures. Thus, these parent company financial statements, which are presented jointly with the consolidated financial statements, are also in accordance with International Financial Reporting standards (IFRS).

Management certifies that all the material information in the financial statements is being disclosed herein, and is the same information used by management in its administration of the Company.

The Company's Board of Directors authorized the issuance of these financial statements on March 24, 2023.

2.2 Basis of measurement

The consolidated financial statements were prepared on a historical cost basis, except in the case of certain financial instruments and assets as held for sale which are measured at fair value and fair value less costs to sell, in accordance with the standards applicable, as detailed in Note 31 and 32, respectively.

2.3 Functional currency and presentation currency

The consolidated financial statements are presented in Reais - R$, which is the functional currency of the Company and its subsidiaries, joint ventures and affiliates The information is expressed in thousands of Reais (R$'000), except when otherwise indicated.

Transactions in foreign currency, corresponding to those not carried out in the functional currency, were converted to Reais at the exchange rate as of the transaction date. Balances of monetary assets and liabilities denominated in foreign currency are translated to Reais at the exchange rates at the reporting date. Foreign exchange gains and losses resulting from updating assets and liabilities are recognized as finance income and cost in the statements of income.

2.4 Use of estimates and judgments

Preparation of the parent company and consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Future reported results may differ from these estimates.

Estimates and assumptions are periodically reviewed, using as a reference both historical experience and any significant change in scenarios that could affect the Company's financial position or results of operations. Revisions in relation to accounting estimates are recognized in the period in which the estimates are reviewed, and in any future periods affected.

The main estimates and judgments that have a signficant effect in the amounts recognized in the financial statements are as follows:

- Expected credit losses - Note 8.
- Deferred income tax and social contribution tax - Note 10.
- Financial assets and liabilities of the concession - Note 14.
- Concession contract assets - Note 15.
- Investments - Note 16.
- Property, plant and equipment ("PP&E") and useful life of assets - Note 17.
- Intangible assets and useful life of assets - Note 18.
- Leasing - Note 19.
- Amounts to be refunded to customers - Note 21.
- Employee post-employment obligations - Note 24.

- Provisions - Note 25.
- Unbilled revenue - Note 27.
- Financial instruments measurement and fair value measurement - Note 31.
- Assets held for sale measurement - Note 32.

2.5 New or revised accounting standards applied for the first time in 2022

The changes presented below became effective on January 1, 2022 and had no material impact on the Company's parent company and consolidated financial statements.

Standard	Main changes	Effective Date
CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Specification of which costs the entity needs to include when assessing whether a contract is onerous. The amendment applies a 'directly related cost approach', whereby the cost that directly relates to a contract to provide goods or services includes incremental costs and a cost allocation directly related to the contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the counterparty under the contract.	January 1, 2022
CPC 27/IAS 16 - Fixed Assets	Refers to the impossibility for entities to deduct from the cost of property, plant and equipment any revenues arising from the sale of items produced while the asset is established in the location and condition necessary for it to be capable of operating in the manner intended by management. These revenues and associated costs must be recognized directly in income.	January 1, 2022
CPC 15/IFRS 3 - Business Combination	In addition to the changes related to the reference to the conceptual framework, which did not significantly change the required standards, an exception to the IFRS 3/CPC 15 recognition principle was added to avoid the problem of potential "day 2" gains and losses arising from contingent liabilities and liabilities that would be in the scope of IAS 37/CPC 25 or IFRIC 21/ICPC 19 if incurred separately.	January 1, 2022

2.6 Standards issued but not yet effective

Standard	Main changes	Effective Date
IFRS 17 - Insurance contracts, issued by the IASB in May 2017	The standard, not yet issued in Brazil, has the general objective of providing an accounting model for insurance contracts, regardless of the type of entity that issues them, that is more useful and consistent for insurance issuers, and is not initially applicable to the Company and its subsidiaries. This standard does not have a corresponding standard in Brazil.	January 1, 2023
IAS 1/CPC 26 and IAS 8/CPC 23 - Review of the classification of liabilities as current and non-current	Clarify, among others, the concept of deferring the settlement of a liability, in addition to defining that the right to defer must exist at the end of the reporting period and that the classification is independent of the probability that the entity will exercise its right to defer. In addition, the revision states that only if the derivative embedded in a convertible liability is an equity instrument will the terms of the liability not impact its classification.	January 1, 2024
IAS 08/CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors - Definition of accounting estimates	Clarify the distinction between changes in accounting estimates, changes in accounting policies, and correction of errors, as well as how entities use measurement techniques and inputs to develop accounting estimates	January 1, 2023
IAS 01/CPC 26 and IFRS Practice Statement 2 - Making Materiality Judgements	Assists entities in providing accounting policy disclosures that are more useful by replacing the requirement to disclose significant accounting policies with disclosure of material accounting policies, and adds guidance on how the entity applies the concept of materiality when making accounting policy disclosure decisions.	January 1, 2023
IAS 12/CPC 32 - Deferred tax related to assets and liabilities arising from a unique transaction	Restrict the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences, resulting in the recognition of a deferred tax asset and a deferred tax liability for temporary differences arising from the initial recognition of leases and decommissioning provisions.	January 1, 2023

In relation to the standards under discussion at the IASB or with an effective date set for a future year, the Company is following the discussions and, so far, has not identified significant impacts.

The Accounting Announcements Committee (CPC) also issued Revision No. 20/2021, on July 4, 2022, creating alterations in the pronouncements CPC 11 - Insurance Contracts, CPC 23 - Accounting Policies, Estimate Changes and Error Correction, CPC 26 (R1) - Accounting Statement Presentation, CPC 40 (R1) - Financial Instruments: Evidencing, CPC 49 - Accounting and Accounting Reporting for Retirement Benefit Plans, CPC 21 (R1) - Interim Statements, CPC 32 - Taxes on Incomes, CPC 37 (R1) - Initial Adoption of International Accounting Standards, and CPC 47 - Revenue from Contract with Customer, reflecting the changes made in international accounting rules, effective as of 2023.

2.7 Regrouping of items in the Statement of income

Starting in the third quarter of 2022, the Company made some adjustments in the classification of expenses in its profit and loss account (Statement of income), so as to group certain items more accurately in accordance with their function. Description of the nature of each type of expense continues to be presented in the related Notes to the financial statements, without alteration. These adjustments do not affect margins, or indicators, and are merely improvements proposed by the Company's management.

To maintain comparability, the corresponding information for the period ended December 31, 2021 is being presented using the same criteria. The Company considers these adjustments not to be material.

2.8 Significant accounting policies

The significant accounting policies, described in notes, have been applied consistently to all the periods presented in the financial statements, in accordance with the standards and regulations described in Item 2.1 - Compliance statement.

3. PRINCIPLES OF CONSOLIDATION

The reporting dates of financial statements of the subsidiaries used for the purposes of calculation of consolidation and jointly controlled entities and affiliates used for calculation of this equity method contribution are prepared as of the same reporting date of the Company.

Accounting practices are applied uniformly in line with those used by the parent company.

The direct equity investments of Cemig, included in the consolidation, are the following:

Subsidiary	2022 e 2021	
	Form of valuation	Direct interest, %
Cemig Geração e Transmissão S.A.	Consolidation	100.00
Cemig Distribuição S.A.	Consolidation	100.00
Companhia de Gás de Minas Gerais (“Gasmig”)	Consolidation	99.57
Cemig Soluções Inteligentes em Energia S.A. (“Cemig Sim”)	Consolidation	100.00
Sete Lagoas Transmissora de Energia S.A. (“Sete Lagoas”)	Consolidation	100.00

Refer to the Note 1 for all direct and indirect consolidated subsidiaries.

a) Subsidiaries, jointly controlled and affiliated entities

The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which control is obtained, until the date on which the control ceases. The accounting policies of the subsidiaries and jointly controlled entities are aligned with the policies adopted by the Company.

The Company controls an investee when its existing rights give it the current ability to direct the relevant activities of the investee. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company loses control of an investee, it derecognizes the assets and liabilities of the former subsidiary from the statements of financial position, at the date when control is lost.

Any investment retained in the former subsidiary is recognized at its fair value and any resulting difference is recognized as gain or loss in the statement of income.

Jointly controlled and affiliated entities are accounted for under the equity method.

b) Consortium

The Company recognizes the proportional interest in assets, liabilities, and income (loss) of consortium operations since these investments are considered to be 'joint operations' as defined in accounting standards.

c) Transactions eliminated in consolidation

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with investee companies accounted for under the equity method are eliminated against the investment in proportion to the Company's equity interests in the investee. Unrealized losses are eliminated in the same way as unrealized gains are eliminated, but only up to the point at which there is no evidence of impairment.

4. CONCESSIONS AND AUTHORIZATIONS

Cemig, through its subsidiaries, holds the following public service concessions and authorizations for services related to eletrical energy:

	Company holding concession or authorization	Concession or authorization contract	Expiration date
POWER GENERATION			
Hydroelectric plants			
Emborcação (1) (2) (7) (11)	Cemig GT	07/1997	05/2027
Nova Ponte (1) (2) (7)	Cemig GT	07/1997	08/2027
Santa Luzia (1)	Cemig GT	07/1997	02/2026
Sá Carvalho (1) (7) (10)	Sá Carvalho	01/2004	08/2026
Rosal (1) (7)	Rosal Energia	01/1997	12/2035
Machado Mineiro (1) (6) Salto Voltão (1) (6) Salto Paraopeba (1) (8) Salto do Passo Velho (1) (6)	Horizontes Energia	Resolution 331/2002	05/2027 06/2033 10/2030 03/2031
PCH Pai Joaquim (1) (7)	Cemig PCH S.A. ("Cemig PCH")	Authorizing Resolution 377/2005	04/2032
Irapé (1) (7)	Cemig GT	14/2000	09/2037
Queimado (Consortium) (1) (7)	Cemig GT	06/1997	06/2034
Rio de Pedras (1) (7)	Cemig GT	02/2013	12/2025
Poço Fundo (1) (7) (9)	Cemig Geração Poço Fundo S.A. ("Cemig Geração Poço Fundo")	01/2021	05/2052
São Bernardo (1) (7)	Cemig GT	02/2013	06/2027
Três Marias (3) (7)	Cemig Geração Três Marias S.A. ("Cemig Geração Três Marias")	08/2016	01/2053
Salto Grande (3) (7)	Cemig Geração Salto Grande S.A. ("Cemig Geração Salto Grande")	09/2016	01/2053
Itutinga (3) (7)	Cemig Geração Itutinga S.A. ("Cemig Geração Itutinga")	10/2016	01/2053
Camargos (3) (7)	Cemig Geração Camargos S.A. ("Cemig Geração Camargos")	11/2016	01/2053
Coronel Domiciano (3) (7) Joasal, Marmelos, Paciência and Piau (3) (7)	Cemig Geração Sul S.A. ("Cemig Geração Sul")	12/2016 and 13/2016	04/2047 01/2053
Dona Rita (3) (7) Ervália and Neblina (3) (7) Peti (3) (7) Sinceridade (3) (7) Tronqueiras (3) (7)	Cemig Geração Leste S.A. ("Cemig Geração Leste")	14/2016 and 15/2016	07/2050 04/2047 01/2053 03/2047 12/2046
Cajurú, Gafanhoto and Martins (3) (7)	Cemig Geração Oeste S.A. ("Cemig Geração Oeste")	16/2016	01/2053
Wind power plants			
Central Geradora Eólica Praias de Parajuru (4)	Central Eólica Praias de Parajuru ("Parajuru")	Resolution 526/2002	09/2032
Central Geradora Eólica Volta do Rio (4)	Central Eólica Volta do Rio ("Volta do Rio")	Resolution 660/2001	01/2031
POWER TRANSMISSION			
National grid (5)	Cemig GT	006/1997	01/2043
Itajubá Substation (5)	Cemig GT	79/2000	10/2030
Furnas - Pimenta - Transmission line (5)	Companhia de Transmissão Centroeste de Minas S.A. ("Centroeste")	004/2005	03/2035
Subestação Sete Lagoas 4 (5)	Sete Lagoas	006/2011	06/2041
ENERGY DISTRIBUTION	Cemig D	002/1997 003/1997 004/1997 005/1997	12/2045
GAS DISTRIBUTION	Gasmig	State Law 11,021/1993	01/2053

(1) Refer to power generation concession agreements that are not in the scope of ICPC 01/IFRIC 12, whose infrastructure assets are recorded as property, plant and equipment since the grantor does not control to whom the services should be provided and their price, and their energy is mainly sold in the Free Contracting Environment ("ACL").
(2) On July 17, 2020, Cemig GT filed a statement of its interest in extending these plants concession, to ensure its right of option under the legislative changes currently under discussion, relating to the group of measures to modernize the energy sector. Any actual decision will only be made after publication by the Brazilian Mining and Energy Ministry and by the grantor, Aneel ("Agência Nacional de Energia Elétrica"), of the conditions for extension, which will be submitted to decision by Cemig's governance bodies at the due time.
(3) Refers to energy generation concession contracts whose concession bonus revenue is classified as financial assets of the concession.

(4) Refer to concessions, by means of authorization, of wind power generation in the independent production modality, commercialized in the scope of Proinfa. The assets linked to the exploration right are registered in fixed assets. The exploration authorization rights, which are considered in the parent company's financial statements as investments, are classified in the consolidated balance sheet as intangible assets, in accordance with technical interpretation ICPC 09.
(5) These refer to power transmission concession agreements which, in accordance with IFRS 15/CPC 47, are classified as contract assets as they are subject to the satisfaction of performance obligations in the provision of the electric energy transmission service.
(6) Aneel changed, through Authoritative Resolution 12,137, of June 14, 2022, the end of the validity of the authorization grants of these plants, due to the repactuation of the hydrological risk (GSF).
(7) On October 7, 2022, the addenda to the concession contracts of these plants were signed to include the new effective date of the grant.
(8) Plant eligible for the extension of the concession due to the agreement with Aneel and that, since it has been granted through an authorizing resolution, awaits the reformulation of this act to include the new date.
(9) On September 29, 2022 and October 1, 2022, Aneel authorized the start of commercial operation of the Generating Units "UG-01" and "UG-02", respectively, both from PCH Poço Fundo. The start of commercial operation of the UG's occurred approximately 3 months before the supply deadline established in the A-4 Auction held by Aneel in June 2018, when the incremental energy resulting from the expansion of PCH Poço Fundo (9.16 MW to 30.00 MW and the physical guarantee from 5.79 average MW to 16.59 average MW) was sold.
(10) In February 2023, Cemig GT, aiming to guarantee its right to request a new grant of the concession, filed its expression of interest in the extension of the concession of UHE Sá Carvalho through transfer of shareholding control to its wholly-owned subsidiary Sá Carvalho. Cemig GT reiterates that this expression of interest has the sole purpose of ensuring its right to an eventual extension of Concession Contract 01/2004, for up to 30 (thirty) years, at the discretion of the granting authority, after the required completion of the process of transfer of shareholder control, in accordance with the current legislation, which still has premises pending definition by the Ministry of Mines and Energy - MME.
(11) On March 17, 2023, Aneel Dispatch No. 738 was published registering the change of the name of UHE Emborcação to UHE Theodomiro Carneiro Santiago.
(12) On March 17, 2023, was published the public notice for the public auction aiming the sale of 15 PCHs/CGHs, being 12 assets of Cemig GT and 3 of the wholly-owned subsidiary Horizontes. The minimum value for the single lot of assets is R$48.2 million, with the auction scheduled for August 10, 2023.

Generation concessions

In the Generation business, the Company earns revenue from the sale of energy from its plants in the regulated market (ACR) and in the free market (ACL). While in the regulated environment the transactions occur by means of centralized and public auctions, in the free environment the negotiations are bilateral and reserved to the interested parties.

There is also revenue from the spot market, which remunerates agents for de-contracted energy, which is settled at the Spot Price (PLD).

Transmission concessions

Under the transmission concession contracts, the Company, through its subsidiaries, is authorized to charge a Tariff for use of the Transmission System (*Tarifa de Uso do Sistema de Transmissão*, or TUST). Tariffs are adjusted annually on the same date the Permitted Annual Revenue (*Receitas Anuais Permitidas*, or RAP) of transmission concessions contracts is adjusted. This tariff is in effect from July 1 of each year, upon its publication, until June 30 of the subsequent year.

The payment for use of transmission service also applies to generation provided by the Itaipu Binacional. However, due to the legal characteristics of that plant, the corresponding charges are assumed by the holders of distribution concessions that hold quotas of its output.

Onerous concessions

When obtaining the concessions for construction of certain generation projects, the Company is required to make payments to the regulator over the period of the contract or for up to 5 years upon signature of the concession contract for plants with installed capacity between 1 and 50 MW (information of MW not audited), as compensation for the right to operate them. The information on the concessions and the amounts to be paid are as follows, according to Aneel's RN No. 467/2011:

The information on the grants, with the amounts to be paid, is as follows:

Project	Nominal value in 2022	Present value in 2022	Period of the concession	Updating indexer
Irapé (1) (3)	49,380	21,615	03/2006 - 09/2037	IGPM
Queimado (Consortium) (2) (3)	11,093	5,662	01/2004 - 06/2034	IGPM

(1) In October 2022, through the 4th amendment to Concession Agreement No. 014/2000, the term of the concession for the Irapé Hydroelectric Plant was extended, in accordance with Authoritative Resolution No. 12.255 of July 5, 2022 and ReH No. 2.932, of September 14, 2021;
(2) In October 2022, by means of the 3rd amendment to Concession Contract 006/1997, the term of the concession for the Usina Hidrelétrica Queimado was extended, pursuant to Authoritative Resolution 11.998 of July 7, 2022 and ReH No. 2.932, of September 14, 2021;
(3) During the period of the extension of the concession term, the generator will freely dispose of the energy from the undertaking, under the terms of Law 13.203/2015, with the other clauses unchanged for both contracts.

Cemig generates energy from nine hydroelectric plants that have the capacity of 5MW or less, including those mentioned in the previous paragraph - having a total installed capacity of 11.53MW, and thus under Law 9,074/95, these are dispensed from concession, permission or authorization, and do not have a final concession date (information of MW not audited).

The concessions fees are paid monthly to the grantor for an amount that changes over time. These payments are recorded as an intangible asset, representing a right to operate the concession and to charge users through the concession period, they are recorded as from the date of signature of the contracts at the present value of the future payment obligations.

The amounts paid to the grantor in 2022, the nominal value and the present value of the amounts to be paid in the next 12 months, are as follows:

Project	Interest, %	Amounts paid in 2022	Nominal value of amounts to be paid in the next 12 months	Present value of amounts to be paid in the next 12 months
Irapé	100.00	3,216	3,339	3,146
Queimado (Consortium)	82.50	915	965	909

The rate used by the Company to discount the above liabilities to its present value, was 12.50%, and represents the average cost of funding in normal conditions on the date the concession contract was entered into.

Eletrical energy distribution concessions

The Cemig D operates the concession for the distribution of energy in the greater part of the State of Minas Gerais, which expires in December 2045.

According to the concession contract, all assets and facilities that are used in the provision of the distribution service and which have been created by the concession holder are considered revertible and part of the assets of the related concession. These assets are automatically reverted to the Grantor at the end of the contract and are then valued to determine the amount of the indemnity payable to Cemig D, subject to the amounts and the dates on which they were incorporated into the energy system.

Cemig D does not have obligations to make compensatory payments for commercial operation of the distribution concessions but has to comply with requirements related to quality, and investments made, in accordance with the concession contract.

The concession contracts and the Brazilian legislation establish a mechanism of maximum prices that allows for three types of adjustments to tariffs: (i) an annual tariff adjustment; (ii) periodic review of tariffs; and (iii) extraordinary reviews.

Each year the Cemig D has the right to request for the annual adjustment, the purpose of which is to be compensated the effects of inflation on the tariffs, and to allow for certain changes in costs that are outside the Cemig D's control to be passed through to customers - for example the cost of energy purchased for resale and sector charges including charges for the use of the transmission and distribution facilities.

Also, the regulator performs a periodic review of tariffs every five years, which aims to adjust due to changes in the Cemig D's costs, and to establish a factor based on scale gains, which will be applied in the annual tariff adjustments, for the purpose of sharing such gains with the Cemig D's customers.

The Cemig D also has the right to request an extraordinary review of tariffs in the event that any unforeseen development significantly affects the economic-financial equilibrium of the concession. The Periodic Review and the Extraordinary Review are subject, to a certain degree, to the discretion of the regulator, although there are pre-established provisions for each revision cycle.

Under the distribution concession contracts, the Cemig D is authorized to charge customers a tariff consisting of two components: (i) A component related to costs of energy purchased for resale, charges for use of the transmission grid and charges for use of the distribution system that are not under its control ('Parcel A costs'); and (ii) a portion relating to operating costs ('Parcel B costs').

Fifth Amendment to concession contract

On December 21, 2015, the Company signed, with the Mining and Energy Ministry, the Fifth Amendment to its concession contracts, extending its energy distribution concessions for an additional 30 years, starting January 1, 2016.
The principal characteristics and terms of the Amendment are as follows:

- The annual tariff adjustment will occur on May 28 of each year, according the rules set for in Clause 6 of the Amendment will be applied.
- Limitation of in the distribution of dividends and/or payment of Interest on Equity to the minimum established by law, in the envent of non-compliance with the annual indicators for outages (DECi and FECi) for two consecutive years, or three times in a period of five years, until the regulatory parameters are restored.
- There is a requirement for injections of capital from the controlling shareholder in an amount sufficient to meet the minimum conditions for economic and financial sustainability.

- The requirement of compliance with efficiency criteria related to the continuity of supply and economic and financial management to maintain the concession, respecting the right to full defense and the adversary in case of non-compliance, being that any non-compliance for three consecutive years for the criteria of efficiency in the continuity of supply and two consecutive years for the criteria of efficiency in economic and financial management will result in the opening of a process of forfeiture of the concession.

The criteria of efficiency in economic and financial management are as follows:

- Operational cash generation (-) QRR[1] (-) interest on the debt[2] ≥ 0;
- {Net debt / [Ebitda (-) QRR]} ≤ 1 / (111% of the Selic rate) (by the end of 2028).

1. QRR = 'Regulatory reintegration quota', or Regulatory depreciation expense.
2. Net debt x 111% of the Selic rate.
3. Calculated according to the method defined by the regulator (Aneel), contained in distribution concession contract.
4. Gross debt, less financial assets.

The efficiency criteria related to the continuity of supply and the economic and financial management for the maintenance of Cemig D's concession were met in the years ended December 31, 2022 and 2021.

Gas distribution concessions

The concessions for distribution of natural gas are granted by each Brazilian state. In the state of Minas Gerais, the tariffs for natural gas are set by the regulator, the State's Economic Development Secretariat, by market segment. The tariffs is comprised of a portion for the cost of gas and a portion for the distribution of gas. Each quarter the tariffs are adjusted to pass through the cost of gas, and once a year they are adjusted to update the portion allocated to cover the costs relating to the provision of the distribution service - remuneration of invested capital and to cover all the operating, commercial and administrative expenses of Gasmig.

In addition to these adjustments, there are periodic reviews of tariffs. These reviews may occurr every five years from the end of the first cycle, to evaluate the changes in the costs of the Gasmig and update the tariffs. The concession contract also specifies the possibility of an extraordinary review of tariffs if any event occurs that puts the economic-financial balance of the concession at risk.

On September 19, 2019 the Company signed, with the State of Minas Gerais as Grantor, the Third Amendment to the Concession Contract for Commercial Operation of Industrial, Institutional and Residential Piped Gas Services in the State of Minas Gerais. This guarantees maintenance of the period of Gasmig's succession up to 2053.

Conclusion of the Tariff Review for piped natural gas distribution servisse

On April 28, 2022, The Minas Gerais State economic development department (Secretaria de Desenvolvimento Econômico do Estado de Minas Gerais - SEDE/MG), the state's body responsible for regulation and ratifying of tariffs for piped gas distribution service, published conclusion of its Review of Tariffs for piped natural gas distribution service, with the following effects, approved by SEDE Resolution 21: Cost of Capital: 8.71% p.a.; operating costs within regulatory coverage, and the new tariff structure for supplies made by Gasmig. Considering the aforementioned effects, the tariff repositioning index average interest rate was -10.05% over margins in effect since February 2022.

Its effects are backdated to February 2022, and the differences between the margins approved and those in effect will be captured by the offsetting account from February 1, 2022 and the date of ratification of the tariff adjustment with the margins approved by this Resolution.

5. OPERATING SEGMENTS

The operating segments of the Company and its subsidiaries reflect their management and their organizational structure, used to monitoring its results. The Company also operates in the gas market, through its subsidiary Gasmig, and in other businesses with less impact on the results of its operations.

The segment information is disclosed separately into the following 5 reportable segments:

Generation: Comprise production of energy from hydroelectric and wind facilities.

Transmission: Comprise construction, operation and maintenance of transmission lines and substations.

Trading: Comprise commercialization of energy and provision of related services. In the third quarter of 2021 the Company began the process of segregation of the commercialization business, with partial transfer from Cemig GT to the Company. There was no change in the Company's corporate strategy of serving the market with the purpose of energy delivery to its clients.

Distribution: Comprise provision of energy distribution services, including operation and maintenance of the related infrastructure and services.

Investees: Comprise management of the equity interests in which the company does not have shareholding control, in line with the Company's business strategies. The results of the subsidiaries Gasmig and Cemig Sim are also included in this segment, since their management, too, is linked to the CemigPar management unit (the office of the Chief Officer for Holdings).

Transfer of energy from the generation activity to the trading activity comprises a transaction between segments, since it consists of obtaining of revenue from the sale of energy generated, and costs for purchase of energy to be traded - these are measured at sale prices estimated in accordance with criteria based on the Company's model for management of these businesses, using market prices as a reference.

INFORMATION BY SEGMENT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022									
ACCOUNT/DESCRIPTION	ENERGY				INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING	DISTRIBUTION					
NET REVENUE	**2,660,859**	**1,194,826**	**7,918,378**	**20,918,717**	**3,696,637**	**36,389,417**	**(1,423,190)**	**(503,419)**	**34,462,808**
COST OF ENERGY, GAS AND CHARGES FOR USE OF THE NATIONAL GRID	**(330,551)**	**(310)**	**(6,879,603)**	**(11,938,473)**	**(2,735,989)**	**(21,884,926)**	**1,423,190**	**441,554**	**(20,020,182)**
OPERATING COSTS AND EXPENSES (3)									
Personnel	(161,715)	(134,511)	(11,564)	(913,105)	(131,104)	(1,351,999)	-	-	(1,351,999)
'Employees and managers' income sharing	(14,628)	(10,838)	(5,692)	(39,834)	(12,051)	(83,043)	-	-	(83,043)
Post-employment obligations	(65,965)	(41,786)	(9,575)	(420,896)	(87,806)	(626,028)	-	-	(626,028)
Materials, outsourced services and others expenses (revenues)	(394,769)	(95,766)	(13,688)	(1,785,163)	(192,000)	(2,481,386)	-	61,865	(2,419,521)
Depreciation and amortization	(328,372)	240	(13)	(738,025)	(115,914)	(1,182,084)	-	-	(1,182,084)
Operating provisions and impairment	(18,353)	(3,012)	(34,122)	(397,972)	(2,268)	(455,727)	-	-	(455,727)
Construction costs	-	(290,754)	-	(3,193,092)	(52,596)	(3,536,442)	-	-	(3,536,442)
Total cost of operation	**(983,802)**	**(576,427)**	**(74,654)**	**(7,488,087)**	**(593,739)**	**(9,716,709)**	**-**	**61,865**	**(9,654,844)**
OPERATING COSTS AND EXPENSES	**(1,314,353)**	**(576,737)**	**(6,954,257)**	**(19,426,560)**	**(3,329,728)**	**(31,601,635)**	**1,423,190**	**503,419**	**(29,675,026)**
Equity in earnings of unconsolidated investees, net	(2,250)	2,629	15	-	842,149	842,543	-	-	842,543
Gains arising from the sale of non-current asset held for sale	-	-	-	-	51,512	51,512	-	-	51,512
Fair value of business combination	-	-	-	-	5,340	5,340	-	-	5,340
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,344,256**	**620,718**	**964,136**	**1,492,157**	**1,265,910**	**5,687,177**	**-**	**-**	**5,687,177**
Finance net income (expenses)	(149,581)	(96,427)	33,562	(1,115,245)	(238,930)	(1,566,621)	-	-	(1,566,621)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,194,675**	**524,291**	**997,698**	**376,912**	**1,026,980**	**4,120,556**	**-**	**-**	**4,120,556**
Income tax and social contribution tax	(306,705)	(174,015)	(313,752)	66,564	701,719	(26,189)	-	-	(26,189)
NET INCOME FOR THE YEAR	**887,970**	**350,276**	**683,946**	**443,476**	**1,728,699**	**4,094,367**	**-**	**-**	**4,094,367**
Equity holders of the parent	887,970	350,276	683,946	443,476	1,726,645	4,092,313	-	-	4,092,313
Non-controlling interests	-	-	-	-	2,054	2,054	-	-	2,054

(1) The only inter-segment transactions are from the generation to the trading segment, as explained above.
(2) The reconciliation between the published amounts for the segments and the accounting information on revenue and costs indicates the transactions between the consolidated companies (eliminations).
(3) The information on operational costs and expenses separated by type is segregated in accordance with the internal business model, which has immaterial differences in relation to the accounting information.
(4) The Investments segment includes impairment losses in the amount of R$7,412 on the investment held by the Company in the jointly-controlled subsidiary Itaocara. For further details see note 16.
(5) The Investments segment includes reversal of the provision in the amount of R$161,648 related to the Company's contractual obligations assumed with investee Madeira Energia and other shareholders. More details in note 16.

INFORMATION BY SEGMENT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021									
ACCOUNT/DESCRIPTION	ENERGY				INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING	DISTRIBUTION					
NET REVENUE	**2,921,309**	**1,093,704**	**6,429,728**	**22,344,681**	**2,858,118**	**35,647,540**	**(1,575,031)**	**(426,391)**	**33,646,118**
COST OF ENERGY, GAS AND CHARGES FOR USE OF THE NATIONAL GRID	**(794,537)**	**(252)**	**(5,734,940)**	**(14,852,696)**	**(2,011,340)**	**(23,393,765)**	**1,575,031**	**369,155**	**(21,449,579)**
OPERATING COSTS AND EXPENSES (3)									
Personnel	(148,820)	(114,696)	(20,778)	(846,747)	(109,427)	(1,240,468)	-	-	(1,240,468)
'Employees and managers' income sharing	(14,406)	(14,023)	(2,558)	(93,948)	(9,332)	(134,267)	-	-	(134,267)
Post-employment obligations	(5,173)	2,769	(803)	18,601	(30,588)	(15,194)	-	-	(15,194)
Materials, outsourced services and others expenses (revenues)	(208,600)	(94,298)	(13,745)	(1,523,805)	(165,126)	(2,005,574)	-	57,236	(1,948,338)
Depreciation and amortization	(254,634)	(3,485)	(525)	(682,598)	(107,866)	(1,049,108)	-	-	(1,049,108)
Operating provisions and impairment	(19,615)	(11,496)	(14,110)	(198,193)	(120,327)	(363,741)	-	-	(363,741)
Construction costs	-	(183,386)	-	(1,802,361)	(49,901)	(2,035,648)	-	-	(2,035,648)
Total cost of operation	**(651,248)**	**(418,615)**	**(52,519)**	**(5,129,051)**	**(592,567)**	**(6,844,000)**	**-**	**57,236**	**(6,786,764)**
OPERATING COSTS AND EXPENSES	**(1,445,785)**	**(418,867)**	**(5,787,459)**	**(19,981,747)**	**(2,603,907)**	**(30,237,765)**	**1,575,031**	**426,391**	**(28,236,343)**
Periodic Tariff Revision, net	-	214,955	-	-	-	214,955	-	-	214,955
Renegotiation of hydrological risk (Law 14,052/20), net	1,031,809	-	-	-	-	1,031,809	-	-	1,031,809
Gains arising from the sale of non-current asset held for sale	-	-	-	-	108,550	108,550	-	-	108,550
Fair value of business combination	-	4,006	-	-	-	4,006	-	-	4,006
Equity in earnings of unconsolidated investees, net	53,680	-	-	-	128,396	182,076	-	-	182,076
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,561,013**	**893,798**	**642,269**	**2,362,934**	**491,157**	**6,951,171**	**-**	**-**	**6,951,171**
Finance net income (expenses)	(758,151)	(394,950)	15,056	(7,531)	(1,107,417)	(2,252,993)	-	-	(2,252,993)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,802,862**	**498,848**	**657,325**	**2,355,403**	**(616,260)**	**4,698,178**	**-**	**-**	**4,698,178**
Income tax and social contribution tax	(409,268)	(77,542)	(224,012)	(654,863)	420,376	(945,309)	-	-	(945,309)
NET INCOME FOR THE YEAR	**1,393,594**	**421,306**	**433,313**	**1,700,540**	**(195,884)**	**3,752,869**	**-**	**-**	**3,752,869**
Equity holders of the parent	1,393,594	421,306	433,313	1,700,540	(197,432)	3,751,321	-	-	3,751,321
Non-controlling interests	-	-	-	-	1,548	1,548	-	-	1,548

(1) The only inter-segment transactions are from the generation to the trading segment, as explained above.
(2) The reconciliation between the published amounts for the segments and the accounting information on revenue and costs indicates the transactions between the consolidated companies (eliminations).
(3) The information on operational costs and expenses separated by type is segregated in accordance with the internal business model, which has immaterial differences in relation to the accounting information.

The information for assets by segment is not presented, because this is not part of the information made available to the Company's Chief Operating Decision Maker ("CODM").

Accounting policy

The operating results of all operating segments for which discrete financial information is available, are reviewed regularly by the Company's CODM, to make decisions about resources to be allocated to the segment, and to assess its performance.

6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent company	
	2022	2021	2022	2021
Bank accounts	95,486	116,956	3,495	4,252
Cash equivalents				
Bank certificates of deposit (CDBs) (1)	1,049,244	624,681	170,185	2,047
Overnight (2)	293,688	81,456	16,803	20,393
Others	2,243	2,115	-	-
	1,345,175	**708,252**	**186,988**	**22,440**
	1,440,661	**825,208**	**190,483**	**26,692**

(1) *Bank Certificates of Deposit* (*Certificados de Depósito Bancário*, or CBDs), accrued interest at 80.05% to 112%, of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário* - CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) on December 31, 2022 (70% to 109% on December 31, 2021). For these CDBs, the Company and its subsidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.

(2) *Overnight* transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 13.62% to 13.64% on December 31, 2022 (8.87% to 9.14% on December 31, 2021). Their purpose is to settle the short-term obligations of the Company and its subsidiaries, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 31 provides information in relation to the exposure of the Company and its subsidiaries to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

Accounting policy

Cash and cash equivalents consist of balances in bank current accounts and short-term highly liquid investments subject to an insignificant risk of change in value, held to meet the short-term cash management of the Company and its subsidiaries. More information about the accounting practices is shown in note 31.

7. MARKETABLE SECURITIES

	Consolidated		Parent company	
	2022	2021	2022	2021
Investments				
Current				
Bank certificates of deposit (CDBs) (1)	191,338	100,554	10,947	25,175
Financial Notes (LFs) - Banks (2)	1,139,525	1,417,429	65,197	354,868
Treasury Financial Notes (LFTs) (3)	401,659	178,427	22,981	44,671
Others	12,024	27,678	1,167	6,508
	1,744,546	**1,724,088**	**100,292**	**431,222**
Non-current				
Bank certificates of deposit (CDBs) (1)	127,052	-	-	-
Financial Notes (LFs) - Banks (2)	-	348,149	-	87,163
Debentures (4)	6,579	4,874	376	1,220
Others	-	707	-	-
	133,631	**353,730**	**376**	**88,383**
	1,878,177	**2,077,818**	**100,668**	**519,605**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs), accrued interest varying between 103% to 104.4% of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) on December 31, 2022 (107.24% on December 31, 2021).

(2) Bank Financial Notes (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration rates varying between 103.3% and 110.26% of the CDI rate on December 31, 2022 (105% and 130% on December 31, 2021).

(3) Treasury Financial Notes (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity. The LFTs had remuneration rates varying between 13.65% and 13.88% in 2022 (9.12% and 9.50% in 2021).

(4) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from TR+1% to 114.29% of the CDI Rate on December 31, 2022 (TR+1% to 109% of the CDI Rate on December 31, 2021).

Note 31 provides a classification of these marketable securities. Investments in marketable securities of related parties are shown in Note 30.

The Company classifies the interest of marktable securities as investing activities, which is the most appropriate classification for the business.

8. RECEIVABLES FROM CUSTOMERS, TRADERS AND CONCESSION HOLDERS

	Consolidated					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 361 days past due	2022	2021
Billed supply	1,415,315	568,252	642,062	614,704	3,240,333	3,409,813
Unbilled supply	1,243,735	-	-	-	1,243,735	929,579
Other concession holders - wholesale supply	22,466	44,866	1	112	67,445	52,035
Other concession holders - wholesale supply, unbilled	368,970	-	-	-	368,970	264,864
CCEE (Power Trading Chamber)	33,485	120,743	6,963	913	162,104	169,531
Concession Holders - power transport	52,915	17,827	22,371	87,243	180,356	169,652
Concession Holders - power transport, unbilled	370,261	-	-	-	370,261	319,099
(-) Provision for expected credit losses	(145,916)	(87,379)	(112,400)	(474,629)	(820,324)	(833,150)
	3,361,231	**664,309**	**558,997**	**228,343**	**4,812,880**	**4,481,423**
Current assets					**4,769,431**	**4,429,883**
Non-current assets					**43,449**	**51,540**

	Parent company					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 361 days past due	2022	2021
Billed supply	17,396	3,472	6	23,003	43,877	24,599
Unbilled supply	271,709	-	-	-	271,709	106,184
CCEE (Power Trading Chamber)	30	-	12,851	-	12,881	48,869
(-) Provision for expected credit losses	-	-	-	(23,003)	(23,003)	(22,284)
	289,135	**3,472**	**12,857**	**-**	**305,464**	**157,368**
Current assets					**305,464**	**157,368**

As from August 2022, to provide a more accurate estimate of losses expected in connection with overdue client accounts, the life time probabilities of default changed from 12 to 24 months. This resulted in a reversal of R$130,569 in the expected credit losses from clients in the year 2022.

The Company and its subsidiaries' exposure to credit risk related to customers and traders is provided in Note 31.

The expected credit losses are considered to be sufficient to cover any potential losses in the realization of accounts receivable, and the breakdown by type of customers is as follows:

Consolidated	2022	2021
Residential	272,406	220,937
Industrial	168,215	184,954
Commercial, services and others	202,739	220,400
Rural	32,741	34,466
Public authorities	27,567	45,221
Public lighting	833	1,909
Public services	32,580	37,504
Charges for use of the network (TUSD)	83,243	87,759
	820,324	**833,150**

On July 31, 2020 Cemig D filed an application to the tax authority of State of Minas Gerais to offset debts for energy consumption and service owed by the direct and indirect administrations of Minas Gerais State, using amounts of ICMS tax payable, under Article 3 of Minas Gerais State Decree 47,908/2020, which regulated State Law 47,891/2020. The debts from the State of Minas Gerais that qualify for offset are those past due on June 30, 2019, an amount of R$222,266. The offsetting started in April 2021, after the approval by the State Treasury Department and the formalization of the Agreement Term and Debt Acknowledgment which occurred on March 31, 2021. In December 2022 the last installment of the total of 21 was compensated, in the amount of R$10,584 each.

Changes in the expected credit losses are as follows:

	Consolidated
Balance at December 31, 2020	**712,369**
Additions, net (Note 28)	143,856
Amounts written off	(23,075)
Balance at December 31, 2021	**833,150**
Additions, net (Note 28)	239,300
Change in estimation criteria	(130,569)
Amounts written off	(121,557)
Balance at December 31, 2022	**820,324**

Accounting policy

Accounts receivable from customers, traders and power transport concession holders are initially recognized at the sales value of the energy supplied or the value of the gas supplied and are measured at amortized cost. These receivables are stated with the amount of sales tax included, net of the taxes withheld by the payers, which are recognized as recoverable taxes.
The adjustment for expected credit losses is recorded based on policies approved by Management. The main criteria defined by the Company and its subsidiaries are: (i) for consumers with significant amounts outstanding, the balance receivable is analyzed taking into account the history of the debt, ongoing negotiations and real guarantees; and (ii) for large consumers, an individual analysis is made of debtors and ongoing initiatives to receive the credits.

For captive customers, the Company adopts in its analysis a simplified approach, considering that the balances of its Accounts Receivable do not have significant financing components and estimates the expected loss considering the average history of non-collection over the total amount billed in each month, based on 24 months of billing, segregated by consumer class and projected for the next 12 months considering the age of maturity of the invoices, including those not yet due and unbilled.

The expected losses for overdue accounts of customers that renegotiated their debt is measured based on the maturity date of the original invoice, despite the new terms negotiated. Expected losses are fully recognized for accounts overdue for more than 24 months.

Expected losses for invoices unbilled, not yet due or less than 12 months past due are measured according to the potential default events, or losses of credit expected for the whole life of a financial instrument, if the credit risk has significantly increased since its initial recognition.

The contract asset is transferred to the financial asset (Consumers and resellers and concessionaires - Energy transport), within the scope of CPC 48/IFRS 9, after the issuance of the credit notice, monthly issued by ONS, authorizing RAP billing, which is when the right to consideration is unconditional.

The financial asset is recognized at the transaction price and the assets are subsequently measured at amortized cost, using the effective interest method, adjusted by impairment losses, when applicable, and recognizing the deferred taxes. As required by CPC48/IFRS 9 - Financial Instruments, the financial asset carrying amount is analyzed and, when applicable, a loss allowance for expected credit losses is recognized.

9. RECOVERABLE TAXES

	Consolidated		Parent company	
	2022	2021	2022	2021
Current				
ICMS (VAT)	449,054	112,813	12	3
PIS/Pasep (a) (b)	257,680	328,643	24	24
Cofins (a) (b)	1,189,190	1,508,180	121	121
Others	20,777	19,343	930	940
	1,916,701	**1,968,979**	**1,087**	**1,088**
Non-current				
ICMS (VAT) (b)	547,156	342,183	-	-
PIS/Pasep (a)	166,193	316,044	114,944	110,376
Cofins (a)	644,497	1,339,058	408,427	392,076
	1,357,846	**1,997,285**	**523,371**	**502,452**
	3,274,547	**3,966,264**	**524,458**	**503,540**

a) Pis/Pasep and Cofins taxes credits over ICMS

The Company and its subsidiaries recorded the PIS/Pasep and Cofins credits corresponded to the amount of these taxes over ICMS paid in the period of July 2003 to May 2019.

Thus, final court judgment has also been given, against which there is no further appeal, in favor of the similar actions filed by Cemig's wholly-owned subsidiaries Sá Carvalho, Cemig Geração Distribuída (former UTE Ipatinga S.A.), Cemig Geração Poço Fundo S.A. (previously denominated UTE Barreiro S.A.) and Horizontes Energia S.A.. The credits of these companies were approved by the Brazilian tax authority (*Receita Federal do Brasil*) in September 2022, and offsetting against federal taxes due has already begun.

The Company and its subsidiaries have two ways to recover the tax credit: (i) offsetting of the amount receivable against amounts payable of PIS/Pasep and Cofins taxes, monthly, within the five-year period specified by the relevant law of limitation; or (ii) receipt of specific credit instruments '*precatórios*' from the federal government.

The Company, in addition of the ability of receiving the credits through '*precatórios'* letters of credit, has begun to assess the possibility of credits administrative qualification, under which they will be able to be offset theses credits against federal taxes generated by the company.

On May 12, 2020, the Brazilian tax authority granted the Company's request for ratification of the credits of PIS/Pasep and Cofins taxes arising from the legal action on which final judgment, subject to no further appeal, was given in favor of Cemig D and Cemig GT are offsetting since May 2020 the amount receivable against amounts of federal taxes payable on a monthly basis, within the five-year period specified by the relevant law of limitation.

Based on the opinion of legal advisors, the Company had constituted a liability related to the portion of tax credits corresponding to the period of the last 10 years, that is, from June 2009 to May 2019, net of PIS/Pasep and Cofins levied on its update revenue.

On June 27, the Draft Law 1,280/22, which provided for the full allocation of tax credits related to the issue of PIS/Pasep and Cofins on ICMS to customers of electricity distributors, without the limitation of the period of 10 years mentioned above was converted into Law 14,385/22 and the Company made a allowance, posting a additional amount in liabilities, as per Notes 21.

The Company's management awaits the Law regulation by Aneel, and is assessing possible future actions related to this matter with its legal advisers.

After the STF's (*Superior Tribunal Federal means Federal Court)* decision on the modulation of effects, the subsidiary Gasmig recognized, in the second quarter of 2021, the amounts of PIS/Pasep and Cofins taxes credits on ICMS referring to the periods contemplated in the process that discusses the matter, in the amount of R$219,753.

On August 1, 2022, the individual action filed by Gasmig, which dealt with the exclusion of ICMS from the PIS/Pasep and Cofins calculation basis, became final and unappealable. As of the final decision, Gasmig will be able to start the procedures for withdrawing judicial deposits and qualifying the tax credit with the Federal Revenue Service.

For more information about the amounts to be refunded by Cemig D and Gasmig to customers, see Note 21.

As of December 31, 2022, the Company carries current asset and non-current asset in the amount of R$1,011,947 and R$1,234,081, respectively, corresponding to the tax credits of PIS/Pasep and Cofins over ICMS, with updating by the Selic rate to the date of their actual offsetting.

In 2022,credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R$1,452,514 (R$1,786,325 in 2021).

b) Other recoverable taxes

The ICMS (VAT) credits reported in non-current assets arise mainly from acquisitions of property, plant and equipment, and intangible assets, and can be offset against taxes payable in the next 48 months. The transfer to non-current is made in accordance with management's best estimate of the amounts which will likely be realized in 12 months after this financial statements reporting date.

Credits of PIS/Pasep and Cofins generated by the acquisition of machinery and equipment can be offset immediately.

10. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of previous years and to advance payments which will be offset against federal taxes eventually payable. Current tax assets and current tax liabilities related to income tax and social contribution tax are offset in the statement of financial position subject to criteria established in CPC 32/IAS 12.

	Consolidated		Parent company	
	2022	2021	2022	2021
Income tax	707,263	763,468	97,568	221,422
Social contribution tax	240,947	250,851	(1,818)	24,428
	948,210	**1,014,319**	**95,750**	**245,850**
Current	**775,492**	**698,914**	**-**	**-**
Non-current	**172,718**	**315,405**	**95,750**	**245,850**

The balances of income tax and social contribution tax posted in non-current assets arise from advanced payments required by tax law and withholding taxes, which the expectation of offsetting is greater than 12 months.

b) Income tax and social contribution tax payable

The balances of income tax and social contribution tax recorded in current liabilities refer mainly to the taxes owed by the subsidiaries which report by the Real Income method and have opted to make monthly payments based on estimated revenue, and also by the subsidiaries that have opted for the Presumed Income method, in which payments are made quarterly.

	Consolidated	
	2022	2021
Current		
Income tax	197,619	147,312
Social contribution tax	42,055	42,690
	239,674	**190,002**

The company has some uncertainties relating to the treatments of certain taxes on income, and management has concluded that it is more probable than not that the tax authority will accept the Company's conclusions. The effects of the potential contingencies are stated in Note 25.

c) Deferred income tax and social contribution tax

The Company and its subsidiaries have deferred taxed assets and liabilities from unused tax loss carryforwards, negative base for the social contribution tax, and deductible temporary differences, at the statutory rates applicable to each legal entity in Brazil of 25% (for Income tax) and 9% (for the social contribution tax), as follows:

	Consolidated		Parent company	
	2022	2021	2022	2021
Deferred tax assets				
Tax loss carryforwards	986,659	806,639	767,103	583,662
Provisions for contingencies	602,084	542,089	94,790	71,278
Impairment on investments	56,398	244,132	-	-
Fair value of derivative financial instruments (PUT SAAG)	228,621	216,339	-	-
Operational Provisions (1)	598,380	77,402	588	2,083
Income sharing provision	29,824	42,290	2,118	1,944
Post-employment obligations	1,852,232	1,980,828	223,779	239,750
Estimated credit losses	318,982	314,863	8,405	8,477
Provision for onerous concession	11,579	11,274	-	-
Others	24,928	19,423	93	68
Total	**4,709,687**	**4,255,279**	**1,096,876**	**907,262**
Deferred tax liabilities				
Funding cost	(9,451)	(5,009)	-	-
Deemed cost	(155,882)	(219,067)	-	-
Fair value of assets acquired in business combination	(456,418)	(465,615)	(101,727)	(104,992)
Borrowing costs capitalized	(169,801)	(164,716)	-	-
Taxes on unredeemed income - presumed income	(9,262)	(3,583)	-	-
Adjustment to expectation of cash flow - Concession assets	(263,041)	(245,181)	-	-
Adjustment of contract assets	(940,026)	(895,223)	-	-
Adjustment to fair value: Swap - Loss	(209,599)	(412,436)	-	-
Updating on escrow deposits	(7,950)	(6,737)	-	-
Reimbursement of costs - GSF	(274,036)	(319,207)	-	-
Others	(26,934)	(16,026)	-	-
Total	**(2,522,400)**	**(2,752,800)**	**(101,727)**	**(104,992)**
Total, net	**2,187,287**	**1,502,479**	**995,149**	**802,270**
Total assets	**3,119,522**	**2,464,734**	**995,149**	**802,270**
Total liabilities	**(932,235)**	**(962,255)**	**-**	**-**

(1) Includes provision recorded due to Law 14,385/22, which determined the full destination, for the benefit of consumers, of the amounts subject to refund of undue payment by the distributors, related to the exclusion of ICMS from the calculation basis of PIS/Pasep and Cofins. The amount refers to the period from the 11th year on, counted retroactively to the date of res judicata of the action, net of the portion included in the Annual Tariff Adjustment of 2022.

The changes in deferred income tax and social contribution tax were as follows:

	Consolidated	Parent company
Balance at December 31, 2020	**1,412,857**	**690,895**
Effects allocated to net income	210,773	121,376
Effects allocated to Statement of comprehensive income	(102,408)	(10,001)
Deferred taxes received in corporate reorganization	(16,815)	-
Others	(1,928)	-
Balance at December 31, 2021	**1,502,479**	**802,270**
Effects allocated to net income	924,301	228,638
Effects allocated to Statement of comprehensive income	(236,813)	(35,759)
Others	(2,680)	-
Balance at December 31, 2022	**2,187,287**	**995,149**

The estimated taxable incomes forecast, on which the realization of deferred tax asset are based, are determined by the annual budget and the long-term budget, both reviewed periodically, and by the historical income. However, the taxable income may be either higher or lower than the evaluation used by the management when the amount of the deferred tax recognized was determined.

Based on the estimative from the Company and its subsidiaries, it is probable that future taxable income will be available against which the unused tax losses and unused tax credits can be utilized and the Company estimated that the balance of deferred tax asset as of December 31, 2022 will be recovered, as follows:

	Consolidated	Parent company
2023	884,241	238,661
2024	765,609	156,844
2025	620,570	111,771
2026	595,711	86,913
2027	601,245	92,447
2028 to 2030	864,708	365,466
2031 to 2032	377,603	44,774
	4,709,687	**1,096,876**

d) Reconciliation of income tax and social contribution tax effective rate

This table reconciles the statutory income tax (rate 25%) and social contribution tax (rate 9%) with the current income tax expense in the statement of income:

	Consolidated		Parent company	
	2022	2021	2022	2021
Income before income tax and social contribution tax	**4,120,556**	**4,698,178**	**3,863,675**	**3,650,014**
Income tax and social contribution tax - nominal expense (34%)	(1,400,989)	(1,597,381)	(1,313,650)	(1,241,005)
Tax effects applicable to:				
Gain in subsidiaries by equity method (net of effects of Interest on Equity)	181,758	5,878	883,472	885,492
Tax incentives	61,953	63,714	-	-
Difference between Presumed Income and Real Income	96,549	145,910	-	-
Non-deductible penalties	(44,586)	(22,971)	46	(52)
Interest on equity declared	721,792	324,796	674,441	324,796
Estimated credit losses from related parties	233,931	-	-	-
Realization of goodwill (note 32)	108,416	-	-	
Income arising from the Light sale	-	154,326	-	154,326
Others	14,987	(19,581)	(15,671)	(22,250)
Income tax and Social Contribution - effective gain (expense)	**(26,189)**	**(945,309)**	**228,638**	**101,307**
Current tax	**(950,490)**	**(1,156,082)**	**-**	**(20,069)**
Deferred tax	**924,301**	**210,773**	**228,638**	**121,376**
	(26,189)	**(945,309)**	**228,638**	**101,307**
Effective rate	**0.64%**	**20.12%**	**(5.92)%**	**(2.78)%**

Accounting policy

The income tax and social contribution tax expenses represents the total amount of current and deferred taxes, which are presented separately in the financial statements. The Company is subject to the regular tax regime 'Lucro Real'. However, its subsidiaries that can benefit from the favorable tax regime, according to tax law, analyze the payable tax projection for the next year, in order to determine the tax regime that reduces its taxes payment.

Deferred and current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Periodically, in accordance with ICPC 22 / IFRIC 23, the Company and its subsidiaries evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Advances, or tax credits, are presented as current or non-current assets, in accordance with the expected date of their realization at the balance sheet date, when the tax amounts are duly calculated and offset against advances made.

Deferred

Deferred tax is recognized for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base at the reporting date.

Deferred tax liabilities are recognized for all the inter-temporal tax differences. Deferred tax assets are recognized for all the temporary differences deductible, to the extent that it is probable that future taxable income will be available for the temporary differences to be offset, except:

When the deferred tax (asset or liability) arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

These taxes are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax and social contribution tax assets are reviewed at the reporting date, and are reduced to the extent that their realization is no longer probable or recognized to the extent that it becomes probable that future taxable incomes will allow them to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

<u>Government grants</u>

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with, in line with CPC 07 (R1)/ IAS 20.

The subsidiaries Cemig D e GT have ventures in an area incentivized by SUDENE area, which result in the recognition of its right to a 75% reduction in income tax. Such tax incentives, in the form of exemption or reduction of income tax, comply with the concept of government grants and are recognized as income on a systematic basis over the periods that the related income tax expense for which it is intended to compensate, is recorded.

Given the legal restriction on the distribution of net income corresponding to the tax incentive, the Company maintains the amount related to the incentive granted in the tax incentive reserve. For more details, see note nº26.

11. ACCOUNTS RECEIVABLE FROM THE STATE OF MINAS GERAIS

The Company has a balance receivable from the State of Minas Gerais, recognized in Non-current assets, of R$13,366 (R$13,366 on December 31, 2021), relating to return of an administrative deposit made for a dispute on the criterion for inflation correction to be applied to an advance against future capital increase (‘AFAC’), made in prior years, which was the subject of a debt recognition agreement.

On June 30, 2021, the Company retained the remaining portion of dividends to be paid to State of Minas Gerais and awaits development of the issue with CPRAC (government agency).

Regarding the discussion on the merits of the criterion used in the past for AFAC’s monetary updating, if a solution is not successfully reached either through CPRAC or any legal proceedings on the merits, Management, based on assessment of legal advisors, has assessed the chances of loss as ‘possible’.

12. ESCROW DEPOSITS

	Consolidated		Parent company	
	2022	2021	2022	2021
Labor claims	**259,294**	**266,604**	**30,806**	**25,292**
Tax contingencies				
Income tax on Interest on Equity	31,297	29,546	337	300
PIS/Pasep and Cofins taxes (1)	70,453	68,342	-	-
Donations and legacy tax (ITCD)	59,591	55,752	58,574	54,786
Urban property tax (IPTU)	95,831	86,925	67,011	62,229
Finsocial tax	43,633	40,999	43,633	40,999
Income and Social Contr. Tax on indemnity for employees’ ‘Anuênio’ benefit (2)	305,427	290,198	14,668	13,936
Income tax withheld at source on inflationary income	9,058	8,743	9,058	8,743
Income tax and contribution tax effective rate (3)	105,850	76,155	313	-
Others (4)	122,730	103,570	65,395	67,015
	843,870	**760,230**	**258,989**	**248,008**
Others				
Regulatory	45,642	52,736	9,311	20,033
Third party	9,156	12,482	3,202	6,630
Customer relations	7,890	7,924	971	941
Court embargo	19,991	19,146	3,310	3,373
Others	20,752	36,047	3,736	3,374
	103,431	**128,335**	**20,530**	**34,351**
	1,206,595	**1,155,169**	**310,325**	**307,651**

(1) This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied.

(2) See more details in Note 25 - Provisions under the section relating to the 'Anuênio indemnity'.
(3) Court escrow deposit in the proceedings challenging charging of corporate income tax and the Social Contribution tax on payments of Interest on Equityand application of the Social Contribution tax to cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with enforceability suspended.
(4) Includes escrow deposits from legal actions related to INSS and PIS/Pasep and Cofins taxes

13. REIMBURSEMENT OF TARIFF SUBSIDIES

Subsidies given on tariffs charged to users of distribution services are reimbursed to distributors by payments of funds from the Energy Development Account (CDE).

In 2022, the amount recognized as subsidies revenues, reimbursed through the transfer of resources of Energy Development Account (CDE), was R$936,227 (R$986,310 in 2021). Of this amount, the Company has to receive the total amount of R$96,947 (R$86,457 in 2021), of such amounts, Cemig D has a receivable of R$90,923 (R$81,981 on December 31, 2021) and Cemig GT has a receivable of R$6,024 (R$4,476 on December 31, 2021) in current assets.

On March 10, 2023, Cemig D entered into an agreement for the assignment of credits without co-obligation with Banco ABC Brasil S.A. to anticipate the receivables with CDE in the amount of R$100.000, of which R$25.000 and R$75.000 from the invoices of April and May 2023, respectively.The total amount received on March 10, 2023 was R$97.554.

14. CONCESSION FINANCIAL AND SECTOR ASSETS AND LIABILITIES

Consolidated	2022	2021
Concession financial assets		
Energy distribution concessions (14.1)	1,369,652	683,729
Gas distribution concessions (14.1)	36,945	34,386
Indemnifiable receivable - Generation (14.2)	691,460	816,202
Concession grant fee - Generation concessions (14.3)	2,950,418	2,792,201
	5,048,475	**4,326,518**
Sector financial assets		
Amounts receivable from Parcel A (CVA) and Other Financial Components (14.4)	944,090	2,147,548
Total	**5,992,565**	**6,474,066**
Current assets	**1,055,378**	**1,504,666**
Non-current assets	**4,937,187**	**4,969,400**

Consolidated	2022	2021
Sector financial liabilities		
Amounts receivable from Parcel A (CVA) and Other Financial Components (14.4)	-	(51,359)
Total	-	**(51,359)**

The changes in concession financial assets related to infrastructure are as follows:

	Generation	Distribution	Gas	Total
Balance at December 31, 2020	**530,058**	**3,365,400**	**29,183**	**3,924,641**
Transfers of contract assets	109,842	-	-	109,842
Transfers to intangible assets	(9,392)	-	-	(9,392)
Additions	-	-	28	28
Interest	53,751	523,105	5,175	582,031
Disposals	(530)	-	-	(530)
Amounts received	-	(280,102)	-	(280,102)
Balance at December 31, 2021	**683,729**	**3,608,403**	**34,386**	**4,326,518**
Additions	-	-	323	**323**
Transfers of contract assets	670,104	-	-	**670,104**
Transfers to intangible assets	(22,581)	-	378	**(22,203)**
Interest	39,369	513,885	1,858	**555,112**
Fair Value Adjustments	-	(171,770)	-	**(171,770)**
Disposals	(969)	-	-	**(969)**
Amounts received	-	(308,640)	-	**(308,640)**
Balance at December 31, 2022	**1,369,652**	**3,641,878**	**36,945**	**5,048,475**

14.1 Distribution - Financial assets

The energy and gas distribution concession contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investments made in infrastructure that will be paid by grantor at the end of the concession period. The financial assets are measured at fair value through income or loss, in accordance with regulation of the energy segment and concession contracts executed by Cemig and its subsidiaries and the granting authorities.

14.2 Generation - Indemnity receivable

These balances were recognized in financial assets, at fair value through income or loss.

On July 28, 2022 Aneel revoked Normative Resolution (ReN) 942, by publication of ReN 1,027, establishing the general methodology and criteria for calculation of fair value - to be based on New Replacement Value.

The Valuation Report was concluded, with the following results:

Generation plant	Concession expiration date	Installed capacity (MW) (1)	Net balance of assets based on historical cost	Net balance of assets based on fair value - ReN 1,027/2022	Financial Update	Net balance of assets on December 31, 2022
Lot D						
UHE Três Marias	July 2015	396.00	71,029	166,903	12,180	179,083
UHE Salto Grande	July 2015	102.00	11,514	85,625	6,249	91,874
UHE Itutinga	July 2015	52.00	4,408	10,089	736	10,825
UHE Camargos	July 2015	46.00	7,278	19,611	1,431	21,042
PCH Piau	July 2015	18.01	1,622	4,376	319	4,695
PCH Gafanhoto	July 2015	14.00	1,371	5,247	383	5,630
PCH Peti	July 2015	9.40	1,330	6,056	442	6,498
PCH Dona Rita	Sep. 2013	2.41	600	1,569	114	1,683
PCH Tronqueiras	July 2015	8.50	2,373	8,510	553	9,063
PCH Joasal	July 2015	8.40	1,572	6,269	458	6,727
PCH Martins	July 2015	7.70	2,273	4,451	325	4,776
PCH Cajuru	July 2015	7.20	3,558	18,862	1,376	20,238
PCH Paciência	July 2015	4.08	871	4,146	303	4,449
PCH Marmelos	July 2015	4.00	694	2,409	176	2,585
Others						
UHE Volta Grande	Feb. 2017	380.00	235	361	26	387
UHE Miranda	Dec. 2016	408.00	34,697	90,862	6,631	97,493
UHE Jaguara	Aug. 2013	424.00	45,706	137,673	10,115	147,788
UHE São Simão	Jan. 2015	1,710.00	27,082	71,413	5,211	76,624
		3,601.70	**218,213**	**644,432**	**47,028**	**691,460**

(1) Data not audited by external auditors..

With the conclusion of the Valuation Report, the Company wrote off the financial asset in the amount of R$171,770, in June 2022. The remaining balance of R$691,460 represents management's best estimate for the right to receive cash from the regulator related to the generation entities, based on the evaluation criteria set by regulator (Aneel).

The Valuation Report on the assets is subject to inspection by Aneel, which may request complementary documentation. As a result there may be adjustments to the amounts resulting from the valuation process - in which case the concession holder has the right of defense and reply.

The due date and form of payment of the investments made after entry into operation of the basic plant plans, which have not yet been amortized or depreciated, will be decided by the Grantor after inspection and ratification of the reimbursements amounts.

14.3 Concession grant fee - Generation concessions

The concession grant fee paid by the Company for a 30-year concession contracts Nº. 08 to 16/2016, related to 18 hydroelectric plants of Auction 12/2015, won by Cemig GT, was an amount of R$2,216,353. The amount of the concession fee was recognized as a financial asset measured at amortized cost, as Cemig GT has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amount of which is equal to the internal rate of return on the project), during the period of the concession.

The changes in concession financial assets are as follows:

SPC	Plants	2021	Interest	Amounts received	2022
Cemig Geração Três Marias S.A.	Três Marias	1,583,720	253,628	(165,831)	1,671,517
Cemig Geração Salto Grande S.A.	Salto Grande	497,154	79,921	(52,296)	524,779
Cemig Geração Itutinga S.A.	Itutinga	187,004	33,214	(22,234)	197,984
Cemig Geração Camargos S.A.	Camargos	140,201	24,759	(16,553)	148,407
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	183,635	34,349	(23,290)	194,694
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	125,187	25,512	(17,685)	133,014
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	75,300	15,474	(10,751)	80,023
Total		**2,792,201**	**466,857**	**(308,640)**	**2,950,418**

SPC	Plants	2020	Interest	Amounts received	2021
Cemig Geração Três Marias S.A.	Três Marias	1,447,210	287,009	(150,499)	1,583,720
Cemig Geração Salto Grande S.A.	Salto Grande	454,256	90,360	(47,462)	497,154
Cemig Geração Itutinga S.A.	Itutinga	170,460	36,723	(20,179)	187,004
Cemig Geração Camargos S.A.	Camargos	127,814	27,409	(15,022)	140,201
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	167,206	37,565	(21,136)	183,635
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	113,807	27,429	(16,049)	125,187
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	68,445	16,610	(9,755)	75,300
Total		**2,549,198**	**523,105**	**(280,102)**	**2,792,201**

Sector assets and liabilities

14.4 Account for compensation of variation of parcel A items (CVA) and *Other financial components*

As established in the amendment to the concession contract, there is a guarantee that in the event of termination of the concession contract, for any reason, the remaining balances (assets and liabilities) of any shortfall in payment or reimbursement through the tariff must also be paid by the grantor. The balances on (i) the CVA (*Compensation for Variation of Parcel A items*) Account, (ii) the account for Neutrality of Sector Charges and (iii) *Other financial components* in the tariff calculation, refer to the positive and negative differences between the estimate of the Company's non-manageable costs and the payments actually made. The variations are subject to adjustment using the Selic rate and considered in the subsequent tariff adjustments.

The balance of these sector financial assets and liabilities, which are presented at net value, in assets or liabilities, in accordance with the tariff adjustments that have been authorized or are to be ratified, are as follows:

Balance sheet	2022			2021		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Assets	**544,370**	**399,720**	**944,090**	**988,850**	**4,133,064**	**5,121,914**
Current assets	544,370	201,661	**746,031**	988,850	2,397,151	3,386,001
Non-current assets	-	198,059	**198,059**	-	1,735,913	1,735,913
Liabilities	-	-	-	**(1,040,209)**	**(1,985,516)**	**(3,025,725)**
Current liabilities	-	-	-	(1,040,209)	(1,175,718)	(2,215,927)
Non-current liabilities	-	-	-	-	(809,798)	(809,798)
Total current, net	**544,370**	**201,661**	**746,031**	**(51,359)**	**1,221,433**	**1,170,074**
Total non-current, net	**-**	**198,059**	**198,059**	**-**	**926,115**	**926,115**
Total, net	**544,370**	**399,720**	**944,090**	**(51,359)**	**2,147,548**	**2,096,189**

Financial components	2022			2021		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Items of 'Parcel A'						
Energy Development Account (CDE) quota	140,528	(139,639)	889	23,593	(90,715)	(67,122)
Tariff for use of transmission facilities of grid participants	4,297	211,497	215,794	145,817	97,203	243,020
Tariff for transport of Itaipu supply	180	17,786	17,966	13,172	(972)	12,200
Alternative power source program (Proinfa)	38,984	(7,872)	31,112	11,427	18,664	30,091
ESS/EER System Service/Energy Charges	377,682	204,843	582,525	30,948	953,014	983,962
Energy bought for resale	233,721	(1,321,656)	(1,087,935)	389,548	1,177,997	1,567,545
Other financial components						
Over contracting of supply (1)	40,617	708,966	749,583	(67,566)	192,132	124,566
Neutrality of Parcel A	(32,683)	235,990	203,307	24,269	73,081	97,350
Billing return - Covid Account (2)	-	-	-	(371,350)		(371,350)
Other financial items	(22,983)	(47,707)	(70,690)	(21,171)	(47,087)	(68,258)
Excess demand and reactive power	(235,973)	537,512	301,539	(230,046)	(225,769)	(455,815)
TOTAL	**544,370**	**399,720**	**944,090**	**(51,359)**	**2,147,548**	**2,096,189**

(1) Cemig D was over contracted in 2017 and 2018 and the gain arising from the sale of the excess of energy in the spot market was provisionally passed through to customers by Aneel in the tariff adjustments of 2018 and 2019, including the portion in excess of the limit of 105% of the regulatory load - thus reducing the tariff that was determined. To establish whether this is a voluntary over contracting, the Company considers that the portion above the regulatory limit will be recovered in the subsequent tariff adjustment. In 2020, Aneel published the Dispatch 2,508, which set new amounts for distributors' over contracting of 2017 in the amount of R$39,270, which was considered in the 2021 tariff process. Due to the administrative appeals submitted to Aneel, the amounts of overcontracting had their values adjusted through Aneel's dispatch 2.168, of 2022. With the publication of the order, and considering the current rules, the amount of R$218,900, pending transfer from 2017, will be considered in the next tariff process. Regarding the amount of R$26,778 related to the 2018 overcontracting, the Company continues to recognize the right and awaits publication of the respective order.

(2) This is a financial component created for return to customers of the amounts that were invoiced to them but received by Cemig from the Covid Account in 2020. These amounts was returned to customers in the tariff process of 2021, updated by the Selic rate, ensuring of neutrality.

Changes in balances of sector financial assets and liabilities are as follow:

	Consolidated
Balance at December 31, 2020	**(98,641)**
Additions	1,908,166
Amortization	237,877
Transfer of other liabilities (1)	(15,120)
Updating - Selic rate (Note 29)	63,907
Balance at December 31, 2021	**2,096,189**
Additions	(385,631)
Amortization	(760,929)
(-) Proceeds from loan - Water scarcity account	(190,658)
Updating - Selic rate (Note 29)	185,119
Balance at December 31, 2022	**944,090**

Tariff adjustment - Cemig D

On June 22, 2022, after an extension of the previous tariffs for 25 days while decision at the federal level on measures for tariff mitigation were expected, Aneel ratified the result of the Cemig D's Annual Tariff Adjustment, to be in effect until May 27, 2023, with average effect on customers of 8.80% - its components included average increases of 14.31% for high-voltage customers, and of 6.23% for customers connected at low voltage. For residential customers served at low voltage, the average increase was 5.22%.

This result arises from: (i) variation of 3.89% in the Portion B costs (manageable costs), due to the IPCA inflation index over the 12 prior months, and (ii) direct pass-throughs within the tariff, which had an impact of 4.91%, but which had no economic effect for the Cemig D, not affecting its profitability, relating to the following items: (a) increase of 4.78% in non-manageable costs (Portion A), mainly related to purchase of energy supply, regulatory charges and transmission charges, including the reducing effect of the R$409,920 inclusion in pass-throughs from the CDE (Energy Development Account) arising from the process of capitalization of Eletrobras; (b) reduction of 9.32%, referring to the financial components of the current process, in which an important element is inclusion of R$2,810,830 referring to the PIS/Pasep and Cofins taxes credits reimbursement, which generated a negative variation in the tariff of 15.20%; and (c) an effect of 9.45% relating to the financial components of the previous process withdrawal. For more information on the PIS/Pasep and Cofins taxes credits, see Note 21.

Accounting policy

Energy Distribution and Gas segment

The portion of the infrastructure to be amortized during the concession period is recorded as an intangible asset, as provided for in ICPC 01 (R1) / IFRIC 12 - Concession contracts, and subsequently measured at cost less amortization. The amortization rates reflect the expected pattern of their consumption and are measured based on the asset carrying amount using the straight-line method, using the rates based on the expected useful life of the energy distribution assets, that are used by the Regulator during the tariff process.

The portion of the value of the assets which will not be fully amortized by the end of the concession is reported as a financial asset because it is an unconditional right to receive cash or another financial asset directly from the grantor. This portion is subsequently measured at the estimated fair value, which represents the New Replacement Value (Valor Nove de reposição, or VNR), based on the Regulatory Remuneration Base of Assets ratified by the regulator (Aneel) in the tariff processes.

Transmission segment

Only after the satisfaction of the performance obligation to operate and maintain the infrastructure, the contract asset is classified as a financial asset (accounts receivable - concessionaires - energy transport), considering that the receipt of the consideration only depends on the passage of time.

The discount rate related to the financial component of the concession contract asset represents the Company's best estimate for the financial remuneration of the investments in the transmission infrastructure, which represents the approximate percentage of what would be the cash price to be charged for the infrastructure built or improved by the concessionaire in a sale transaction. The implicit rate for pricing the financial component of the concession contract asset is established at the beginning of the investments and considers the credit risk of the counterparties.

Financial portion of the transmission concession contracts renewed in accordance with Law 12,783/2013

Corresponding to the financial portion of remuneration for the assets related to the Existing Basic System Network (RBSE), that represents the amount payable from the date of the extension of the concessions until it was incorporated into the tariff (January 1, 2013 until June 30, 2017), to be collected over a period of eight years.

The amounts to be received are subject to the applicable regulatory rules in the tariff process, including the mechanisms that monitor and measure efficiency. In this new context, the unconditional right to consideration depends on the satisfaction of the performance obligation to operate and maintain, and is, thus, characterized as a contract asset. It is classified to financial assets only after an authorizing dispatch by Aneel.

Generation segment

The concession fee right paid for the concession contracts granted by the Brazilian Regulator (Aneel) in November 2015, has been classified as a financial asset, at amortized cost, as it represents an unconditional right to receive cash, adjusted by the IPCA index, and remuneratory interest, during the period of the concession.

For the extension of the concession of the hydroelectric plants participating in the MRE, relating to the compensation for non-hydrological risks specified in Law 14,052/2020, an intangible asset was recognized, considering the nature of the right, which enables, by provision of law, the plants to be used for a period longer than the one specified in their original contracts, during the contract extension, the Company is entitled to sell the energy generated without constraint. The asset was measured at fair value in the initial recognition.

The asset is amortized by the straight-line method for the new remaining period of the concession. For more details see Note 16.

Impairment

In assessing impairment of financial assets, the Company and its subsidiaries use historical trends of the probability of default, timing of recovery and the amounts of loss incurred, adjusted to reflect management’s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

15. CONCESSION CONTRACT ASSETS

The balances of these on December, 31, 2021 were as follows:

Consolidated	2022	2021
Distribution - Infrastructure assets under construction	1,849,853	1,926,652
Gas - Infrastructure assets under construction	116,982	95,137
Transmission - National Grid (‘BNES’ - Basic Network of the Existing System) - Law 12,783/13	1,927,040	2,011,576
Transmission - Assets remunerated by tariff	2,810,949	2,346,643
	6,704,824	**6,380,008**
Current	**728,404**	**599,692**
Non-current	**5,976,420**	**5,780,316**

Changes in concession contract assets are as follows:

	Transmission	Distribution	Gas	Total
Balance at December 31, 2020	**3,744,358**	**1,141,599**	**94,115**	**4,980,072**
Additions	251,973	1,757,015	49,901	2,058,889
Inflation adjustment	660,457	-	-	660,457
Results of the Periodic Tariff Revision	236,627	-	-	236,627
Amounts received	(612,447)	-	-	(612,447)
Disposals	(3,986)	-	(4,306)	(8,292)
Others additions	-	-	6,709	6,709
Transfers to financial assets	-	(109,842)	-	(109,842)
Transfers to intangible assets	-	(851,183)	(51,282)	(902,465)
Contract assets arising from business combination	81,237	-	-	81,237
Provision for impairment	-	(10,937)	-	(10,937)
Balance at December 31, 2021	**4,358,219**	**1,926,652**	**95,137**	**6,380,008**
Additions	407,193	3,097,578	61,398	3,566,169
Inflation adjustment	575,449	-	-	575,449
Amounts received	(607,528)	-	-	(607,528)
Disposals	-	-	(3,235)	(3,235)
Others additions	4,656	-	-	4,656
Transfers to financial assets	-	(761,711)	-	(761,711)
Transfers to intangible assets	-	(2,412,071)	(36,318)	(2,448,389)
Provision for impairment	-	(595)	-	(595)
Balance at December 31, 2022	**4,737,989**	**1,849,853**	**116,982**	**6,704,824**

The amount of additions in the period ended December 31, 2022 includes R$46,553 borrowing costs, as presented in note 22. The capitalization of financial charges is a non-cash transaction, and therefore is not reflected in the Cash Flow Statements. The average rate to determine the amount of borrowing costs was 11.36%.

The Company has not identified any evidence of impairment of the others contract assets.

Energy and gas distribution activities

The assets of concession infrastructure of energy and gas distribution still under construction are recognized initially as contract assets, measured at amortized cost, including capitalized borrowing costs. When the asset start operations, the construction performance obligation is concluded and the assets are split into financial assets and intangible assets.

The transmission activity

For transmission concessions, the consideration to be paid to the Company arises from the concession contracts, as follows:

	2022	2021
Current		
Concession contract - 004/05 (d)	28,879	26,678
Concession contract - 079/00 (b)	46,685	38,782
Concession contract - 006/11 (c)	8,371	7,355
Concession contract - 006/97 (a)		
National Grid (‘BNES’ - Basic Network of the Existing System)	408,395	317,692
National Grid - new facilities (RBNI)	236,073	209,185
	728,403	**599,692**
Non-current		
Concession contract - 004/05 (d)	81,399	89,204
Concession contract - 079/00 (b)	142,513	151,858
Concession contract - 006/11 (c)	85,391	73,882
Concession contract - 006/97 (a)		
National Grid (‘BNES’ - Basic Network of the Existing System)	1,518,645	1,693,884
National Grid - new facilities (RBNI)	2,181,638	1,749,699
	4,009,586	**3,758,527**
	4,737,989	**4,358,219**

a) Concession contract nº. 006/1997

The contract regulates the public service operation of the transmission facilities classified as part of the Basic Grid, in accordance with Law 9.074/1995 and pertinent regulations, in effect until December 31, 2042.

The next Periodical Tariff Review - RTP will take place in June 2023, effective as of July 1, 2023. The index used to correct the contract is the Extended Consumer Price Index - IPCA.

National Grid Assets- ‘BNES’ - the regulatory cost of capital updating

On January 06, 2021, the Brazilian General Attorney's Office issued a legal opinion about the effects of the reversal of the court decision that had suspended the cost of equity remuneration of the transmission agents determined by Ministerial Order 120/2016, concluded that it must be updated by the cost of equity rate until July 1, 2020, which is the date that the payment took place, and must be included to RAP as of July 1, 2020 (2020-2021 cycle) for eight years.

On April 22, 2021, Aneel published Resolution n. 2,852, which altered Resolution n, 2,712/2020, defining, among other provisions, the financial component referred to. Thus, the cost capital associated with the financial components was incorporated into the calculation of the periodic review processes of 2018 deciding the RAP of the transmission concessions that were extended under Law 12,783/2013. This caused 2 effects: (i) A new value for the component to be considered in the RAP of the tariff cycles for 2020-2021 to 2025-2026; and (ii) a residual value for the difference between the amount paid to the transmission companies in the 2017-2018 and 2019-2020 tariff cycles and the amount payable after the injunctions were overturned.

Thus, the debt balance of this component was recalculated, using remuneration at the rate of cost capital, up to the date of actual payment (July 1, 2020), discounted present value of the amount paid.

In addition, Aneel opted the alternative of ‘reprofiling’ these payments, for payment gradually over a period of 8 years, guaranteeing the net present value of the transaction.

In the proposed profile the minimum payment is made in the 2021-2022 cycle, with zero amortization of the debt portion of the balance; in the 2022-2023 cycle there is amortization at a rate of 3.0%, so as to amortize part of the debt and keep the level of payments stable; and there are then constant payments over the cycles of 2023-2024 to 2027-2028, with amortization rates of 16.11% per year.

b) Concession contract nº. 079/2000

The contract regulates commercial operation of public transmission service, comprising construction, maintenance and operation of transmission of the following facilities: The Itajubá 3 Substation; the Itajubá 3 - Poços de Caldas Transmission Line; and the Itajubá 3-Cachoeira Paulista Transmission Line, in effect until October 4, 2034.

The indexer used for adjustment of the contract is the General Market Prices Index (Índice Geral de Preços do Mercado - IGPM).

The next Periodic Tariff Revision (RTP) of the enhancements that have been approved will take place in June 2024 and June 2024 and be in effect from July 1st, 2024.

c) Concession contract nº. 006/2011

The contract regulates commercial operation of public transmission service, comprising construction, maintenance and operation of the Sete Lagoas 4 substation, in effect until June 15, 2041.

The indexer used for adjustment of the contract is the Expanded National Consumer Price (‘*Índice de Preços ao Consumidor Amplo’* - IPCA).

d) Concession contract nº. 004/2005

The contract regulates the concession for the second-circuit 345kV transmission facility which runs between the Furnas and Pimenta substations, a distance of approximately 75 km, for a period of 30 years from March 2005. For making the transmission facilities available for commercial operation, Centroeste will receive the Permitted Annual Revenue (RAP), adjusted annually, in the first 15 years of commercial operation. In the 16th year of commercial operation, its RAP will be reduced by 50%, until the end of the concession.

The indexer used for adjustment of the contract is the IGP-M (Índice Geral de Preços do Mercado - General Market Prices Index).

Accounting policy

Energy Distribution segment

Assets linked to concession infrastructure still under construction are initially recorded as contract assets, considering the right of the Company to charge for the services provided to customers or receive an indemnity at the end of the concession period for assets not yet amortized. In accordance with CPC 47 / IFRS 15, the counterpart amounts of construction revenues equivalent to the new assets are initially recorded as contract assets, measured at acquisition cost in including capitalized borrowing costs. After the assets start operation, the conclusion of the performance obligation linked to construction is recorded, and the assets are split between financial assets and intangible assets.

Transmission segment

When construction of transmission infrastructure is concluded the assets related to the transmission infrastructure remains classified as contract assets, considering the dependence on the satisfaction of a performance obligations during the concession period, represented by the network availability. The contract assets is reclassified as a financial assets only after satisfaction of the performance obligation to operate and maintain infrastructure, since from that point nothing more than the passage of time is necessary for the consideration to be received.

The costs related to the infrastructure construction are recognized as incurred in the statement of income. The construction or upgrade services revenues are recognized in accordance with the stage of completion of the construction service, based on the costs actually incurred, including construction margin.

The margin allocated to the infrastructure construction performance obligation is defined based on Management's best estimates and expectations about the profitability of the projects implemented by the Company.

In the changes in tariffs during the Periodic Tariff Revisions, the contract asset is remeasured, bringing to present value the future RAPs by the implicit rate originally identified, comparing the result found with the balance accounted for, for recognition of gain or loss in the result.

From the invoiced amounts of revenue from transmission concession, represented by the RAP, the portion referring to the fair value of operation and maintenance of the assets is recorded as a contra-entry to the result for the year and the portion referring to the construction revenue, originally recorded when the assets were created, is written off from the contract assets. The additions for expansion and reinforcement generate additional cash flow and, therefore, are incorporated into the balance of the contract asset.

Additional information about the accounting practices related to the assets related to the transmission segment are described in note 14.

Gas distribution segment

New assets are classified initially as contract assets, valued at acquisition cost, including capitalized borrowing costs. When they start operation, they are split into financial assets and intangible assets.

The portion of the assets of the concession that will be fully amortized during the concession period is recorded as an Intangible asset. Amortization reflects the pattern of consumption of the rights acquired. It is calculated on the balance of the assets linked to the concession, by the straight-line method.

The portion of the assets that is not recorded in financial assets is valued based on the New Replacement Value, equivalent to fair value, having as a reference the amounts homologated for the Remuneration Base of Assets in the processes of tariff review. The book value of assets substituted is written down, with counterpart in the Income and loss account, and taken into consideration by the regulator in the next tariff review cycle.

16. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investees	Control	Consolidated		Parent company	
		2022	2021	2022	2021
Cemig Geração e Transmissão	Subsidiary	-	-	8,966,797	7,831,942
Guanhães Energia S.A. ("Guanhães Energia")	Jointly controlled	182,579	125,172		
Hidrelétrica Cachoeirão S.A. ("Hidrelétrica Cachoeirão")	Jointly controlled	47,096	59,013	-	-
Hidrelétrica Pipoca S.A. ("Hidrelétrica Pipoca")	Jointly controlled	46.744	46.722	-	-
Madeira Energia ("MESA") (2) (9)	Affiliated	9,500	-	-	-
Fundo de Investimento em Participações Melbourne Multiestratégia ("FIP Melbourne") (2) (9)	Affiliated	7,760	-	-	-
Retiro Baixo Energética S.A. ("Retiro Baixo")	Jointly controlled	185,495	200,385	-	-
Aliança Norte Participações S.A. ("Aliança Norte") (3)	Jointly controlled	575,745	609,154	-	-
Baguari Energia S.A. ("Baguari Energia")	Jointly controlled	160,324	168,430	-	-
Aliança Geração de Energia S.A. ("Aliança Geração")	Jointly controlled	1,193,841	1,140,930	-	-
Amazônia Energia Participações S.A. ("Amazônia Energia") (3)	Jointly controlled	885,529	932,600	-	-
Paracambi Energética S.A. ("Paracambi") (formely Lightger) (6)	Jointly controlled	134,425	124,275	-	-
Cemig Distribuição	Subsidiary	-	-	7,105,260	6,942,666
Transmissora Aliança de Energia Elétrica S.A. ("Taesa")	Jointly controlled	1,548,695	1,580,379	1,548,695	1,580,379
Ativas Data Center S.A. ("Ativas") (8)	Affiliated	-	15,750	-	15,750
Gasmig	Subsidiary	-	-	1,749,549	1,635,985
Cemig Sim	Subsidiary	-	-	198,880	111,433
UFVs (1)	Jointly controlled	127,991	98,839	-	-
Axxiom Soluções Tecnológicas S.A. ("Axxiom") (7)	Jointly controlled	-	4,277	-	4,277
Sete Lagoas Transmissora de Energia S.A. ("Sete Lagoas")	Subsidiary	-	-	68,263	60,703
Total of investments		**5,105,724**	**5,105,926**	**19,637,444**	**18,183,135**
Usina Hidrelétrica Itaocara S.A. ("Itaocara") (4)	Jointly controlled	-	(20,767)	-	-
Madeira Energia S.A. ("MESA") (Usina de Santo Antônio) - provisions to losses (5)	Affiliated	-	(161,648)	-	-
Total		**5,105,724**	**4,923,511**	**19,637,444**	**18,183,135**

(1) Set of photovoltaics bussiness, in which the investee Cemig Sim has a interest.
(2) Indirect interest in the Santo Antônio plant through these investees.
(3) Indirect interest in the Belo Monte plant through these investees.
(4) The jointly controlled entity Usina Hidrelétrica Itaocara had negative shareholders' equity. Thus, after reducing the book value of its interest to zero, the Company recognized the loss to the extent that it assumed contractual obligations with the jointly controlled entity and the other shareholders, which on September 30, 2022 is R$14,280 (R$20,767 on December 31, 2021). In the 4th quarter of 2022, the Company made an investment in this investee in the amount of R$24,722, corresponding to the portion of 49% of the penalty applied by Aneel, related to the discharge of the guarantee of faithful performance, due to the failure to implement UHE Itaocara I. With this, the provision referring to the Company's contractual obligations to the invested company and the other shareholders was reverted. Additionally, Aneel recommended to MME the termination, upon request, of the concession of UHE Itaocara through the rescission of Concession Contract 001/2015. Given the non-recoverability of the investment, the Company recognized an impairment loss presented in the Statement of Income under Other operating expenses.
(5) In June 2022, the provision related to the Company's contractual obligations assumed with the investee and the other shareholders was reversed. Further details are disclosed in this note.
(6) On November 8, 2022, the investee's Extraordinary General Assembly approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A.".
(7) On December 22, 2022, the Company entered into a stock purchase and other agreement ("CCVA") for the sale of 49% of its interest in Axxiom Soluções Tecnológicas S.A. ("Axxiom") to Light S.A. ("Light"), which holds 51.0% of the remaining interest. More details in note 32.

(8) On November 16, 2022, the Company entered into a share purchase and sale agreement and other agreements for the sale of 19.6% of its equity interest in Ativas Data Center S.A. ("Ativas") to Sonda Procwork Informática Ltda. On December 28, 2022, the Company concluded the sale of all its equity interest held in Ativas to Sonda. More details in note n. 32.
(9) On March 20, 2023, Cemig GT completed the sale of its direct and indirect ownership interest in the capital stock of Mesa to Furnas Centrais Elétricas S.A. ("Furnas"). Further details in explanatory note nº 36.

The Company's investees that are not consolidated are jointly controlled entities, with the exception of the interests in the affiliate Madeira Energia (Santo Antônio power plant).

For the fiscal year ended on December 31, 2022, management evaluates if of potential decline in value of assets, as referred to in IAS 36 - *Impairments of Assets*. Except for the recognition of loss on the investment held in the jointly controlled entity Itaocara, the net book value of the other investments was found to be recoverable.

Additionally, in relation to the above, the Company's management has assessed the risk threatening all its investments ability to continue as a going concern, taking substantially into consideration: the economic-financial clauses of Cemig D and Gasmig; the guarantee of revenues of the transmission companies; the protection against *force majeure* reduction in regulated generation contracts; and all the legal measures that have been applied by the federal government and by Aneel - and has concluded that the Company and its subsidiaries' will continue to operate as a going concern.

Movement of the right to exploitation of the regulated activity

PARENT COMPANY						
Investees	**2020**	**Additions**	**Amortization**	**2021**	**Amortization**	**2022**
Paracambi (formely Lightger)	78,989	-	(2,501)	76,488	(2,501)	73,987
Taesa	160,783	-	(9,321)	151,462	(9,321)	142,141
Gasmig	411,503	-	(15,257)	396,246	(15,257)	380,989
Sete Lagoas	-	(4,506)	-	(4,506)	244	(4,262)
Total	**651,275**	**(4,506)**	**(27,079)**	**619,690**	**(26,835)**	**592,855**

CONSOLIDATED								
Investees	**2020**	**Additions**	**Disposals**	**Amortization**	**2021**	**Additions**	**Amortization**	**2022**
Cemig Geração e Transmissão								
Retiro Baixo	29,187	-	-	(1,389)	27,798	-	(1,390)	26,408
MESA	16,526	-	(15,788)	(738)	-	-	-	-
Aliança Geração	326,915	-	-	(25,310)	301,605	-	(25,310)	276,295
Aliança Norte	48,632	-	-	(1,972)	46,660	-	(1,972)	44,688
Paracambi (formely Lightger)	78,989	-	-	(2,501)	76,488	-	(2,501)	73,987
Taesa	160,783	-	-	(9,321)	151,462	-	(9,321)	142,141
Cemig Sim								
UFVs	-	7,037	-	-	7,037	7,606	(438)	14,205
Total	**661,032**	**7,037**	**(15,788)**	**(41,231)**	**611,050**	**7,606**	**(40,932)**	**577,724**

The right of exploitation is recognized in the business combination in past year and are amortized considering the concession period of each subsidiaries, associates and joint ventures.

a) Changes in investments in subsidiaries, jointly controlled entities and affiliates:

PARENT COMPANY								
Investees	2021	Gain (loss) by equity method (Statement of income)	Gain (loss) by equity method (Other comprehensive income)	Dividends / Interest on equity	Additions	Disposals	Others	2022
Cemig Geração e Transmissão	7,831,942	2,082,955	94,628	(1,042,728)	-	-	-	8,966,797
Cemig Distribuição	6,942,666	443,475	295,651	(576,532)	-	-	-	7,105,260
Ativas	15,750	(595)	-	-	-	(15,155)	-	-
Gasmig	1,635,985	461,204	-	(349,042)	-	-	1,402	1,749,549
Cemig Sim	111,433	18,524	-	(3,957)	72,880	-	-	198,880
Axxiom	4,277	(4,277)	-	-	-	-	-	-
Sete Lagoas	60,703	12,137	-	(11,577)	7,000	-	-	68,263
Taesa	1,580,379	304,592	-	(336,284)	-	-	8	1,548,695
Total	**18,183,135**	**3,318,015**	**390,279**	**(2,320,120)**	**79,880**	**(15,155)**	**1,410**	**19,637,444**

PARENT COMPANY									
Investees	2020	Gain (loss) by equity method (Statement of Income)	Gain (loss) by equity method (Other comprehensive income)	Dividends	Additions / acquisitions	Disposals	Others	Results of business combination	2021
Cemig Geração e Transmissão	5,921,159	868,934	47,561	(479,435)	1,350,000	-	123,723	-	7,831,942
Cemig Distribuição	6,021,630	1,700,541	131,818	(911,323)	-	-	-	-	6,942,666
Ativas Data Center	16,799	(1,049)	-	-	-	-	-	-	15,750
Gasmig	1,495,599	343,259	-	(203,042)	-	-	169	-	1,635,985
Cemig Sim	94,098	5,559	-	(782)	12,558	-	-	-	111,433
Companhia de Transmissão Centroeste de Minas	118,217	16,545	-	(11,038)	-	(123,724)	-	-	-
Axxiom Soluções Tecnológicas	4,436	(2,413)	-	-	2,254	-	-	-	4,277
Sete Lagoas Transmissora	-	376	-	-	54,847	-	1,474	4,006	60,703
Taesa	1,467,445	481,110	-	(368,176)	-	-	-	-	1,580,379
	15,139,383	**3,412,862**	**179,379**	**(1,973,796)**	**1,419,659**	**(123,724)**	**125,366**	**4,006**	**18,183,135**

CONSOLIDATED						
Investees	**2021**	**Gain (loss) by equity method (Statement of income)**	**Dividends/Interest on equity**	**Additions / acquisitions**	**Others**	**2022**
Hidrelétrica Cachoeirão	59,013	15,469	(27,386)	-	-	47,096
Guanhães Energia	125,172	57,407	-	-	-	182,579
Hidrelétrica Pipoca	46,722	16,361	(16,339)	-	-	46,744
MESA (3)	-	9,500	-	-	-	9,500
FIP Melbourne (3) (5)	-	168,403	-	-	(160,643)	7,760
Paracambi (formely Lightger)	124,275	16,790	(6,640)	-	-	134,425
Baguari Energia	168,430	21,413	(29,519)	-	-	160,324
Amazônia Energia (4)	932,600	(47,178)	-	107	-	885,529
Aliança Norte (4)	609,154	(33,793)	-	384	-	575,745
Ativas	15,750	(595)	-	-	(15,155)	-
Taesa	1,580,379	304,591	(336,275)	-	-	1,548,695
Aliança Geração	1,140,930	104,054	(47,875)	-	(3,268)	1,193,841
Retiro Baixo	200,385	23,313	(38,203)	-	-	185,495
UFV Janaúba Geração de Energia Elétrica Distribuída S.A. (“UFV Janaúba”)	2,699	1,521	(798)	-	-	3,422
UFV Corinto Geração de Energia Elétrica Distribuída S.A. (“UFV Corinto”) (2)	9,258	1,937	(1,726)	-	(1,028)	8,441
UFV Manga Geração de Energia Elétrica Distribuída S.A. (“UFV Manga”) (2)	11,294	2,538	(2,085)	-	(948)	10,799
UFV Bonfinópolis II Geração de Energia Elétrica Distribuída S.A. (“UFV Bonfinópolis II”) (2)	6,432	1,254	(595)	-	(685)	6,406
UFV Lagoa Grande Geração de Energia Elétrica Distribuída S.A. (“UFV Lagoa Grande”) (2)	14,890	2,672	(2,211)	-	(1,211)	14,140
UFV Lontra Geração de Energia Elétrica Distribuída S.A. (“UFV Lontra”) (2)	17,823	3,577	(2,644)	-	(1,230)	17,526
UFV Mato Verde Geração de Energia Elétrica Distribuída S.A. (“UFV Mato Verde”) (2)	6,130	1,272	(872)	-	(407)	6,123
UFV Mirabela Geração de Energia Elétrica Distribuída S.A. (“UFV Mirabela”) (2)	4,058	1,069	(575)	-	(353)	4,199
UFV Porteirinha I Geração de Energia Elétrica Distribuída S.A. (“UFV Porteirinha I”) (2)	5,318	1,161	(932)	-	(808)	4,739
UFV Porteirinha II Geração de Energia Elétrica Distribuída S.A. (“UFV Porteirinha II”) (2)	6,384	1,238	(870)	-	(148)	6,604
UFV Brasilândia Geração de Energia Elétrica Distribuída S.A. (“UFV Brasilândia”) (2)	14,553	2,751	(2,207)	-	(921)	14,176
Apolo I SPE Empreendimentos e Energia S.A. (“UFV Apolo I”)	-	867	(103)	5,925	-	6,689
G2 Campo Lindo I Energia S.A. (“UFV Campo Lindo I”)	-	1,419	(326)	7,068	-	8,161
G2 Campo Lindo II Energia S.A. (“UFV Campo Lindo II”)	-	1,501	(90)	7,047	-	8,458
G2 Olaria I Energia S.A. (“UFV Olaria I”)	-	1,203	(143)	7,048	-	8,108
Axxiom	4,277	(4,277)	-	-	-	-
Itaocara	-	(3,016)	-	10,428	(7,412)	-
Total investment	**5,105,926**	**674,422**	**(518,414)**	**38,007**	**(194,217)**	**5,105,724**
Itaocara - Overdraft liability	(20,767)	6,473	-	14,294	-	-
MESA (3) - Loss provisions (1)	(161,648)	161,648	-	-	-	-
Total	**4,923,511**	**842,543**	**(518,414)**	**52,301**	**(194,217)**	**5,105,724**

(1) In June 2022, the provision related to the Company's contractual obligations assumed with the investee and the other shareholders was reversed. Further details are disclosed in this note.
(2) On May 23, 2022, the reduction of capital stock of these UFVs was approved by means of an Extraordinary General Assembly.
(3) Indirect participation in the Santo Antônio Plant through these investees.
(4) Indirect participation in Belo Monte Dam through these investees.
(5) On September 12, 2022, AGPar made the payment associated with the settlement arising from Arbitral Award CCBC-86/2016 to the Melbourne Fund. Thereafter, the Company recognized the receivable against income. Further details are provided throughout this note.

CONSOLIDATED							
Investees	**2020**	**Gain (loss) by equity method (Statement of income)**	**Dividends**	**Additions / acquisitions**	**Losses on investments**	**Others**	**2021**
Hidrelétrica Cachoeirão	53,215	14,129	(8,331)	-	-	-	59,013
Guanhães Energia	131,391	(6,219)	-	-	-	-	125,172
Hidrelétrica Pipoca	35,552	11,170	-	-	-	-	46,722
Madeira Energia (Santo Antônio Plant)	209,374	(209,374)	-	-	-	-	-
FIP Melbourne (Santo Antônio Plant)	157,476	(157,476)	-	-	-	-	-
Paracambi (formely Lightger)	130,794	5,465	(11,984)	-	-	-	124,275
Baguari Energia	159,029	31,071	(21,670)	-	-	-	168,430
Amazônia Energia (Belo Monte Plant)	965,255	(32,730)	-	75	-	-	932,600
Aliança Norte (Belo Monte Plant)	631,227	(22,073)	-	-	-	-	609,154
Ativas Data Center	16,799	(1,049)	-	-	-	-	15,750
Taesa	1,467,445	481,110	(368,176)	-	-	-	1,580,379
Aliança Geração	1,166,240	199,586	(224,896)	-	-	-	1,140,930
Retiro Baixo	195,235	12,352	(7,202)	-	-	-	200,385
UFV Janaúba Geração de Energia Elétrica Distribuída	10,467	694	(2,582)	-	-	(5,880)	2,699
UFV Corinto Geração de Energia Elétrica Distribuída	9,212	1,464	(1,418)	-	-	-	9,258
UFV Manga Geração de Energia Elétrica Distribuída	11,416	1,708	(1,830)	-	-	-	11,294
UFV Bonfinópolis II Geração de Energia Elétrica Distribuída	6,144	638	(350)	-	-	-	6,432
UFV Lagoa Grande Geração de Energia Elétrica Distribuída	15,059	1,746	(1,915)	-	-	-	14,890
UFV Lontra Geração de Energia Elétrica Distribuída	16,899	1,344	(420)	-	-	-	17,823
UFV Mato Verde Geração de Energia Elétrica Distribuída	6,182	690	(742)	-	-	-	6,130
UFV Mirabela Geração de Energia Elétrica Distribuída	3,989	619	(550)	-	-	-	4,058
UFV Porteirinha I Geração de Energia Elétrica Distribuída	6,075	(235)	(522)	-	-	-	5,318
UFV Porteirinha II Geração de Energia Elétrica Distribuída	6,382	715	(713)	-	-	-	6,384
UFV Brasilândia Geração de Energia Elétrica Distribuída (1)	-	3,303	(1,308)	12,558	-	-	14,553
Axxiom Soluções Tecnológicas	4,436	(2,413)	-	2,254	-	-	4,277
Total of investments	**5,415,293**	**336,235**	**(654,609)**	**14,887**	**-**	**(5,880)**	**5,105,926**
Itaocara - equity deficit (2)	(29,615)	7,489	-	41,430	(40,071)	-	(20,767)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (3)	-	(161,648)	-	-	-	-	(161,648)
Total	**5,385,678**	**182,076**	**(654,609)**	**56,317**	**(40,071)**	**(5,880)**	**4,923,511**

(1) Includes the amount of R$1,961 referring to the advantageous purchase in the acquisition of the jointly-owned subsidiary UFV Brasilândia.

(2) On December 1, 2021, Cemig GT made a contribution to UHE Itaocara S.A. to comply with the Final Arbitration Award against this investee, issued by FGV in the Mediation and Arbitration Chamber, in the amount of R$40,071, in proportion to its ownership interest in this investee, 49%. This amount was recognized under "other expenses" in the Company's results. Additionally, a contribution in the amount of R$1,359 was made to cover expenses foreseen in the 2021 budget of the investee.

(3) A loss was recognized on the extension of the Company's contractual obligations to the investee and other shareholders, which amounted to R$161,648 as of December 31, 2021.

Changes in dividends receivable are as follows:

	Consolidated	Parent company
Balance at December 31, 2020	**188,327**	**1,272,878**
Investees' dividends proposed	654,609	1,973,796
Amounts received	(499,065)	(1,307,421)
Withholding income tax on Interest on equity	(8,682)	(118,675)
Balance at December 31, 2021	**335,189**	**1,820,578**
Investees' dividends proposed	518,414	2,320,120
Withholding tax on interest on equity declared by investees	-	(69,909)
Amounts received	(707,695)	(1,415,356)
Balance at December 31, 2022	**145,908**	**2,655,433**

b) This table gives the main information on the subsidiaries and affiliates, not adjusted for the percentage represented by the Company's ownership interest:

Investee	Number of shares	2022			2021		
		Cemig interest (%)	Share capital	Equity	Cemig interest (%)	Share capital	Equity
Cemig Geração e Transmissão	2,896,785,358	100.00	5,473,724	9,635,539	100.00	4,123,724	7,755,454
MESA (3)	24,796,536,323	7.53	12,202,337	229,341	15.51	10,619,786	1,492,037
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	96,114	49.00	35,000	120,436
Guanhães Energia (2)	548,626,000	49.00	548,626	372,610	49.00	548,626	255,453
Hidrelétrica Pipoca	41,360,000	49.00	41,360	95,395	49.00	41,360	93,385
Baguari Energia (1)	26,157,300,278	69.39	186,573	231,057	69.39	186,573	242,736
Parajuru	85,834,843	100.00	85,835	158,482	100.00	85,835	128,466
Volta do Rio	274,867,441	100.00	274,867	248,173	100.00	274,867	206,783
Paracambi (formely Lightger)	79,078,937	49.00	79,232	123,342	49.00	79,232	97,525
Aliança Norte (5)	41,949,320,044	49.00	1,209,750	1,083,789	49.00	1,209,043	1,147,947
Amazônia Energia (1) (4)	1,322,897,723	74.50	1,323,042	1,188,630	74.50	1,322,698	1,251,811
Aliança Geração	1,291,582,500	45.00	1,291,488	2,038,988	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	318,815	49.90	225,350	345,868
Itaocara	156,259,500	49.00	206,712	15,126	49.00	156,259	(42,381)
Cemig Baguari	406,000	100.00	406	67	100.00	406	88
Cemig Geração Três Marias	1,291,423,369	100.00	1,291,423	1,727,594	100.00	1,291,423	1,652,343
Cemig Geração Salto Grande	405,267,607	100.00	405,268	562,308	100.00	405,268	526,776
Cemig Geração Itutinga	151,309,332	100.00	151,309	231,057	100.00	151,309	211,956
Cemig Geração Camargos	113,499,102	100.00	113,499	182,960	100.00	113,499	165,369
Cemig Geração Sul	148,146,505	100.00	148,147	251,765	100.00	148,147	214,845
Cemig Geração Leste	100,568,929	100.00	100,569	167,959	100.00	100,569	147,702
Cemig Geração Oeste	60,595,484	100.00	60,595	125,521	100.00	60,595	105,990
Rosal Energia	46,944,467	100.00	46,944	123,305	100.00	46,944	114,751
Sá Carvalho	361,200,000	100.00	36,833	138,259	100.00	36,833	134,209
Horizontes Energia	39,257,563	100.00	39,258	60,535	100.00	39,258	59,575
Cemig PCH	45,952,000	100.00	45,952	98,917	100.00	45,952	90,117
Cemig Geração Poço Fundo	139,084,745	100.00	139,085	171,954	100.00	97,162	144,128
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	11,004	100.00	486	7,734
Cemig Trading	1,000,000	100.00	1,000	5,639	100.00	1,000	2,158
Centroeste	28,000,000	100.00	28,000	120,173	100.00	28,000	122,079
Cemig Distribuição	2,359,113,452	100.00	5,371,998	7,105,260	100.00	5,371,998	6,942,666
Taesa	1,033,496,721	21.68	3,042,034	6,570,477	21.68	3,042,034	6,684,756
Gasmig	409,255,483	99.57	665,429	1,372,699	99.57	665,429	1,221,602
Cemig Sim	112,420,992	100.00	175,033	198,880	100.00	102,153	111,433
Sete Lagoas	36,857,080	100.00	36,857	72,526	100.00	36,857	65,210
UFV Janaúba	18,509,900	49.00	6,510	6,983	49.00	6,510	5,507
UFV Corinto	18,000,000	49.00	15,900	17,224	49.00	18,000	18,893
UFV Manga	21,235,933	49.00	19,300	21,188	49.00	21,661	22,155
UFV Bonfinópolis	13,197,187	49.00	11,800	13,174	49.00	13,197	13,226
UFV Lagoa Grande	25,471,844	49.00	23,000	24,917	49.00	25,472	26,249
UFV Lontra	29,010,219	49.00	26,500	29,134	49.00	29,010	29,406
UFV Mato Verde	11,030,391	49.00	10,200	11,381	49.00	11,030	11,337
UFV Mirabela	9,320,875	49.00	8,600	9,682	49.00	9,321	9,450
UFV Porteirinha I	12,348,392	49.00	10,700	11,331	49.00	12,348	12,596
UFV Porteirinha II	11,702,733	49.00	11,400	12,405	49.00	11,703	11,904
UFV Brasilândia	25,629,900	49.00	24,000	26,002	49.00	25,879	26,625
UFV Fazenda Prudente de Moraes ("UFV Prudente de Moraes")	35,050,000	100.00	35,050	34,645	-	-	-
UFV Apolo I	8,258,980	49.00	8,259	8,500	-	-	-
UFV Campo Lindo I	13,323,845	49.00	13,324	13,231	-	-	-
UFV Campo Lindo II	13,323,845	49.00	13,324	13,590	-	-	-
UFV Olaria I	13,323,845	49.00	13,324	13,472	-	-	-

(1) Joint venture based on shareholders agreement.

(2) On June 23, 2022, Light concluded the sale of its equity interests in Guanhães Energia and Lightger to Brasal Energia S.A.. The operation consisted of the sale to Brasal Energia S.A. of the total interest held by Light representing 51% of the capital stock of Lightger and Guanhães Energia.
(3) Indirect participation in Santo Antônio Plant through this investee.
(4) Indirect participation in Belo Monte Plant through this investee.

The main balances for the affiliated and jointly controlled entities, at December 31, 2022 is as follows:

2022	Taesa	Paracambi (formely Lightger)	Hidrelétrica Cachoeirão	Hidrelétrica Pipoca	Retiro Baixo
Assets					
Current	2,261,366	62,992	15,485	19,753	63,163
Cash and cash equivalents	759,706	59,516	10,932	14,406	49,213
Non-current	13,197,257	109,681	90,105	98,615	337,170
Total assets	**15,458,623**	**172,673**	**105,590**	**118,368**	**400,333**
Liabilities					
Current	817,274	11,242	928	7,861	25,200
Loans and financings	1,957	8,623	-	6,613	13,812
Non-current	8,044,824	38,089	655	7,190	44,561
Loans and financings	372,293	38,089	-	7,070	27,601
Equity	6,596,525	123,342	104,007	103,317	330,572
Total liabilities and equity	**15,458,623**	**172,673**	**105,590**	**118,368**	**400,333**
Statement of income					
Net sales revenue	1,621,383	62,385	42,556	44,807	77,283
Cost of sales	(175,807)	(17,258)	(12,134)	(9,424)	(3,512)
Depreciation and amortization	(8,878)	(11,783)	(3,485)	(4,350)	(8,898)
Gross income (loss)	**1,445,576**	**45,127**	**30,422**	**35,383**	**73,771**
General and administrative expenses	(197,166)	(2,096)	-	(1,184)	(3,645)
Finance income	652,277	5,856	3,901	3,069	9,781
Finance expenses	(1,700,447)	(4,324)	(27)	(1,463)	(4,844)
Operational income (loss)	**200,240**	**44,563**	**34,296**	**35,805**	**75,063**
Share of (loss) income, net, of subsidiaries and joint ventures	924,707	-	-	-	-
Income tax and social contribution tax	324,268	(3,984)	(2,725)	(2,451)	(25,559)
Net income (loss) for the year	**1,449,215**	**40,579**	**31,571**	**33,354**	**49,504**
Comprehensive income (loss) for the year					
Net income (loss) for the year	1,449,215	40,579	31,571	33,354	49,504
Comprehensive income (loss) for the year	**1,449,215**	**40,579**	**31,571**	**33,354**	**49,504**

2022	Aliança Norte	Guanhães Energia	Amazônia Energia	Madeira Energia	Baguari Energia
Assets					
Current	264	132,307	146	1,818,829	83,027
Cash and cash equivalents	261	3,118	146	923,599	10,471
Non-current	1,091,377	375,482	1,190,554	20,953,217	205,105
Total assets	**1,091,641**	**507,789**	**1,190,700**	**22,772,046**	**288,132**
Liabilities					
Current	39	38,127	1,581	2,570,839	24,970
Loans and financings	-	11,782	-	655,361	-
Non-current	7,813	97,052	489	19,971,866	24,326
Loans and financings	-	79,587	-	13,546,024	-
Equity	1,083,789	372,610	1,188,630	229,341	238,836
Total liabilities and equity	**1,091,641**	**507,789**	**1,190,700**	**22,772,046**	**288,132**
Statement of income					
Net sales revenue	-	56,864	-	4,137,130	81,279
Cost of sales	-	(45,247)	(77)	(3,451,054)	(28,504)
Depreciation and amortization	-	(16,012)	-	-	(10,487)
Gross incme (loss)	**-**	**11,617**	**(77)**	**686,076**	**52,775**
General and administrative expenses	(64,959)	-	-	(149,579)	(122)
Finance income	20	89,794	-	361,215	9,495
Finance expenses	(3)	(10,633)	(2)	(3,520,551)	(3,640)
Operational income (loss)	**(64,942)**	**90,778**	**(79)**	**(2,622,839)**	**58,508**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	(63,246)	-	-
Income tax and social contribution tax	-	(32,062)		(222,408)	(19,869)
Net income (loss) for the year	**(64,942)**	**58,716**	**(63,325)**	**(2,845,247)**	**38,639**
Comprehensive income (loss) for the year					
Net income (loss) for the year	(64,942)	58,716	(63,325)	(2,819,153)	38,639
Comprehensive income (loss) for the year	**(64,942)**	**58,716**	**(63,325)**	**(2,819,153)**	**38,639**

	Aliança Geração	Usina Hidrelétrica Itaocara S,A,	UFV Janaúba	UFV Corinto	UFV Manga
Assets					
Current	724,133	3,695	3,800	1,587	2,442
Cash and cash equivalents	448,561	3,584	2,954	694	948
Non-current	3,467,626	11,709	17,553	16,722	20,020
Total assets	**4,191,759**	**15,404**	**21,353**	**18,309**	**22,462**
Liabilities					
Current	382,716	278	1,908	277	330
Loans and financing	135,870	-	1,742	-	-
Non-current	1,488,645	-	12,462	808	944
Loans and financing	712,892	-	11,178	-	-
Equity	2,320,398	15,126	6,983	17,224	21,188
Total liabilities and equity	**4,191,759**	**15,404**	**21,353**	**18,309**	**22,462**
Statement of income					
Net sales revenue	1,109,022	-	-	5,980	7,343
Cost of sales	(608,497)	(253)	4,628	(1,089)	(1,119)
Depreciation and amortization	(124,004)	-	(1,111)	-	-
Gross income (loss)	**500,525**	**(253)**	**4,628**	**4,891**	**6,224**
General and administrative expenses	(42,854)	-	-	(82)	(61)
Finance income	61,101	431	198	12	37
Finance expenses	(109,271)	(6,676)	(1,007)	(210)	(158)
Operational income (loss)	**409,501**	**(6,498)**	**3,819**	**4,611**	**6,042**
Share of (loss) income, net, of subsidiaries and joint ventures	10,986	-	-	-	-
Income tax and social contribution tax	(139,078)	-	(714)	(655)	(819)
Net income (loss) for the year	**281,409**	**(6,498)**	**3,105**	**3,956**	**5,223**
Comprehensive income (loss) for the year					
Net income (loss) for the year	281,409	(6,498)	3,105	3,956	5,223
Comprehensive income (loss) for the year	**281,409**	**(6,498)**	**3,105**	**3,956**	**5,223**

2022	UFV Bonfinópolis II	UFV Lagoa Grande	UFV Lontra	UFV Olaria 1	UFV Mato Verde	UFV Mirabela
Assets						
Current	1,721	3,016	3,615	942	1,191	1,076
Cash and cash equivalents	792	1,434	1,896	610	557	470
Non-current	12,488	23,396	27,070	13,293	10,851	9,269
Total assets	**14,209**	**26,412**	**30,685**	**14,235**	**12,042**	**10,345**
Liabilities						
Current	495	364	674	171	208	259
Loans and financing	25	-	-	-	-	-
Non-current	540	1,131	877	592	453	404
Loans and financing	-	-	-	563	-	29
Equity	13,174	24,917	29,134	13,472	11,381	9,682
Total liabilities and equity	**14,209**	**26,412**	**30,685**	**14,235**	**12,042**	**10,345**
Statement of income						
Net sales revenue	-	7,901	10,333	2,086	4,006	3,026
Cost of sales	(779)	(1,226)	(1,351)	(761)	(749)	(635)
Depreciation and amortization	-	-	-	(558)	-	-
Gross income (loss)	**(779)**	**6,675**	**8,982**	**1,325**	**3,257**	**2,391**
General and administrative expenses	(76)	(91)	(84)	(107)	(63)	(57)
Finance income	577	32	80	5	54	309
Finance expenses	(215)	(85)	(171)	(2)	(148)	(94)
Operational income (loss)	**(493)**	**6,531**	**8,807**	**1,221**	**3,100**	**2,549**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	-	-	-	-
Income tax and social contribution tax	3,053	(879)	(1,170)	(215)	(447)	(422)
Net income (loss) for the year	**2,560**	**5,652**	**7,637**	**1,006**	**2,653**	**2,127**
Comprehensive income (loss) for the year						
Net income (loss) for the year	2,560	5,652	7,637	1,006	2,653	2,127
Comprehensive income (loss) for the year	**2,560**	**5,652**	**7,637**	**1,006**	**2,653**	**2,127**

2022	UFV Porteirinha I	UFV Porteirinha II	UFV Brasilândia	UFV Apolo 1	UFV Campo Lindo 1	UFV Campo Lindo 2
Assets						
Current	1,043	1,533	3,100	703	676	1,058
Cash and cash equivalents	288	749	1,543	206	484	653
Non-current	11,625	11,778	27,616	8,298	13,250	13,218
Total assets	**12,668**	**13,311**	**30,716**	**9,001**	**13,926**	**14,276**
Liabilities						
Current	159	183	3,596	98	132	123
Loans and financing	-	-	-	-	-	-
Non-current	1,178	723	1,118	403	563	563
Loans and financing	676	198	2,770	403	563	563
Equity	11,331	12,405	26,002	8,500	13,231	13,590
Total liabilities and equity	**12,668**	**13,311**	**30,716**	**9,001**	**13,926**	**14,276**
Statement of income						
Net sales revenue	3,758	3,946	7,826	2,379	2,711	2,373
Cost of sales	(813)	(795)	(1,642)	(546)	(755)	(755)
Depreciation and amortization	-	-	-	(349)	(558)	(558)
Gross income (loss)	**2,945**	**3,151**	**6,184**	**1,833**	**1,956**	**1,618**
General and administrative expenses	(73)	(74)	(113)	(111)	(115)	(109)
Finance income	25	19	945	3	9	6
Finance expenses	(202)	(87)	(75)	(3)	(4)	(3)
Operational income (loss)	**2,695**	**3,009**	**6,941**	**1,722**	**1,846**	**1,512**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	-	-	-	-
Income tax and social contribution tax	(409)	(427)	(1,180)	(250)	(288)	(249)
Net income (loss) for the year	**2,286**	**2,582**	**5,761**	**1,472**	**1,558**	**1,263**
Comprehensive income (loss) for the year						
Net income (loss) for the year	2,286	2,582	5,761	1,472	1,558	1,263
Comprehensive income (loss) for the year	**2,286**	**2,582**	**5,761**	**1,472**	**1,558**	**1,263**

The main balances for the affiliated and jointly controlled entities, at December 31, 2021 is as follows:

2021	Hidrelétrica Itaocara S.A.	Ativas Data Center	Taesa	Axxiom Soluções Tecnológicas	Paracambi (formely Lightger)
Assets					
Current	4,618	42,324	2,135,183	12,863	35,465
Cash and cash equivalents	4,513	16,086	384,824	3,572	29,382
Non-current	11,292	95,931	13,760,452	18,804	119,645
Total assets	**15,910**	**138,255**	**15,895,635**	**31,667**	**155,110**
Liabilities					
Current	58,291	39,387	1,417,130	20,877	11,375
Loans and financing	-	23,778	15,672	6,997	8,573
Non-current	-	18,505	7,793,749	2,062	46,210
Loans and financing	-	14,214	614,073	-	46,211
Equity	(42,381)	80,363	6,684,756	8,728	97,525
Total liabilities and equity	**15,910**	**138,255**	**15,895,635**	**31,667**	**155,110**
Statement of income					
Net sales revenue	-	89,989	3,472,049	28,021	54,232
Cost of sales	(36,070)	(84,929)	(648,988)	(27,934)	(25,917)
Depreciation and amortization	-	(9,735)	(8,560)	(1,179)	(10,587)
Gross income (loss)	**(36,070)**	**5,060**	**2,823,061**	**87**	**28,315**
General and administrative expenses	-	(7,483)	(169,246)	(4,136)	(1,645)
Finance income	133	436	34,283	90	2,433
Finance expenses	(30,556)	(2,989)	(844,392)	(849)	(11,073)
Operational income (loss)	**(66,493)**	**(4,976)**	**1,843,706**	**(4,808)**	**18,030**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	781,438	-	-
Income tax and social contribution tax	-	(375)	(411,430)	(117)	(2,554)
Net income (loss) for the year	**(66,493)**	**(5,351)**	**2,213,714**	**(4,925)**	**15,476**
Comprehensive income (loss) for the year					
Net income (loss) for the year	(66,493)	(5,351)	2,213,714	(4,925)	15,476
Equity valuation adjustments	-	-	37,761	-	-
Comprehensive income (loss) for the year	**(66,493)**	**(5,351)**	**2,251,475**	**(4,925)**	**15,476**

2021	Hidrelétrica Cachoeirão	Hidrelétrica Pipoca	Retiro Baixo	Aliança Norte	Guanhães Energia
Assets					
Current	29,407	17,532	111,093	97	15,605
Cash and cash equivalents	25,397	11,968	98,593	88	5,205
Non-current	92,761	101,264	321,788	1,149,638	391,787
Total assets	**122,168**	**118,796**	**432,881**	**1,149,735**	**407,392**
Liabilities					
Current	867	9,551	37,780	234	41,255
Loans and financing	-	6,543	13,705	-	11,951
Non-current	865	13,860	49,234	1,554	110,684
Loans and financing	-	13,497	41,086	-	92,680
Equity	120,436	95,385	345,867	1,147,947	255,453
Total liabilities and equity	**122,168**	**118,796**	**432,881**	**1,149,735**	**407,392**
Statement of income					
Net sales revenue	37,282	38,739	70,221	-	51,536
Cost of sales	(8,002)	(11,356)	(25,532)	(481)	(54,595)
Depreciation and amortization	(3,088)	(3,205)	(8,848)	-	(18,009)
Gross income	**29,280**	**27,383**	**44,689**	**(481)**	**(3,059)**
General and administrative expenses	-	(1,978)	(2,854)	(1,584)	-
Finance income	1,271	346	4,332	8	473
Finance expenses	(10)	(1,712)	(4,777)	(7)	(8,445)
Operational income (loss)	**30,541**	**24,039**	**41,390**	**(2,064)**	**(11,031)**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	-	(38,953)	-
Income tax and social contribution tax	(1,707)	(1,142)	(13,775)	-	(1,660)
Net income (loss) for the year	**28,834**	**22,897**	**27,615**	**(41,017)**	**(12,691)**
Comprehensive income (loss) for the year					
Net income (loss) for the year	28,834	22,897	27,615	(41,017)	(12,691)
Comprehensive income (loss) for the year	**28,834**	**22,897**	**27,615**	**(41,017)**	**(12,691)**

2021	Amazônia Energia	Madeira Energia (1)	Baguari Energia	Aliança Geração	UFV Janaúba
Assets					
Current	101	927,739	71,753	727,760	1,188
Cash and cash equivalents	101	179,644	3,245	378,108	1,173
Non-current	1,253,799	23,286,096	218,200	3,364,245	17,864
Total assets	**1,253,900**	**24,213,835**	**289,953**	**4,092,005**	**19,052**
Liabilities					
Current	2,090	2,309,383	21,346	761,742	1,804
Loans and financing	-	116,120	-	101,316	-
Non-current	-	20,412,415	25,870	1,472,358	11,741
Loans and financing	-	12,827,607	-	700,351	-
Equity	1,251,810	1,492,037	242,737	1,857,905	5,507
Total liabilities and equity	**1,253,900**	**24,213,835**	**289,953**	**4,092,005**	**19,052**
Statement of income					
Net sales revenue	-	3,757,969	76,527	1,095,636	4,591
Cost of sales	(1,647)	(2,291,671)	(9,041)	(101,761)	(2,230)
Depreciation and amortization	-	(869,997)	(11,094)	(156,802)	(1,607)
Gross income (loss)	**(1,647)**	**1,466,298**	**67,486**	**993,875**	**2,361**
General and administrative expenses	-	(80,547)	(78)	(44,315)	-
Finance income	-	265,048	3,978	41,720	20
Finance expenses	(1)	(3,475,505)	(3,577)	(233,424)	(833)
Operational income (loss)	**(1,648)**	**(1,824,706)**	**67,809**	**757,856**	**1,548**
Share of (loss) income, net, of subsidiaries and joint ventures	(42,286)	-	-	-	-
Income tax and social contribution tax	-	1,812,320	(23,031)	(252,020)	(503)
Net income (loss) for the year	**(43,934)**	**(12,386)**	**44,778**	**505,836**	**1,045**
Comprehensive income (loss) for the year					
Net income (loss) for the year	(43,934)	(12,386)	44,778	505,836	1,045
Comprehensive income (loss) for the year	**(43,934)**	**(12,386)**	**44,778**	**505,836**	**1,045**

2021	UFV Corinto	UFV Manga	UFV Bonfinópolis II	UFV Lagoa Grande	UFV Lontra
Assets					
Current	2,963	2,767	2,408	3,275	4,183
Cash and cash equivalents	2,485	2,272	1,790	2,792	3,007
Non-current	16,539	19,759	11,468	23,318	26,490
Total assets	**19,502**	**22,526**	**13,876**	**26,593**	**30,673**
Liabilities					
Current	609	371	650	344	1,267
Equity	18,893	22,155	13,226	26,249	29,406
Total liabilities and equity	**19,502**	**22,526**	**13,876**	**26,593**	**30,673**
Statement of income					
Net sales revenue	4,582	6,042	2,509	6,088	5,037
Cost of sales	-	-	-	-	-
Depreciation and amortization	(716)	(903)	(376)	(923)	(1,009)
Gross income (loss)	**4,582**	**6,042**	**2,509**	**6,088**	**5,037**
General and administrative expenses	(963)	(1,070)	(819)	(1,163)	(1,211)
Finance income	-	18	-	-	-
Finance expenses	(82)	(37)	(4)	(7)	(381)
Operational income (loss)	**3,537**	**4,953**	**1,686**	**4,918**	**3,445**
Income tax and social contribution tax	(493)	(663)	(259)	(663)	(545)
Net income (loss) for the year	**3,044**	**4,290**	**1,427**	**4,255**	**2,900**
Comprehensive income (loss) for the year					
Net income (loss) for the year	3,044	4,290	1,427	4,255	2,900
Comprehensive income (loss) for the year	**3,044**	**4,290**	**1,427**	**4,255**	**2,900**

2021	UFV Mato Verde	UFV Mirabela	UFV Porteirinha I	UFV Porteirinha II	UFV Brasliândia
Assets					
Current	1,386	1,105	2,484	908	2,976
Cash and cash equivalents	992	879	1,977	397	2,303
Non-current	10,723	9,224	11,476	11,627	27,045
Total assets	**12,109**	**10,329**	**13,960**	**12,535**	**30,021**
Liabilities					
Current	772	879	1,364	631	3,396
Equity	11,337	9,450	12,596	11,904	26,625
Total liabilities and equity	**12,109**	**10,329**	**13,960**	**12,535**	**30,021**
Statement of income					
Net sales revenue	2,607	2,148	2,492	2,648	5,308
Cost of sales	-	-	-	-	-
Depreciation and amortization	(449)	-	(437)	(426)	(1,114)
Gross income	**2,607**	**2,148**	**2,492**	**2,648**	**5,308**
General and administrative expenses	(649)	(630)	(692)	(725)	(1,403)
Finance income	-	-	-	-	4
Finance expenses	(2)	(7)	(13)	(3)	(3)
Operational income (loss)	**1,956**	**1,511**	**1,787**	**1,920**	**3,906**
Income tax and social contribution tax	(271)	(219)	(257)	(275)	(577)
Net income (loss) for the year	**1,685**	**1,292**	**1,530**	**1,645**	**3,329**
Comprehensive income (loss) for the year					
Net income (loss) for the year	1,685	1,292	1,530	1,645	3,329
Comprehensive income (loss) for the year	**1,685**	**1,292**	**1,530**	**1,645**	**3,329**

Madeira Energia S.A. ('MESA') and FIP Melbourne (special purpose vehicle through which Cemig GT helds interests in 'SAAG')

Santo Antônio Energia S.A ('SAESA') is a wholy-owned subsidiary of MESA, whose objects are operation and maintenance of the Santo Antônio Hydroelectric Plant and its transmission system, for 35 years from its signature, on June 13, 2008. The Santo Antônio Hydroelectric Plant began commercial operation with its first generating unit in 2012 and reached full generation in December 2016. Between the shareholders include Furnas, Odebrecht Energia, SAAG and the Company.

On December 31, 2022, MESA continues to have negative net working capital, in the amount of R$752,010. It should be noted that in the second quarter of 2022 there was a cash inflow of R$1,583,098, as a result of the capital increase approved at the EGM held for this purpose on April 29, 2022 and paid by the other investors. This resource was used in the third quarter of 2022, almost in its entirety, to pay the settlements resulting from the conclusion of arbitration proceedings involving the construction consortium and other parties, mentioned in more detail below. As for the low short-term liquidity, it should be noted that the hydroelectric plants constituted under the Project Finance format structurally present negative net working capital in the first years of operation, since they are constituted with high financial leverage indexes. On the other hand, they count on firm energy sales contracts of long term as support and guarantee of payment of their debts.

To equalize its capital structure and liquidity situation, MESA has also been adopting actions aimed at readjusting its operating costs, protecting its exposure to hydrological risks, improving its capital structure and managing its energy operations.

Dilution of Cemig GT's equity interest in Mesa

On June 7, 2022, the shareholder Furnas subscribed new common shares issued by Mesa, in the amount of R$1,582,552, as a result of the capital increase approved by an Extraordinary General Meeting of Shareholders held on April 29, 2022, and in view of the other shareholders waiving their first refusal rights. With the paying up of the shares subscribed, the equity interest held by Furnas in Mesa increased from 43.06% to 72.36%, diluting the total equity interest held by Cemig GT from 15.51% to 7.53%. This percentage does not take into account the result of the arbitration proceeding CAM 115/2018, described in the next item of this Note.

On July 7, 2022 a Contract to Cancel the Shareholders' Agreement was signed at the Extraordinary General Meeting of Shareholders of Mesa, resulting in Furnas assuming shareholding control of Mesa. This EGM also decided to change the composition of the Boards of Directors of SAE and Mesa. These boards now each have 11 members, and Cemig GT and SAAG have the right to appoint, jointly, one member (and that member's alternate) to each board, until such time as Cemig GT and SAAG are completely released from all and any liabilities, obligations and/or guarantees given to Mesa and/or SAE under the financing contracts and instruments, including those related to acquisition of energy. As a result, even with the cancellation of the shareholders' agreement, the position of the Company continued to qualify as significant influence over the investee.
With the aforementioned capital increase, the invested company started to present positive shareholders' equity, and the conditions that led the Company to recognize, on December 31, 2021, the provision for the overdraft liability no longer exist. Consequently, the Company reversed this provision.

As a result of the changes in the equity stakes in MESA motivated by the aforementioned capital increase, the amendments to SAE's financing instruments were signed in November 2022, in order to equalize the guarantees given by the shareholders and their economic groups, making them proportional to the new equity stakes.

Arbitration proceeding 21,511/ASM/JPA (c. 21,673/ASM) - Santo Antônio Energia S.A.

On January 31, 2022, was released the arbitration decision on arbitration proceeding in CCI (International Chamber of Commerce) Nº 21,511/ASM/JPA (c. 21,673/ASM), which consolidated the matters between *Santo Antônio Energia S.A.* (SAESA), *Consórcio Construtor Santo Antônio* (CCSA) and other parties, relating, in summary, to the following issues:

i. CCSA will be responsible to reimburse SAE on the energy purchased considering the delay in the power plant construction.
ii. SAE will be responsible to reimburse the CCSA on the costs increases due to, mainly, from strikes and work stoppages occurred from 2009 to 2013.

On February 7, 2022, the International Arbitration Court of CCI indicates that part of the main claims of SAE were rejected, and the main claims of CCSA were rejected, as well as some of the claims of its co-consortium members against SAE. Also, the arbitration decision initially declared as being without effect the instrument entitled "Terms and Conditions", which was the basis for recognition by the Company of the "Reimbursable Expenditures", as set out in a note to the financial statements of SAE.

As well as the granted CCSA claims, with which Saesa disagrees, that have already been provisioned in SAESA financial statements as "Guarantee Deposits" (R$770 million) and "Other Provisions" (R$492 million), other claims were also granted with an estimated additional value of R$226 million payable.

On June 30, 2022 SAE, in a joint petition with Grupo Industrial Complexo Rio Madeira - GICOM, applied for extinction of the Action for Execution of Judgment filed by GICOM, which related to a portion of the amount defined by the Arbitration Judgment, due to an amicable agreement having been reached between the parties. This agreement terminated the action in which GICOM claimed R$645 million.

On August 4, 2022, a Transaction Agreement was signed between SAE and Grupo Civil, part of CCSA, comprising the companies CNO S.A., Andrade Gutierrez Engenharia S.A. and Novonor Serviços e Participações S.A. - In Judicial Recovery, for definitive termination of the Arbitration Proceeding CCI 21,511/ASM/JPA.

Concomitantly with signature of the agreement, the Parties signed and filed, on August 4, 2022, a joint petition for termination of (a) Arbitration Proceeding CCI 21,511/ASM/JPA, and (b) the Action for Execution of Judgment filed by Grupo Civil, in relation to the claimed amount of R$962 million, which was the remainder of the amount decided by the Arbitration Judgment. On October 3, 2022, SAE paid the final tranche, of R$202,945, under the agreement signed with the construction company Grupo Civil ('GCIVIL'), completing closure of CCI Arbitration Proceeding 21.511/ASM/JPA, and the Action for Compliance with Judgment brought by GCIVIL.

Under the financing contracts signed with the Brazilian Development Bank ('BNDES') and financing contracts under on lending from the BNDES, any obligations arising for SAE under judgments in the arbitration proceedings are to be paid in accordance with the terms of the respective financing contracts.

Thus, the capital increase subscribed and paid up on June 7, 2022 as described above, in the amount of R$1,582,551 was allocated to pay debts arising from Arbitration Judgment CCI21,511/ASM/JPA, being used for payment of the amounts under the agreement signed with GICOM and Grupo Civil.

The agreement between FIP Melbourne and AGPar - CCBC Arbitration Judgment 86/2016

The share purchase agreement that governed the transaction for acquisition of the shares of SAAG by the Company specifies payment of indemnity to FIP Melbourne by AGPar in the event of any excess cost in Mesa as a result of any causative factor prior to the signature of that agreement. From the conclusion of the transaction in 2014, up to the year 2016, there were extraordinary expenditures, which had to be borne by FIP Melbourne, and which, in FIP Melbourne’s understanding, were within the scope of the provision of the share purchase agreement. Since agreement was not reached with AGPar on these questions, FIP Melbourne filed arbitration proceedings with the Brazil-Canada Chamber of Commerce.

The final arbitration judgment was given in January 2021, in favor of FIP Melbourne, and in August 2022 an agreement was signed between the parties to terminate litigation, establishing the updated amount of compensation at R$200 million, which was paid on September 12, 2022.

Considering the interest of CEMIG GT in FIP Melbourne, the Company recognized a gain of R$160.643, in the Statement of income for 2022. Additionally, the provision for the put option was adjusted to reflect this decision.

Amazônia Energia S.A. and Aliança Norte Energia S.A.

Amazônia Energia and Aliança Norte are shareholders of Norte Energia S.A. (‘NESA’), which holds the concession to operate the *Belo Monte* Hydroelectric Plant. Through the jointly controlled entities referred to above, Cemig GT owns an indirect equity interest in NESA of 11.69%.

On December 31, 2022 NESA had negative net working capital of R$494,493 (R$189,028 on December 31, 2021). According to the estimates and projections, the situation of negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations.

On September 21, 2015, NESA was awarded a preliminary injunction ordering ANEEL to abstain from applying penalties or sanctions to NESA in relation to the delay in Belo Monte Hydroelectric Plant to start operations , until the hearing of the application for an injunction made in the original case. The legal advisers of NESA have classified the probability of loss as ‘possible’ and estimated the potential loss on December 31, 2022 to R$2,972,000 (R$2,832,000 on December 31, 2021). The potential impact for the Company is limited to its investment interest in NESA.

Share purchase agreement for acquisition of SPCs owning photovoltaic plants

On April 7, 2022, Cemig Sim signed share purchase agreements to acquire equity interests of 49% in six special-purpose companies (SPCs), held by G2 Energia e Empreendimentos Imobiliários Ltda. and by Apolo Empreendimentos e Energia Ltda.

These SPCs own six photovoltaic plants in Lavras, Minas Gerais, operating in shared mini-distributed generation, with total generation capacity of 18.5MWp (information of MW not audited). They will serve clients in the low-voltage residential, commercial and industrial markets.

On August 4, 2022, acquisition of equity interests in four of the SPCs that were the subject of these agreements was completed, upon implementation of all the required conditions for completion, as shown in this table:

	Plant	Power (MWp) (1)	Shareholders' equity on acquisition date	Adjusted acquisition price	Retention
G2 OLARIA 1 ENERGIA S.A.	Olaria 1	3.25	13,329	7,047	(1,057)
G2 CAMPO LINDO 1 ENERGIA S.A.	Campo Lindo 1	3.25	13,361	7,067	(1,060)
G2 CAMPO LINDO 2 ENERGIA S.A.	Campo Lindo 2	3.25	14,226	7,046	(1,057)
APOLO 1 SPE EMPREENDIMENTOS E ENERGIA S/A	Apolo 1	2.75	9,389	5,925	(889)
G2 OLARIA 2 ENERGIA S/A	Olaria 2	3.25	-	-	-
APOLO 2 SPE EMPREENDIMENTOS E ENERGIA S/A	Apolo 2	2.75	-	-	-
Total		**18.5**	**50,305**	**27,085**	**(4,063)**

(1) Data not audited by external auditors.

The value of the acquisition is R$27,085, of which R$23,022 was paid on the closing date. The remaining amount of R$4,063, or 15% of the acquisition price, is withheld by Cemig Sim as a guarantee of compliance by the Vendors with obligations to indemnify the purchaser, under the agreements. Release of this amount to the Vendor depends on occurrence of certain events specified in each agreement.

On January 13, 2023, Cemig Sim concluded the acquisition of 49% of the equity interest in Apolo 2 SPE Empreendimentos e Energia S.A.. The acquisition value corresponds to R$5,759, being effectively paid on the closing date the amount of R$4,895. The remaining R$864, representing 15% of the acquisition price, was retained by Cemig Sim as a guarantee for compliance with the obligation of the Seller to indemnify the Buyer, in accordance with the contractual terms, and the release of the amount retained as guarantee to the Seller depends on the occurrence of certain events, as provided for in the contract. The conditions precedent for the closing of the transaction have been duly met.

The closing of the acquisition of an equity stake in SPE Olaria 2 depends on the implementation of the suspensive conditions established in the share purchase and sale agreement, and the estimated amount for this is R$6,530, subject to the price adjustment mechanisms provided for in the agreement.

Acquisition of interests in SPCs owning photovoltaic plants

On June 29, 2022, Cemig approved acquisition, through its wholly-owned subsidiary Cemig Sim, of 100% of the interests held by Genesys Participação Societária Ltda. and Mr. Antônio Carlos Torres in the special-purpose companies ('SPCs') owning photovoltaic generation plants listed below.

The plants, located in Minas Gerais, are in the construction phase, and the closing of the transaction, besides being subject to the usual conditions precedent in this type of transaction, will only take place after the plants start operating.

The estimated value of the operation is approximately R$100,000, as shown in the table below:

	Power (MWp) (2)	Consideration transferred	Operational start-up forecast
UFV Prudente de Moraes (1)	6.46	41,000	Jul. 2022
UFV Montes Claros	3.20	20,000	Mar. 023
UFV Jequitibá	6.25	39,000	Aug. 2023
Total	**16.21**	**100,000**	

(1) UFV Prudente de Moraes started operating in 2022.
(2) Data not audited by external auditors.

On September 7, 2022, Cemig Sim concluded acquisition of 100% of the shares of the *Prudente de Moraes* photovoltaic generation business. This followed approval by the monopolies authority, CADE, and conclusion of due diligence.

The following shows preliminary measurements of the fair value of the assets and liabilities acquired:

Prudente de Morais solar generation plant	R$'000
Equity value	35,100
Fair value adjustments of net assets of the investee	13,591
Fair value of net assets acquired	**48,691**
Bargain purchase, recognized in the September 2022 Statement of income	5,340
Total value of the consideration paid for 100% of the Prudente de Moraes solar business	**43,351**

(1) The consideration paid include the fair value off the contingent consideration in the amount of R$2,000.

Assets	Fair value on date of acquisition	Liabilities	Fair value on date of acquisition
Current	**132**	**Current**	**270**
Cash and cash equivalents	84	Other current liabilities	270
Other current assets	48		
		Non-current	**4,858**
Non-current	**56,988**	Other non-current liabilities	4,858
Fixed assets	35,006		
Right to use - Leasing	5,090		
Intangible asset - Right of commercial operation	13,591		
		Total of the net assets at fair value	**48,691**

For the Cemig Group, the acquisition will increase its participation in the generation sector, and its total generation output, ensuring efficient supply of energy to consumers, due to its expertise in this market.

c) Risks related to compliance with law and regulations

Jointly controlled investees:

Norte Energia S.A. ('NESA') - through Amazônia Energia and Aliança Norte

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other shareholders of NESA and certain executives of those other shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other shareholders, which are still in progress. At present, it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee, further to the write-downs of infrastructure assets in the amount of R$183,000 recorded at NESA in 2015, based on the results of the independent internal investigation conducted by NESA and its other shareholders, the results of which were reflected in the Company through the equity method in that same year.

On March 9, 2018 '*Operação Fortuna'* started, as a 49th phase of '*Operation Lava Jato*' ('Operation Carwash'). This operation investigates payment of bribes by the construction consortium of the *Belo Monte* power plant, comprising the companies Camargo Corrêa, Andrade Gutierrez, Odebrecht, OAS and J. Malucelli.

The Company's management, based on its knowledge of the matters described above and on the independent procedure carried out, concluded that no adjustment were deemed necessary in the financial statements.

Other investigations

In addition to the cases above, there are investigations being conducted by the Public Attorneys' Office of the State of Minas Gerais ('MPMG'), which aim to investigate possible irregularities in the investments made by Cemig GT at Guanhães Energia and also at MESA.

Internal procedures for risks related to compliance with law and regulations

Taking into account the investigations that are being conducted by public authorities at the Company and at certain investees, as described above, the governance bodies of the Company have authorized contracting a specialized company to analyze the internal procedures related to these investments, as well as the factors that led the Company to be assessed by federal tax authority for not paying withholding income tax in the acquisition of Light's interest from Enlighted (see Note 24). This independent investigation was subject to oversight of an independent investigation committee whose creation was approved by the Company´s Board of Directors.

The Company's internal investigation was completed and the corresponding report was issued on May 8, 2020. Considering the results of the internal investigations, no objective evidence was identified to affirm that there were illegal acts on the investments made by Company that were subject to the investigation, therefore, there was no impact in the Company consolidated the financial statements.

In the second half of 2019, Company signed tooling agreements with the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ). On December 28, 2022 and on February 13, 2023, the investigations were concluded by the SEC and DOJ respectively, without any actions being taken by these Entities.

In the end of 2020 the Company began internal procedures for investigation of allegations received by the Minas Gerais State Public Attorneys' Office, through Official Letters, the content of which basically refers to alleged irregularities in public bidding purchasing processes. The investigation is being conducted by a new Special Investigation Committee (Comitê Especial de Investigação - CEI), with support from specialized advisers.

The independent internal investigation begun in December 2020 has been concluded in the end of 2021, with the receipt of the final report, which was approved by the Investigation Committee and forwarded by the Company to the MPMG, which has not yet concluded its investigation, and no point has been identified that could have a material impact on the financial statements for December 31, 2022 or previous years. The Company awaits the outcome of the investigations by the MPMG and other national and international authorities with whom the referred report has been shared.

The Company will evaluate any changes in the future scenario and eventual impacts that could affect the financial information, when applicable. The Company continues to cooperate with domestic and foreign authorities in their analysis related to the ongoing investigations.

Accounting policy

Investments

The Company and its subsidiaries hold investments in affiliates and joint ventures. Control is obtained when the Company and/or one of its subsidiaries has the power to control the financial and operational policies of an entity to receive benefits from its activities. These investments are accounted using the equity method in the parent company and consolidated financial statements and are, initially, recognized at acquisition cost, by the consideration transferred, measured at fair value at acquisition date.

The difference between the amount paid and the amount of the shareholders' equity acquired is recognized in Investments as: (i) added value, when the economic basis is substantially related to the fair value of the net assets of the subsidiary acquired; and (ii)goodwill premium, when the amount paid is higher than the fair value of the net assets, and this difference represents the expectation of generation of future value. The goodwill premium arising from the acquisition is tested annually for impairment.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its affiliates or jointly controlled entities. At each reporting date, the Company determines whether there is objective evidence that the investment in the affiliates or jointly controlled entities is impaired. If there is such evidence, the investment carrying amount is subject to impairment testing.

The financial statements of the associates and jointly controlled subsidiaries are prepared for the same reporting periods as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The participations in consortium are accounted in accordance with CPC 19 (R2) - Joint ventures, and these investments are recognized in accordance with the Company's participation in any assets and/or liabilities held or assumed jointly. The result of these investments is recognized in proportion to the Company's participation in the revenues and expenses of the joint operation.

Business combinations

A business combination occurs when the Company or its subsidiaries acquire control of a business, whatever its legal form. The Company determines that it has acquired a business when the group of activities and assets acquired includes, at least, an input - entry of funds, and a substantive process, which together contribute materially to the capacity to generate output - an outflow of funds.

The Company and its subsidiaries accounts business combinations using the acquisition method. Thus, at the moment of acquisition the acquiring company is required to recognize and measure the identifiable assets acquired, the liabilities assumed, and the shareholding interests of non-controlling equity holders at fair value, which will result in recognition of a goodwill due to expectation of future profitability, or in a gain arising from an bargain purchase, the gain being allocated to the Statement of income for the period. Costs generated by acquisition of assets are allocated directly to the Statement of income as and when incurred.

After the initial recognition, the goodwill is measured at cost, less any accumulated impairments. For the purposes of the impairment test, the goodwill acquired in business combinations is, as from the acquisition date, allocated to each one of the cash generating units that it is expected will be benefited by the synergies of the combination.

It is the Company's understanding that the amount specifically referred to the right of concession, the right of commercial operation, or similar rights, does not constitute goodwill, including when these rights are acquired in a business combination in which the acquired entity is a concession holder, whose right to the concession has a known and defined period.

When a business combination is carried out in stages ("step-acquisition method"), the interest previously held by the Company in its investee is remeasured at the fair value at the acquisition date and the corresponding gain or loss, if any, is recognized in the statement of income.

In the parent company, the difference between the amount paid and the amount of the shareholders' equity of the entities acquired is recognized in Investments based to the criteria described above.

17. PROPERTY, PLANT AND EQUIPMENT

Consolidated	2022			2021		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	247,028	(29,140)	217,888	246,605	(25,822)	220,783
Reservoirs, dams and watercourses	3,302,646	(2,432,974)	869,672	3,295,828	(2,352,006)	943,822
Buildings, works and improvements	1,092,227	(859,006)	233,221	1,085,943	(837,942)	248,001
Machinery and equipment	2,764,985	(2,059,246)	705,739	2,672,848	(1,975,923)	696,925
Vehicles	14,970	(13,050)	1,920	20,632	(19,260)	1,372
Furniture	13,739	(11,514)	2,225	13,747	(11,230)	2,517
	7,435,595	**(5,404,930)**	**2,030,665**	**7,335,603**	**(5,222,183)**	**2,113,420**
In progress	**378,686**	**-**	**378,686**	**305,849**	**-**	**305,849**
Net property, plant and equipment	**7,814,281**	**(5,404,930)**	**2,409,351**	**7,641,452**	**(5,222,183)**	**2,419,269**

Parent company	2022			2021		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	82	-	82	82	-	82
Buildings, works and improvements	55	(26)	29	55	(24)	31
Machinery and equipment	5,200	(5,124)	76	5,200	(4,962)	238
Furniture	727	(700)	27	727	(693)	34
	6,064	**(5,850)**	**214**	**6,064**	**(5,679)**	**385**
In progress	**1,026**	**-**	**1,026**	**1,026**	**-**	**1,026**
Net property, plant and equipment	**7,090**	**(5,850)**	**1,240**	**7,090**	**(5,679)**	**1,411**

Changes in PP&E are as follows:

Consolidated	2021	Additions	Disposals	Reversal of provision (2)	Depreciation	Transfers / capitalizations	2022
In service							
Land (1)	220,783	-	-	-	(3,318)	423	217,888
Reservoirs, dams and watercourses	943,822	-	-	-	(81,200)	7,050	869,672
Buildings, works and improvements	248,001	-	-	-	(17,352)	2,572	233,221
Machinery and equipment (2)	696,925	-	(12,047)	-	(70,104)	90,965	705,739
Vehicles	1,372	-	-	-	(512)	1,060	1,920
Furniture and utensils	2,517	-	-	-	(300)	8	2,225
	2,113,420	**-**	**(12,047)**	**-**	**(172,786)**	**102,078**	**2,030,665**
In progress	**305,849**	**173,410**	**-**	**1,505**	**-**	**(102,078)**	**378,686**
Net property, plant and equipment	**2,419,269**	**173,410**	**(12,047)**	**1,505**	**(172,786)**	**-**	**2,409,351**

(1) Certain land linked to concession agreements with no indemnity provision is amortized over the concession period.
(2) Write-off includes the amount of R$8,612 related to the write-off of two generators of the subsidiary Rosal, and R$3,345 related to the remeasurement of the provision for dismantling of the subsidiaries Parajuru and Volta do Rio.

Consolidated	2020	Additions	Disposals	Reversal of provision (2)	Depreciation	Transfers / capitalizations	Business combination	2021
In service								
Land (1)	224,233	-	(620)	-	(2,830)	-	-	220,783
Reservoirs, dams and watercourses	1,019,711	-	-	-	(80,656)	4,767	-	943,822
Buildings, works and improvements	264,621	-	(25)	-	(17,421)	826	-	248,001
Machinery and equipment	717,260	-	(14,195)	-	(69,802)	63,619	43	696,925
Vehicles	1,846	-	-	-	(474)	-	-	1,372
Furniture and utensils	2,822	-	(1)	-	(304)	-	-	2,517
	2,230,493	**-**	**(14,841)**	**-**	**(171,487)**	**69,212**	**43**	**2,113,420**
In progress	**176,650**	**182,518**	**-**	**15,893**	**-**	**(69,212)**	**-**	305,849
Net property, plant and equipment	**2,407,143**	**182,518**	**(14,841)**	**15,893**	**(171,487)**	**-**	**43**	**2,419,269**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession.
(2) Reversal of a provision previously recognized for impairment of works in progress assets.

Parent company	2020	Addition	Depreciation	2021	Depreciation	2022
In service						
Land	82	-	-	82	-	82
Buildings, works and improvements	33	-	(2)	31	(2)	29
Machinery and equipment	575	-	(337)	238	(162)	76
Furniture and utensils	42	-	(8)	34	(7)	27
	732	**-**	**(347)**	**385**	**(171)**	**214**
In progress	**460**	**566**	**-**	**1,026**	**-**	**1,026**
Net property, plant and equipment	**1,192**	**566**	**(347)**	**1,411**	**(171)**	**1,240**

Depreciation rates, which take into consideration the expected useful life of the assets, are revised annually by Management and are as follows:

Generation	(%)	Administration	(%)
Reservoirs, dams and watercourses	2	Software	20
Buildings - Machine room	2	Vehicles	14.29
Buildings - Other	3.33	IT equipment in general	16.67
Generator	3.33	General equipment	6.25
Water turbine	2.5	Buildings - Other	3.33
Pressure tunnel	3.13		
Command station, panel and cubicle	3.57		
Floodgate	3.33		

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be indemnified to the Company for the exception of the concession contracts related to Lot D of Auction 12/2015. Management believes that the amount ultimately received will be higher than the historical residual value.

The residual value of the assets is the residual balance of the assets at the end of the concession contract which will be transferred to the grantor at the end of the concession contract and for which Cemig is entitled to receive in cash. For contracts under which Cemig does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

Consortium

The Company is a partner in an energy generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession. The Company's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets.

	Stake in power output (%)	Average annual depreciation rate (%)	2022	2021
In service				
Queimado Power Plant	82.50	3.94	220,096	220,009
Accumulated depreciation			(134,524)	(126,583)
Total operation			**87,572**	**93,426**
In progress				
Queimado Power Plant	82.50	-	1,962	43
Total construction			**1,962**	**43**
Total			**87,534**	**93,469**

Accounting policy

Property, plant and equipment are stated at the cost, including deemed cost, decommissioning costs and capitalized borrowing costs, less accumulated depreciation and impairment, if there is.

Depreciation is calculated on the balance of property, plant and equipment in service and investments in consortia, by the straight-line method, using the rates that reflect the estimated useful life of the assets, for assets related to energy activities, limited in certain circumstances to the periods of the related concession contracts.

Gains and losses resulting from the disposal of a property, plant and equipment, are measured as the difference between the net proceeds obtained from the sale and the asset's book value and are recognized in the Statement of income when the asset is disposed of.

Impairment

Management revises, annually, the carrying amount of non-financial assets, for the purpose of assessing if there is any indication, such as events or changes in the economic, operational or technological conditions that an asset may be impaired. If any indication exists and the asset carrying amount exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount.

The recoverable amount of an asset or cash generating unit is defined as the higher between its value in use and its fair value less costs to sell. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount.

18. INTANGIBLE ASSETS

Consolidated	2022			2021		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Temporary easements	14,692	(5,405)	9,287	14,692	(4,726)	9,966
Onerous concession	13,599	(9,116)	4,483	13,599	(8,493)	5,106
Assets of concession	23,813,446	(10,259,144)	13,554,302	21,475,916	(9,669,212)	11,806,704
Assets of concession - GSF	1,031,810	(199,809)	832,001	1,031,809	(65,744)	966,065
Others	92,279	(76,838)	15,441	78,347	(73,854)	4,493
	24,965,826	**(10,550,312)**	**14,415,514**	**22,614,363**	**(9,822,029)**	**12,792,334**
In progress	**206,339**	**-**	**206,339**	**160,983**	**-**	**160,983**
Net intangible assets	**25,172,165**	**(10,550,312)**	**14,621,853**	**22,775,346**	**(9,822,029)**	**12,953,317**

Parent company	2022			2021		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Software use rights	13,564	(13,136)	428	13,564	(12,273)	1,291
Others	17	(17)	-	17	(17)	-
	13,581	**(13,153)**	**428**	**13,581**	**(12,290)**	**1,291**
In progress	**119**	**-**	**119**	**89**	**-**	**89**
Net intangible assets	**13,700**	**(13,153)**	**547**	**13,670**	**(12,290)**	**1,380**

Changes in intangible assets are as follow:

Consolidated	2021	Additions	Disposals	Amortization	Transfers (1)	2022
In service						
Useful life defined						
Temporary easements	9,966	-	-	(679)	-	**9,287**
Onerous concession	5,106	-	-	(623)	-	**4,483**
Assets of concession	11,806,704	(489)	(57,369)	(817,043)	2,622,499	**13,554,302**
Assets of concession - GSF	966,065	-	-	(134,064)	-	**832,001**
Others	4,493	13,422	-	(2,994)	520	**15,441**
	12,792,334	**12,933**	**(57,369)**	**(955,403)**	**2,623,019**	**14,415,514**
In progress	**160,983**	**106,182**	**(6)**	**-**	**(60,820)**	**206,339**
Net intangible assets	**12,953,317**	**119,115**	**(57,375)**	**(955,403)**	**2,562,199**	**14,621,853**

Consolidated	2020	Additions	Disposals	Amortization	Transfers (1)	Incorporation	2021
In service							
Useful life defined							
Temporary easements	9,172	-	-	(681)	1,475	-	9,966
Onerous concession	5,881	-	(151)	(624)	-	-	5,106
Assets of concession	11,674,530	-	(23,146)	(757,219)	912,539	-	11,806,704
Assets of concession - GSF	-	1,031,809	-	(65,744)	-	-	966,065
Others	7,729	-	-	(3,567)	331	-	4,493
	11,697,312	**1,031,809**	**(23,297)**	**(827,835)**	**914,345**	**-**	**12,792,334**
In progress	112,616	50,849	-	-	**(2,488)**	6	**160,983**
Net intangible assets	**11,809,928**	**1,082,658**	**(23,297)**	**(827,835)**	**911,857**	**6**	**12,953,317**

(1) The transfers were made between concession contract assets to Intangible assets: in 2022 of R$2,448,389 (R$902,465 in 2021).

Parent company	2021	Additions	Amortization	2022
In service				
Software use rights	1,291	-	(863)	**428**
	1,291	**-**	**(863)**	**428**
In progress	**89**	**30**	**-**	**119**
Net intangible assets	**1,380**	**30**	**(863)**	**547**

Parent company	2020	Additions	Amortization	2021
In service				
Software use rights	2,596	-	(1,305)	1,291
	2,596	**-**	**(1,305)**	**1,291**
In progress	**59**	**30**	**-**	**89**
Net intangible assets	**2,655**	**30**	**(1,305)**	**1,380**

Concession assets

The energy and gas distribution infrastructure assets already in service and that will be fully amortized during the concession term are recorded as intangible assets. Assets linked to the infrastructure of the concession that are still under construction are posted initially as contract assets, as detailed in Note 15.

The main amortization rates, which take into account the useful life that management expects for the asset, and reflect the expected pattern of their consumption, are as follows:

Energy	(%)	Administration	(%)
System cable - below 69 KV	6.67	Software	20.00
System cable - below 69 KV	3.57	Vehicles	14.29
Structure - Posts	3.57	General equipment	6.25
Overhead distribution transformer	4.00	Buildings	3.33
Circuit breaker - up to 69 kV	3.03		
Capacitor bank - up to 69 kV	6.67		
Voltage regulator - up to 69 kV	4.35		

Gas	(%)	Administration	(%)
Tubing	3.33	Software	20.00
Buildings, works and improvements	4.00	Vehicles	20.00
Improvements in leased properties	10.00	Data processing equipment	20.00
Machinery and equipment	5.00 to 20.00	Furniture	10.00

The annual average amortization rate is 4.00% and by segment is follows:

Hydroelectric Generation	Wind Power Generation	Gas	Distribution	Administration
7.06%	8.81%	3.33%	3.91%	15.82%

Under the regulations of the energy segment, property, plant and equipment used in the distribution concession are linked to these services, and cannot be withdrawn, disposed of, assigned or provided in guarantee without the prior express authorization of the Regulator.

The rights of authorization of the gas distribution concession, granted to Gasmig, valued at R$380,989 (R$396,246 on December 31, 2021), and to generate wind power granted to the subsidiary Parajuru and Volta do Rio, in the total amount of R$105,054 (R$116,446 on December 31, 2021), which are recognized in the parent company balance sheet of the subsidiary Cemig GT as investments and are classified in the consolidated statement of financial position under

intangibles assets and are amortized by the straight-line method, for the period of the concessions.
The Value in Use of the assets was calculated based on the projection of future expected cash flows for the operation of the assets of the subsidiary, brought to present value by the weighted average cost of capital (WACC) defined for the company's wind generation activity, using the Firm Cash Flow (FCFF) methodology.

Renegotiation of hydrological risk - the Generation Scaling Factor (GSF)

On September 9, 2020, the Law 14,052 was issued, changing the Law 13,203/2015 and establishing the right of reimbursement in relation to the portion of costs incurred due to the GSF, borne by the holders of hydroelectric plants participating in the Energy Reallocation Mechanism (MRE) between 2012 and 2017.

The aim of this new law is to compensate the holders of hydroelectric plants participating in the MRE for non-hydrological risks caused by: (i) generation ventures classified as structural, related to bringing forward of physical guarantee of the plants; (ii) the restrictions on start of operation of the transmission facilities necessary for outflow of the generation output of structural projects; and (iii) generation outside the merit order system, and importation. This compensation will take the form of extension of the grant of concession or authorization to operate, limited to 7 years, calculated on the basis of the parameters applied by Aneel.

On December 1, 2020, Aneel issued its Normative Resolution 895, which established the methodology for calculation of the compensation, and the procedures for renegotiation of hydrological risk.

On August 03, 2021, Aneel ratified, through the Resolution nº. 2,919/2021, the terms of concession extension of hydroelectric plants participating in the MRE, including all of the Company plants suitable for the renegotiation, except for Queimado and Irapé, which renegotiate the hydrological risk through the Resolution nº. 684/2015 and were not covered by the Resolution nº. 2,919/2021. The values ratified are aligned with the Company estimations, based on the Resolution Aneel nº. 895/2020.

With the signing by the Company of the Term of Acceptance to the terms of Law 14.052/2020, the Company recognized, in the second quarter of 2021, an intangible asset related to the right to extend the concession, with a corresponding entry to the caption " Renegotiation of hydrological risk - Law 14.052/20", in the amount of R$909,601 for consolidated.

On September 14, 2021 Aneel ratified the grant extension of the hydroelectric plants participating in the MRE, through Resolution (ReH) 2,932/2021, including Irapé and Queimado, for which the extension were under discussion with the Grantor, and, therefore, were not included in ReH 2,919/2021. Thus, in the third quarter of 2021, there was a recognition of an increase of R$122,208 in Intangible assets, due to the concessions extension of those plants. As a result, the total of Intangible assets was increased to R$1,031,809, which is recognized with a counterpart in Renegotiation of hydrological risk - Law 14,052/20.

The fair values of the concessions extension rights have been estimated individually, as shown in the table below, using the revenue approach, under which future values are converted into a single present value, discounted by the rate of profitability approved by Management for the energy generation activity, reflecting present market expectations in relation to the future amounts. The useful life of items that are components of Intangible assets has been adjusted for the new remaining concession period, that is to say, the result of addition, to the original concession period, of the new concession extension granted.

Power Plant	Intangible assets - Right to extension of concession	End of concession	Extension in years	New end of concession
Cemig Geração Camargos	**9,459**	**01/05/2046**	**7**	**01/03/2053**
Cemig Geração Itutinga	**7,713**	**01/05/2046**	**7**	**01/03/2053**
Cemig Geração Leste	**154**			
Dona Rita	11	07/03/2046	4	07/19/2050
Ervalia	8	07/03/2046	0.8	04/19/2047
Neblina	11	07/03/2046	0.8	04/19/2047
Peti	113	01/05/2046	7	01/03/2053
Sinceridade	1	07/03/2046	0.7	03/12/2047
Tronqueiras	10	01/05/2046	1	12/26/2046
Cemig Geração Oeste	**234**			
Cajuru (Cemig)	234	01/05/2046	7	01/03/2053
Cemig Geração Salto Grande	**40,079**	**01/05/2046**	**7**	**01/03/2053**
Cemig Geração Sul	**2,106**			
Coronel Domiciano	36	07/03/2046	0.8	04/11/2047
Joasal	450	01/05/2046	7	01/03/2053
Marmelos	238	01/05/2046	7	01/03/2053
Paciencia	205	01/05/2046	7	01/03/2053
Piau	1,177	01/05/2046	7	01/03/2053
Cemig Geração Três Marias	**115,831**	**01/05/2046**	**7**	**01/03/2053**
Cemig Poço Fundo	**1,482**	**05/29/2045**	**7**	**05/27/2052**
Cemig PCH (Pai Joaquim)	**418**	**04/04/2032**	**0.4**	**09/14/2032**
Horizontes	**130**			
Machado Mineiro	130	07/08/2025	1.9	05/21/2027
Rosal	**8,900**	**05/08/2032**	**3.6**	**12/13/2035**
Sá Carvalho	**39,690**	**12/01/2024**	**1.7**	**08/27/2026**
Total	**226,196**			
Nova Ponte	254,956	07/23/2025	2.1	08/11/2027
Irapé	105,010	02/28/2035	2.6	09/18/2037
Queimado	19,326	12/18/2032	1.8	06/26//2034
Sao Bernardo (Cemig)	649	08/19/2025	1.9	06/27/2027
Emborcação	425,672	07/23/2025	1.8	05/26/2027
Total Cemig GT	**805,613**			
Total (R$)	**1,031,809**			

The Resolution nº. 2,919/2021 ratified the amount of the right to compensation for the São Simão, Jaguara, Miranda and Volta Grande generation plants, which had been owned by Cemig GT during the period stipulated in the Law 14,052/20 to be compensated, but does not specify how this compensation will happen in the event of absence of debts with the Federal Government related to the regime of concessions determined in that Law. The amounts calculated are:

Cemig Geração - Plant re-offered for tender	Amount
São Simão	783,004
Miranda	145,528
Jaguara	237,218
Volta Grande	156,688
Total	**1,322,438**

Considering that there is no legal provision relating to how the compensation of these non-hydrological risks will happen and the Company's right depends on the occurrence of uncertain future events, which are not totally under its control, as such these contingent assets have not been recognized.

Operating licenses

The plants of Cemig GT and its subsidiaries, in compliance with the legal determinations contained in COPAM Normative Deliberation 217/2017, have been going through processes of obtaining and renewing operating licenses.

In 2022, licenses were obtained for the following facilities: UHE Irapé, UHE Santa Luzia, UHE Jacutinga, UHE Salto Grande, UHE Salto Voltão, UHE Salto do Passo Velho and EOL Volta do Rio. The initial expenses, with the preparation of environmental studies, were incurred over the years and were appropriated as expenses. The other expenses with the environmental conditions, related to the legal and regulatory requirements after the start of operations of the projects, are being estimated for provisioning against intangible assets in the year 2023.

Accounting policy

These mainly comprise assets related to the service concession agreements described above and software. They are measured at total acquisition cost, less amortization expenses and accumulated impairment losses, when applicable.

Any gain or loss arising upon derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of income when the asset is derecognized.

19. LEASING

The Company recognized a right of use and a lease liability for the following contracts which contain a lease in accordance with CPC 06 (R2) / IFRS 16:

- Leasing of commercial real estate used for serving customers;
- Leasing of building used as administrative headquarter;
- Leasing of commercial vehicles used in operations.

The Company and its subsidiaries has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the Statement of income on the straight-line basis, over the period of the leasing. Their effects on net income from January to December 2022 were immaterial.

The discount rates were obtained based on incremental borrowing rate, as follows:

Incremental borrowing rate	Annual rate (%)	Monthly rate (%)
Initial application		
Up to two years	7.96	0.64
Three to five years	10.64	0.85
Six to twenty years	13.17	1.04
Contracts entered - 2019 at 2021		
Up to three years	6.87	0.56
Three to four years	7.33	0.59
Four to twenty years	8.08	0.65
Contracts entered - August at December 2022 (1)		
Up to five years	6.43	0.52
Six to ten years	6.54	0.53
Eleven to fifteen years	6.58	0.54
Sixteen to thirty years	6.60	0.54

(1) Monthly the Company calculates the addition to the rate to be applied to the new contracts. For the purposes of publication, these are presented at the average rates used.

a) Right of use assets

The right-of-use assets were valued at cost, corresponding to the amount of the initial measurement of the lease liabilities, adjusted by its remeasurements, and amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Changes in the right of use asset are as follows:

Consolidated	Real estate property	Vehicles	Total
Balances on December 31, 2020	**185,498**	**26,576**	**212,074**
Disposals (contracts terminated)	(4,641)	-	(4,641)
Amortization (1)	(9,599)	(40,775)	(50,374)
Addition	11,066	-	11,066
Remeasurement (2)	9,243	48,225	57,468
Balances on December 31, 2021	**191,567**	**34,026**	**225,593**
Amortization (1)	(14,484)	(40,052)	(54,536)
Business combination adjustment	5,076	-	5,076
Disposals (contracts terminated)	(8,831)	(779)	(9,610)
Addition	24,296	116,915	141,211
Remeasurement (2)	16,021	5,322	21,343
Balances on December 31, 2022	**213,645**	**115,432**	**329,077**

(1) Amortization of the Right of Use recognized in the Statement of income is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$641 in 2022 (R$588 in 2021).
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

Parent company	Real estate property
Balances on December 31, 2020	**2,058**
Amortization (1)	(84)
Remeasurement (2)	76
Balances on December 31, 2021	**2,050**
Amortization (1)	(88)
Remeasurement	189
Balances on December 31, 2022	**2,151**

(1) Amortization of the Right of Use recognized in the Statement of income is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$7 in 2022 (R$6 in 2021).
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

b) Leasing liabilities

The changes in the lease liabilities are as follows:

	Consolidated	Parent company
Balances on December 31, 2020	**226,503**	**2,114**
Addition	11,062	-
Settled	(4,661)	75
Interest incurred (1)	26,710	269
Leasing paid	(70,145)	(264)
Interest in leasing contracts	(2,914)	(18)
Remeasurement (2)	57,468	76
Balances on December 31, 2021	**244,023**	**2,252**
Addition	141,211	-
Business combination adjustment	4,917	-
Interest incurred (1)	28,668	286
Leasing paid	(65,677)	(282)
Interest in leasing contracts paid	(3,695)	(19)
Settled	(16,157)	-
Remeasurement (2)	21,343	189
Balances on December 31, 2022	**354,633**	**2,426**
Current liabilities	**57,438**	**301**
Non-current liabilities	**297,195**	**2,125**

(1) Financial expenses recognized in the Statement of income are net of incorporation of the credits for PIS/Pasep and Cofins taxes on payments of rentals, in the amounts of R$1,833 and R$21 in 2022 (R$1,736 and R$20 on December 31, 2021), for the consolidated and parent company financial statements, respectively.
(2) The Company and its subsidiaries identified events that give rise to restatement and modifications of their principal contracts; the leasing liability was remeasured with an adjustment to the asset of Right of Use.

Additions and settled in leases are non-cash transactions, and therefore are not reflected in the Statements of Cash Flows.

The potential right to recovery of PIS/Pasep and Cofins taxes embedded in the leasing consideration, according to the periods specified for payment, is as follows:

Cash flow	Consolidated		Parent company	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Consideration for the leasing	806,294	354,633	7,405	2,426
Potential PIS/Pasep and Cofins (9.25%)	61,303	21,636	685	224

For lease liability and right of use measuring and remeasuring, the Company used the technique of discounted cash flow, without considering projected future inflation in the flows to be discounted, as per the prohibition imposed by CPC 06 (R2).

The cash flows of the leasing contracts are, in their majority, updated by the IPCA inflation index, annually. Below is an analysis of maturity of lease contracts:

	Consolidated (nominal)	Parent company (nominal)
2023	61,553	322
2024	67,888	322
2025	57,824	322
2026	57,658	322
2027	50,483	322
2028 to 2048	510,613	5,795
Undiscounted values	**806,019**	**7,405**
Embedded interest	(451,386)	(4,979)
Lease liabilities	**354,633**	**2,426**

Accounting policy

The Company and its subsidiaries assess, when entering into a contract for the supply of goods or services, whether it is or contains a lease, i.e., whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company and its subsidiaries adopt a single recognition and measurement approach for all leases, except for short-term leases and/or leases of low-value assets. Those agreements that contain leases have been described throughout this note.

At the date of start of the leasing operation, the lessee recognizes a liability to make the payments (a leasing liability) and an asset, representing the right to use the subject asset during the period of the leasing (an asset of right to use).

Right of use assets

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as described in Note 19.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognize separately the expenses of interest on the leasing liability and the expense of depreciation of the asset of the right to use.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

20. SUPPLIERS

	Consolidated		Parent company	
	2022	2021	2022	2021
Energy purchased for resale	1,162,009	1,314,197	151,715	62,322
Energy on spot market - CCEE	110,075	129,957	-	-
Charges for use of energy network	206,759	175,476	95	95
Itaipu Binacional	273,618	331,118	-	-
Gas purchased for resale	277,750	227,683	-	-
Materials and services	801,838	504,912	546	2,265
	2,832,049	**2,683,343**	**152,356**	**64,682**

21. TAXES PAYABLE AND AMOUNTS TO BE REFUNDED TO CUSTOMERS

	Consolidated		Parent company	
	2022	2021	2022	2021
Current				
ICMS	107,523	123,928	15,318	2,616
Cofins (1)	199,179	166,482	28,128	30,030
PIS/Pasep (1)	43,214	36,180	6,084	6,496
INSS	43,870	36,178	2,011	1,940
Others (2)	150,360	165,328	88,062	91,682
	544,146	**528,096**	**139,603**	**132,764**
Non-current				
Cofins (1)	304,057	280,690	-	-
PIS/Pasep (1)	66,111	60,999	-	-
	370,168	**341,689**	**-**	**-**
	914,314	**869,785**	**139,603**	**132,764**
Amounts to be refunded to customers				
Current				
PIS/Pasep and Cofins	1,154,798	704,025	-	-
ICMS (3)	340,800	-	-	-
Non-current				
PIS/Pasep and Cofins	1,808,074	2,318,910	-	-
	3,303,672	**3,022,935**	**-**	**-**

(1) PIS/Pasep and Cofins recorded in current liabilities include the deferral on the financial remuneration of the contract asset and on the construction and improvement revenues linked to the transmission contracts. For more information, see note 15.
(2) The December 31, 2022 balance includes income tax withholdings on interest on equity declared on December 14, 2022 and December 22, 2022, the collection of which occurred in January 2023, in accordance with tax legislation.
(3) On June 23, 2022 Complementary Law no. 194 was enacted, with immediate effectiveness, which changed the National Tax Code (CTN) and Complementary Law no. 87/96 (Kandir Law), classifying electric energy, among other goods, as essential, prohibiting the establishment of ICMS rates for transactions with these goods at a higher level than for transactions in general, and applying the non-levy of this tax on transmission and distribution services and sectorial charges related to electric energy transactions. In December 2022 an amount of R$340,800 was provisioned to be returned to the consumers, referring to the period in which the tax was still charged in the invoices

The amounts of PIS/Pasep and Cofins taxes to be refunded to customers refer to the credits to be received by the Cemig D following the extinction of the ICMS value added tax within the taxable amount for calculation of those taxes, in amount of R$2,962,872, as described in Note 9 (a). Until December 2022, a total of R$3,224,893, has been reimbursed to clients (R$1,583,314 in 2021).

Complementary to the liabilities for the portion of the tax credits corresponding to the period of the last 10 years, in June 2022 Cemig D posted the updated amount of R$624,251 arising from ratification of the Annual Tariff Adjustment of 2022, which took into account the effects of Draft Law 1,280/22, converted into Law 14,385/22. The balance posted is net of PIS/Pasep and Cofins taxes on the finance income arising from monetary updating of the amounts in question.

That law specifies that integral of the amounts arising from tax charged in excess (arising from the ruling that PIS, Pasep and Cofins taxes could not be charged on amounts of ICMS tax included within energy bills) should be reimbursed to customers. As a consequence, the updated amount of R$1,479,010 was posted for the integral reimbursement of the tax credit to customers, for the amount in excess of the amount that had been included in the 2022 Annual Tariff Adjustment relating to the period as from the 11th year, backdated to the date of the final judgment against which there was no further appeal. The Company's management, together with its legal advisers, is assessing any future actions related to this matter.

The Company started the reimbursement of the amounts to its customers, as follows:

- On August 18, 2020, Aneel ratified the inclusion into the tariff adjustment for 2020 of a negative financial component of R$714,339, in effect from August 19, 2020 to May 27, 2021 - this corresponds to the release of the escrow funds following final judgment in Company's favor against which there is no further appeal.
- On May 25, 2021, Aneel ratified incorporation into the 2021 tariff adjustment, in effect from May 28, 2021 to May 27, 2022, of the negative financial component of R$1,573,000, corresponding to the total amount of the credits offset and received when the escrow deposit was released.
- On June 22, 2022, Aneel ratified incorporation into the 2022 tariff adjustment, in effect from June 22, 2022 to May 27, 2023, of a negative financial component of R$2,810,830, corresponding to the reimbursements of the PIS/Pasep and Cofins taxes. There are more details on the credits in Note 8a to this interim financial information. See Note 13.4 for more information on the Cemig D tariff adjustment.

The subsidiary Gasmig recognized the liability corresponding to the amounts to be refunded to its customers, based on 10 years period, in the amount of R$175,874 in 2022. The 10 years period refers to the maximum amount possibly subject to restitution, to be validated after further analysis of the judicial decisions and legislation that will be issued.

22. LOANS AND DEBENTURES

Financing source	Principal maturity	Annual financial cost %	Currency	Consolidated			
				2022			2021
				Current	Non current	Total	Total
FOREIGN CURRENCY							
Eurobonds (1)	2024	9.25%	U$$	29,815	3,945,156	3,974,971	5,622,673
(-)Transaction costs				-	(5,743)	(5,743)	(8,220)
(±) Interest paid in advance (2)				-	(9,423)	(9,423)	(13,356)
Debt in foreign currency				**29,815**	**3,929,990**	**3,959,805**	**5,601,097**
BRAZILIAN CURRENCY							
Eletrobrás (3)	2023	UFIR + 6.00% a 8.00%	R$	2,380	-	2,380	5,647
Sonda (4)	2022	110.00% do CDI	R$	-	-	-	52,430
Debt in Brazilian currency				**2,380**	**-**	**2,380**	**58,077**
Total of loans and financings				**32,195**	**3,929,990**	**3,962,185**	**5,659,174**
Debentures - 3th Issue - 3rd Series (5)	2022	IPCA + 6.20%	R$	-	-	-	428,367
Debentures - 3th Issue - 3rd Series (3)(7)	2025	IPCA + 5.10%	R$	329,679	582,199	911,878	1,147,465
Debentures - 7th Issue - 1st Series (3)(7)	2024	CDI + 0.45%	R$	544,698	269,999	814,697	1,355,933
Debentures - 7th Issue - 2nd Series (3)(7)	2026	IPCA + 4.10%	R$	3,267	1,861,280	1,864,547	1,759,628
Debentures - 8th Issue - 1st Series (3)(7)	2027	CDI + 1.35%	R$	3,095	500,000	503,095	-
Debentures - 8th Issue - 2nd Series (3)(7)	2029	IPCA + 6.10%	R$	1,422	505,986	507,408	-
Debentures - 4th Issue - 1st Series (8)	2022	TJLP+1.82%	R$	-	-	-	10,028
Debentures - 4th Issue - 2nd Series (8)	2022	Selic + 1.82%	R$	-	-	-	4,376
Debentures - 4th Issue - 3rd Series (8)	2022	TJLP + 1.82%	R$	-	-	-	10,597
Debentures - 4th Issue - 4th Series (8)	2022	Selic + 1.82%	R$	-	-	-	5,201
Debentures - 7th Issue- Single Series (8)	2023	CDI + 1.50%	R$	20,023	-	20,023	40,049
Debentures - 8th Issue- Single Series (8)	2031	IPCA + 5.27%	R$	20,226	1,023,717	1,043,943	986,446
Debentures - 9th Issue - 1st Series (6)	2027	CDI + 1.33%	R$	3,185	700,000	703,185	-
Debentures - 9th Issue - 2nd Series (6)	2029	IPCA + 7.63%	R$	707	301,509	302,216	-
(-) Discount on the issuance of debentures (6)				-	(12,048)	(12,048)	(15,002)
(-) Transaction costs				(3,000)	(38,631)	(41,631)	(28,299)
Total, debentures				**923,302**	**5,694,011**	**6,617,313**	**5,704,789**
Total				**955,497**	**9,624,001**	**10,579,498**	**11,363,963**

Financing source	Principal maturity	Annual financial cost %	Currency	Parent company			
				2022			2021
				Current	Non-current	Total	Total
BRAZILIAN CURRENCY							
Sonda (4)	2021	110.00% of CDI	R$	-	-	-	52,430
Total of loans and financing				-	-	-	**52,430**

(1) In December 2022, Cemig GT performed the partial repurchase of debt securities in the foreign market (Eurobonds) of its issue, in the principal amount of U$244 million (U$500 million in August 2021). More details of this operation are presented in this note;
(2) Anticipation of funds to achieve the rate of return to maturity (Yield to Maturity) agreed in the Eurobonds contract;
(3) Debentures issued by Cemig Distribuição;
(4) In December 2022 the Company concluded the sale of all its interest in the capital stock of Ativas Data Center S.A. to Sonda Procwork Informática Ltda. For further details of this operation see note 32;
(5) In February 2022 Cemig GT settled the debenture - 3rd Issue - 3rd Series;
(6) In December 2022 Cemig GT settled the 9th issue of simple debentures. More details of this operation are given in this note;
(7) Simple debentures, not convertible into shares, registered and book-entry, and there are no renegotiation clauses;
(8) Gasmig. The proceeds from the 8th debenture issue, concluded by Gasmig on September 10, 2020, in the amount of R$850,000, were used to redeem the promissory notes issued on September 26, 2019, with a term of 12 months, whose proceeds were fully allocated to the payment of the concession bonus of the gas distribution concession contract;
(9) Discount in the sale price of the 2nd series of the 7th issue of Cemig Distribuição.

The debentures issued by the subsidiaries are non-convertible, there are no agreements for renegotiation, nor debentures held in treasury.

Partial repurchase of Eurobonds - Tender Offer

On November 28, 2022, the second stage of Cemig GT's cash tender offer ("Tender Offer") for debt securities in the foreign market of its issue, maturing in 2024, bearing interest at 9.25% per annum, in the principal amount of up to US$250 million, was initiated.

The figures below represents the Tender Offer accepted by investors on the liquidation of the Eurobond and the liquidation of the related derivative financial instruments:

	%	US$	R$
Principal Amount (1)	100.00	243,890	1,296,672
Premium to the market price + Tender	3.08	7,522	40,013
Discount	0.02	(60)	(311)
Accrued interests	0.41	1,008	5,362
		252,360	**1,341,736**
IOF (‘financial operations tax’) levied on premium	0.02	29	152
Income tax on premium	0.54	1,327	7,061
Income tax on accrued interests (2)	0.07	175	946
		1,531	**8,159**
		253,891	**1,349,895**
		-	(191,689)
Total of payments		-	(32,012)
		253,891	**1,126,194**
Partial disposal of hedge		-	(191,689)
NDF positive adjustment (3)		-	(32,012)
Total		**253,891**	**1,126,194**

(1) It relates to the second phase of the Tender Offer expired on December 23, 2022. A total of US$243,890 thousand was subject to acceptance by investors, of which US$240,702 thousand were settled in advance on December 21, 2022, considering the acceptances made by investors up to December 9, 2022 (Early Tender). The remaining amount of US$3,188 thousand was accepted by investors after the Early Tender. Holders of Notes that validated their Notes by the Early Tender Offering Time were eligible to receive $1,031.25 for every $1,000 of principal amount. For holders who validated their Notes after the First Tender Offer Time, but still within the expiration date, were eligible to receive $981.25 for each $1,000 principal amount;
(2) Holders of Notes that were validly tendered and accepted for purchase also received accrued and unpaid interest from, and including, the last interest payment date through, but not including, the initial settlement date, which occurred on December 21, 2022 and final which occurred on December 28, 2022, respectively;
(3) Difference between the dollar PTAX on the purchase date (R$5.2040) and the financial instrument - NDF, protecting against foreign exchange, with the dollar purchase cap of R$5.3183.

Funding raised

On December 22, 2022, Cemig GT concluded the 9th issuance of simple debentures, not convertible into shares, unsecured, with additional fiduciary guarantee, in two series, in the total amount of R$1,000,000, which were object of a public distribution offer, with restricted distribution efforts, pursuant to the CVM regulation.

The following were placed in this restricted offering:

(i) 1st series: 700 thousand Debentures, totaling R$700,000, earning CDI + 1.33%, maturing in 5 years, whose resources will be allocated to the Company's cash replenishment; and

(ii) 2nd series: 300 thousand Debentures, in the amount of R$300,000, at the remuneration rate of IPCA + 7.6245%, maturing in 7 years, whose resources will be allocated to the reimbursement of expenses related to renewable energy generation and energy efficiency projects considered to be a priority for the purposes of Law No. 12,431/2011 and its amendments, and also considering the allocation to such projects, the Second Series Debentures are characterized as "green debentures".

Additionally, it should be noted that the credit risk rating agency Fitch Ratings has assigned a AA+(bra) rating to the Issue.

Company	Entry Date	Due Date Principal	Financial charges	Value
BRAZILIAN CURRENCY				
Debentures - 9th Issue - 1st Series	December, 2022	2027	CDI + 1.33%	700,000
Debentures - 9th Issue - 2nd Series	December, 2022	2029	IPCA + 7.6245%	300,000
(-) Transaction costs				(6,132)
Total				**993,868**

On June 29, 2022, Cemig D completed the 8th issuance of non-convertible debentures, with surety guarantee, in two Series, for a total of R$1,000,000, which were the subject of a public offering for distribution, with limited efforts, in accordance with CVM regulations.

The following were placed in this restricted offering:

i. 1st Series: 500,000 Debentures, with total amount of R$500,000, remuneration at the CDI Rate + 1.35%, and maturity at five years, the proceeds to be allocated to strengthening the Company's cash position; and
ii. 2nd Series: 500,000 Debentures, with total amount of R$500,000, remuneration at the CDI Rate + 6.10%, and maturity at seven years, the proceeds to be allocated to expenditure on the project to expand electricity distribution, as detailed in the issue documents of the Debentures.

Company	Entry Date	Due Date Principal	Annual Financial Charges anuais	Value
Brazilian currency				
Debentures - 8th Issue - 1st Series	June of 2022	2027	CDI + 135%	500,000
Debentures - 8th Issue - 2nd Series	June of 2022	2029	6.10% do IPCA	500,000
(-) Transaction costs				(12,103)
(-) Discount (1)				(375)
Total				**987,522**

(1) Discount on the issue of debentures referring to the 2nd series of debentures.

Guarantees

The guarantees of the debt Balance at loans and financing, on December 31, 2022, were as follows:

	2022
Promissory notes and Sureties	4,871,443
Guarantee and Receivables	2,663,027
Receivables	1,998,214
Shares	2,294
Unsecured	1,044,520
TOTAL	**10,579,498**

The composition of loans and debentures, by currency and index, with the respective amortization, is as follows:

Consolidated	2023	2024	2025	2026	2027	2028 onwards	Total
Currency							
US dollar	29,815	3,945,156	-	-	-	-	**3,974,971**
Total, currency denominated	**29,815**	**3,945,156**	**-**	**-**	**-**	**-**	**3,974,971**
Index							
IPCA (1)	355,301	399,493	1,336,154	1,051,077	126,459	1,361,508	**4,629,992**
UFIR/RGR (2)	2,380	-	-	-	-	-	**2,380**
CDI (3)	571,001	269,999	233,334	233,333	733,333	-	**2,041,000**
Total by index	**928,682**	**669,492**	**1,569,488**	**1,284,410**	**859,792**	**1,361,508**	**6,673,372**
(-)Transaction costs	(3,000)	(7,985)	(5,201)	(5,223)	(4,528)	(21,437)	**(47,374)**
(±)Interest paid in advance	-	(9,423)	-	-	-	-	**(9,423)**
(-) Discount	-	-	(5,850)	(5,850)	-	(348)	**(12,048)**
Overall total	**955,497**	**4,597,240**	**1,558,437**	**1,273,337**	**855,264**	**1,339,723**	**10,579,498**

(1) Expanded National Customer Price (IPCA) Index.
(2) Fiscal Reference Unit (Ufir / RGR).
(3) CDI: Interbank Rate for Certificates of Deposit.
(4) Interest rate reference unit (URTJ) / Long-Term Interest Rate (TJLP)

The US dollar and index used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change on 2022 (%)	Accumulated change on 2021 (%)	Indexer	Accumulated change on 2022 (%)	Accumulated change on 2021 (%)
US dollar	(6.50)	7.39	IPCA	5.79	10.06
			CDI	12.39	4.39
			TJLP	35.34	16.94

The changes in Loans and debentures are as follows:

	Consolidated	Parent company
Balances on December 31, 2020	**15,020,558**	**49,953**
Liabilities arising from business combination	13,406	-
Monetary variation	330,114	-
Exchange rate variation	353,321	-
Financial charges provisioned	1,162,011	2,422
Discount and premium on repurchase of debt securities (*Eurobonds*)	491,037	-
Amortization of transaction cost	20,456	55
Financial charges paid	(1,590,268)	-
Amortization of financing	(4,436,672)	-
Balances on December 31, 2021	**11,363,963**	**52,430**
Borrowings	2.000.000	-
Transaction costs	(18.235)	-
Negative goodwill on issuance of debentures	(375)	-
Net borrowings	**1,981,390**	**-**
Monetary variation	166,910	-
Exchange Variation	(338,265)	-
Accrued financial charges	974,732	5,151

	Consolidated	Parent company
Premium on repurchase of debt securities (Eurobonds)	46,763	-
Amortization of transaction cost	7,422	-
Financial charges paid	(1,010,077)	(20,341)
Amortization of financing	(2,613,340)	(37,240)
Balance at December 31, 2022	**10,579,498**	-

Borrowing costs, capitalized

Borrowing costs directly related to the acquisition, construction or production of an asset that necessarily requires substantial time to be completed for its intended use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs comprise interest and other costs incurred by the Company related to Loans and debentures.

The subsidiaries Cemig D and Gasmig considered the costs of loans and financing linked to construction in progress as construction costs of intangible and concession contract assets, as follows:

	2022	2021
Costs of loans and financing	974,732	1,162,011
Financing costs on intangible assets and contract assets (1)	(46,553)	(15,329)
Net effect in income or loss	**928,179**	**1,146,682**

(1) The average capitalization rate p.a. on December 31, 2022 was 11,36% (9,44% on December 31, 2021).

The amounts of the capitalized borrowing costs have been excluded from the statement of cash flows, in the additions to cash flow of investment activities, as they do not represent an outflow of cash for acquisition of the related asset.

Restrictive covenants

There are early maturity clauses for cross-default in the event of non-payment by Cemig GT or by the Company, of any pecuniary obligation with individual or aggregate value greater than R$50 million (“cross default”).

The Company and its subsidiaries have contracts with financial covenants as follows:

Title - Security	Covenant	Ratio required - Issuer	Ratio required Cemig (guarantor)	Compliance required
Eurobonds Cemig GT (1)	Net debt / Ebitda adjusted for the Covenant (3)	The following or less: 2.5 on/after Dec. 31, 2021	The following or less: 3.0 on/after Dec. 31, 2021	Semi-annual and annual
7th and 8th Debentures Issue Cemig D	Net debt / Ebitda adjusted	Less than 3.5	Less than 3.0	Semi-annual and annual
Debentures GASMIG (2)	Overall indebtedness (Total liabilities/Total assets)	Less than 0.6	-	Annual
	Ebitda / Debt servicing	1.3 or more	-	Annual
	Ebitda / Net finance income (expenses)	2.5 or more	-	Annual
	Net debt / Ebitda	The following or less 2.5	-	Annual
8th Debentures Issue Gasmig Single series (3)	EBITDA/Debt servicing Net debt/EBITDA	1.3 or more	- -	Annual Annual

Title - Security	Covenant	Ratio required - Issuer	Ratio required Cemig (guarantor)	Compliance required
9th Debenture Issue CEMIG GT 1st and 2nd Series (4)	Net debt / Adjusted Ebitda	3.0 or less The following or less: 3.5 on/after Dec. 31, 2022	3.0 from Dec. 31st, 2022 to Jun. 30th, 2026 and, 3.5 from Dec. 31st, 2026 onwards	Semi-annual and annual

(1) Adjusted Ebtida corresponds to earnings before interest, income taxes and social contribution on net income, depreciation and amortization, calculated in accordance with CVM Resolution 156, dated June 23, 2022, from which non-operating income, any credits and non-cash gains that increase net income are subtracted, to the extent that they are non-recurring, and any cash payments made on a consolidated basis during such period in respect of non-cash charges that were added back in the determination of Ebtida in any prior period, and increased by non-cash expenses and non-cash charges, to the extent that they are non-recurring.
(2) If Gasmig is unable to achieve the required index, it will, within 120 days from the date of written notice from BNDESPAR or BNDES, provide guarantees acceptable to the debenture holders for the total amount of the debt, in compliance with the rules of the National Monetary Council, unless the required indexes are reestablished within that period. Certain contractually foreseen situations may cause early maturity of other debts (cross default).
(3) Non-compliance with financial covenants implies non-automatic early maturity. If early maturity is declared by the debenture holders, Gasmig must make the payment upon receipt of the notification.
(4) Non-compliance with financial covenants implies early maturity resulting in the immediate enforceability of payment by CEMIG GT of the Unit Nominal Value or Updated Unit Nominal Value of the Debentures, as the case may be, plus remuneration, in addition to the other charges due, regardless of judicial or extrajudicial notice, notification or interpellation.

Management monitors these indexes, so that the conditions are satisfied.

The information on the derivative financial instruments (swaps) contracted to hedge the debt servicing of the Eurobonds (principal, in foreign currency, plus interest), and the Company's exposure to interest rate risks, are disclosed in Note 31.

23. REGULATORY CHARGES

	Consolidated	
	2022	**2021**
Liabilities		
Global Reversion Reserve (RGR)	28,245	28,198
Energy Development Account (CDE)	127,370	109,618
Regulator inspection fee - ANEEL	2,890	2,526
Energy Efficiency Program	220,802	237,426
Research and development (R&D)	125,864	112,267
Energy System Expansion Research	4,049	4,377
National Scientific and Technological Development Fund	8,114	8,759
Proinfa - Alternative Energy Program	10,291	16,623
Royalties for use of water resources	10,424	5,374
Emergency capacity charge	26,325	26,325
Customer charges - Tariff flags	16	251,837
CDE on R&D	2,551	2,767
CDE on EEP	4,041	4,583
Others	4,625	4,638
	575,607	**815,318**
Current liabilities	**510,247**	**610,695**
Non-current liabilities	**65,360**	**204,623**

24. POST-EMPLOYMENT OBLIGATIONS

Forluz Pension plan (a Supplementary retirement pension plan)

Cemig and its subsidiaries are sponsors of Forluz - Forluminas Social Security Foundation, a non-profit legal entity whose object is to provide its associates and participants and their dependents with a finance income to complement retirement and pension, in accordance with the pension plan that they are subscribed in.

Forluz provides the following supplementary pension benefit plans available to its participants:

Mixed Benefit Plan ('Plan B'): This plan operates as a defined-contribution plan in the fund accumulation phase for retirement benefits for normal time of service, and as a defined-benefit plan for disability or death of participants still in active employment, and for receipt of benefits for time of contribution. The Sponsors match the basic monthly contributions of the participants. This is the only plan open for joining by new participants. The actuarial risks related to Plan B occur only as from the option for the lifetime benefit at the moment of the participant's retirement. In this specific case the responsibility for the risk of insufficiency of reserves for coverage of the benefits (deficits) is in parity between sponsors and participants.

Funded Benefit Plan ('Plan A'): This plan includes all currently employed and assisted participants who opted to migrate from the Company's previously sponsored defined benefit plan, and are entitled to a benefit proportional to those balances. For participants who are still working, this benefit has been deferred to the retirement date The benefit balances of Plan A have the characteristic of lifetime payment, and the responsibility for the risk of insufficiency of reserves to cover the benefits (deficits) is exclusively that of the sponsors.

In addition to the Forluz pension plans, Cemig, Cemig GT and Cemig D , contribute to a health and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

Life insurance

Until the end of the Collective Agreement in effect until October 2021, the Company made available coverage of 50% of the life insurance policy cost, with certain specific characteristics for retirees.

However, as a result of the amendment in the Collective Work Agreement for 2021-2023, in relation to offer and payment of life insurance for the employees and former employees, the Company understood that the post-retirement benefit in question had been canceled in its entirety, and as a result wrote off the balance of the obligation, remeasured using the revised actuarial assumptions, recognized in the Statement of income and Shareholders' equity, in the amounts of R$415,438, and R$59,495, respectively, totaling R$474,933.

In February 2022 the Association of Retired Energy Workers and Pension Holders of Cemig and its Subsidiaries (*Associação dos Eletricitários Aposentados e Pensionistas da Cemig e Subsidiárias - AEA/MG*) filed an injunction ordering the Company to comply with and maintain in full the same terms relating to coverage of the life insurance premium as were previously practiced. However, the Regional Employment Law Appeal Court of the 3rd Region refused this application, on the grounds that this had been validly decided in the collective agreement.

Actuarial obligations and recognition in the financial statements

On this Note the Company discloses its obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and the Life Insurance Plan in accordance with the terms of CPC 33 (R1) /IAS 19 - *Employee Benefits*, and the independent actuarial opinion issued as of December 31, 2022.

Agreement to cover the deficit on Forluz Pension Plan 'A'

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed a Debt Assumption Instrument to cover the deficit of Plan A for the years of 2015, 2016 and 2017. On December 31, 2022 the total amount payable by Cemig and its subsidiaries as a result of the Plan A deficits was R$545,196 (R$538,934 on December 31, 2021 referring to the Plan A deficits of 2015, 2016 and 2017).

The monthly amortizations, calculated by the constant installments system (Price Table), will be paid up to 2031 for the 2015 and 2016 deficits, in the amount of R$363,865, and up to 2033 for the 2017 deficit, in the amount of R$183,386. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, the Company will not be required to pay the remaining installments and the contract will be extinguished.

Restricted deposits made to Forluz

Resolution of the 2019 deficit

In December 2020, in accordance with the applicable legislation, Forluz proposed to Cemig a new Debt Assumption Instrument to be signed, if approved, by Forluz, Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, which occurred in 2019. The total amount to be paid by the Company to cover the deficit, without considering joint contribution, is R$160,425, through 166 monthly installments. The remuneration interest rate over the outstanding balance is 6% per year, plus the effect of the IPCA. If the plan reaches actuarial balance before the full period of amortization of the debt, the Company will not be required to pay the remaining installments and the contract will be extinguished.

The Company recognized the legal obligation in relation to the deficit of Plan A corresponding to 50% of the minimum amount, and, thus, obeying the contribution parity rule, made payments in the amount of R$16,636 in consignment (R$6,783 on December 31, 2021), to remain at the disposal of Forluz to be redeemed at an account with an official bank. Due to the refusal by Forluz to receive this amount, on May 26, 2021 the Company proposed an Action of Consignment in Payment, which is in its initial pleading phase.

Due to the Debt Assumption Instrument not being signed for coverage of the minimum amount proposed in the plan for solution of the Plan A actuarial deficit for 2019, and the refusal of the payments in consignment made by the Company, on April 27, 2021 Forluz filed legal action against sponsors Cemig, Cemig GT and Cemig D, applying for approval and confirmation of the request to ensure compliance with the contracting of the debt for coverage of the deficit of Plan A, in the amount of R$160,425, for the 2019 fiscal year.

In May 2022 the first instance of the Employment Law Appeal Court of Minas Gerais gave a decision in favor of Forluz, and against the Company's requests - but in this dispute appeal lies to hire instances. As a result the Company, based on the assessments of its specialists, has opted to maintain its assessment of the chances of loss in the action as 'possible'.

Resolution of the 2020 deficit

On March 31, 2022, in view of the divergences mentioned in the previous item, payment in consignation of the 2020 deficit of Plan A was begun, with deposit of the first tranche, limited to 50% of the amounts specified in the Plan proposed by Forluz, in obedience to the constitutional rule of parity of contribution. Forluz appealed, exercising its procedural right, on April 18, 2022. The amount deposited by the Company, on december 31, 2022, was R$10,877, which will be held in escrow, available to Forluz, by an official bank.

The total amount to be paid by the Company arising from the deficit ascertained in Plan A, without considering parity, is R$251,644, in 158 monthly payments, with remuneratory interest of 6% per year on the outstanding balance, plus inflation as measured by the IPCA-IBGE (Expanded National Consumer Price index). If the plan reaches actuarial balance before the full period of amortization of the contract, the Company is dispensed from payment of the remaining installments and the contract is extinguished.

Debt with the pension fund (Forluz)

On December 31, 2022, the Company and its subsidiaries have recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$251,401 (R$384,513 on December 31, 2021). This amount has been recognized as an obligation payable by Cemig and its subsidiaries, and will be amortized until June of 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Customer Price) inflation index (published by the Brazilian Geography and Statistics Institute - IBGE) plus 6% per year. The Company is required to pay this debt even if Forluz has a surplus, thus, the Company maintain recorded the debt in full, and record the effects of monetary updating and interest in finance income (expenses) in the statement of income.

Actuarial information

The consolidated actuarial information is as follows:

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	2022
Present value of obligations	11,403,598	3,313,138	61,225	14,777,961
Fair value of plan assets	(9,197,775)	-	-	(9,197,775)
Initial net liabilities	**2,205,823**	**3,313,138**	**61,225**	**5,580,186**
Adjustment to asset ceiling	111,799	-	-	111,799
Net liabilities in the statement of financial position	**2,317,622**	**3,313,138**	**61,225**	**5,691,985**

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	2021
Present value of obligations	12,025,817	3,468,504	66,017	15,560,338
Fair value of plan assets	(9,377,896)	-	-	(9,377,896)
Initial net liabilities	**2,647,921**	**3,468,504**	**66,017**	**6,182,442**
Adjustment to asset ceiling	22,232	-	-	22,232
Net liabilities in the statement of financial position	**2,670,153**	**3,468,504**	**66,017**	**6,204,674**

The *asset ceiling* is the present value of any economic benefits available in the form of restitutions coming from the plan or reductions in future contributions to the plan.

The present value of the liabilities of the pension plan is adjusted to the asset ceiling, which corresponds to the surplus result of Plan B, which has a specific destination allocation under the regulations of the National Private Pension Plans Council (CNPC).

The changes in the present value of the defined benefit obligation are as follows:

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Defined-benefit obligation at December 31. 2020	**13,308,575**	**3,319,092**	**64,324**	**551,136**	**17,243,127**
Cost of current service	1,800	21,048	506	3,245	26,599
Past service cost (1)	-	-	-	(415,438)	(415,438)
Interest on actuarial obligation	883,788	231,050	4,554	39,303	1,158,695
Actuarial losses (gains):					
Due to changes in demographic assumptions	377,790	122,095	1,138	(14,979)	486,044
Due to changes in financial assumptions	(2,393,295)	(251,787)	(4,574)	(126,930)	(2,776,586)
Due to adjustments based on experience	827,508	200,126	3,028	(26,207)	1,004,455
	(1,187,997)	**70,434**	**(408)**	**(168,116)**	**(1,286,087)**
Benefits paid	(980,349)	(173,120)	(2,959)	(10,130)	(1,166,558)
Defined-benefit obligation at December 31. 2021	**12,025,817**	**3,468,504**	**66,017**	**-**	**15,560,338**
Cost of current service	1,882	15,873	375	-	18,130
Past service cost (2)	(4,296)	-	-	-	(4,296)
Interest on actuarial obligation	1,224,041	362,118	6,892	-	1,593,051
Actuarial losses (gains):					
Due to changes in demographic assumptions	(7,156)	(1,298)	92	-	(8,362)
Due to changes in financial assumptions	(856,672)	(305,209)	(5,515)	-	(1,167,396)
Due to adjustments based on experience	105,557	(20,474)	(3,020)	-	82,063
	(758,271)	**(326,981)**	**(8,443)**	**-**	**(1,093,695)**
Benefits paid	(1,085,575)	(206,376)	(3,616)	-	(1,295,567)
Defined-benefit obligation at December 31. 2022	**11,403,598**	**3,313,138**	**61,225**	**-**	**14,777,961**

(1) Due to the alterations made in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and former employees, the Company understood that the post-retirement benefit in question had been entirely canceled, and as a result wrote down the balance of the obligation, remeasured using the revised actuarial assumptions.

(2) Relating to the changes in the conditions of Plan B for requesting the Enhancement of Retirement for Length of Contribution, Special or Age - MAT (*Melhoria de Aposentadoria por Tempo de Contribuição, Especial ou or Idade*)

Changes in the fair values of the plan assets are as follows:

	Pension plans and retirement supplement plans
Fair value of the plan assets at December 31, 2020	**10,420,081**
Return on investments	(297,597)
Contributions from employer	235,761
Benefits paid	(980,349)
Fair value of the plan assets at December 31, 2021	**9,377,896**
Return on investments	633,480
Contributions from employer	271,974
Benefits paid	(1,085,575)
Fair value of the plan assets at December 31, 2022	**9,197,775**

Changes in net liabilities were as follows:

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2020	**2,908,495**	**3,319,092**	**64,324**	**551,135**	**6,843,047**
Expense recognized in Statement of income	200,530	252,098	5,060	42,548	500,236
Past service cost	-	-	-	(415,438)	(415,438)
Contributions paid	(235,761)	(173,120)	(2,959)	(10,130)	(421,970)
Actuarial losses (gains)	(203,111)	70,434	(408)	(168,116)	(301,201)
Net liabilities at December 31, 2021	**2,670,153**	**3,468,504**	**66,017**	**-**	**6,204,674**
Expense recognized in Statement of income	284,818	377,991	7,268	-	670,077
Past service cost	(4,296)	-	-		(4,296)
Contributions paid	(271,974)	(206,376)	(3,616)	-	(481,966)
Actuarial losses (gains)	(361,080)	(326,981)	(8,443)		(696,504)
Net liabilities at December 31, 2022	**2,317,621**	**3,313,138**	**61,226**	**-**	**5,691,985**
				2022	**2021**
Current liabilities				**388,447**	**346,733**
Non-current liabilities				**5,303,538**	**5,857,941**

Parent company	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2020	**512,937**	**201,080**	**4,682**	**20,081**	**738,780**
Expense recognized in Statement of income	35,403	14,742	352	1,495	51,992
Past service cost	-	-	-	(15,135)	(15,135)
Contributions paid	(11,599)	(10,082)	(184)	(291)	(22,156)
Actuarial losses (gains)	(38,307)	14,845	197	(6,150)	(29,415)
Net liabilities at December 31, 2021	**498,434**	**220,585**	**5,047**	**-**	**724,066**
Expense recognized in Statement of income	53,247	23,615	546	-	77,408
Past service cost	(453)	-	-		(453)
Contributions paid	(13,385)	(11,705)	(217)	-	(25,307)
Actuarial losses (gains)	(78,697)	(25,773)	(703)		(105,173)
Net liabilities at December 31, 2022	**459,146**	**206,722**	**4,673**	**-**	**670,541**
				2022	**2021**
Current liabilities				**29,166**	**26,917**
Non-current liabilities				**641,375**	**697,149**

Amounts recorded as current liabilities refer to contributions to be made by Cemig and its subsidiaries in the next 12 months for the amortization of the actuarial liabilities.

The amounts reported as 'Expense recognized in the Statement of income' refer to the costs of post-employment obligations, that include the past service cost arising from the cancellation of the post-retirement life insurance obligation, totaling R$626,028 (R$15,194 on December 31, 2021), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$39,753 in 2022 (R$69,604 on December 31, 2021).

<u>The amounts recognized in 2022 and 2021 statement of income are as follows:</u>

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Current service cost	1,882	15,873	375	18,130
Past service cost	(4,296)	-	-	(4,296)
Interest on the actuarial obligation	1,224,041	362,118	6,892	1,593,051
Expected return on the assets of the Plan	(941,105)	-	-	(941,105)
Expense in 2022	**280,522**	**377,991**	**7,267**	**665,780**

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Current service cost	1,800	21,048	506	3,245	26,599
Past service cost	-	-	-	(415,438)	(415,438)
Interest on the actuarial obligation	883,788	231,050	4,554	39,303	1,158,695
Expected return on the assets of the Plan	(685,058)	-	-	-	(685,058)
Expense in 2021 according to actuarial calculation	**200,530**	**252,098**	**5,060**	**(372,890)**	**84,798**

The independent actuary’s estimation for the expense to be recognized for 2023 is as follows:

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Current service cost	273	14,097	346	14,716
Interest on the actuarial obligation	1,275,608	379,438	7,016	1,662,062
Expected return on the assets of the Plan	(1,003,765)	-	-	(1,003,765)
Estimated total expense in 2023 as per actuarial report	**272,116**	**393,535**	**7,362**	**673,013**

The expectation for payment of benefits for 2023 is as follows:

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Estimated payment of benefits	1,119,112	220,301	3,908	**1,343,321**

The Company and its subsidiaries Cemig GT and Cemig D have expectation of making contributions to the pension plan in 2023 of R$246,043 for amortization of the deficit of Plan A, and R$85,950 for the Defined Contribution Plan (recorded directly in the Statement of income for the year).

Below is a sensitivity analysis of the liabilities effect of changes in the main actuarial assumptions used to determine the defined-benefit obligation at December 31, 2022:

Effects on the defined-benefit obligation	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Reduction of one year in the mortality table	246,528	52,831	965	**300,324**
Increase of one year in the mortality table	(251,058)	(54,190)	(989)	**(306,237)**
Reduction of 1% in the discount rate	982,401	417,952	7,444	**1,407,797**

In the presentation of the sensitivity analysis, the present value of the defined-benefit obligation was calculated using the Projected Unit Credit method, the same method used to calculate the defined-benefit obligation recognized in the Statement of financial position.

The average maturity periods of the obligations of the benefit plans, in years, are as follows:

Pension plans and retirement supplement plans		Health plan	Dental plan
Plan A	Plan B		
8.73	10.83	12.79	12.37

The main categories plan's assets, as a percentage of total plan's assets are as follows:

	Cemig, Cemig GT e Cemig D	
	2022	2021
Shares	6.45%	7.77%
Fixed income securities	76.89%	73.95%
Real estate property	4.89%	5.04%
Others	11.77%	13.24%
Total	**100.00%**	**100.00%**

The following assets measured at fair value, are related to the Company and are not considered plan assets. According to the requirement of the standards, the amount are presented for information purpose:

	2022	2021	2020
Non-convertible debentures issued by the Company and subsidiaries	136,672	302,451	338,431
Shares issued by the Company	3,437	386	4,328
Real estate properties of the Foundation, occupied by the Company and subsidiaries	270,000	277,368	285,293
	410,109	**580,205**	**628,052**

This table provides the main actuarial assumptions:

	2022		2021		
	Pension plans and retirement supplement plans	Health plan and Dental plan	Pension plans and retirement supplement plans	Health plan and Dental plan	Life insurance
Annual discount rate for present value of the actuarial obligation	11.73%	11.83%	10.60%	10.75%	10.73%
Annual expected return on plan assets	11.73%	Not applicable	10.60%	Not applicable	Not applicable
Long-term annual inflation rate	5.31%	5.31%	5.03%	5.03%	5,03%
Estimated future annual salary increases	5.31%	Not applicable	5.03%	Não aplicável	6,29%
General mortality table	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 M&F S10% D20%
Disability table	Not applicable	Álvaro Vindas increase of 30%	Not applicable	Tasa 1927 increase of 100%	Tasa 1927 increase of 100%
Disabled mortality table	AT-83 IAM Male	MI-85 Female	AT-83 IAM Male	MI-85 Female	MI-85 Female
Real growth of contributions above inflation	-	1%	-	1%	-

The Company has not made changes in the methods used to calculate its post-employment obligations for the years ended December 31, 2022 and 2021.

Accounting policy

In the case of retirement obligations, the liability recognized in the balance sheet with respect to defined benefit pension plans is the greater of the debt agreed with the foundation for amortization of actuarial obligations and the present value of the actuarial obligation, calculated by means of an actuarial report, less the fair value of the plan's assets. The actuarial valuation involves the use of assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future increases in retirement and pension benefits. All assumptions are reviewed at each base date.

Expenses related to the debt agreed upon with the pension trust fund were recorded in finance income (expenses), because they represent financial interest and inflation adjustment. Other expenses related to the pension fund were recorded as operating expenses.

Actuarial gains and losses arising as a result of changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to Statement of income in a subsequent period.

The past service cost, due change or withdrawal of the defined benefit plan, and the gain or loss on settlement of obligations, are determined by remeasurement of the net present value of the obligation, using the revised actuarial assumptions, and is recognized directly in the Statement of income for the year in which the change, withdrawal or settlement is made.

25. PROVISIONS

Company and its subsidiaries are involved in certain legal and administrative proceedings at various courts and government bodies, arising in the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

Company and its subsidiaries recorded provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company's management and its legal advisors, the chances of loss are assessed as 'probable' (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

	Consolidated				
	2021	Additions	Reversals	Settled	2022
Labor	403,934	123,937	(26,206)	(86,856)	414,809
Civil					
Customer relations	32,235	44,270	(14)	(35,283)	41,208
Other civil actions	38,548	13,845	(3,439)	(12,658)	36,296
	70,783	**58,115**	**(3,453)**	**(47,941)**	**77,504**
Tax	1,295,661	332,488	(150,126)	(3,333)	1,474,690
Regulatory	47,842	11,521	(4,797)	(7,073)	47,493
Others	70,752	57,251	(56,853)	(56,625)	14,525
Total	**1,888,972**	**583,312**	**(241,435)**	**(201,828)**	**2,029,021**

	Consolidated				
	2020	Additions	Reversals	Settled	2021
Labor	427,515	80,686	(45,925)	(58,342)	403,934
Civil					
Customer relations	22,089	36,073	-	(25,927)	32,235
Other civil actions	32,495	19,245	(957)	(12,235)	38,548
	54,584	**55,318**	**(957)**	**(38,162)**	**70,783**
Tax	1,294,287	90,931	(88,929)	(628)	1,295,661
Regulatory	51,660	6,993	(7,764)	(3,047)	47,842
Others	64,391	23,337	(3,697)	(13,279)	70,752
Total	**1,892,437**	**257,265**	**(147,272)**	**(113,458)**	**1,888,972**

	Parent company				
	2021	Additions	Reversals	Settled	2022
Labor	43,075	13,137	(2,332)	(13,137)	40,743
Civil					
Customer relations	1,220	3,527	(7)	(213)	4,527
Other civil actions	2,421	2,989	-	(1,801)	3,609
	3,641	**6,516**	**(7)**	**(2,014)**	**8,136**
Tax	177,722	91,278	(45,165)	(2,341)	221,494
Regulatory	11,166	4,166	(2,735)	(4,135)	8,462
Others	1,391	495	(1,151)	(429)	306
Total	**236,995**	**115,592**	**(51,390)**	**(22,056)**	**279,141**

	Parent company				
	2020	Additions	Reversals	Settled	2021
Labor	28,152	22,541	-	(7,618)	43,075
Civil					
Customer relations	550	1,063	-	(393)	1,220
Other civil actions	3,178	162	(757)	(162)	2,421
	3,728	**1,225**	**(757)**	**(555)**	**3,641**
Tax	170,624	7,267	-	(169)	177,722
Regulatory	18,606	513	(7,664)	(289)	11,166
Others	1,275	685	(44)	(525)	1,391
Total	**222,385**	**32,231**	**(8,465)**	**(9,156)**	**236,995**

Additionally, there are lawsuits whose expected loss is considered possible, since the Company's and its subsidiaries' legal advisors assessed them as having a possible chance of success, and no provision was recorded, as follows:

Possible losses				
	Consolidated		Parent company	
	2022	2021	2022	2021
Labor	1,198,657	1,115,657	118,024	89,139
Civil				
Customer relations	230,919	148,623	8,839	2,239
Other civil actions	537,197	421,992	35,989	34,308
	768,115	**570,615**	**44,858**	**36,547**
Tax	2,149,475	1,974,135	470,980	415,884
Regulatory	2,976,485	2,457,013	1,432,717	1,240,369
Others	1,361,004	1,213,396	10,441	7,275
Total	**8,453,736**	**7,330,816**	**2,076,990**	**1,789,214**

The Company and its subsidiaries’ management, in view of the extended period and the Brazilian judiciary, tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of this financial statements in relation to the the timing of any cash outflows, or any possibility of reimbursements.

The Company and its subsidiaries believe that any disbursements in excess of the amounts provisioned, when the respective claims are completed, will not significantly affect the Company and its subsidiaries’ result of operations or financial position.
The main provisions and contingent liabilities are provided below, with the best estimation of expected future disbursements for these contingencies:

Tax

Company and its subsidiaries are involved in numerous administrative and judicial claims actions relating to taxes, including, among other matters, subjects relating to the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the Tax on Donations and Legacies (ITCD); the Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to tax enforcement. The aggregate amount of this contingency is approximately R$276,265 (R$212,312at December 31, 2021), of which R$22,664 (R$19,041 at December 31, 2021) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

In addition to the issues above the Company and its subsidiaries are involved in various proceedings on the applicability of the IPTU Urban Land Tax to real estate properties that are in use for providing public services. The aggregate amount of the contingency is approximately R$94,324 (R$86,847 at December 31, 2021). Of this total, R$3,525 has been recognized (R$3,432 at December 31, 2021) - this being the amount estimated as probably necessary for settlement of these disputes. The Company has been successful in its efforts to have its IPTU tax liability suspended, winning judgments in favor in some cases.

Social Security contributions on income sharing payments

The Brazilian tax authority (*Receita Federal*) has filed administrative and court proceedings against the Company, relating to social security contributions on the payment of income sharing to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10.101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the probability of loss from ‘possible’ to ‘probable’ for some portions paid as income-sharing amounts, maintaining the classification of the chance of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation.

In August 2022, the Higher Tax Appeal Chamber (CSRF) of the Tax Appeals Council (CARF), changing its case law, canceled claims for Social Security contributions on amounts paid as income-sharing. The Chamber recognized that there was no change in the identity or type of the payment of these amounts, provided that they were paid to the employees after signature of the related agreement, whether or not that signature had been given after the start of the period to which the calculation of targets referred. Based on this decision, the Company altered its expectation for the contingency for losses related to the income-sharing payments that are still in proceedings in the administrative sphere, from ‘probable’ to ‘possible’, resulting in a reduction of R$136,115 in the provision. The Company continues to monitor the legal actions in progress in the judiciary, for which it has maintained the assessment of chances of loss as ‘probable’, thus maintaining the related provisioning.

The amount of the contingencies is approximately R$1,639,980 (R$1,433,086 on December 31, 2021), of which R$1,311,148 has been provisioned (R$1,272,036 on December 31, 2021), this being the estimate of the probable amount of funds to settle these disputes.

Indemnity of employees' future benefit (the 'Anuênio')

In 2006 the Company paid an indemnity to its employees, totaling R$177,686, in exchange for rights to future payments (referred to as the Anuênio) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax nor Social Security contributions in relation to these amounts because it believed that amounts paid as indemnity are not taxable. However, given the possibility of dispute and to avoid risk of future penalty payments, the Company and its subsidiaries filed legal actions for recognition of the right of non-taxation on these Anuênio payments, making separate submissions and argument in relation to (a) income tax and (b) the social security contribution, in the aggregate historic amount of R$121,834, which is considered sufficient for payment of the lawsuit.

In the action relating to applicability of the social security contribution, a court judgment was given that impedes consideration of an appeal to the Federal Supreme Court - thus consideration by the Higher Appeal Court remains. Additionally, in October 2022, a judgment was published refusing to recognize the Special Appeal filed by the Company, reducing the chances of success in the action. As a result the assessment of the chances of loss in this action were altered from 'possible' to 'probable', and a provision made for the amount deposited in escrow. The chances of loss in the action relating to applicability of income tax on the amounts of the *anuênios*, due to its current phase of procedure, have been maintained as 'possible'. The amount of the contingency is approximately R$305,427 (R$290,198 on December 31, 2021), of which R$136,131 (R$129,336 on December 31, 2021) has been provisioned.

Lack of approval to offsett tax credit

The federal tax authority did not approve the Company's offset, in corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes - IRPJ, CSLL, PIS/Pasep and Cofins - identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company and its subsidiaries are contesting the lack of approval of the amounts offseted. The amount of the contingency is R$164,014 (R$199,430 on December 31, 2021), of which R$1,221 (R$1,152 at December 31, 2021), has been provisioned, since the relevant requirements of the National Tax Code (CTN) have been complied with. The probability of loss related to the amount not provisioned has been assessed as 'possible'.

Social Security contributions

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings related to various matters: employee income sharing; the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs) and fines for non-compliance with accessory obligations. The Company and its subsidiaries have presented defenses and await judgment. The amount of the contingency is approximately R$124,621 (R$121,223 on December 31, 2021). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

Income tax withheld on capital gain in a shareholding transaction

The federal tax authority issued a tax assessment against Cemig as a jointly responsible party with its jointly controlled entity Parati S.A. Participações em Ativos de Energia Elétrica (Parati), relating to withholding income tax (*Imposto de Renda Retido na Fonte*, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a shareholding transaction relating to the purchase by Parati, and sale, by Enlighted, at July 7, 2011, of 100,00% of the equity interests in Luce LLC (a company with head office in Delaware, USA), holder of 75,00% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13,03% of the total and voting shares of Light S.A. (Light). The amount of the contingency is approximately R$255,792 (R$239,467 on December 31, 2021), and the loss has been assessed as 'possible'.

The social contribution tax on net income (CSLL)

The federal tax authority issued a tax assessment against the Company and its subsidiaries for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the social contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$517,199 (R$453,924 on December 31, 2021), and the probability of loss has been assessed as 'possible'.

ICMS (local state value added tax)

From December 2019 to March 2022, the Tax Authority of Minas Gerais State issued infraction notices against the subsidiary Gasmig, in the total amount of R$357,435, relating to reduction of the calculation base of ICMS tax in the sale of natural gas to its customers over the period from December 1, 2014 to September 30, 2021, alleging a divergence between the form of calculation used by Gasmig and the opinion of that tax authority, The claims comprises principal amount of R$124,478, penalty payments of R$200,546 and interest of R$32,411.

Considering that the State of Minas Gerais, over a period of more than 25 years, has never made any allegations against the methodology of calculation by the Company, Management and Company's legal advisors, believe that there is a defense under Article 100, III of the National Tax Code, which removes claims for penalties and interest; and that the contingency for loss related to these amounts is 'remote', In relation to the argument on the difference between the amount of ICMS tax calculated by Gasmig and the new interpretation by the state tax authority, the probability of loss was considered 'possible'. On December 31, 2022 the amount of the contingency for the period relating to the rules on expiry by limitation of time is R$182,058 (R$139,938 on December 31, 2021). In July 2021, Gasmig filed a lawsuit for annulment of a tax debit, against the State of Minas Gerais, and this proceeding suspended the tax claim referred to above.

Interest on Equity

The Company filed an application for mandamus, with interim relief, requesting the right to deduct, from the basis of calculation of corporate income tax and Social Contribution tax, the expense relating to payment of Interest on Equity in 4Q20 calculated on the basis of prior periods (the first and second quarters of 2020), and for cancellation of the demand for new supposed credits of corporate income tax and the Social Contribution relating to the amount that was not paid as a result of the deduction of the said financial expense, with application of fines. The amount of the contingencies in this case is approximately R$66,693 (R$60,079 on December 31, 2021).

Reversal of credits in calculation of PIS/ Pasep and Cofins taxes

The Brazilian tax authority issued, in August 2021, two infringement notices relating to calculation of the PIS/Pasep and Cofins taxes, from August 2016 to December 2017, alleging insufficiency of payment of these contributions due to supposed undue credits deduction of the expenses on the Proinfa charge, and absence of reversal of the credits related to non-technical losses. The Company is contesting these infringement notices. The amount of the contingency is R$179,848 (R$161,780 on December 31, 2021) and the Company has classified the chances of loss as 'possible', due to the scarcity of case law on the subject.

Labor claims

Company and its subsidiaries are involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R$1,613,466 (R$1,570,680 at December 31, 2021), of which R$414,809 (R$403,934 at December 31, 2021) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Customers claims

The Company and its subsidiaries are involved in various civil actions relating to indemnity for personal injury and for material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue charging, in the normal course of business, totaling R$272,127 (R$180,858 at December 31, 2021), of which R$41,208 (R$32,235 at December 31, 2021) has been recorded - this being the probable estimate for funds needed to settle these disputes.

Other civil proceedings

The Company and its subsidiaries are involved in various civil actions claiming indemnity for personal and material damages, among others, arising from incidents occurred in the normal course of business, in the amount of R$573,493 (R$460,540 on December 31, 2021), of which R$36,296 (R$38,548 at December 31, 2021) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Regulatory

The Company and its subsidiaries are involved in numerous administrative and judicial proceedings, challenging, principally: (i) tariff charges in invoices for use of the distribution system by a self-producer; (ii) alleged violation of targets for continuity indicators in retail supply of energy; and (iii) the tariff increase made during the federal government's economic stabilization plan referred to as the 'Cruzado Plan', in 1986. The aggregate amount of the contingency is approximately R$484,034 (R$385,244 on December 31, 2021), of which R$47,493 (R$47,842 at December 31, 2021) has been recorded as provision - the amount estimated as probably necessary for settlement of these disputes.

Public Lighting Contribution (CIP)

Cemig and Cemig D are defendants in several public civil claims (class actions) requesting nullity of the clause in the Electricity Supply Contracts for public illumination signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed error by Cemig in the estimation of the period of time that was used in calculation of the consumption of energy for public illumination, funded by the Public Lighting Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company and its subsidiaries believes it has arguments of merit for defense in these claims, including a partial favorable decision. As a result it has not constituted a provision for this action, the amount of which is estimated at R$1,432,813 (R$1,269,402 at December 31, 2021). The Company has assessed the probability of loss in this action as 'possible', due to the Customer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable, because the matter is governed by the specific regulation of the electricity sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

Accounting of energy sale transactions in the Power Trading Chamber (CCEE)

In a claim dating from August 2002, AES Sul Distribuidora challenged in the court the criteria for accounting of energy sale transactions in the wholesale energy market (*Mercado Atacadista de Energia*, or MAE) (predecessor of the present Power Exchange Chamber - *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment on February 2006, which ordered the grantor (Aneel), working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering the grantor (Aneel) Dispatch 288 of 2002.

This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$506,742 (R$436,835 on December 31, 2021). On November 9, 2008 Cemig GT obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF) suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE, Cemig GT has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Electricity Sector, in which the Company has the full documentation to support its arguments.

Inefficiency in provision of services

A public class action filled by the Public Attorneys' Office of Minas Gerais state against the Company, alleging supposed inefficiency in provision of services related to the distribution of electricity to the consumers of the municipality of Rio Vermelho. In November 2022, an agreement was signed between the parties, in which the Company assumed responsibility for carrying out works to improve the services provided to the municipality of Rio Vermelho. As a result of the ratification of the agreement, the contingency amount of R$302,970, as of December 31, 2022, had the probability of loss reassessed to remote.

Exclusion of customers classified as low-income

The Federal Public Attorneys' Office filed a class action against the Company and the grantor (Aneel), to avoid exclusion of customers from classification in the *Low-income residential tariff* sub-category, requesting an order for Cemig D to pay twice the amount paid in excess by customers. A decision was given in favor of the plaintiffs, but the Company and the grantor (Aneel) have filed an interlocutory appeal and await judgment. The amount of the contingency is approximately R$483,294 (R$413,375 on December 31, 2021), Cemig D has classified the chances of loss as 'possible' due to other favorable decisions on this matter.

<u>Environmental claims</u>

Impact arising from construction of power plants

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage, Cemig GT, based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, Cemig GT has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$136,795 (R$123,098 on December 31, 2021).

Other legal actions in the normal course of business

Energy billing dispute

During 2022, one of the Company's clients filed an arbitration proceeding requesting changes in contractual clauses and questioning the incidence of certain taxes on its electricity bills. In September 2022, the Company was duly notified of the court decision that granted the injunction request, which determined that the Company should start billing the energy supply contract according to the request. After the arbitration procedure was initiated and the parties were heard, in January 2023, the Court revoked the previous decision and determined the reestablishment of the contractual billing system, as well as the payment of the unbilled amounts due to the injunction initially granted in favor of this customer.

The arbitration proceeding is still in progress, in which this client is questioning the points informed above. If the arbitration decision grants the client's request, the Company will have to refund the difference between the contracted amounts and the adjustments demanded, which amounted to R$117,095 on December 31, 2022. Management, based on the opinion of its legal advisors, classified the probability of loss as possible.

Breach of contract - Power line pathways and accesses cleaning services contract

The Company and its subsidiaries are involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. In October 2022, the judge authorized the opposing party to withdraw the amount deposited of R$37,792, converting it into payment of the conviction. The amount of R$8,473 (R$55,193 on December 31, 2021), referring to the residual issues of the process, was maintained as a provision.

'*Luz Para Todos'* Program

The Company is a party in disputes alleging losses suffered by third parties as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as the '*Luz Para Todos'*. The estimated amount of the contingency is approximately R$470,248 (R$419,869 on December 31, 2021). Of this total, R$141 (R$810 on December 31, 2021) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

Contractual imbalance

Cemig D is party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R$223,395 (R$198,144 on December 31, 2021). Cemig D has classified the chance of loss as 'possible', after analysis of the case law on this subject.

Renova: Application to override corporate identity

A receivables investment fund filed an application for Override of Legal Identity (Incidente de Desconsideração da Personalidade Jurídica - IDPJ) in relation to certain companies of the Renova group, aiming to include some shareholders of Renova, including the Company and its subsidiary Cemig GT, as defendants jointly and severally liable. The amount involved in this dispute is estimated at R$102,760 (R$86,256 on December 31, 2021). The probability of loss has been assessed as 'possible'.

Other legal proceedings

Company and its subsidiaries are involved as plaintiff or defendant, in other less significant claims, related to the normal course of their operations including: environmental matters, removal of residents from risk areas; and indemnities for rescission of contracts, on a lesser scale, related to the normal course of its operations, with an estimated total amount of R$433,911 (R$401,589 at December 31, 2021), of which R$5,912 (R$14,749 at December 31, 2021), the amount estimated as probably necessary for settlement of these disputes.

26. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On December 31, 2022, the Company's issued and share capital is R$11,006,853 (R$8,466,810 on December 31, 2021) represented by 735,847,624 common shares and 1,465,523,064 preferred shares (566,036,634 and 1,127,325,434 on December 31, 2021, respectively), both of them with nominal value of R$5.00, as demonstrated below:

Shareholders	Number of shares on December 31, 2022					
	Common	%	Preferred	%	Total	%
State of Minas Gerais	375,031,302	50.97	17,085	-	375,048,387	17.04
Other entities of Minas Gerais State	30,021	-	21,880,950	1.49	21,910,971	1.00
FIA Dinâmica Energia S.A.	233,625,046	31.75	118,771,654	8.10	352,396,700	16.01
BNDES Participações	82,007,784	11.14	-	-	82,007,784	3.73
BlackRock	-	-	218,212,381	14.89	218,212,381	9.91
Others						
In Brazil	26,546,632	3.61	178,219,966	12.16	204,766,598	9.30
Foreign shareholders	18,606,839	2.53	928,421,028	63.36	947,027,867	43.01
Total	**735,847,624**	**100.00**	**1,465,523,064**	**100.00**	**2,201,370,688**	**100.00**

Shareholders	Number of shares on December 31, 2021					
	Common	%	Preferred	%	Total	%
State of Minas Gerais	288,485,632	50.97	13,143	-	288,498,775	17.04
Other entities of Minas Gerais State	23,094	-	14,472,345	1.28	14,495,439	0.86
FIA Dinâmica Energia S.A.	153,354,328	27.09	80,004,762	7.10	233,359,090	13.78
BNDES Participações	63,082,911	11.14	22,141,720	1.96	85,224,631	5.03
BlackRock	-	-	123,325,741	10.94	123,325,741	7.28
Others						
In Brazil	43,689,699	7.72	145,881,261	12.94	189,570,960	11.19
Foreign shareholders	17,400,970	3.08	741,486,462	65.78	758,887,432	44.81
Total	**566,036,634**	**100.00**	**1,127,325,434**	**100.00**	**1,693,362,068**	**100.00**

The Company's Share Capital may be increased by up to a limit of 10% (ten percent) of the share capital set in the by-laws, without need for change in the by-laws and upon decision of the Board of Directors, having previously heard statement of opinion issued by the Fiscal Council.

Capital increase

Since the balance of income reserves on December 31, 2021 exceeded the share capital by R$1,522,600, the Annual General Meeting of April 29, 2022 approved the proposal to increase the share capital from R$8,466,810 to R$11,006,583, in accordance with Article 199 of the Corporate Law (Law 6,404/76), by capitalization of R$2,540,043 from the retained earnings reserve, and distribution of a stock bonus, with issuance of 508,008,620 new shares, with nominal value of R$5.00, comprising 169,810,990 common shares and 338,197,630 preferred shares, in accordance with the by-laws.

b) Earnings per share

Due to the capital increase, on April 29, 2022, with issuance of 508,008,620 new shares, without a corresponding entry of funds into the Company, the basic and diluted income per share is presented, retrospectively, considering the new number of Company's shares.
The number of shares included in the calculation of basic and diluted earnings, is described in the table below:

	Number of shares	
	2022	2021 (restated)
Common shares already paid up	735,847,624	735,847,624
Shares in treasury	(102)	(102)
Total common shares	**735,847,522**	**735,847,522**
Preferred shares already paid up	1,465,523,064	1,465,523,064
Shares in treasury	(846,164)	(846,164)
Total preferred shares	**1,464,676,900**	**1,464,676,900**
Total	**2,200,524,422**	**2,200,524,422**

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is as follows:

	2022	2021 (Restated)
Total earnings (A)	4,092,313	3,751,321
Total shares (B)	2,200,524,422	2,200,524,422
Basic and diluted earnings per common share (A/B) (R$)	**1.86**	**1.70**

The purchase and sale options of investments in SAAG, issued by Cemig GT, described in Note 31, could potentially dilute basic earning (loss) per share in the future; however, they have not caused dilution of earning per share in 2022 and 2021.

The calculation of basic and diluted earnings per share is as follows:

	2022	2021
Net income for the year attributed to equity holders of the parent	**4,092,313**	**3,751,321**
Minimum mandatory dividend from net income for the year - preferred shares	1,485,927	1,308,928
Net income for the year not distributed - preferred shares	1,237,916	1,187,952
Total earnings - preferred shares (A)	**2,723,843**	2,496,880
Minimum mandatory dividend from net income for the year - common shares	746,536	657,610
Net income for the year not distributed - common shares	621,934	596,831
Total earnings - common shares (B)	**1,368,470**	1,254,441
Basic and diluted earnings per preferred share (A / number of preferred shares)	**1.86**	**2.22**
Basic and diluted earnings per common share (B / number of common shares)	**1.86**	**2.22**

Considering that each class of share participates equally in the income reported, the earning per share in the fiscal years ended on December 31, 2022 and 2021 were, respectively, R$1.86 and R$2.22, calculated based on the Company’s number of shares on December 31, 2022, adjusting the earning per share of the comparative fiscal years.

c) Equity valuation adjustments

Consolidated	2022	2021
Adjustments to actuarial liabilities - Employee benefits (i)	**(259,621)**	**(329,036)**
Subsidiaries, jointly controlled entities and affiliated company		
Adjustments to actuarial liabilities - Employee benefits (ii)	(2,043,265)	(2,433,543)
Deemed cost of PP&E	427,487	554,409
Translation adjustments	362	362
Others	996	(406)
	(1,614,420)	**(1,879,178)**
Equity valuation adjustments	**(1,874,041)**	**(2,208,214)**

(i) Relates to Company adjustments on employee benefits;
(ii) Relates to subsidiaries adjustments on employee benefits.

The adjustments to post-employment benefit obligations comprise gains or losses resulting from re-measurements of the net defined-benefit obligation, in accordance with the actuarial report, net of tax effects.

The amounts recorded as deemed cost of the generation assets represents its fair value determined using the replacement cost at initial adoption of IFRS on January 1, 2009. The valuation of the generation assets resulted in an increase in their book value, recorded in a specific line in Equity, net of the tax effects. These values are being realized based on the depreciation of the assets.

d) Reserves

Capital reserves

	2022	2021
Investment-related donations and subsidies	1,856,628	1,856,628
Goodwill on issuance of shares	394,448	394,448
Inflation adjustment of capital	7	7
Shares in treasury	(1,362)	(1,362)
	2,249,721	**2,249,721**

The reserve for investment-related donations and subsidies basically refers to the compensation by the Federal Government for the difference between the profitability obtained by Cemig up to March 1993 and the minimum return guaranteed by the legislation in effect at the time.

The reserve for treasury shares refers to the pass-through by Finor ("Fundo de Investimentos do Nordeste") of shares arising from funds applied in Cemig projects in the area covered by Sudene (the development agency for the Northeast) under tax incentive programs.

Income reserves

	2022	2021
Legal reserve	1,386,453	1,181,837
Statutory reserve	57,215	57,215
Retained earnings reserve	6,546,431	7,330,512
Unrealized earnings reserve	834,603	834,603
Incentive tax reserve	150,274	124,081
Reserve for mandatory dividends not distributed	1,419,847	1,419,846
	10,394,823	**10,948,094**

Legal reserve

Constitution of the legal reserve is mandatory, up to the limits established by law. The purpose of the reserve is to ensure the security of the share capital, its use being allowed only for offsetting of losses or increase capital. This reserve constitution corresponds to 5% of the net income for the year, less the amount allocated to incentive tax reserve.

Statutory reserve

The reserve under the By-laws is for future payment of extraordinary dividends, in accordance with Article 28 of the by-laws.

Retained earnings reserve

Retained earnings reserves refers to incomes not distributed in prior years, to guarantee execution of the Company's Investment Program, and amortization of loans and financing. The retentions are supported by capital budgets approved by the Board of Directors in the respective years.

Unrealized earnings reserve

Article 197 of the Brazilian corporate law nº 6,404/76 allows the Company to pay the mandatory dividend, calculated as required by the Bylaws up to the amounts of the realized portion of the net income for the year.

In 2022, Company presented a positive net share of income of subsidiaries, jointly controlled entities and affiliates of R$3,216,713, which can be regarded as unrealized portion of net income for the year, in accordance with the Brazilian corporate law.

Additionally, the above does not apply to the payment of the minimum mandatory dividends on preferred shares, which are required to be paid in full for an amount of R$732,762 as described in further details in (f) below. In addition, since the creation of the Unrealized Earnings Reserve is optional, Management decided to propose the same proportion of dividend payment to shareholders owning common shares, considering Company's expected financial capacity.

The outstanding balance of the Unrealized Earnings Reserve will remain R$834,603, considering the reversal of the reserve recorded in 2021 and the creation of a new one in 2022, in the same amount.

The Unrealized Earnings Reserve amounts can only be used to pay mandatory dividends. Hence, when the Company realizes such incomes in cash, it must distribute the corresponding dividend in the subsequent period, after offsetting of any losses in subsequent years.

Incentives tax reserve

The subsidiaries Cemig D and Cemig GT have a right to 75% reduction in income tax, including the tax paid at the additional rate, calculated on the basis of the operating income in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. The amount of the incentive recognized in the Statement of income was R$26,193 in 2022 (R$21,213 in 2021), and it was subsequently transferred to the incentives tax reserve. The amount of the tax incentives reserve on December 31, 2022 was R$150,274 (R$124,081 at December 31, 2020). This reserve cannot be used for payment of dividends.

Reserve for mandatory dividends not distributed

	2022
Dividends withheld, arising from the net income of 2015	622,530
Dividends withheld, arising from the net income of 2014	797,316
	1,419,846

These dividends were retained in Equity, in years 2015 and 2014, in the account Reserve for mandatory dividends not distributed; and as per the proposal approved in the Annual General Meetings of 2016 and 2015, the dividends retained will be paid as soon as the Company's financial situation permits. The Company's Management, in view of the uncertainties present in the current macroeconomic scenario and the estimated cash requirement for the nex year, concluded that the financial situation does not yet allow the payment of these retained dividends.

e) Rights and preferences of the common and preferred shares

Every holder of Cemig common shares has the right to vote in an election for members of our Board of Directors. Under the Brazilian Corporate Law, any shareholder holding at least 5% of Cemig's common shares in circulation may request adoption of a multiple vote procedure, which confers upon each share a number of votes equal to the present number of members of the Board of Directors and gives the shareholder the right to accumulate his or her votes in one sole candidate, or distribute them among several.
Under the Brazilian Corporate Law, holders of preferred shares representing at least 10% of Cemig's share capital, and also holders of common shares representing at least 15% of its share capital (other than the controlling shareholder) have the right to appoint a member of the Board of Directors and his or her respective substitute member in a separate election. If none of the holders of common or preferred shares qualifies under the minimum limits specified above, shareholders representing, in the aggregate, a minimum of 10% of the share capital may combine their holdings to elect a member of the Board of Directors, and that member's substitute member.

Under Article 171 of the Corporate Law, every shareholder has a generic right of first refusal in subscription of new shares, or securities convertible into shares, issued in any capital increase, in proportion to their percentage shareholding, except in the event of exercise of any option to acquire shares in our share capital. Shareholders are required to exercise their right of first refusal within 30 days from publication of the notice of increase of capital. Every holder of Cemig preferred shares has preference in the event of share redemption.
The dividend rights of the preferred and common shares are described below.

f) Dividends

Under the by-laws, if the Company is able to pay dividends higher than the mandatory minimum dividends required for the preferred Shareholders, and the remaining net income is sufficient to offer equal dividends for both the common and preferred shares, then the dividends per share will be the same for the holders of common shares and preferred shares. Dividends declared are paid in two equal installments, the first by June 30 and the second by December 30, of the year following the generation of the income to which they refer. The Executive Board decides the location and processes of payment, subject to these periods.

Under its by-laws, Cemig is required to pay to its shareholders, as mandatory dividends, 50% of the net income of each year.

The preferred shares have preference in the event of reimbursement of capital and participate in incomes on the same conditions as the common shares have the right, when there is net income, to a minimum annual dividends equal to the greater of:

(a) 10% of their par value, and
(b) 3% of the portion of equity that they represent.

Under its by-laws, Cemig's shares held by private individuals and issued up to August 5, 2004 have the right to a minimum dividend of 6% per year on their par value in all years when Cemig does not obtain sufficient incomes to pay dividends to its Shareholders. This guarantee is given by the State of Minas Gerais by Article 9 of State Law 828 of December 14, 1951 and by State Law 15,290 of August 4, 2004.

Calculation of the minimum dividends proposed

The calculation of the minimum dividends proposed for distribution to Shareholders considering the unrealized income assumption, as mentioned in the previous paragraph, is as follows:

	2022	2021
Calculation of minimum dividends required by the by-laws for the preferred shares		
Nominal value of the preferred shares	7,327,615	5,636,627
	7,327,615	**5,636,627**
Percentage applied to the nominal value of the preferred shares	10.00%	10.00%
Amount of the dividends by the first payment criterion	**732,762**	**563,663**
Equity	21,777,356	19,456,411
Preferred shares as a percentage of Equity (net of shares held in Treasury)	66.56%	66.56%
Portion of Equity represented by the preferred shares	**14,495,008**	12,950,187
Percentage applied to the portion of Equity	3.00%	3.00%
Amount of the dividends by the second payment criterion	**434,850**	**388,506**
Minimum dividends required by the bylaws for the preferred shares	**732,762**	**563,663**
Calculation of the Minimum Dividend under the by-laws based on the net income for the year		
Mandatory dividend		
Net income for the year	4,092,313	3,751,321
	50%	50%
Mandatory dividends - 50% of Net income	2,046,157	1,875,661
Unrealized earnings reserve	(834,603)	(834,603)
Reversal of the unrealized earnings reserve of 2019	834,603	834,603
Withholding income tax on Interest on equity	186,306	90,877
	2,232,463	**1,966,538**
Dividends recorded, as specified in the by-laws		
Interest on Equity	1,983,650	955,282
Ordinary dividends	248,813	1,011,256
	2,232,463	**1,966,538**
Total dividends for the preferred shares	**1,485,927**	**1,308,928**
Total dividends for the common shares	**746,536**	**657,610**
Unit value of dividends - R$		
Minimum dividends required by the by-laws for the preferred shares	0.50	0.50
Mandatory dividends (including withholding income tax on Interest on Equity)	1.01	1.16
Dividends proposed: Common (ON) shares	1.01	1.16
Dividends proposed: Preferred (PN) shares	1.01	1.16

This table provides the changes on dividends and interest on capital payable:

	Consolidated	Parent company
Balance at December, 31, 2020	**1,448,846**	**1,446,945**
Proposed dividends	1,966,538	1,966,538
Dividends proposed for non-controlling shareholder	876	-
Tax withheld at source on Interest on Equity	(90,877)	(90,877)
Dividends retained - Minas Gerais state government	(13,366)	(13,366)
Dividends paid	(1,402,967)	(1,397,990)
Balance at December, 31, 2021	**1,909,050**	**1,911,250**
Proposed dividends	2,232,463	2,232,463
Dividends proposed for non-controlling shareholder	1,498	-
Tax withheld at source on Interest on Equity	(186,306)	(186,306)
Dividends paid	(2,093,907)	(2,096,726)
Balance at December, 31, 2022	**1,862,798**	**1,860,681**

Allocation of net income for 2022 - Management's proposal

The Board of Directors decided to propose to the Annual General Meeting to be held on April, 2023 the following allocation of the net income for 2022, totaling R$4,092,313, of realization of the deemed cost of PP&E, totaling R$126,922, realization of the unrealized earnings reserve totaling R$834,603, as follow:

- R$204,616 will be held in Stockholders' equity in the Legal Reserve, as established in Brazilian corporate law 6,404/1976.
- R$2,232,463 as minimum mandatory dividends, to the Company's shareholders, to be paid in two equal installments, by June 30 and December 30, 2023, as follows:
  - R$1,983,650 declared as interest on own equity and imputed to the mandatory dividend, as deliberated by the Executive Board in 2022;
  - R$248,813 in the form of dividends, to holders whose names are in the Company's Nominal Share Registry on the date of the AGM.
- R$1,755,963 to be held in Shareholders' equity in the Retained Earnings Reserve, to provide funding for the Company's consolidated investments planned for 2023, as per capital budget.
- R$26,193 to be held in Shareholders' equity in the Tax Incentives Reserve, related to tax incentive due to investment in the region of Sudene.

The amount of R$834,603 remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2021 and the new constitution in 2022, of the same amount.

Payment of the dividends will be made in 2 equal installments, the first by June 30, 2023 and the second by December 30, 2023.

g) Remuneration to shareholders

The obligation to pay dividends is recognized when the distribution is authorized or as provided for by law and/or the Company's bylaws. In view of the applicable legislation and the Company's bylaws, which provide for a minimum dividend payment of 50% of net income for the year, this is considered a present obligation on the closing date of the fiscal year, and is recognized as a liability.

The Company’s Executive Board decided to declare Interest on Equity as follows:

(i) on March 23, 2022, in the amount of R$245,000, payable to shareholders whose names are on the Company’s Nominal Share Register on March 28, 2022, with retention of income tax amount to R$23,159;
(ii) on June 7, 2022, in the amount of R$353,000, payable to shareholders whose names are on the Company’s Nominal Share Register on June 24, 2022, with retention of income tax amount to R$32,112;
(iii) on September 20, 2022, in the amount of R$471,529, payable to shareholders whose names are on the Company’s Nominal Share Register on September 23, 2022, with retention of income tax amount to R$43,740;
(iv) on December 14, 2022, in the amount of R$398,607, payable to shareholders whose names are on the Company’s Nominal Share Register on December 21, 2022, with retention of income tax amount to R$38,069; and
(v) on December 22, 2022, in the amount of R$515,514, payable to shareholders whose names are on the Company’s Nominal Share Register on December 27, 2022, with retention of income tax amount to R$41,395 . The amount of income tax withheld at source, by obligation of the tax legislation, is not considered when the Interest on Equity are attributed to the mandatory dividend and is calculated at the rate of 15%, in the cases where this tax is levied, under the terms of the current legislation.

27. REVENUE

	Consolidated		Parent company	
	2022	2021	2022	2021
Revenue from supply of energy (a)	30,158,388	29,619,254	2,408,755	319,721
Revenue from use of the electricity distribution systems (TUSD)	3,684,574	3,448,318	-	-
CVA and Other financial components (b)	(1,146,560)	2,146,043	-	-
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization (1)	2,360,056	1,316,995	-	-
Transmission revenue				
Transmission operation and maintenance revenue (c)	413,044	354,910	-	-
Transmission construction revenue (c)	407,193	251,973	-	-
Interest revenue arising from the financing component in the transmission contract asset (d) (Note 15)	575,449	660,457	-	-
Generation indemnity revenue (note 14.1)	47,028	-	-	-
Distribution construction revenue	3,245,688	1,852,263	-	-
Adjustment to expectation of cash flow from indemnifiable financial assets of distribution concession	39,369	53,751	-	-
Revenue on financial updating of the Concession Grant Fee (e)	466,857	523,105	-	-
Transactions in energy on the CCEE (f)	182,893	1,156,503	48,792	203,245
Mechanism for the sale of surplus (g)	453,131	452,896	-	-
Supply of gas	4,529,123	3,470,406	-	-
Fine for violation of service continuity indicator	(94,035)	(70,948)	-	-
Advances for services provided (2)	-	153,970	-	-
PIS/Pasep and Cofins credits to be refunded to consumers	(829,783)	-	-	-
Other operating revenues (h)	2,657,114	1,935,273	16,451	472
Deductions on revenue (i)	(12,686,721)	(13,679,051)	(355,066)	(51,004)
Net operating revenue	**34,462,808**	**33,646,118**	**2,118,932**	**472,434**

(1) For more information, see Note 9a.
(2) Refers to the negotiation with free consumers that resulted in the anticipation of revenue related to the provision of commercialization services by the subsidiary ESCEE.

a) Revenue from energy supply

Consolidated	MWh (1)		R$	
	2022	2021	2022	2021
Residential	11,216,803	11,185,772	10,133,141	11,123,482
Industrial	18,203,746	16,360,861	5,991,208	5,274,972
Commercial, services and others	8,956,518	8,334,095	6,154,960	5,520,318
Rural	3,092,932	3,975,398	2,050,022	2,565,932
Public authorities	855,672	729,312	660,453	583,205
Public lighting	1,138,039	1,225,733	534,658	717,978
Public services	1,400,256	1,418,306	840,675	879,347
Subtotal	**44,863,966**	**43,229,477**	**26,365,117**	**26,665,234**
Own consumption	30,942	33,074	-	-
Unbilled revenue	-	-	(188,662)	(14,491)
	44,894,908	**43,262,551**	**26,176,455**	**26,650,743**
Wholesale supply to other concession holders (2)	16,776,567	12,952,726	3,893,503	3,023,921
Wholesale supply unbilled, net	-	-	88,430	(55,410)
Total	**61,671,475**	**56,215,277**	**30,158,388**	**29,619,254**

(1) Data not audited by external auditors.
(2) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

Parent company	MWh (1)		R$	
	2022	2021	2022	2021
Residential	-	-	-	-
Industrial	2,218,136	67,315	524,624	13,149
Commercial, services and others	287,176	25,422	80,796	7,052
Rural	15,074	1,069	4,286	291
Public authorities	-	-	-	-
Public lighting	-	-	-	-
Public services	-	-	-	-
Subtotal	**2,520,386**	**93,806**	**609,706**	**20,492**
Own consumption	-	-	-	-
Unbilled revenue	-	-	74,316	20,941
	2,520,386	**93,806**	**684,022**	**41,433**
Wholesale supply to other concession holders (2)	5,720,301	740,834	1,633,523	193,046
Wholesale supply unbilled, net	-	-	91,210	85,242
Total	**8,240,687**	**834,640**	**2,408,755**	**319,721**

(1) Data not audited by external auditors.
(2) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

b) The CVA account, and Other financial components

The results from variations in the CVA account (*Parcel A Costs Variation Compensation Account*), and in *Other financial components* in calculation of tariffs, refer to the positive and negative differences between the estimated non-manageable costs of the subsidiary Cemig D and the cost actually incurred. The amounts recognized arise from balances recorded in the current period, homologated or to be homologated in tariff adjustment processes. For more information please see Note 14.

On November 8, 2022, ANEEL issued Normative Resolution No. 1,046, which regulated, among other aspects, the limits of transfer of energy overcontracting, voluntary exposure and the results of the Surplus Sale Mechanism (Mecanismo de Venda de Excedentes, or 'MVE'). It was regulated how any gains earned under the MVE should be shared with the consumer, and how any losses should be fully assumed by the Distributor. In this scenario, the Company recorded a gain of R$224.957 for the years 2020, 2021 and until November 2022. This value already considers the sharing with consumers of the total difference between the month-to-month Spot Price ('PLD') and the value of the energy sold in the MVE, adjusted by Selic.

c) Transmission concession revenue

The margin defined for each performance obligation from the transmission concession contract is as follows:

	2022	2021
Construction and upgrades revenue	407,193	251,973
Construction and upgrades costs	(290,754)	(183,386)
Margin	116,439	68,587
Mark-up (%)	**40.05%**	**37.40%**
Operation and maintenance revenue	413,044	354,910
Operation and maintenance cost	(285,673)	(235,229)
Margin	127,371	119,681
Mark-up (%)	**44.59%**	**50.88%**

d) Adjustment to expected cash flow from financial assets on residual value of infrastructure asses of distribution concessions

Income from monetary updating of the Regulatory Remuneration Asset Base.

e) Revenue on financial updating of the Concession Grant Fee

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. See Note 14.

f) Energy transactions on the CCEE (Power Trading Chamber)

The revenue from transactions made through the Power Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE, for which the consideration corresponds to the product of energy sold at the Spot Price.

g) Mechanism for the sale of energy surplus

The revenue from the surplus sale mechanism (‘*Mecanismo de Venda de Excedentes* - MVE’) refers to the sale of power surpluses by distributor agents. This mechanism is an instrument regulated by Aneel enabling distributors to sell over contracted supply - the energy amount that exceeds the quantity required to supply captive customers.

h) Other operating revenues

	2022	2021
Charged service	19,057	16,698
Services rendered	65,738	52,688
Low-income subsidy	320,625	269,609
Subsidies (1)	1,683,665	1,322,593
Rental and leasing (2)	493,313	210,904
Contractual indemnities	-	26,990
Other	74,716	35,791
Total	**2,657,114**	**1,935,273**

(1) Includes the revenue recognized as a result of the subsidies incident on the tariffs applicable to users of the public eletrical energy distribution service, in the amount of R$936,227 in 2022 (R$986,310 in 2021), which includes load subsidies of encouraged source, rural, night irrigators, generation of encouraged source and public service; the revenue from tariff flags, in the amount of R$289,897 in 2022 (R$107. 571 in 2021), recognized as a result of the credit position acquired by the Company in CCRBT; the reversal of revenue recognized as a result of subsidies related to the Program of Incentives to the Voluntary Reduction of Electric Energy Consumption, in the amount of R$5,473 in 2022 (revenue of R$205,439 in 2021) and R$432,412 in 2022 referring to the amounts contributed by Eletrobras or its subsidiaries under CNPE Resolution no. 15/2021, transferred to the electric energy distribution concessionaires and permissionaires.
(2) Includes the amount of R$186,871 related to the Debt Acknowledgment Agreement (TARD) signed with a large customer in June 2022, for the use of infrastructure (poles) during the period from January 2019 to May 2022. This amount and its respective monetary correction in the amount of R$10,344 were received in 4 monthly and successive installments, starting in July 2022.

i) Deductions on revenue

	Consolidated		Parent Company	
	2022	2021	2022	2021
Taxes on revenue				
ICMS (1)	4,891,878	6,993,172	139,087	2,824
Cofins	2,947,895	2,842,438	177,453	39,567
PIS/Pasep	643,027	617,928	38,526	8,590
Others	5,976	10,049	-	23
	8,488,776	**10,463,587**	**355,066**	**51,004**
Charges to the customer				
Global Reversion Reserve (RGR)	14,476	15,333	-	-
Energy Efficiency Program (PEE)	68,944	74,354	-	-
Energy Development Account (CDE)	4,057,142	2,658,383	-	-
Research and Development (R&D)	34,556	34,209	-	-
National Scientific and Technological Development Fund (FNDCT)	49,159	54,773	-	-
Energy System Expansion Research (EPE of MME)	24,579	27,386	-	-
Customer charges - Proinfa alternative sources program	77,287	65,733	-	-
Energy services inspection fee	32,850	34,685	-	-
Royalties for use of water resources	54,395	36,829	-	-
Customer charges - the ‘Flag Tariff’ system	(251,821)	162,012	-	-
CDE on R&D	14,606	20,564	-	-
CDE on PEE	21,772	31,203	-	-
	4,197,945	**3,215,464**	**-**	**-**
	12,686,721	**13,679,051**	**355,066**	**51,004**

(1) On June 23, 2022, Supplementary Law no. 194 was enacted, with immediate effectiveness, which changed the National Tax Code (CTN) and Supplementary Law no. 87/96 (Kandir Law), classifying electric power, among other goods, as essential, prohibiting the establishment of ICMS rates for transactions with these goods at a higher level than for transactions in general, and applying the non-levy of this tax on transmission and distribution services and sectorial charges related to electric power transactions.

In February 2023, an injunction was issued in Direct Unconstitutionality Action (ADI) no. 7.195, which determined the suspension of the effects of art. 3, X, of Supplementary Law no. 87/96, with wording given by Supplementary Law no. 194/2022, which excluded transmission and distribution services and sectorial charges linked to electricity operations from the ICMS tax base. With this, Cemig adjusted its procedure in light of the decision and is awaiting the definitive judgment on the merits, still pending in the Federal Supreme Court.

Accounting policy

Revenue recognition

In general, for the Company and its subsidiaries’ business in the energy sector, gas and others, revenue from contracts with customers is recognized when the performance obligation is satisfied, at an amount that reflects the consideration to which the Company and its subsidiaries expects to be entitled in exchange for the goods or services transferred, which must be allocated to that performance obligation. The revenue is recognized only when it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer, considering the customer’s ability and intention to pay that amount of consideration when it is due.

Revenues from the sale of energy are measured based on the energy supplied and the tariffs specified in the terms of the contract or in effect in the market. Revenues from supply of energy to final customers are recorded when the delivery has taken place. The billing is carried out monthly. Unbilled supply of energy, from the period between the last billing and the end of each month, is estimated based on the supply contracted and on the volume of energy delivered but not yet billed. In the case of the distribution concession contract, the unbilled revenue is estimated based on the volume of energy consumed and unbilled in the period. The supply is billed in monthly basis in accordance with the metering calendar in accordance with the sector's regulations.

Historically, the differences between the estimated amounts and the actual revenues recognized are not significant.

Revenues from use of the distribution system (TUSD) received by the Company from other concession holders and other customers that use the distribution network are recognized in the period in which the services are provided. Unbilled retail supply of energy, from the period between the last measured consumption, according to the schedules specified in the concession regulation, and the end of each month is estimated based on the billing from the previous month or the contractual amount. Historically, the differences between the estimated amounts and the actual revenues recognized are not significant.

The 'Parcel A' revenue and *other financial components* in tariff adjustments are recognized in the Statement of income when the energy acquisition costs effectively incurred are different from those considered by the Grantor in the energy distribution tariff.

Any adjustment of expected cash flows from the concession financial asset of the energy distribution concession contract is presented as operating revenue, together with the other revenues related to the energy distribution services.

Revenues from supply of gas are recorded when the delivery has taken place, based on the volume measured and billed. The billing is carried out monthly. In addition, unbilled supply of gas, from the period between the last billing and the end of each month, is estimated based on the volume of gas delivered but not yet billed. Historically, the differences between the estimated amounts and the actual revenues recognized are not significant and are recorded in the following month.

Revenues from transmission concession services are recognized in the income monthly and include:

- Construction revenue: corresponds to the performance obligation to build the transmission infrastructure. They are recognized according to the stage of completion of the works (construction phase) and measured based on the cost incurred, including PIS/Pasep and Cofins taxes over the total revenues and the income margin of the project. More information in Note 15.

- Operation and maintenance revenue: corresponds to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and the invoices for the RAPs are issued.
- Financial revenue related to financing component of transmission: corresponds to the significant financing component in the contract asset and is recognized by the effective interest rate method based on the rate determined at the start of the investments, which is not subsequently changed. The average of the implicit rates is 6.86%. The rates are determined for each authorization and are applied on the amount to be received (future cash flow) over the contract duration. This includes financial updating by the inflation index specified for each transmission contract.

The services provided include charges for connection and other related services; the revenues are recognized when the services are rendered.

The margin is set based on the Company's best estimates of profitability at the initial design time of the investment projects. Changes in the initial measurement of the transaction price, which may give rise to a change in the orginally determined profitability and remeasurement of the contract asset, are addressed at the time of the periodic tariff review.

The income margin on operation and maintenance of transmission infrastructure is determined based on the individual sale price of the service, based on available information costs incurred for the provision of services of operation and maintenance, on the value of the consideration that the entity expects to have the right, in exchange for the services promised to the client, in cases where the Company's transmission subsidiaries have the right, separately, to the remuneration for the activity of operation and maintenance, as per CPC 47 / IFRS 15 - Revenue from contracts with clients.

The Resolution Aneel 729/2016 regulates the Variable Portion ('Parcela Variável' or 'PV'), which is the pecuniary penalty applied by the grantor as a result of any unavailability's or operational restrictions on facilities that are part of the National Grid and the surcharge corresponding to the pecuniary bonuses provided to concessionaries as an incentive to improve the transmissions facilities availability. The Company assessed the PV effects, based on historical data, and concluded that the variable consideration arising from the PV estimated is not material. Therefore, for both situations described, it is recognized as an adjustment to revenue, either as an increase in or a reduction of operation and maintenance revenue, when it occurs.

Government subsidies

Government grants are recognized when there is reasonable assurance that all conditions established and related to the grant will be met and that it will be received, in accordance with CPC 07 (R1) / IAS 20.

The subsidiaries Cemig D e GT receive amounts from the Energy Development Account (CDE) as reimbursement for subsidies on tariffs granted to users of the public energy distribution service - TUSD and EUST (charges for use of the transmission system). These amounts are recognized in the Statement of income in a monthly basis as those subsidiaries acquire the right of receive them.

Sales tax

Expenses and non-current assets acquired are recognized net of the amount of sales taxes when they are recoverable from the taxation authority.

28. OPERATING COSTS AND EXPENSES

The operating costs and expenses of the Company and its subsidiaries are as follows:

a) Cost of energy and gas

	Consolidated		Parent company	
	2022	2021	2022	2021
Energy purchased for resale				
Supply from Itaipu Binacional	1,644,066	1,945,788	-	-
Physical guarantee quota contracts	924,520	831,884	-	-
Quotas for Angra I and II nuclear plants	357,192	244,577	-	-
Spot market	529,588	1,224,155	23,849	11,125
Proinfa Program	597,815	400,638	-	-
'Bilateral' contracts	492,855	417,728	-	-
Energy acquired in Regulated Market auctions	3,334,482	6,242,369	-	-
Energy acquired in the Free Market (1)	6,003,112	4,976,410	1,498,819	252,773
Distributed generation ('Geração distribuída')	1,977,195	1,268,173	-	-
PIS/Pasep and Cofins credits	(1,246,840)	(1,450,468)	(140,847)	(24,411)
	14,613,985	**16,101,254**	**1,381,821**	**239,487**
Basic Network Usage Charges				
Transmission charges - Basic Grid	2,924,769	3,662,694	-	-
Distribution charges	50,065	41,158	-	-
PIS/Pasep and Cofins credits	(304,119)	(366,867)	-	-
	2,670,715	**3,336,985**	**-**	**-**
Gas purchased for resale	**2,735,482**	**2,011,340**	**-**	**-**
Total costs of energy and gas	**20,020,182**	**21,449,579**	**1,381,821**	**239,487**

(1) The energy acquired in the Free Market by the parent company arises from the contracts transferred by Cemig GT,.

b) Infrastructure and construction cost

	Consolidated	
	2022	2021
Personnel and managers	135,265	100,162
Materials	2,233,101	1,149,667
Outsourced services	1,052,395	681,993
Others	115,681	103,826
Total	**3,536,442**	**2,035,648**

c) Other operating costs and expenses

Consolidated	Operating costs		ECL		General and administrative expenses		Other operating expenses, net		Total 2022	Total 2021
	2022	2021	2022	2021	2022	2021	2022	2021		
Personnel	975,759	982,512	-	-	376,240	257,956	-	-	**1,351,999**	**1,240,468**
Employees' and managers' income sharing	-	-	-	-	3,554	2,355	79,489	131,912	**83,043**	**134,267**
Post-employment benefits - note 24	-	-	-	-	-	-	626,028	15,194	**626,028**	**15,194**
Materials	93,383	75,742	-	-	55,187	18,270	-	9	**148,570**	**94,021**
Outsourced services	1,433,430	1,264,519	-	-	272,736	185,435	-	-	**1,706,166**	**1,449,954**
Depreciation and amortization	1,110,307	947,230	-	-	71,777	101,879	-	-	**1,182,084**	**1,049,109**
Operating provisions and adjustments for operating losses	277,674	86,227	-	-	-	-	123,182	144,595	**400,856**	**230,822**
Expected credit losses of accounts receivable	-	-	108,731	143,856	-	-	-	-	**108,731**	**143,856**
Reversal of provisions for expected credit losses with related party - Renova	-	-	-	-	-	-	(53,860)	-	**(53,860)**	-
Write-off of financial asset (note 14	-	-	-	-	-	-	171,770	-	**171,770**	-
Other operation costs and expenses	204,838	82,413	-	-	9,895	10,717	178,282	300,295	**393,015**	**393,425**
Total	**4,095,391**	**3,438,643**	**108,731**	**143,856**	**789,389**	**576,612**	**1,124,891**	**592,005**	**6,118,402**	**4,751,116**

Parent Company	General and administrative expenses		Other operating expenses		Total 2022	Total 2021
	2022	2021	2022	2021		
Personnel	7,939	-	23,066	14,564	-	-
Employees' and managers' income sharing	-	-	449	-	9,038	5,697
Post-employment benefits - note 24	-	-	-	-	74,999	33,432
Materials	-	-	63	37	-	10
Outsourced services	-	-	21,034	18,250	-	-
Depreciation and amortization	-	-	1,115	1,729	-	-
Operating provisions and adjustments for operating losses	-	-	-	-	63,990	23,766
Reversal of expected loss with related party - Renova	-	-	-	-	(504)	-
Other operation costs and expenses	-	-	-	4,953	68,004	10,208
Total	**7,939**	**-**	**45,727**	**39,533**	**215,527**	**73,113**

Programmed Voluntary Retirement Plan ('PDVP')

On April 18, 2022 the Company approved its Programmed Voluntary Severance Plan ('the 2022 PDVP'). All the employees of Cemig, Cemig D or Cemig GT are eligible to join the program, from May 2 to 20, 2022, except as provided for in the Program. The program was reopened for joining by employees in the period from May 30 to June 3, 2022. The program provided the standard legal payments for voluntary termination of employment and a bonus, as an indemnity, which is calculated by the application of a percentage determined by the length of time the employee has worked for Cemig, on the current remuneration, for each year of employment, according to the Program terms, and, for those employees whose job tenure in Cemig is longer than 25 years, the value of 12 monthly salaries.

The total amount of R$35,238 has been recorded as expense related to this program, corresponding to enrollment of 324 employees.

29. FINANCE INCOME AND EXPENSES

	Consolidated		Parent company	
	2022	2021	2022	2021
FINANCE INCOME				
Income from financial investments	468,419	241,554	59,336	69,211
Interest on sale of energy	337,353	460,480	758	1
Foreign exchange variations - Itaipu Binacional	16,722	-	-	-
Foreign exchange variations - loans	338,265	-	-	-
Interest	108,397	67,828	9,343	8,530
Interest - CVA	185,120	63,907	-	-
Interests of escrow deposits	82,310	29,018	15,822	4,640
PIS/Pasep and Cofins charged on finance income (1)	(116,921)	(123,981)	(72,725)	(80,054)
Prepayments rents	4,729	-	-	-
Borrowing costs paid by related parties	-	1,752	3,024	1,752
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (2)	-	19,837	20,920	6,875
Others	75,400	82,911	4,281	2,742
	1,499,794	**843,306**	**40,759**	**13,697**
FINANCE EXPENSES				
Interest on loans and debentures (Note 22)	(928,179)	(1,146,682)	(5,151)	(2,422)
Cost of debt - amortization of transaction cost	(7,422)	(20,456)	-	(55)
Foreign exchange variations - loans (Note 22)	-	(353,321)	-	-
Discount and premium on repurchase of debt securities (*Eurobonds*)	(46,763)	(491,037)	-	-
Foreign exchange variations - Itaipu Binacional	-	(26,757)	-	-
Interests - loans, financings and debentures	(166,910)	(330,114)	-	-
Charges and monetary updating on post-employment obligations	(39,753)	(69,604)	(1,956)	(3,425)
Losses with financial instruments - Swap	(437,887)	(537,976)	-	-
Interest on PIS/Pasep and Cofins refundable (2)	(1,293,826)	-	-	-
Interest on leases	(26,835)	(24,974)	(265)	(249)
Financial expenses R&D and PEE	(38,068)	(12,942)	-	-
Other financial expenses	(80,772)	(82,436)	(513)	(3,251)
	(3,066,415)	**(3,096,299)**	**(7,885)**	**(9,402)**
NET FINANCE INCOME (EXPENSES)	**(1,566,621)**	**(2,252,993)**	**32,874**	**4,295**

(1) PIS/Pasep and Cofins expenses are levied on financial income and interest on own capital.
(2) The interet of the tax credits related to PIS/Pasep and Cofins, arising from the exclusion of ICMS from its calculation basis, and the liability to be refunded to consumers is presented by net value. With the offsetting of the credits, the liability to be refunded to consumers exceeded the value of the credits to be received, generating a net financial expense.

Accounting policy

Finance income is mainly comprised of interest income on financial investments and interest on sale of energy. Interest income is recognized using the effective interest method.

Finance expenses include interest expense on borrowings, and foreign exchange and monetary adjustments on borrowing costs of debt, financings and debentures. They also include the negative change in fair value on other financial assets and liabilities. Interest expense on the Company's borrowings that is not capitalized is recognized in the Statement of income using the effective interest method.

30. RELATED PARTY TRANSACTIONS

Cemig's main balances and transactions with related parties and its jointly controlled entities are as follows:

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	2022	2021	2022	2021	2022	2021	2022	2021
Transactions with energy (4)								
Madeira Energia	8,218	7,533	159,888	131,080	95,932	94,883	(1,921,472)	(1,731,392)
Aliança Geração	4,070	-	18,567	16,785	56,340	53,258	(222,303)	(196,098)
Baguari Energia	-	-	1,109	983	-	154	(9,028)	(8,825)
Norte Energia	2,352	2,338	37,900	35,291	26,350	26,363	(349,822)	(335,780)
Paracambi	-	-	2,476	2,160	-	-	(33,058)	(27,885)
Hidrelétrica Pipoca	-	-	3,491	3,153	1,425	-	(45,618)	(37,063)
Hidrelétrica Cachoeirão	-	-	-	-	1,604	-	-	-
Retiro Baixo	522	570	702	622	6,567	6,356	(6,029)	(5,472)
Taesa	-	-	12,226	9,971	278	252	(139,375)	(122,780)
Customers and traders								
Governo do Estado de Minas Gerais (1)	36,558	167,366	-	-	166,331	107,256	-	-
Provision of services								
Aliança Geração (6)	673	512	-	-	5,578	5,241	-	-
Baguari Energia (6)	211	211	-	-	1,549	691	-	-
Taesa (6)	104	150	-	-	1,315	1,242	-	-
Axxiom (9)	-	-	-	62	-	-	-	-
Accounts Receivable - AFAC								
Governo do Estado de Minas Gerais (2)	13,366	13,366	-	-	3,024	1,752	-	-
Other credits								
FIP Melbourne (10)	160,643	-	-	-	-	-	-	-
Contingency								
Aliança Geração (7)	-	-	54,905	52,497	-	-	(3,066)	(11,121)
Adjustment for losses								
Madeira Energia (5)	-	-	-	161,648	161,648	-	-	(161,648)
Hidrelétrica Itaocara (8)	-	-	-	20,767	-	-	-	-
Interest on Equity, and dividends								
Retiro Baixo	5,867	7,202	-	-	-	-	-	-
Hidrelétrica Pipoca	3,882	-	-	-	-	-	-	-
Hidrelétrica Cachoeirão	3,867	-	-	-	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	291,598	81,027	-	-	-	-	-	-
Marketable securities	1,730,105	1,707,323	-	-	77,032	28,169	-	-
Non-current								
Marketable securities	6,533	351,162	-	-	-	-	-	-
FORLUZ								
Current								
Post-employment obligations (11)	-	-	198,569	180,635	-	-	(284,818)	(200,530)
Supplementary pension contributions - Defined contribution plan (12)	-	-	-	-	-	-	(79,997)	(77,377)
Administrative running costs (13)	-	-	-	-	-	-	(36,076)	(31,599)
Operating leasing (14)	-	-	25,607	23,765	-	-	(31,202)	(28,915)
Non-current								
Post-employment obligations (11)	-	-	2,119,052	2,489,518	-	-	-	-
Operating leasing (14)	177,984	169,993	178,661	162,913	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (15)	-	-	218,040	184,129	-	-	(385,258)	(257,158)
Non-current								
Health Plan and Dental Plan (15)	-	-	3,156,322	3,350,392	-	-	-	-

The main conditions related to the business between related parties are shown below:

(1) Refers to the sale of energy to the State Government of Minas Gerais considering that the price of energy is that defined by Aneel through a resolution on the Company's annual tariff adjustment. In 2017, the Government of the State of Minas Gerais signed a Debt Acknowledgment Agreement (TARD) with Cemig D for the payment of outstanding energy supply debts amounting to R$113,032, to be settled by November 2019. These receivables are guaranteed by the retention of dividends or interest on equity distributed to the State, in proportion to its indirect interest, for as long as the delinquency and/or default persists. Cemig D obtained authorization on March 31, 2021 from the State Treasury Department of Minas Gerais to offset part of the ICMS to be collected against the debt that the State Government of Minas Gerais has with the Company under State Law 23,705/2020. The monthly amount to be offset is R$10.5 million, in 21 equal installments. Until December 31, 2022 all installments were compensated;

(2) This refers to the recalculation of the monetary correction of amounts related to AFAC returned to the State of Minas Gerais. These receivables are guaranteed by the retention of dividends or interest on equity distributed to the State, in proportion to its participation, while the delay and/or default persists. For further information see note 11;
(3) The relationships between Cemig and its investees are described in the investment note 16;
(4) The sale and purchase of electricity between generators and distributors are carried out through auctions in the regulated contracting environment organized by the Federal Government. In the free contracting environment, in turn, they are carried out by means of auctions or direct contracting, according to the applicable legislation. Electricity transport operations, on the other hand, are carried out by the transmitters and result from the centralized operation of the National Interconnected System by the National System Operator (ONS);
(5) In June 2022, the provision relating to contractual obligations assumed by the Company in favor of the investee and the other shareholders was reversed. More details in Note 14.
(6) Refers to service agreement for the operation and maintenance of power plants and transmission networks;
(7) This refers to contractual obligations to the investee Aliança Geração corresponding to contingencies arising from events that occurred before the closing of the transaction that resulted in the contribution of assets by Cemig and Vale S.A. in the capital of this investee. The total value of the shares is R$156 million (R$149 million at December 31, 2021), of which R$55 million (R$52 million at December 31, 2021) is attributable to Cemig;
(8) A liability was recognized corresponding to the Company's interest in the capital of Hidrelétrica Itaocara due to its negative net worth (see note 16);
(9) Refers to the service agreement with management software development between Cemig D and the company Axxiom Soluções Tecnológicas S.A., established in Aneel dispatch 2.657/2017;
(10) In January 2021, a final arbitration award was issued in favor of FIP Melbourne, and in August 2022 an agreement was reached between the parties to close the dispute, with the establishment of an updated compensation amount of R$200 million, settled on September 12, 2022 (see note 16);
(11) Forluz's contracts are adjusted by the Broad National Consumer Price Index - IPCA of the Brazilian Institute of Geography and Statistics - IBGE, plus interest of 6% per year and will be amortized until 2031 (see note 24);
(12) Company's contributions to the Pension Fund regarding the employees participating in the Mixed Plan and calculated over monthly remunerations in conformity with the Fund's regulation;
(13) Funds for the annual administrative funding of the Pension Fund in accordance with the specific legislation for the sector. The amounts are estimated as a percentage of the Company's payroll;
(14) Rental of the Company's administrative headquarters, valid until August 2024 (Júlio Soares building, which can be extended every 5 years, until 2034), annually adjusted by the IPCA, and its prices are reviewed every 60 months. On September 20, 2021, the rent contract was readjusted in 8.72%, corresponding to the accumulated IPCA of the last 12 months. On April 27, 2021 an amendment to the contract was signed with Forluz, due to the transfer of the facilities of the invested companies Cemig SIM and Gasmig to the Júlio Soares building with the consequent reduction of the rent cost to Cemig;
(15) Post-employment obligations related to the employees' health and dental plan (see note 24).

Dividends receivable

Dividends receivable	Consolidated		Parent company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Cemig GT	-	-	1,406,958	799,947
Cemig D	-	-	1,183,846	916,961
Gasmig	-	-	55,170	350
Sete Lagoas	-	-	3,801	-
Light	-	71,206	-	71,206
Aliança Geração	126,634	224,896	-	-
Taesa	5,646	31,873	5,646	31,873
Cemig SIM	-	-	-	230
Others (1)	13,628	7,214	12	11
	145,908	**335,189**	**2,655,433**	**1,820,578**

(1) The subsidiaries grouped in 'Others' are identified in the table above under "Interest on Equity, and Dividends".

Guarantees on loans and debentures

Cemig has provided guarantees on Loans and debentures of the following related parties - not consolidated in the financial statements because they relate to jointly controlled entities or affiliated companies:

Related party	Relationship	Type	Objective	2022	Maturity
Norte Energia (NESA) (1)	Affiliated	Surety	Financing	2,614,878	2042
Norte Energia (NESA)/Light (2)	Affiliated	Counter-guarantee	Financing	683,615	2042
Santo Antônio Energia S.A. (3) (4)	Jointly controlled entity	Surety	Debentures	241,779	2037
Santo Antônio Energia S.A. (4)	Jointly controlled entity	Guarantee	Financing	5879,37	2034
Norte Energia (NESA)	Affiliated	Surety	Debentures	78,814	2030
				4,207,023	

(1) Related to Norte Energia financing
(2) Counter-guarantee to Light, related to execution of guarantees of the Norte Energia financing.
(3) Corporate guarantee given by Cemig to Saesa.
(4) On March 20, 2023, Cemig GT completed the sale of its direct and indirect ownership interest in the capital stock of Mesa to Furnas Centrais Elétricas S.A. ("Furnas"). With the conclusion of the sale, Furnas agrees to assume the guarantees presented by Cemig and Cemig GT with BNDES and other creditors, under the SAE financing instruments, and to hold Cemig and Cemig GT harmless from any obligation related to such guarantees until the effective assumption of such obligations by Furnas. More details in note 36.

At December 31, 2022, Management believes that there is no need to recognize any provisions in the Company's financial statements for the purpose of meeting any obligations arising under these sureties and/or guarantees.

Purchase of energy guarantee

In the Financing Instruments of Santo Antônio Energia S.A., the Company granted a guarantee of trading of this investee's production, until 57.42 MWaverage per year, for a minimum annual revenue of R$66,114, with base date December 31, 2007, adjusted by the IPCA inflation index, during the period from May 1, 2027 until conclusion of settlement of the obligations arising from those Financing Instruments. Additionally, a guarantee was given for trading of the Assured Energy of this investee, 6.04 MW average, for the period from January 1, 2030 up to completion of settlement of the obligations arising from those financing instruments.

With the conclusion, in March 2023, of the sale of Cemig GT's total equity interest in MESA, Furnas agrees to assume the guarantees presented by Cemig and Cemig GT to BNDES and other creditors, in the scope of SAE's financing instruments, as well as to hold Cemig and Cemig GT harmless from any obligation related to such guarantees until the effective assumption of such obligations by Furnas. More information in note 36.

Cash investments in FIC Pampulha - the investment fund of Cemig and its subsidiaries and affiliates

Cemig and its subsidiaries and jointly controlled entities invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund are reported as cash and cash equivalent or marketable securities line in current and non-current assets.

The funds applied are allocated only in public and private fixed income securities, subject only to credit risk, with various maturity periods, obeying the unit holders' cash flow needs.

Remuneration of key management personnel

The total remuneration of key personnel, comprising the Executive Board, the Fiscal Council, the Audit Committee and the Board of Directors, are within the limits approved at a General Shareholders' Meeting, and the effects on the Statement of income of the in year ended December 31, 2022 and 2021, are as follows:

	2022	2021
Remuneration	28,864	27,707
Income sharing	6,239	3,808
Pension plans	1,968	2,104
Health and dental plans	241	253
Life insurance	46	9
Total	**37,358**	**33,881**

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments, classified in accordance with the accounting principles, are as follows:

	Level	2022		2021	
		Book value	Fair value	Book value	Fair value
Financial assets					
Amortized cost					
Marketable securities - Cash investments		379,390	379,390	1,094,473	1,094,473
Customers and Traders; Concession holders (transmission service)		4,812,880	4,812,880	4,481,423	4,481,423
Restricted cash		15,933	15,933	19,195	19,195
Accounts receivable from the State of Minas Gerais (AFAC)		13,366	13,366	13,366	13,366
Concession financial assets - *CVA* (Parcel 'A' Costs Variation Compensation) Account and *Other financial components*		944,090	944,090	2,147,548	2,147,548
Escrow deposits		1,206,595	1,206,595	1,155,169	1,155,169
Concession grant fee - Generation concessions		2,950,418	2,950,418	2,792,201	2,792,201
Agreement between FIP Melbourne and AGPar		160,643	160,643	-	-
		10,483,315	**10,483,315**	**11,703,375**	**11,703,375**
Fair value through income or loss					
Cash equivalents - Cash investments	2	1,345,175	1,345,175	708,252	708,252
Marketable securities					
Bank certificates of deposit	2	191,338	191,338	100,554	100,554
Financial Notes - Banks	2	905,790	905,790	704,364	704,364
Treasury Financial Notes (LFTs)	1	401,659	401,659	178,427	178,427
		2,843,962	**2,843,962**	**1,691,597**	**1,691,597**
Derivative financial instruments (Swaps)	3	702,734	702,734	1,219,176	1,219,176
Concession financial assets - Distribution infrastructure	3	1,406,597	1,406,597	718,115	718,115
Reimbursements receivable - Generation	3	691,460	691,460	816,202	816,202
		5,644,753	**5,644,753**	**4,445,090**	**4,445,090**
		16,128,068	**16,128,068**	**16,148,465**	**16,148,465**
Financial liabilities					
Amortized cost (1)					
Loans and debentures		(10,579,498)	(10,579,498)	(11,363,963)	(11,363,963)
Debt with pension fund (Forluz)		(251,401)	(251,401)	(384,513)	(384,513)
Deficit of pension fund (Forluz)		(545,196)	(545,196)	(538,934)	(538,934)
Concessions payable		(27,291)	(27,291)	(26,813)	(26,813)
Suppliers		(2,832,049)	(2,832,049)	(2,683,343)	(2,683,343)
Leasing transactions		(354,633)	(354,633)	(244,023)	(244,023)
Sector financial liabilities		-	-	(51,359)	(51,359)
		(14,590,068)	**(14,590,068)**	**(15,292,948)**	**(15,292,948)**
Fair value through income or loss					
Derivative financial instruments - Swaps	3	(90,526)	(90,526)	(6,130)	(6,130)
SAAG put options	3	(672,416)	(672,416)	(636,292)	(636,292)
		(762,942)	**(762,942)**	**(642,422)**	**(642,422)**
		(15,353,010)	**(15,353,010)**	**(15,935,370)**	**(15,935,370)**

At initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting standards currently in effect. *Fair value* is a measurement based on assumptions that market participants would use in pricing an asset or liability, assuming that market participants act in their economic best interest. The information applied in the fair value valuation techniques is classified in three levels of fair value hierarchy, as follows:

- Level 1 - Active market - Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.

- Level 2 - No active market - Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used. Level 2 is based on information that is observable, either directly or indirectly. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business model.
- Level 3 - No active market - No observable inputs: Fair value is determined based on generally accepted valuation techniques, such as on discounted cash flow analysis or other valuation techniques, including non-observable data, such as the measurement at new replacement value (*Valor novo de reposição*, or VNR). Non-observable data should be used to measure fair value where significant observable data is not available, admitting situations in which there is little or no market activity at the measurement date. Non-observable data are developed using the best possible information available in the circumstances, which may include the entity's own data.

The fair value hierarchy prioritizes information (inputs) from valuation techniques, and not the valuation techniques used for measurement of fair value. In some cases information is used from different hierarchy levels in measurement of fair value, and this is classified entirely in the same level of the fair value hierarchy applicable to the significant information of a lower level. For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

<u>Distribution infrastructure concession financial assets</u>: these are measured at New Replacement Value (*Valor novo de reposição*, or VNR), according to criteria established by the Concession-granting power ('Grantor'), based on fair value of the concession assets in service and which will be revertible at the end of the concession, and on the weighted average cost of capital (WACC) defined by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig respectively. The gas distribution assets are measured at the construction cost adjusted by the General Market Prices Index (Índice Geral de Preços de Mercado - IGPM). Changes in concession financial assets are disclosed in Note 14.

<u>Indemnifiable receivable - generation</u>: measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession. For more information, see Note 14.2.

<u>Marketable securities</u>: Fair value of marketable securities is determined taking into consideration the market prices of the investment, or market information that makes such calculation possible, considering future interest rates and exchange of investments to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount rate obtained from the market yield curve.

Swaps: Fair value was calculated based on the market value of the security at its maturity adjusted to present value by the discount rate from the market yield curve.

Other financial liabilities: Fair value of its Loans and debentures were determined using 128.69% of the CDI rate - based on its most recent funding. For the loans, financing, debentures and debt renegotiated with Forluz, with annual rates between IPCA + 4.10% to 7.62% and CDI + 1.18% to 6.96%, Company believes that their carrying amount is approximated to their fair value.

b) Derivative financial instruments

Put option - SAAG

Option contracts were signed between Cemig GT and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec, jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. The exercise price of the Put Options corresponds to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Customer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities.

A liability of R$672,416 was recorded in the Company's financial statements, for the difference between the exercise price and the estimated fair value of the assets. Considering the early liquidation of Funds, and early maturity of put option, this amount was classified as current liabilities.

Also, in the third quarter of 2022, the total value of the liability was adjusted to reflect receipt, by FIP Melbourne, under the agreement arising from Arbitration Judgment 86/2016, of the amounts paid by AGPar. More details in Note 16.

The changes in the value of the options are as follows:

	Consolidated
Balance at December 31, 2020	**536,155**
Adjustment to fair value	100,137
Balance at December 31, 2021	**636,292**
Adjustment to fair value	36,124
Balance at December 31, 2022	**672,416**

Early liquidation of Funds, and early maturity of put option

On September 9, 2020, the administrator of the FIP funds, Banco Modal S.A., notified its unit holders of the beginning of the early liquidation process of the funds Melbourne, Parma Participações S.A. and FIP Malbec, due to expiration of the period of 180 days from its resignation, and the resignation of the manager of the Fund, from their respective positions, without there having been any indication of new service providers, as specified in the Fund's Regulations.

As established by contract, funds liquidation is one of the events that would result in expiration date of the Put option - SAAG, which the private pension plan entities stated interest in exercising in the period from September 9 to October 2, 2020.

Thus, using the contractual prerogative contained in the option instruments, the Company invoked the contractual mechanism of Amicable Resolution for the contractual terms negotiation with the private pension plan entities. Since the amicable negotiation failed, the Company invoked the arbitration clause for resolution of conflict between the parties, which awaits the decision of the Brazil Canada Chamber of Commerce of the State of São Paulo.

On February 7, 2023, the decision of the arbitration proceeding was released, condemning Cemig GT to full payment of the exercise price of the options included in the contracts. The Company, together with its legal advisors, is evaluating the appropriate measures.

Tender Offer - 2022

On December 28, 2022, the second stage of Cemig GT's cash tender offer ("Tender Offer") for debt securities in the foreign market of its issue, maturing in 2024, in the principal amount of up to US$250 million, was initiated. As part of the implementation, on August 29, 2022, a partial unwinding of the contracted derivative financial instruments was carried out, in the amount of US$250 million, in favor of Cemig GT, in the amount of R$225,516, with net cash inflow of R$191,689.

Cemig GT contracted, on August 29, 2022, a short-term protection against dollar oscillation for the volume of US$280 million, locking the dollar at R$5.2040. The contracted instrument was an NDF (Non Deliverable Forward), an exchange derivative forward contract, without physical delivery of the currency, which guaranteed Cemig GT a predetermined rate at maturity, on December 16, 2022. The settlement of the transaction was positive in R$32,014, with net cash inflow of R$32,012.

In 2022 the half-yearly swap interest settlements took place, with a negative result of R$94,580 and cash outflow in the same amount (positive of R$399,979 in 2021, with net cash inflow of R$339,829).

Assets	Liability	Maturity period	Trade market	Notional amount	Realized gain / loss	
					Jan to Dec, 2022	Jan to Dec, 2021
US$ exchange variation + Rate (9.25% p,y,)	R$152.01% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$250,000	184,548	1,018,638
US$ exchange variation + Rate (9.25% p,y,)	R$125.52% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$500,000	(53,612)	155,569
US$ exchange variation higher than R$5.0984	US$ exchange variation of less than R$5.0984	August 03, 2021 December 16, 2022	Over the counter	2021: US$600,000 2022: US$280,000	32,014	23,700
					162,950	1,197,907

The notional amount of derivative transactions are not presented in the statement of financial position, since they refer to transactions that do not require cash as only the gains or losses actually incurred are recorded. The net result of those transactions on December 31, 2022 was a loss of R$437,887 (R$537,976 on December 31, 2021), which was posted in finance income (expenses).

The Company is guarantor of the derivative financial instruments contracted by Cemig GT.

This table presents the derivative instruments as of December 31, 2022 and 2021:

Assets (1)	Liability	Maturity period	Trade market	Notional amount (2)	Unrealized gain / loss		Unrealized gain / loss	
					Notional amount 2022	Fair value 2022	Notional amount 2021	Fair value 2021
US$ exchange variation + Rate (9,25% p,y,) (1)	R$152,01% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$250,000	428,134	272,846	873,095	706,401
US$ exchange variation + Rate (9,25% p,y,) (1)	R$125,52% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$500,000	568,487	339,362	577,565	506,645
					996,621	**612,208**	**1,450,660**	**1,213,046**
Current asset						**702,734**		**1,219,176**
Current liabilities						**(90,526)**		**(6,130)**

(1) For the US$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R$3.25/US$ and ceiling at R$5.00/US$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. For the additional US$500 issuance of the same Eurobond issued on July 2018 a call spread was contracted for the principal, with floor at R$3.85/US$ and ceiling at R$5.00/US$, and a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate. The upper limit for the exchange rate in the hedge instrument contracted by the Company for the principal of the Eurobonds is R$5.00/US$. The instrument matures in December 2024. If the USD/BRL exchange rate is still over R$5.00 in December 2024, the company will disburse, on that date, the difference between the upper limit of the protection range and the spot dollar on that date. The Company is monitoring the possible risks and impacts associated with the dollar being valued above R$5.00 and assessing various strategies for mitigating the foreign exchange risk up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate.

(2) In thousands of US$.

Cemig GT uses a mark-to-market method to measure its derivatives financial instruments for its Eurobonds. The principal indicators for measuring the fair value of the swap are the B3 future market curves for the DI rate and the dollar. The Black & Scholes model is used to price the call spread, and one of parameters of which is the volatility of the dollar, measured on the basis of its historic record over 2 years.

The fair value on December 31, 2022 was R$612,208 (R$1,213,046 on December 31, 2021), which would be the reference if Cemig GT would liquidate the financial instrument on December 31, 2022, but the swap contracts protect the Company’s cash flow up to the maturity of the bonds in 2024 and they have carrying amount of R$996,621 at December 31, 2022 (R$1,450,660 on December 31, 2021).

The Company is exposed to market risk due to having contracted this hedge, the principal potential impact being a change in future interest rates and/or the future exchange rates. Based on the futures curves for interest rates and dollar, Cemig GT prepare a sensitivity analyses and estimates that in a probable scenario its results at December 31, 2023, would be positively affected by the swap and call spread at the end of the period in the amount of R$54,480. The fair value of the financial instrument was estimated in R$666,688, with a positive amount of R$745,307 refers to the option (call spread) and a loss of R$78,619 refers to the swap.

The Company, from the base scenario observed on December 31, 2022, measured the effects on its results for the probable and adverse scenarios, in which the projections for interest rates and the US dollar are high, simulating economic stress.

The results are shown below:

Parent Company and Consolidated	Base scenario 2022	'Probable' scenario Selic 12.75% Dollar 5.10	Adverse Scenario Selic 15.75% Dollar 6.02
Swap (asset)	2,864,516	2,793,496	2,789,523
Swap (liability)	(2,975,800)	(2,872,115)	(2,896,739)
Option / Call spread	723,492	745,307	854,532
Derivative hedge instrument	**612,208**	**666,688**	**747,316**

The same methods of measuring marked to market of the derivative financial instruments described above were applied to the estimation of fair value.

c) Financial risk management

Corporate risk management is a management tool that is part of the Company's corporate governance practices, and is aligned with the process of planning, which sets the Company's strategic business objectives.

The Company monitor the financial risk of transactions that could negatively affect the Company's liquidity or profitability, recommending hedge protection strategies to minimize its exposure to foreign exchange rate, interest rate, and inflation risks, which are effective, in alignment with the Company's business strategy.

Exchange rate risk

The Company and its subsidiaries are exposed to the risk of appreciation in exchange rates, with effect on loans and financing, suppliers (energy purchased from Itaipu) and cash flow. For Cemig GT debt denominated in foreign currency, were contracted a derivative financial instrument that protects the risks associated with the interest and principal, in the form of a swap and a call spread, respectively, in accordance with the hedge policy of the Company. The Cemig GT exposures to market risk associated to this instrument is described in the topic "Swap transaction" of this Note. The risk exposure of Cemig D is mitigated by the account for compensation of variation of parcel A items (CVA).

The net exposure to exchange rates is as follows:

Exposure to exchange rates	2022		2021	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financing (Note 22)	(761,824)	(3,974,971)	(1,007,557)	(5,622,673)
Suppliers (Itaipu Binacional	(52,440)	(273,618)	(59,335)	(331,118)
	(814,264)	**(4,248,589)**	**(1,066,892)**	**(5,953,791)**
Net liabilities exposed		**(4,248,589)**		**(5,953,791)**

Sensitivity analysis

Based on finance information from its financial consultants, the Company estimates that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real on December 31, 2023 will be an deppreciation of the dollar by 2.26%, to R$5.10. The Company has prepared a sensitivity analysis of the effects on the Company's net income arising from depreciation of the Real exchange rate considering an adverse scenario in relation to the probable scenario.

Risk: foreign exchange rate exposure	Base Scenario	'Probable' scenario US$=R$5.1	'Adverse scenario US$= R$6
US dollar			
Loans (Note 22)	(3,974,971)	(3,885,304)	(4,570,946)
Suppliers (Itaipu Binacional) (Note 20)	(273,618)	(267,446)	(314,642)
	(4,248,589)	**(4,152,750)**	**(4,885,588)**
Net liabilities exposed	**(4,248,589)**	**(4,152,750)**	**(4,885,588)**
Net effect of exchange rate fluctuation		**95,839**	**(636,999)**

Company has entered into swap operations to replace the exposure to the US dollar fluctuation with exposure to fluctuation in the CDI rate, as described in more detail in the item 'Swap Transactions' in this Note.

Interest rate risk

The Company and its subsidiaries are exposed to the risk of decrease in Brazilian domestic interest rates on December 31, 2022. This risk arises from the effect of variations in Brazilian interest rates on net financial income comprised by financial revenues from cash investments made by the Company, and also to the financial assets related to the CVA and other financial components, net of the effects on financial expenses associated to loans, financings and debentures in Brazilian currency, and also sectorial financial liabilities.

Part of the loans and financings in Brazilian currency comprises financings obtained from various financial agents that specify interest rates taking into account basic interest rates, the risk premium compatible with the companies financed, their guarantees, and the sector in which they operate.

The Company does not contract derivative financial instruments for protection from this risk. Variations in interest rates are continually monitored with the aim of assessing the need for contracting of financial instruments that mitigate this risk.

This exposure occurs as a result of net assets indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	2022	2021
Assets		
Cash equivalents - Cash investments (Note 6) - CDI	1,345,175	708,252
Marketable securities (Note 7) - CDI / SELIC	1,878,177	2,077,818
Restricted cash - CDI	15,933	19,195
CVA and in tariffs (Note 14) - SELIC	944,090	2,147,548
	4,183,375	**4,952,813**
Liabilities		
Loans and debentures (Note 22) - CDI	(2,041,000)	(1,457,989)
Loans and debentures (Note 22) - TJLP	-	(20,625)
Sector financial liabilities (note 14)	-	(51,359)
	(2,041,000)	**(1,529,973)**
Net assets exposed	**2,142,375**	**3,422,840**

Sensitivity analysis

In relation to the most significant interest rate risk, the Company and its subsidiaries estimate that in a probable scenario the Selic rate will be 12.50% and the TJLP rate will be 7.20% on December 31, 2023. The Company and its subsidiaries made a sensitivity analysis of the effects on results considering an adverse scenario in relation to the probable scenario, as shown in the table below. The CDI rate follows the Selic rate.

Increase in Brazilian interest rates	2022	2023	
	Amount Book value	'Probable' scenario Selic 12.5% TJLP 7.2%	'Adverse' scenario Selic 9.75% TJLP 5.96%
Assets			
Cash equivalents (Note 6)	1,345,175	1,513,322	1,476,330
Marketable securities (Note 7)	1,878,177	2,112,949	2,061,299
Restricted cash	15,933	17,925	17,486
CVA and *Other financial components* - SELIC (Note 14)	944,090	1,062,101	1,036,139
	4,183,375	**4,706,297**	**4,591,254**
Liabilities			
Loans and financing (Note 22)	(2,041,000)	(2,296,125)	(2,239,998)
	(2,041,000)	**(2,296,125)**	**(2,239,998)**
Net assets exposed	**2,142,375**	**2,410,172**	**2,351,256**
Net effect of fluctuation in interest rates		**267,797**	**208,881**

Increase in inflation risk

The Company and its subsidiaries are exposed to the risk of increase in inflation index on December 31, 2022. A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues are also adjusted using the IPCA and IGP-M index, mitigating part of the Company risk exposure. This table presents the Company's net exposure to inflation index:

Exposure to increase in inflation	2022	2021
Assets		
Concession financial assets related to Distribution infrastructure - IPCA (1)	1,406,597	718,115
Concession Grant Fee - IPCA (Note 14)	2,950,418	2,792,201
	4,357,015	**3,510,316**
Liabilities		
Loans and debentures - IPCA and IGP-DI (Note 22)	(4,629,992)	**(4,321,906)**
Debt with pension fund (Forluz) - IPCA (Note 24)	(251,401)	(384,513)
Deficit of pension plan (Forluz) - IPCA (Note 24)	(545,196)	(538,934)
	(5,426,589)	**(5,245,353)**
Net assets exposed	**(1,069,574)**	**(1,735,037)**

(1) Portion of the concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the grantor (Aneel) after the 4rd tariff review cycle.

Sensitivity analysis

In relation to the most significant risk of reduction in inflation index, reflecting the consideration that the Company has more assets than liabilities indexed to inflation indexes, the Company estimates that, in a probable scenario, at December 31, 2023 the IPCA inflation index will be 5.30% and the IGPM inflation index will be 3.49%. The Company has prepared a sensitivity analysis of the effects on its net income arising from reductions in rates in an adverse scenario.

Risk: increase in inflation index	2022 Amount Book value	2023 'Probable scenario' IPCA 5.3% IGPM 3.49%	2023 'Adverse Scenario' IPCA 7.9% IGPM 6.9%
Assets			
Concession financial assets related to Distribution infrastructure - IPCA (1)	1,369,652	1,442,244	1,477,855
Concession financial assets related to gas distribution infrastructure - IGPM	36,945	38,234	39,494
Concession Grant Fee - IPCA (Note 14)	2,950,418	3,106,790	3,183,501
	4,357,015	**4,587,268**	**4,700,850**
Liabilities			
Loans and debentures - IPCA and IGP-DI (Note 22)	(4,629,992)	(4,875,382)	(4,995,761)
Debt agreed with pension fund (Forluz) - IPCA (Note 24)	(251,401)	(264,725)	(271,262)
Deficit of pension plan (Forluz) (Note 24)	(545,196)	(574,091)	(588,266)
	(5,426,589)	**(5,714,198)**	**(5,855,289)**
Net liabilities exposed	**(1,069,574)**	**(1,126,930)**	**(1,154,439)**
Net effect of fluctuation in IPCA and IGP-M indexes		**(57,356)**	**(84,865)**

(1) Portion of the Concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the grantor (Aneel) after the 4rd tariff review cycle.

Liquidity risk

Cemig has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

Cemig manages liquidity risk by permanently monitoring its cash flow in a budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected over 180 days.

Short-term investments must comply with investing principles established in the Company's Cash Investment Policy. These include applying its resources in private credit investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit risk, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheet. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company's minimum liquidity control requirements.

Any reduction in the Company and subsidiaries ratings could result in a reduction of its ability to obtain new financing and could also make refinancing of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

The flow of payments of the Company and subsidiaries obligation to suppliers, debts with the pension fund, Loans and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is as follows:

Consolidated	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at interest rates:						
- loating rates						
Loans and debentures	54,940	535,715	1,244,048	10,439,207	617,662	**12,891,572**
Onerous concessions	353	699	2,999	13,242	17,472	**34,765**
Debt with pension plan (Forluz) (Note 23)	14,664	29,659	136,166	93,392	-	**273,881**
Deficit of the pension plan (FORLUZ) (Note 23)	6,482	13,079	60,310	351,566	411,860	**843,297**
	76,439	**579,152**	**1,443,523**	**10,897,407**	**1,046,994**	**14,043,515**
- Fixed rate						
Suppliers	2,625,670	206,379	-	-	-	**2,832,049**
	2,702,109	**785,531**	**1,443,523**	**10,897,407**	**1,046,994**	**16,875,564**

Parent company	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at interest rates:						
- Floating rates						
Loans and debentures	721	1,459	6,699	4,595	-	13,474
Deficit of the pension plan (FORLUZ) (Note 23)	319	643	2,967	17,297	20,264	41,490
	1,040	**2,102**	**9,666**	**21,892**	**20,264**	**54,964**
- Fixed rate						
Suppliers	143,302	9,054	-	-	-	152,356
Total	**144,342**	**11,156**	**9,666**	**21,892**	**20,264**	**207,320**

Risk of debt early maturity

The Company's subsidiaries have loan contracts with restrictive covenants normally applicable to this type of transaction, related to compliance with a financial index. Non-compliance with these covenants could result in earlier maturity of debts.

On December, 31, 2022, the Company and its subsidiaries were in compliant with all the financial covenants requiring half-yearly and annual compliance. More details in Note 22.

Capital management

The Company has the policy of maintaining a solid capital base to maintain the confidence of investors, creditors and the market and to enable the implementation of its investment program and the maintenance of its credit quality, with access to capital markets, seeking to invest in projects that offer minimum real internal rates of return equal to or greater than those provided for in the Long Term Strategy, with the cost of capital for its various businesses as a reference.

The Company monitors capital using a leverage ratio represented by net debt divided by Adjusted EBITDA. Net debt is calculated as the total of loans and debentures, less cash and cash equivalents and marketable securities. The Company aims to keep its consolidated net indebtedness at or below 2.5 times EBITDA.

This table shows comparisons of the Company's net liabilities and its equity:

	Consolidado	
	31/12/2022	31/12/2021
Loans and debentures	10,579,498	11,363,963
(-) Cash and cash equivalents	(1,440,661)	(825,208)
(-) Marketable securities	(1,878,177)	(2,077,818)
(-) Hedge derivative instrument	(612,208)	(1,213,046)
Net debt	**6,648,452**	**7,247,891**
Ebtida adjusted	**6,928,227**	**5,932,408**
Net debt / ebtida adjusted	**0.96**	**1.22**

Comparisons of the Company's consolidated net liabilities in relation to its equity are presented below:

	Consolidated	
	2022	2021
Total liabilities	31,887,571	32,584,043
(-) Cash and cash equivalents	(1,440,661)	(825,208)
(-) Restricted cash	(15,933)	(19,195)
Net liabilities	**30,430,977**	**31,739,640**
Total equity	**21,783,266**	**19,461,765**
Net liabilities / equity	**1.40**	**1.63**

Credit risk

The distribution concession contract requires levels of service on a very wide basis within the concession area, and disconnection of supply of defaulting customers is permitted. Additionally, the Company uses numerous tools of communication and collection to avoid increase in default. These include: telephone contact, emails, text messages, collection letters, posting of customers with credit protection companies, and collection through the courts.

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its customers is considered to be low. The credit risk is also reduced by the extremely wide customers' base.
The estimated credit losses recorded on December 31, 2022, considered to be adequate in relation to the credits in arrears receivable by the Company and its subsidiaries was R$820,324 (R$833,150 in 2021).

Company and its subsidiaries manage the counterparty risk of financial institutions based on an internal policy, which is constantly updated. This Policy assesses and scales the credit risks of the institutions, the liquidity risk systemic risk related to macroeconomic and regulatory conditions, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate, and may be of public or private capital as well as financial or non-financial entities. The Company does not carry out any transactions in variable income securities or that would bring volatility risk into its financial statements.

As a management instrument, the Company and its subsidiaries divide the investment of its funds into direct purchases of securities (own portfolio) and investment funds. The investment funds invest the funds exclusively in fixed income products, having companies of the Group as the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Minimum Brazilian long-term rating of 'BBB' (bra), 'brBBB' or 'Baa2' by any of the agencies: Fitch Ratings, Moody's or Standard & Poor's.
2. Equity greater than R$800 million.
3. Basel ratio one percentage point above the minimum set by the Brazilian Central Bank.

The quality of the financial institutions' credit portfolio is another indicator that is monitored and may result in reduction of the institution's limit.

Banks that exceed these thresholds are classified in three groups, in accordance with their equity value, plus a specific segment comprising those whose credit risk is associated only with federal government, and within this classification, limits of concentration by group and by institution are set:

Group	Equity	Limit per bank (% of equity) (1) (2)			
		AAA	AA	A	BBB
Federal Risk	-	10%	10%	10%	10%
A1	Equal or over R$10 billion	9%	8%	7%	6%
A2	Between R$5 billion and R$10 billion	8%	7%	6%	5%
A3	Between R$2 billion and R$5 billion	7%	6%	5%	4%
A4	Between R$800 million and R$2 billion	6%	5%	4%	-

1. The percentage assigned to each bank depends on individual assessment of indicators, e.g. liquidity, and quality of the credit portfolio.
2. When the institution has different ratings from different risk rating agencies, the rating that is most favorable for the institution is taken into account.

Further to these points, Cemig also sets two concentration limits:

1. No bank may have more than 30% of the Group's portfolio.
2. The banks in the 'Federal risk', 'A1' and 'A2' groups must concentrate at least 50% of the total of the funds available, comprising investments held in the Investment Funds and in the own portfolio, excluding public securities.

Risk of over-contracting and under-contracting of energy supply

Sale or purchase of energy supply in the spot market to cover a positive or negative exposure of supply contracted, to serve the captive market of Cemig D, is an inherent risk to the energy distribution business. The regulatory agent limits for 100% pass-through to customers the exposure to the spot market, valued at the difference between the distributor's average purchase price and the spot price (PLD), is only the margin 105% of the distributor's contracted supply. Any exposure that can be proved to have arisen from factors outside the distributor's control ('involuntary exposure') may also be passed through in full to customers. Company's management is continually monitories its contracts for purchase of energy supply to mitigate the risk of exposure to the spot market.

Risk of continuity of the concession

The risk to continuity of the distribution concession arises from the new terms included in the extension of Cemig D's concession for 30 years from January 1, 2016, as specified by Law 12,783/13. The extension introduced changes to the present contract, conditional upon compliance by the distributor with new criteria for quality, and for economic and financial sustainability.

Non-compliance with the quality criteria for three consecutive years, or the minimum parameters for economic/financial sustainability for two consecutive years, results in opening of proceedings for termination of the concession.

The efficiency criteria for continuity of supply and for economic and for financial management, required to maintain the distribution concession, were met in the year ended December 31, 2022.

Hydrological risk

The greater part of the energy sold by the Company's subsidiaries is generated by hydroelectric plants. A prolonged period of drought can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to replacement by thermoelectric generation, or reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of energy. Prolongation of the generation of energy using the thermal plants could pressure costs of acquisition of supply for the distributors, causing a greater need for cash, and could result in future increases in tariffs.

The Company continuously monitors the position of its energy balance and the risk position of power purchase contracting, in order to ensure that transactions are consistent with its objectives and corporate strategy.

Accounting policy

Financial instruments are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through income or loss, depending on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Fair value through income or loss: this includes the concession financial assets related to energy and gas distribution segment infrastructure. The financial assets related to energy distribution infrastruture are measured at the expected New Replacement Value (Valor Novo de Reposição, or VNR), as defined in the concession contract, which represent the fair value of the residual value of the infrastructure as of the balance sheet date. The financial assets related to gas distribution infrastruture are measured based on the fair value of the indemnity established in the concession contract.

The Company and its subsidiaries recognize a financial asset resulting from a concession contract when it has an unconditional contractual right to receive cash or another financial asset from, or under the direction of the grantor for the services of construction and maintenance of the infrastructure.

This category also includes cash equivalents, marketable securities not classified at amortized cost, derivative financial instruments and indemnities receivable from the generation assets.

The disclosures about the main assumptions used in fair value measurement are summarized in the respective notes.

Derivative financial instruments (Swap transactions and call spread): Cemig GT, maintains derivative instruments to manage its exposure to the risks of changes in foreign currency exchange rates that are recognized initially at their fair value and the related transaction costs are recognized in the statement of income when they are incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are recorded in the statement of income .

Derivative financial instruments (Put options) - The options to sell to Cemig GT units of the FIP Melbourne and FIP Malbec funds ('the SAAG PUT') are measured considering the adjustment of the obligation value by the IPCA plus a rate of 7% per year, less dividends and interest on capital paid by SAAG to complementary pension entities.

Amortized cost: This includes accounts receivables from customers, traders and concession holders; restricted cash; escrow deposits in litigation; marketable debt securities with the intention of holding them until maturity and the terms of their contracts originate known cash flows that constitute exclusively payments of principal and interest; concession financial assets related to generation concession grant fee; accounts receivable from related parties; suppliers; loans and debentures; debt agreed with the pension fund (Forluz); concessions payable; the Minas Gerais State PRCT Tax Amnesty Program; assets and liabilities related to the CVA account and Other financial components in tariff adjustments; the low-income subsidy; reimbursement of tariff subsidies; and other credits.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in income or loss when the asset is derecognized, modified or impaired.

32. DISPOSAL OF EQUITY INTEREST

Cemig GT's interest in Renova disposal process

On November 11, 2021, the Company signed a Share Purchase Agreement with AP Energias Renováveis Fundo de Investimento em Participações Multiestratégia, an Angra Partners' investment vehicle, administered and managed by Mantiq Investimentos Ltda, including the sale of the whole equity interest held in Renova S.A. - In-Court Supervised Reorganization ("Renova") and the assignment, for consideration, of all credits owed to the Company by Renova Comercializadora de Energia S.A. - In-Court Supervised Reorganization, for total consideration of R$60 million and establishes the Company right to an earn-out, depending on certain future events.

According with the agreement the closing of the transaction was subject to compliance with certain precedent conditions, including prior approval by the grantor authorities, the creditors holding asset guarantees listed in Renova's Court-Supervised Reorganization Plan and the counterparties in certain commercial contracts.

The equity interest held in Renova, which carrying amount since December 31, 2018 is zero due to the equity deficit, was classified as an asset held for sale, according to IFRS 5/CPC 31 - *Non-current Asset held for Sale and Discontinued Operation*, at the fourth quarter of 2021, in view of the high probability of conclusion of its plan for sale, especially after approval by the competent governance body, which preceded signature of the instrument.

Conclusion of the sale transaction

On May 5, 2022, the Company concluded the sale of its entire equity interest held in Renova, as well as the assignment, for consideration, of all credits owed to the Company by Renova for a total consideration of R$60,000, with a right to receive an earn out subject to certain future events, as provided in Share Purchase Agreement ('the Agreement') entered into with AP Energias Renováveis Fundo de Investimento em Participações Multiestratégia on November 11, 2021.

Disposal process of Cemig's equity participation in Ativas

On November 16, 2022, the Company entered into a share purchase and sale agreement and other agreements for the sale of 19.6% of its equity interest in Ativas Data Center S.A. ("Ativas") to Sonda Procwork Informática Ltda, which holds the remaining 80.4% interest.

On December 28, 2022, the Company concluded the sale of all its equity interest held in Ativas to Sonda.

The amount disbursed by Sonda was R$60.02 million, paid by offsetting: (i) a loan agreement between Cemig and Sonda in the amount of R$57.58 million and (ii) the balance of compensation owed by Cemig to Sonda in the amount of R$2.44 million.

The results of Ativas were presented in investee segment.

Disposal process of Cemig's equity participation in Axxiom

On December 22, 2022, the Company entered into a Stock Purchase and Other Agreements ("CCVA") for the sale of 49.0% of its equity interest in Axxiom Soluções Tecnológicas S.A. ("Axxiom") to Light S.A. ("Light"), which holds the remaining 51.0% interest.

The CCVA is subject to certain conditions precedent, which must be met in the coming months. The CCVA has a symbolic payment by Light of R$1.00 (one Brazilian real), with the settlement of Axxiom's assets and liabilities.

This transaction is in line with the Company's Strategic Planning, which foresees the divestment of assets that do not adhere to the Cemig Group's core activities.

Axxiom's results are presented in the Participations and Holding segment.

Axxiom, which is presented as an asset held for sale, does not meet the definition of a discontinued operation by CPC 31 - Non-current Assets Held for Sale and Discontinued Operations. There are no accumulated gains or losses included in other comprehensive income related to this held for sale investment.

The balance of the investment in associate Axxiom was reduced to zero during 2022, as per note 16. Accordingly, there are no amounts presented in the balance sheet as assets held for sale.

Accounting policy

The Company and its subsidiaries classify a non-current asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value net of selling expenses. Selling expenses are represented by the incremental expenses directly attributable to the sale, excluding financial expenses and income taxes. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

Components that have been written off or are classified as held for sale and represent a major line of business or geographical area of operations, as well as those that are an integral part of a single coordinated plan for the sale of a separate major line of business or geographical area of operations or represent a subsidiary acquired exclusively for the purpose of sale, are classified as discontinued operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in income after taxes.

33. INSURANCE

The Company and its subsidiaries maintain insurance policies to cover damages on certain assets, in accordance with orientation by specialists, as listed below, taking into account the nature and the degree of risk, for amounts considered sufficient to cover any significant losses related to its assets and responsibilities.

	Coverage	Coverage period	Amount insured (1)	Annual premium (1)
Companhia Energética de Minas Gerais				
Facilities in buildings	Fire	Jan. 8, 2023 to Jan. 8, 2024	R$4,186	R$1
Cemig Geração e Transmissão				
Air transport / Aircraft	Fuselage Third party	May 27, 2022 to May 27, 2023	US$1,500 US$4,000	US$58
Warehouse stores	Fire	Nov. 2, 2022 to Nov. 2, 2024	R$21,119	R$35
Buildings	Fire	Jan. 8, 2023 to Jan. 8, 2024	R$238,814	R$51
Telecom's equipment	Fire	Sep. 30, 2022 to Sep. 30, 2023	R$47,662	R$44
Operational risk - Transformers above 15MVA and other power distribution equipment with value above R$1,000	(2)	Dec. 7, 2022 to Dec. 7, 2023	R$927,549	R$1,554
Cemig Distribuição				
Air transport / Aircraft / Guimbal equipment	Fuselage Third party	May 27, 2022 to May 27, 2023	US$3,538 US$4,000	US$128
Warehouse stores	Fire	Nov. 2, 2022 to Nov. 2, 2024	R$68,950	R$115
Buildings	Fire	Jan. 8, 2023 to Jan. 8, 2024	R$536,818	R$114
Telecoms equipment	Fire	Sep. 30, 2022 to Sep. 30, 2023	R$117,687	R$113
Operational risk - Transformers above 15MVA and other energy distribution equipment with value above R$1,000 (2)	Total	Dec. 7, 2022 to Dec. 7, 2023	R$696,754	R$1,168
Gasmig				
Gas distribution network / Third party	Third party	Dec. 15, 2022 to Dec. 15, 2023	R$100,000	R$1,025
Own vehicle fleet (Operation)	Damage to third parties only	Jul. 7, 2022 to jul. 7, 2023	R$1,200	R$8
Facilities - multirisk	Robbery, theft and fire	Dec. 31, 2022 to Dec. 31, 2023	R$50,219	R$40

(1) Amounts expressed in R$'000 or US$'000.
(2) Maximum indemnity limit: R$279,005

The Company and its subsidiaries, except for its aircraft, does not have third party liability insurance covering accidents, and is not seeking proposals for this type of insurance. Additionally, Company has not sought proposals for, and does not have current policies for insurance against events that could affect its facilities such as earthquakes, floods, systemic failures or business interruption. The Company has not suffered significant losses arising from the above-mentioned risks.

34. COMMITMENTS

The Company and its subsidiaries have contractual obligations and commitments that include, mainly purchase of energy from Itaipu, as follows:

	2023	2024	2025	2026	2027	2028 onwards	Total
Purchase of energy from Itaipu	1,818,746	1,818,746	1,818,746	1,818,746	1,818,746	36,374,922	**45,468,652**
Purchase of energy - auctions	3,885,972	3,932,450	3,524,041	3,807,650	3,630,757	54,110,916	**72,891,786**
Purchase of energy - 'bilateral contracts'	487,971	489,308	310,065	99,403	19,198	58,957	**1,464,902**
Quotas of Angra 1 and Angra 2	374,810	377,876	376,844	376,844	378,736	7,583,263	**9,468,373**
Transport of energy from Itaipu	200,573	222,251	221,805	221,268	221,050	3,304,701	**4,391,648**
Other energy purchase contracts	5,542,554	5,044,352	4,486,250	4,086,231	3,966,509	28,211,906	**51,337,802**
Physical quota guarantees	828,091	776,646	704,364	634,356	534,948	11,152,828	**14,631,233**
Total	**13,138,717**	**12,661,629**	**11,442,115**	**11,044,498**	**10,569,944**	**140,797,493**	**199,654,396**

35. PARLIAMENTARY COMMITTEE OF INQUIRY ('CPI')

On June 17, 2021, the Legislative Assembly of Minas Gerais has established a Parliamentary Committee of Inquiry ('CPI') to investigate management acts of Cemig since 2019. The CPI was empowered to investigate the facts that were the basis for the request for its establishment, and by means of requirements, the CPI requested various information and documents related mainly to people management and procurement processes, which were fully met by the Company in compliance with the stipulated deadlines.

On February 18, 2022 the CPI approved its final report, to be submitted to the Public Attorneys' Office of Minas Gerais State, and other public control bodies, for assessment of what further submissions of it should be made. So far there are not known to be any potential accusations that might take place by reason of the results indicated by the CPI.

The Company carries out regular internal audits; and based on the results identified to date, no material impacts on the financial statements for 2022, nor for prior fiscal year, have been identified.

36. SUBSEQUENT EVENTS

Cemig D - Advance for future capital increase

On February 14 and March 10, 2023, an Advance for Future Capital Increase - AFAC was approved for Cemig D, in the amounts of R$100,000 and R$94,000, by Cemig, with the purpose of cash reinforcement, to be used for its investment operations and operating expenses.

Loan between related parties

On February 10 and February 15, 2023, Cemig D received the amounts of R$150,000 and R$200,000, respectively, related to the loan agreement approved by Aneel and authorized by the Board of Directors in 2020 between Cemig D (borrower) and Cemig (lender), in the amount of R$350,000, with payment term until May 2024. The loan bears interest at a rate equivalent to 110% of the CDI variation, to be paid together with the original installment. As guarantee, Cemig D issued a promissory note in favor of Cemig, comprising the principal and estimated interest for the contract.

In March 2023, the Board of Directors authorized the first amendment to the loan agreement between Cemig D (borrower) and Cemig (lender), under the same terms cited above, recognized by Aneel, in the amount of R$750,000, with no transfer of the funds to date.

Absorption of the wholly-owned subsidiaries Cemig Geração Três Marias S.A. and Cemig Geração Salto Grande S.A.

On January 24, 2023 Aneel approved transfer of the concessions of the Três Marias and Salto Grande hydroelectric plants to Cemig GT. The Audit Board approved the absorption on February 10, 2023, and it will be submitted to the General Meeting of Stockholders to be held in April 2023.

Disposal of stockholding interest - Mesa

On March 20, 2023 the Company completed sale to Furnas Centrais Elétricas S.A of the whole of its direct and indirect stockholding interests in Mesa, equivalent to 7.53% of the share capital of that investee, which is the controlling stockholder of Santo Antônio Energia S.A. (SAE), for R$ 55,390.

With the conclusion of the sale, Furnas undertook to assume the guarantees given by Cemig and Cemig GT to the Brazilian Development Bank (BNDES) and other creditors, under agreements for financing of SAE, and to hold Cemig and Cemig GT harmless from any obligation relating to these guarantees, up to the time when these obligations are effectively assumed by Furnas.

This disposal is part of the execution of Cemig's disinvestment program, with the aim of redirecting management efforts and allocation of capital to the State of Minas Gerais.

Process of sale of 15 PCHs/CGHs

On March 17, 2023 the invitation and tender were published for a public auction to sell 15 small hydroelectric generation plants and units (PCHs and CGHs), 12 owned by Cemig GT and 3 by its wholly-owned subsidiary Horizontes. The minimum price for the single lot of these assets is R$ 48,185. The auction is scheduled for August 10, 2023.

Generation plant	Ledger	Beginning of the operation	Installed capacity (MW) (1)	Physical guarantee (MWm) (1)	Commercial Operation Status	Site
Cemig GT						
CGH Bom Jesus do Galho	Registry	1931	0.36	0.13	Out of operation	Minas Gerais
CGH Xicão	Registry	1942	1.81	0.61	In operation	Minas Gerais
CGH Sumidouro	Registry	1954	2.12	0.53	In operation	Minas Gerais
PCH São Bernardo	Concession	1948	6.82	3.42	In operation	Minas Gerais
CGH Santa Marta	Registry	1944	1.00	0.58	In operation	Minas Gerais
CGH Santa Luzia	Registry	1958	0.70	N/A Geração: 0.28	In operation	Minas Gerais
CGH Salto Morais	Registry	1957	2.39	0.60	In operation	Minas Gerais
PCH Rio de Pedras	Concession	1928	9.28	2.15	In operation	Minas Gerais
CGH Pissarrão	Registry	1925	0.80	0.55	In operation	Minas Gerais
CGH Lages	Registry	1955	0.68	N/A Geração: 0.32	In operation	Minas Gerais
CGH Jacutinga	Registry	1948	0.72	0.57	In operation	Minas Gerais
CGH Anil	Registry	1964	2.06	1.10	In operation	Minas Gerais
Horizontes						
CGH Salto do Paraopeba	Authorization	1955	2.46	2.21	Out of operation	Minas Gerais
CGH Salto Passo Velho	Authorization	2001	1.80	1.64	In operation	Santa Catarina
PCH Salto Voltão	Authorization	2001	8.20	7.36	In operation	Santa Catarina
Total			**41.20**	**22.05**		

(1) Data not audited by external auditors.

This disposal aims to comply with the directives of the Company's strategic planning, in optimizing its portfolio of assets, seeking to improve operational efficiency and allocation of capital.

This being so, the requirements for classification of the assets as Held for sale were met. Thus, in March 2023, with a view to the possibility of a loss on sale of the assets, the amounts were transferred to Current liabilities, at fair value, less expenses of sale. This resulted in a consolidated adjustment of R$ 75,793.

Declaration of Interest on Equity

On March 22, 2023, the Executive Board, upon authorization of the Board of Directors, approved the declaration of interest on shareholders' equity relative to fiscal year 2023 in the amount of R$424,226 thousand, to be paid in two equal installments, the first up to June 30, 2024 and the second up to December 30, 2024, being entitled to the shareholders whose names are registered in the Book of Registration of Registered Shares on March 27, 2023. The Executive Board is responsible for determining the places and processes for payment and imputing the IOE to the mandatory dividends for 2023, in a proposal to be submitted to the General Meeting.

Gas distribution tariff readjustments

On January 25, 2023, it was published the SEDE resolution No. 4, effective as of February 1, 2023, containing the tariff adjustments that represent a reduction of the average values between 9.19% and 10.71%, according to consumption ranges and tariff categories. The largest reduction was in the GNV category, as a result of Gasmig's efforts to make average margins more flexible to ensure the competitiveness of natural gas with substitute energy sources.

* * * * * * * * * * * *

(The original is signed by the following signatories)

Reynaldo Passanezi Filho
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations Officer

Marney Tadeu Antunes
Chief Distribution Officer

Maurício Dall'Agneses
Chief Officer Cemigpar

Thadeu Carneiro da Silva
Chief Generation and Transmission Officer

Eduardo Soares
Chief Regulation and Legal

Mário Lúcio Braga
Controller
CRC-MG 47.822

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Financial Accounting and Equity Interests Manager
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Independent auditors' report on the individual and consolidated financial statements

To the Stockholders and Board of Directors

Companhia Energética de Minas Gerais

Belo Horizonte - MG

Opinion

We have audited the individual and consolidated financial statements of Companhia Energética de Minas Gerais (the "Company"), identified as the parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2022 and the respective statements of income, comprehensive income, changes in shareholder´s equity and cash flows for the year then ended, and the corresponding notes comprising significant accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements present fairly, in all material aspects, the individual and consolidated financial position of Companhia Energética de Minas Gerais as of December 31, 2022, and of its individual and consolidated operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis - Risks related to non-compliance to laws and regulations

As mentioned in notes 16 and 35 to the individual and consolidated financial statements, there are investigations being conducted by public authorities regarding the Company, its subsidiaries and in the investee Norte Energia S.A., which involve the investee and its executives and other shareholders of these investee. We are currently unable to foresee future developments of potential impacts of these investigations conducted by public authorities. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition from energy distributed, but not billed

Notes 8 and 27 to the individual and consolidated financial statements

Key audit matter	How this matter has been conducted in our audit
The unbilled revenue recognized by the Company and its subsidiaries corresponds to electricity, not billed to consumers. Billing is carried out based on reading cycles that, in some cases, exceed the accounting closing period. The recognition of unbilled revenue takes into account the premise of the number of days not billed, as well as historical data obtained, mainly through computerized system parameters, such as: (i) the date of the consumer reading; (ii) the volume and value of energy billed in the previous month; (iii) the number of days not billed, measured between the reading date and the base date. Due to the estimated amount of unbilled revenue and the impact that any change in the assumptions used could have on the amounts recorded in the individual and consolidated financial statements, we consider this matter to be the key audit matter.	Our audit procedures included, but were not limited to: - Using the support of our information technology specialists, we evaluated the design, implementation and effectiveness of key internal controls, related to the determination of the amount of unbilled electricity revenue, which included the evaluation of controls at the transaction level , on the completeness and accuracy of the data used, in determining the estimate of unbilled revenue, specifically: the date of the consumer reading, the volume and value of energy billed in the previous month and the number of unbilled days measured between the date of the reading and the base date. -We recalculated the amount of unbilled revenue, by multiplying the daily proportion of the volume and amount of energy billed in the last billing to the consumer, by the number of days not billed, determined by the difference between the reading date and the base date. - We evaluated whether the disclosures made in the consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained from the procedures summarized above, we consider the revenue recognition from energy distributed but not billed to be acceptable, as well as the respective disclosures, in the context of the individual and

	consolidated financial statements, for the year ended December 31, 2022.

Measurement of the post-employment obligations	
Note 24 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The Company and its subsidiaries sponsor defined benefit pension plans and health plans that ensure supplementary retirement benefits and medical assistance to their employees. The measurement of the actuarial obligation of defined benefit pension and health plans involves management's judgments for the choice of actuarial assumptions that are used, mainly: (i) the discount rate; (ii) life expectancy; and (iii) real growth in contributions and wages. The Company and its subsidiaries hire external actuaries to assist in the process of evaluating actuarial assumptions and calculating the obligation of pension and health plans. We consider this matter to be a key audit matter, due to the uncertainties related to the assumptions for estimating the actuarial obligation of defined benefit pension and health plans, which have a risk of resulting in a material adjustment to the balances of the individual and consolidated financial statements.	Our audit procedures included, but were not limited to: - We evaluated the design, implementation and effectiveness of certain internal controls associated with the actuarial liability measurement process, including controls related to the preparation, review and approval of discount rate assumptions, life expectancy and actual growth of contributions and salary; - We assess the scope, independence, competence, professional qualifications, experiences and objectivity of the external actuary hired, to assist in estimating the actuarial obligation of pension and health plans; - We evaluated, with the help of our specialists in actuarial calculations, the reasonableness and consistency of the assumptions used, such as the discount rate, life expectancy and the real growth of contributions and salaries, including comparison with data obtained from external sources. - We assess whether the disclosures made in the individual and consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained through the procedures summarized above, we consider acceptable the measurement of the actuarial obligation of defined benefit pension and health plans, as well as the respective disclosures, in the context of the individual and consolidated financial statements, related to the year ended in December 31, 2022.

Recognition and disclosures of provisions for legal and administrative proceedings
Notes 10 and 25 to the individual and consolidated financial statements

KPMG

Key audit matter	How this matter has been conducted in our audit
The Company and its subsidiaries are defendants in civil, tax, labor, environmental and regulatory lawsuits and administrative proceedings, the recognition and measurement of which requires the exercise of judgment by the Company and its subsidiaries. A provision for these claims is recorded when it is probable that an outflow of cash will be required to settle the obligation and the amount can be reliably estimated. The measurement of this estimate involves management judgments for measuring the value and classification of the probability of loss of the shares. The Company discloses contingent liabilities whose likelihood of an outflow of funds from the entity is possible. We consider this matter to be a key audit matter, due to the degree of judgment inherent in determining estimates related to value and assessing the likelihood of loss classification that have a risk of resulting in a material adjustment to the balances and/or disclosures in the individual financial statements and consolidated.	Our audit procedures included, but were not limited to: - We evaluated the design, implementation and effectiveness of key internal controls related to the identification, evaluation, measurement and disclosure of provisions, including controls over the Company's assessment of the likelihood of losing these legal and administrative actions and the amounts that would be paid in case of loss. - We obtained direct confirmation from the internal and external lawyers, in order to obtain their assessment of the risks of losses and the amounts related to the cases in which the Company is a defendant. We compare the information contained in the confirmations received with the accounting records. - With the assistance of our legal specialists, we evaluated the Company's criteria to support forecasts and the amounts associated with certain relevant proceedings, selected on a sampling basis. - We assessed the accuracy of the tax contingencies recorded by the Company, as well as compared, based on a sample, the existing jurisprudence on the topics in question. - We assess whether the disclosures made in the individual and consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained through the procedures summarized above, we consider the amount and disclosures of the provision for lawsuits acceptable, in the context of the individual and consolidated financial statements, for the year ended December 31, 2022.

Other matters

Statements of Value Added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted for the auditing procedures jointly with audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Corresponding figures

The corresponding figures related to individual and consolidated statement of financial position as of December 31, 2021 and the individual and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows and respective explanatory notes for the year ended on that date, presented as corresponding figures in the individual and consolidated financial statements for the current year, were audited by other independent auditors, who issued a report dated March 29, 2022, unmodified. The corresponding amounts related to the individual and consolidated statements of value added (DVA), for the year ended December 31, 2021, were submitted to the same audit procedures by these independent auditors who based on their audit have issued an unmodified report.

Other information that accompanies the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of the financial statements are free from material misstatement, due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the group entities or business activities within the Company to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and therefore, responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter, or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 25, 2023

KPMG Auditores Independentes Ltda.

CRC SP-014428/O-6 F-MG

(Original in Portuguese signed by)

Thiago Rodrigues de Oliveira

Contador CRC 1SP259468/O-7

OPINION OF THE AUDIT BOARD

The members of the Audit Board of Cemig Geração e Transmissão S.A., undersigned, in performance of their function under the law and the Company's by-laws, have examined the financial statements for the business year ended December 31, 2022 and the related complementary documents, approved by the Company's Board of Directors, on March 24, 2023. After verifying these documents, and considering the examinations carried out by this Board and the explanations provided by the Company's Management in relation to acts of management and the related records in the 2022 financial year, and also based on the unqualified Opinion of KPMG Auditores Independentes (EY) issued on March 25, 2023, hereby express the following favorable opinion, namely that these statements are adequately presented in all material aspects, and thus merit approval by the stockholders in the Annual General Meeting to be held in 2023.

Belo Horizonte, March 25, 2023.

Gustavo de Oliveira Barbosa - President

Elizabeth Jucá e Mello Jacometti - Board Member

Michele da Silva Gonsales Torres - Board Member

João Vicente Silva Machado - Board Member

Luísa Cardoso Barreto - Board Member

DIRECTORS' STATEMENT OF REVIEW OF THE FINANCIAL STATEMENTS

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., held on March 22, 2023, we approved the conclusion, on that date, of the Company's financial statements for the business year 2022; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2022 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the said Financial Statements.

Belo Horizonte, March 22, 2023.

Reynaldo Passanezi Filho - Chief Executive Officer
Dimas Costa - Chief Trading Officer
Leonardo George de Magalhães - Chief Finance and Investor Relations Officer
Marney Thadeu Antunes - Chief Distribution and Sales Officer
Marco da Camino Ancona Lopes Soligo - Chief Officer Cemigpar
Thadeu Carneiro da Silva - Chief Generation and Transmission Officer
Henrique Motta Pinto - Chief Regulation and Legal

DIRECTORS' STATEMENT OF REVIEW OF THE REPORT BY THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS

Companhia Energética de Minas Gerais

Distribuição S.A.

Geração e Transmissão S.A.

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A), held on March 22, 2023, we approved the conclusion, on that date, of the Company's financial statements for the business year 2022; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2022 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the opinions expressed by the representatives of the Independent External Auditors.

Belo Horizonte, March 22, 2023.

Reynaldo Passanezi Filho - Chief Executive Officer
Dimas Costa - Chief Trading Officer
Leonardo George de Magalhães - Chief Finance and Investor Relations Officer
Marney Thadeu Antunes - Chief Distribution and Sales Officer
Marco da Camino Ancona Lopes Soligo - Chief Officer Cemigpar
Thadeu Carneiro da Silva - Chief Generation and Transmission Officer
Henrique Motta Pinto - Chief Regulation and Legal

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE - March 24, 2023

INTRODUCTION

The purpose of the Audit Committee, a statutory body of Companhia Energética de Minas Gerais ('Cemig'), Cemig Distribuição S.A. ('Cemig D'), Cemig Geração e Transmissão S.A. ('Cemig GT') and their related subsidiaries, is to advise the Board of Directors on the exercise of its functions of audit and inspection, and, among other duties specified in its Internal Regulations, evaluate and state opinions on: the quality and integrity of the accounting statements; adherence to the rules of law, the bylaws and regulations; and the effectiveness of the systems of internal control, and of independent and external auditing. The assessments made by the Committee are based (i) on information received from Management, from the external auditors, from internal audits, and from those responsible for management of risk and internal controls; and (ii) on its own analyses arising from direct observation. It is a function of the Committee, with the technical and operational support of the Company's Compliance area, to carry out analysis of the appropriateness of nominations to the post of Manager or member of the Audit Board by carrying out background checks of integrity and compliance.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises: Mr. Pedro Carlos de Mello, Coordinator of the Committee and elected on June 11, 2018; and the committee members Mr. Afonso Henriques Moreira Santos, elected on September 14, 2020, Mr. Márcio de Lima Leite elected on May 21, 2020 and Mr. Roberto Tommasetti elected on May 15, 2019.

ACTIVITIES CARRIED OUT IN THE SCOPE OF ITS DUTIES IN YEAR OF 2022

In 2022 the Committee met 35 times. At the beginning of the first quarter of 2023 it has met 6 times. It has taken part in meetings of the Board of Directors 13 times in 2022 and one in 2023. Four meetings were held jointly with the Audit Board in 2022, and two so far in the first half of 2023. The Committee has maintained permanent contact with the managers of the various areas of the Company, aiming to accompany the work carried out, and obtain input information on which to base its assessments. 18 meetings were held with participation by the external auditors, KPMG Auditores Independentes Ltda., to become aware of methodology, planning and results of the work, with a view to preparation of the Financial Statements at December, 31, 2022. The Committee met with members of the Executive Board of the Company to deal with subjects related to general aspects of the management of the institution, in particular those relating to accounting, internal controls, internal auditing, management of capital, financial management and management of risks. The Committee has presented recommendations for enhancement of processes, and accompanied the implementations of improvements that it has recommended and recommendations in relation to internal and external audits, indicated in the course of its work. The Committee has maintained regular contacts with the Company's Board of Directors, and has also issued opinions of aspects related to its duties under regulations, and provided information to that Board on its activities.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The work carried out by Deputy Director of Compliance, Corporative Risks and Internal Controls, were the subject of accompaniment by the Committee. The Audit Committee considers that the activity of the Company's management in ensuring the effectiveness of the institution's systems of internal controls and risk management is positive (although in its opinion some points require more attention).

INTERNAL AUDITING

Several meetings have been held with the General Manager and the Managers of Internal Auditing (AI), with a view to accompanying the work carried out by these units. The Committee has made an assessment of the scope and quality of the audits carried out, and the level of independence of the area - assessing it to be positive. In the work carried out by internal auditing, no failures to comply with the legislation in effect and/or the internal rules were found of which the degree of severity could put the solidity and continuity of the Company at risk.

EXTERNAL AUDITING

The Committee met with the external auditors, KPMG Auditores Independentes Ltda., to ascertain the principal events in the works carried out in the preparation of the financial statements for 2022, and in their assessment of the Company's present internal controls. The Committee considers the work carried out to be satisfactory, and has not identified any situations that could affect the objectivity and independence of the external auditors.

THE FINANCIAL STATEMENTS

The Committee has accompanied the process of preparation of the financial statements for 2022, examining trial balances, balance sheets and explanatory notes, and has considered the financial statements, the Report of Management, the Report of the External Auditors and other documents destined for publication. It has taken cognizance of the accounting practices used in the preparation of the financial statements, which are aligned with the fundamental principles of accounting and with Brazilian corporate legislation, and which adequately portray the institution's equity situation.

CONCLUSION

By the closing date of this report the Audit Committee had not received any reports of any accusation of non-compliance with rules, or absence of controls, or any act or omission by the Company's Management, that might indicate the existence of fraud, failings or errors that might put at risk the continuity of the institution or the fidelity of its accounting statements. Based on the considerations above, the Audit Committee, having duly weighed and considered its responsibilities and the natural limitations arising from the scope of its activity, recommends to the Board of Directors that the Financial Statements of Cemig, Cemig D and Cemig GT for 2022 should be approved.

Belo Horizonte, March 24, 2023.

The Audit Committee

PEDRO CARLOS DE MELLO - Coordinator

AFONSO HENRIQUES MOREIRA SANTOS - Member

MÁRCIO DE LIMA LEITE - Member

ROBERTO TOMMASETTI - Member

CAPITAL BUDGET

In accordance with Clause 196 of the Corporate Law and Article 27, § 1, Sub-item IV of CVM (‘*Comissão de Valores Mobiliários’*) Instruction 80, we present for analysis and subsequent approval of submission to the Ordinary General Meeting of Shareholders to be held on April, 2023, the proposal for the consolidated Capital Budget for the 2023 business year. The amount forecast for the capital budget will be met exclusively by own resources from the Company's operations, including the amount of R$1,755,963 from retained earnings for the year 2022.

Investments planned for 2023	
Energy distribution system	2,014,679
Energy Subtransmission system	712,302
Energy generation system	818,273
Energy transmission system	246,151
Contributions to subsidiaries and associates	56,012
Infrastructure and others	1,660,372
	5,507,789