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STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
ASSETS
(In thousands of Brazilian Reais)

	Note	Sep. 30, 2022	Dec. 31, 2021
CURRENT			
Cash and cash equivalents	4	571,799	198,694
Marketable securities	5	911,413	342,243
Receivables from customers, traders and concession holders	6	2,777,032	3,021,976
Concession holders - Transport of energy	6	340,977	264,910
Recoverable taxes	7	1,397,399	1,907,198
Income tax and social contribution tax credits	8a	22,525	45,363
Inventories		28,925	29,963
Public lighting contribution		201,330	233,315
Reimbursement of tariff subsidies payments	10	90,932	287,420
Low-income subsidy		52,541	46,540
Sectorial concession assets	11b	958,459	1,221,433
Others		292,098	161,923
TOTAL CURRENT		7,645,430	7,760,978
NON-CURRENT			
Marketable Securities	5	3,233	69,125
Deferred Income tax and social contribution tax	8b	2,215,225	1,656,651
Recoverable taxes	7	863,924	1,197,692
Income tax and social contribution tax recoverable	8a	74,280	68,967
Escrow deposits	9	645,720	619,772
Concession holders - Transport of energy	6	44,981	48,148
Others credits		12,894	13,352
Sectorial concession assets	11b	-	1,609,844
Financial assets related to infrastructure	11a	1,059,552	
Contract assets	12	2,517,846	1,926,652
Intangible assets	13	10,169,806	9,449,638
Leasing - right of use assets	14	162,194	176,809
TOTAL NON-CURRENT		17,769,655	16,836,650
TOTAL ASSETS		25,415,085	24,597,628

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
LIABILITIES
(In thousands of Brazilian Reais)

	Note	Sep. 30, 2022	Dec. 31, 2021
CURRENT			
Loans, financing and debentures	17	911,644	875,254
Suppliers	15	1,811,209	2,019,994
Taxes payable	16	193,708	226,823
Payroll and related charges		169,372	141,428
Regulatory charges	18	414,200	499,178
Employees' and managers' profit shares		77,051	87,116
Post-employment obligations	19	264,770	244,559
Public lighting contribution		290,352	357,106
Credits of energy injected		378,920	236,000
Sector concession liabilities	11	-	51,359
Interest on equity, and dividends, payable	25	1,106,176	916,961
PIS/Pasep and Cofins taxes to be refunded to customers	16	1,873,276	704,025
Lease liabilities	14	21,120	49,261
Others		267,151	250,829
TOTAL CURRENT		7,778,949	6,659,893
NON-CURRENT			
Loans, financing and debentures	17	3,795,880	3,371,907
Provisions	20	1,291,310	1,203,590
Post-employment obligations	19	3,994,639	3,928,836
Regulatory charges	18	57,518	197,457
Sector concession liabilities	11	271,196	-
PIS/Pasep and Cofins taxes to be refunded to customers	16	1,545,228	2,132,289
Lease liabilities	14	159,045	141,751
Others		19,245	19,239
TOTAL NON-CURRENT		11,134,061	10,995,069
TOTAL LIABILITIES		18,913,010	17,654,962
EQUITY			
	21		
Share capital		5,371,998	5,371,998
Profit reserves		3,404,039	3,404,039
Valuation adjustments		(1,833,371)	(1,833,371)
Accumulated losses		(440,591)	-
TOTAL EQUITY		6,502,075	6,942,666
TOTAL LIABILITIES AND EQUITY		25,415,085	24,597,628

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED AS OF SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais, except earnings per share)

	Note	Jan to Sep, 2022	Jan to Sep, 2021
Revenue	22	14,845,793	15,754,015
OPERATING COSTS			
Cost with energy	23a	(8,781,608)	(10,409,492)
Infrastructure construction cost	23b	(2,162,794)	(1,205,933)
Costs of operating	23c	(1,932,216)	(1,803,811)
		(12,876,618)	(13,419,236)
GROSS PROFIT		1,969,175	2,334,779
OPERATING EXPENSES			
	23c		
Provision for doubtful receivables		(48,003)	(66,065)
General and administrative expenses		(552,987)	(317,910)
Other operating expenses, net		(480,023)	(393,176)
		(1,081,013)	(777,151)
Operating income before financial revenue (expenses) and taxes		888,162	1,557,628
Finance income	24	592,752	472,047
Finance expenses	24	(1,719,444)	(458,983)
Income before income tax and social contribution tax		(238,530)	1,570,692
Current income tax and social contribution tax	8c	(337,467)	(482,026)
Deferred income tax and social contribution tax	8c	558,574	51,101
Net income (loss) for the period		(17,423)	1,139,767
Basic and diluted earnings (losses) per shares, R\$	21	(0.01)	0.48

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED AS OF SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais, except earnings per share)

	Note	Jul to Sep, 2022	Jul to Sep, 2021
Revenue	22	5,740,890	6,291,002
OPERATING COSTS			
Cost with energy	23a	(3,077,521)	(4,400,225)
Infrastructure construction cost	23b	(1,050,012)	(486,414)
Costs of operating	23c	(685,480)	(545,979)
		(4,813,013)	(5,432,618)
GROSS PROFIT		927,877	858,384
OPERATING EXPENSES			
	23c		
Provision for doubtful receivables		85,706	(29,676)
General and administrative expenses		(175,673)	(123,046)
Other operating expenses, net		(167,178)	(153,791)
		(257,145)	(306,513)
Operating income before financial revenue (expenses) and taxes		670,732	551,871
Finance income	24	195,706	186,487
Finance expenses	24	(184,241)	(183,881)
Income before income tax and social contribution tax		682,197	554,477
Current income tax and social contribution tax	8c	(181,669)	(185,106)
Deferred income tax and social contribution tax	8c	6,400	30,603
Net income (loss) for the period		506,928	399,974
Basic and diluted earnings (losses) per shares, R\$	21	0.21	0.17

The Explanatory Notes are an integral part of the interim financial information.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais)**

	Jan to Sep, 2022	Jan to Sep, 2021
Net income (loss) for the period	(17,423)	1,139,767
COMPREHENSIVE INCOME FOR THE PERIOD	(17,423)	1,139,767

The Explanatory Notes are an integral part of the interim financial information.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais)**

	Jul to Sep, 2022	Jul to Sep, 2021
Net income (loss) for the period	506,928	399,974
COMPREHENSIVE INCOME FOR THE PERIOD	506,928	399,974

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
 (In thousands of Brazilian Reais, except where otherwise stated)

	Share capital	Profit reserves	Valuation adjustments	Retained earnings (losses)	Total equity
BALANCES ON DECEMBER 31, 2020	5,371,998	2,653,670	(2,004,037)	-	6,021,631
Net income for the period	-	-	-	1,139,767	1,139,767
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	1,139,767	1,139,767
Interest on Equity (R\$0.1218 per share)	-	-	-	(287,228)	(287,228)
BALANCES ON SEPTEMBER 30, 2021	5,371,998	2,653,670	(2,004,037)	852,539	6,874,170
BALANCES ON DECEMBER 31, 2021	5,371,998	3,404,039	(1,833,371)	-	6,942,666
Loss for the period	-	-	-	(17,423)	(17,423)
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	(17,423)	(17,423)
Interest on Equity (R\$0.1794 per share)	-	-	-	(423,168)	(423,168)
BALANCES ON SEPTEMBER 30, 2022	5,371,998	3,404,039	(1,833,371)	(440,591)	6,502,075

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021

(In thousands of Brazilian Reais)

	Note	Jan to Sep, 2022	Jan to Sep, 2021
CASH FLOW FROM OPERATIONS			
Net income for the period		(17,423)	1,139,767
Expenses (revenues) not affecting cash and cash equivalents:			
Post-employment obligations	19	338,276	255,629
Depreciation and amortization	13b and 14a	542,503	500,919
Provision for doubtful receivables	23c	48,003	66,065
Others provisions	23c	197,174	13,501
Provision (reversals) for impairment of contract assets	12	(19,198)	(3,722)
Write-off of net residual value of unrecoverable Concession financial assets and Intangible assets	11a and 13b	13,022	19,327
Refunded of PIS/Pasep and Cofins over ICMS credits to customers - realization	22	(1,641,578)	(876,000)
Financial interest and inflation adjustment		1,454,167	303,825
Adjustment to expectation of contractual cash flow from the concession	11a	(28,401)	(37,959)
Amortization of transaction cost of loans and financings	17	1,764	1,346
CVA and other financial components in tariff adjustments	22	1,367,694	(1,908,899)
Deferred income tax and social contribution tax	8a	(558,574)	(51,101)
		<u>1,697,429</u>	<u>(577,302)</u>
Increase (decrease) in assets			
Receivables from customers, traders and concession holders		196,941	(302,866)
Concession holders - Transport of energy		(72,900)	(12,910)
CVA (Parcel A items Compensation) Account and Other financial components in tariff adjustments		190,658	-
Recoverable taxes	7	693,711	(30,658)
Income tax and social contribution tax recoverable		(24,887)	(42,006)
Escrow deposits		6,731	(76,870)
Public lighting contribution		31,985	(57,619)
Reimbursement of tariff subsidies	10	196,488	635
Low-income subsidy		(6,001)	(1,907)
Others		(147,037)	(27,178)
		<u>1,065,689</u>	<u>(551,379)</u>
Increase (decrease) in liabilities			
Suppliers		(226,451)	683,994
Taxes payable		670,572	695,261
Income tax and social contribution tax payable		337,467	482,026
Payroll and related charges		27,944	9,578
Public lighting contribution		(66,754)	29,936
Regulatory charges	18	(223,495)	188,789
Post-employment obligations	19	(252,262)	(218,132)
Provisions	20	(92,518)	(64,143)
Employees' and managers' profit sharing		(10,065)	(3,975)
Others		187,816	134,489
		<u>352,254</u>	<u>1,937,823</u>
Cash from operating activities		<u>3,115,372</u>	<u>809,142</u>
Interest paid on loans, financings and debentures	17	(195,346)	(163,300)
Interest paid in leasing contracts	14	(1,989)	(1,758)
NET CASH GENERATED IN OPERATING ACTIVITIES		<u>2,918,037</u>	<u>644,084</u>
CASH FLOW IN INVESTMENT ACTIVITIES			
Marketable securities - cash investments	5	(503,278)	1,379,856
Intangible assets	13	(42,483)	(23,566)
Contract assets	12	(2,090,052)	(1,178,237)
NET CASH FLOW USED IN INVESTMENT ACTIVITIES		<u>(2,635,813)</u>	<u>178,053</u>
CASH FLOW IN FINANCING ACTIVITIES			
Loans, financings and debentures obtained, net	17	987,534	-
Lease liabilities paid	14b	(41,975)	(41,525)
Loans, financings and debentures, paid	17	(684,200)	(992,786)
Interest on capital and dividends paid		(170,478)	(242,744)
NET GENERATED IN FINANCIAL ACTIVITIES		<u>90,881</u>	<u>(1,277,055)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD		<u>373,105</u>	<u>(454,918)</u>
Cash and cash equivalents at beginning of the period	4	198,694	659,045
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u>571,799</u>	<u>204,127</u>

The Explanatory Notes are an integral part of the interim financial information.

STATEMENTS OF ADDED VALUE
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(In thousands of Brazilian Reais)

	Jan to Sep/2022	Jan to Sep/2021
REVENUES		
Sales of energy and services	21,314,949	22,528,243
Distribution construction revenue	2,162,794	1,205,933
Adjustment to expectation of reimbursement of distribution concession financial assets	28,401	37,959
Credits from PIS/Pasep and Cofins to be refunded to customers	(829,783)	-
Other revenues	-	10,459
Adjustment for expected losses on doubtful receivables	(48,003)	(66,065)
	<u>22,628,358</u>	<u>23,716,529</u>
INPUTS ACQUIRED FROM THIRD PARTIES		
Energy purchased for resale	(7,198,583)	(8,960,729)
Charges for use of national grid	(2,297,979)	(2,376,249)
Outsourced services	(1,692,751)	(1,336,004)
Materials	(1,409,514)	(721,035)
Other operating costs	(329,324)	(182,781)
	<u>(12,928,151)</u>	<u>(13,576,798)</u>
GROSS VALUE ADDED	<u>9,700,207</u>	<u>10,139,731</u>
RETENTIONS		
Depreciation and amortization	(542,503)	(500,919)
NET ADDED VALUE PRODUCED BY THE COMPANY	<u>9,157,704</u>	<u>9,638,812</u>
ADDED VALUE RECEIVED BY TRANSFER		
Financial revenues	597,875	472,047
ADDED VALUE TO BE DISTRIBUTED	<u>9,755,579</u>	<u>10,110,859</u>
DISTRIBUTION OF ADDED VALUE		
Employees	1,024,285	890,026
Direct remuneration	553,995	528,374
Post-employment obligations and Other benefits	399,785	300,922
FGTS fund	33,570	31,661
Programmed Voluntary Retirement Plan ('PDVP')	36,935	29,069
Taxes	6,991,393	7,613,023
Federal	3,462,619	3,346,412
State	3,524,834	4,262,415
Municipal	3,940	4,196
Remuneration of external capital	1,757,324	468,043
Interest	1,749,703	463,237
Rentals	7,621	4,806
Remuneration of own capital	(17,423)	1,139,767
Interest on Equity	423,168	287,228
Retained earnings (losses)	(440,591)	852,539
	<u>9,755,579</u>	<u>10,110,859</u>

The Explanatory Notes are an integral part of the interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIODS ENDED AS OF SEPTEMBER 30, 2022 (In thousands of Brazilian Reais, except where otherwise indicated)

1. OPERATING CONTEXT

Cemig Distribuição S.A. ('Cemig D', 'Cemig Distribuição' or 'the Company') is a Brazilian corporation registered for trading with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), and in the Brazilian Register of Corporate Taxpayers (CNPJ) under No. 06.981.180/0001-16. A wholly-owned subsidiary of Companhia Energética de Minas Gerais - Cemig ('Cemig'), it was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the separation of activities ('unbundling') of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office in Belo Horizonte city, Minas Gerais.

Its corporate objects are to study, plan, project, build and commercially operate systems of distribution and sale of energy and related services for which concessions are granted to it under any form of law.

The Company has a concession area of 567,478 km², comprising approximately 97% of the Brazilian state of Minas Gerais, serving 8,986,718 customers, on September 30, 2022.

The Fifth Amendment to the concession contracts, signed with the Mining and Energy Ministry, extended the concession for 30 years, from January 1, 2016. The amendment establishes standards of service quality and economic-financial indicators that the Company must meet during the new concession period.

1.1 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 Program to Encourage for Voluntary Consumption Reduction of 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.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The interim financial information has been prepared in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB),

Classificação: Público

Technical Pronouncement 21 (R1) - 'CPC 21', which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), applicable to preparation of Quarterly Information (Informações Trimestrais, or ITR).

Presentation of the Added Value Statements (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). IFRS does not require presentation of this statement. As a result, under IFRS this statement is presented as supplementary information, without prejudice to the financial statements as a whole.

With the exception of the estimate for expected losses on default, as explained in Note 6, and the new rules, or alterations to rules, that came into effect on January 1, 2022, this interim accounting information has been prepared in accordance with principles, practices and criteria consistent with those adopted the preparation of the financial statements at December 31, 2021.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on March 29, 2022.

Management certifies that all the material information in the interim financial information 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 this interim financial information on November 11, 2022.

2.2. Correlation between the Explanatory Notes published in the Annual Financial Statements and those in the Interim Financial Information

Number of the Notes		Title of the Notes
Dec. 31, 2021	Sep. 30, 2022	
1	1	Operational context
2	2	Basis of preparation
3	-	Concessions
4	3	Operational segments
5	4	Cash and cash equivalents
6	5	Marketable securities
7	6	Customers and traders; Concession holders (power transport)
8	7	Recoverable taxes
9	8	Income tax and social contribution tax
10	9	Escrow deposits
11	10	Reimbursement of tariff subsidies
12	11	Concession financial assets and liabilities
13	12	Contract assets
14	13	Intangible assets
15	14	Leasing - Right of Use
16	15	Suppliers
17	16	Taxes and amounts reimbursement to customers
18	17	Loans, financings and debentures
19	18	Regulatory charges
20	19	Post-employment obligations
21	20	Provisions
22	21	Equity and remuneration to shareholders
23	22	Revenue
24	23	Operating costs and expenses
25	24	Financial revenue and expenses
26	25	Related party transactions
27	26	Financial instruments and risk management
28	-	Insurance
29	-	Contractual obligations
30	27	Transactions not involving cash
31	28	Risks related to compliance with laws and regulations
32	29	Subsequent events

The explanatory notes of financial statements as of December 31, 2021 that have not been included in this consolidated interim financial information because they had no material changes, and/or were not applicable to the interim financial information, are as follows:

Number	Title of the Notes
3	Concessions
28	Insurance
29	Contractual obligations

2.3. New accounting standards, interpretation or amendments of accounting standards, applied for the first time in 2022

The changes to CPC 25/IAS 37 (*Provisions, Contingent liabilities and Contingent assets*), in effect for annual reporting periods beginning on or after January 1, 2022, have no impact on the Company interim accounting information.

2.4 Regrouping of items in the income statement

Starting in the first quarter of 2022, the Company made some adjustments in the classification of expenses in its profit and loss account (income statement), 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 September 30, 2021 is being presented using the same criteria. The Company considers these adjustments not to be material.

3. OPERATING SEGMENTS

The Company operates only in energy distribution, and only in the Brazilian State of Minas Gerais. Its Income statement reflects this activity. Management believes that its Income statements and the other information contained in these Notes provide the required information about its sole operational segment.

4. CASH AND CASH EQUIVALENTS

	Sep. 30, 2022	Dec. 31, 2021
Bank accounts	26,347	104,930
Cash investments		
Bank certificates of deposit (1)	479,266	77,814
Automatic applications - Overnight (2)	66,186	15,950
	545,452	93,764
	571,799	198,694

- (1) *Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs)*, accrued interest at 80% 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 September 30, 2022 (70% to 109% on December 31, 2021). For these CDBs, the Company has 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 September 30, 2022 (8.87% to 9.14% on December 31, 2021). Their purpose is to settle the short-term obligations of the Company, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 26 provides information in relation to the exposure of the Company to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

5. MARKETABLE SECURITIES

	Sep. 30, 2022	Dec. 31, 2021
Bank certificates of deposit (1)	344,759	19,689
Financial Notes (LFs) - banks (2)	500,440	345,714
Treasury Financial Notes (LFTs) (3)	62,762	34,937
Debentures (4)	5,541	4,862
Others	1,144	6,166
	914,646	411,368
Current asset	911,413	342,243
Non-current asset	3,233	69,125

- (1) Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs), accrued interest at 103% to 105.3% 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 September 30, 2022 (107.24% of the CDI Rate on December 31, 2021), according to the transaction.
- (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 104.76% to 115% of the CDI rate on September 30, 2022 (105% to 130% of the CDI rate 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% to 13.90% on September 30, 2022 (9.12% to 9.50% on December 31, 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 September 30, 2022 (TR + 1% to 109% of the CDI rate on December 31, 2020).

Note 25 provides a classification of these marketable securities. Investments in marketable securities of related parties are shown in Note 26.

6. RECEIVABLES FROM CUSTOMERS, TRADERS AND CONCESSION HOLDERS

Customer type	Balances not yet due		Balances past due			Total	
	Billed energy	Not yet billed energy	Up to 90 days	91 to 360 days	More than 360 days	Sep. 30, 2022	Dec. 31, 2021
Residential	642,248	288,348	312,105	340,142	130,351	1,713,194	1,871,570
Industrial	30,219	65,404	13,492	13,491	137,252	259,858	261,341
Commercial, services and others	279,669	163,658	80,224	102,169	155,408	781,128	765,846
Rural	127,931	87,653	49,959	40,105	28,355	334,003	349,398
Public authorities	76,717	32,084	4,605	910	18,012	132,328	236,355
Public lighting	11,821	549	547	115	1,222	14,254	22,320
Public services	49,702	43,567	4,949	4,253	30,024	132,495	124,974
Subtotal - customers	1,218,307	681,263	465,881	501,185	500,624	3,367,260	3,631,804
Concession holders - Transport of energy	64,998	305,548	13,955	2,875	81,404	468,780	400,817
Energy in spot market - supply	-	-	46,100	6,963	913	53,976	77,284
Provision for doubtful receivables	(139,605)	(12,030)	(37,722)	(96,420)	(441,249)	(727,026)	(774,871)
	1,143,700	974,781	488,214	414,603	141,692	3,162,990	3,335,034
Current							
Receivables from customers, traders and concession holders						2,777,032	3,021,976
Concession holders - Transport of energy						340,977	264,910
Non-current							
Concession holders - Transport of energy						44,981	48,148

The transactions involving related parties is provided in Note 25.

As from August 2022, to provide a more accurate estimate of losses expected in connection with overdue client accounts, the time threshold for full recognition of such losses was altered from 12 to 24 months. This resulted in a reversal of R\$130,569 in the provision for losses expected on doubtful receivables from clients at the end of third quarter of 2022.

The provisions for expected credit losses of accounts receivable 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:

	Sep. 30, 2022	Dec. 31, 2021
Residential	211,911	217,594
Industrial	134,226	141,009
Commercial, services and others	203,019	212,464
Rural	30,096	32,795
Public authorities	31,620	44,993
Public lighting	143	988
Public services	33,190	37,269
Concession holders - Transport of energy	82,821	87,759
	727,026	774,871

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Changes in the provision for expected credit losses of accounts receivable are as follows:

Balance on December 31, 2021	774,871
Additions, net (Note 23)	48,003
Disposals	(95,848)
Balance on September 30, 2022	727,026

7. RECOVERABLE TAXES

	Sep. 30, 2022	Dec. 31, 2021
Current		
ICMS tax recoverable	50,158	77,705
COFINS tax (a)	1,106,878	1,502,006
PIS-PASEP taxes (a)	239,949	327,075
Others	414	412
	1,397,399	1,907,198
Non-current		
ICMS tax recoverable	448,191	312,339
COFINS tax (a)	341,575	727,425
PIS-PASP taxes (a)	74,158	157,928
	863,924	1,197,692
	2,261,323	3,104,890

a) Pis/Pasep and Cofins taxes credits over ICMS

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

On May 12, 2020, the Brazilian tax authority (Receita Federal) 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 the Company.

The Company is recovering tax credits by offsetting the amount receivable against amounts federal taxes payable on a monthly basis, starting on May 2020, within the five-year period specified by the relevant law of limitation.

Based on the opinion of its legal advisers, the Company had constituted a liability for the portion of the tax credits corresponding to the period of the last 10 years (from June 2009 to May 2019), net of PIS, Pasep and Cofins taxes on the gain from monetary updating.

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 Explanatory Notes 16 and 20.

The Company's management is assessing possible future actions related to this matter with its legal advisers.

On September 30, 2022, the Company recorded the amount of R\$1,344,901 in current assets and R\$415,733 in non-current assets referring to credits of PIS/Pasep and Cofins taxes updated by Selic until the date of their effective offset.

Up to the third quarter of 2022, credits of PIS/Pasep and Cofins taxes were offset against federal taxes payable in the amount of R\$1,089,377 (R\$991,109 in the same period in 2021).

8. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

	Sep. 30, 2022	Dec. 31, 2021
Income tax	63,673	37,388
Social contribution tax	33,132	76,942
	96,805	114,330
Current	22,525	45,363
Non-current	74,280	68,967

b) Deferred income and social contribution taxes

Temporary differences of income tax and social contribution tax	Sep. 30, 2022	Dec. 31, 2021
Deferred tax assets		
Post-employment obligations	1,377,381	1,324,647
Doubtful receivables	282,959	292,275
Impairment	15,542	22,552
Operating provisions	502,863	-
Provisions for contingencies	382,630	350,522
Administrative tax	4,594	4,875
Provision for profit shares	26,197	29,620
Others	8,022	7,029
	2,600,188	2,031,520
Deferred tax liabilities		
Adjustment to expectation of cash flow - Concession assets	(210,854)	(207,940)
Borrowing costs capitalized	(168,385)	(164,716)
Transaction cost	(5,724)	(2,213)
	(384,963)	(374,869)
Total deferred tax, net	2,215,225	1,656,651

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

Balance on December 31, 2021	1,656,651
Effects allocated to income statements	558,574
Balance on September 30, 2022	2,215,225

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

	Jan to Sep, 2022	Jan to Sep, 2021
Profit before income tax and social contribution tax	(238,530)	1,570,692
Nominal rate	34%	34%
Income tax and social contribution tax - nominal expense	81,100	(534,035)
Tax effects applicable to:		
Interest on equity and dividends payable	143,877	97,657
Tax incentives	27,955	31,737
Non-deductible contributions and donations	(5,076)	(3,871)
Non-deductible penalties	(24,381)	(12,456)
Others	(2,368)	(9,957)
	221,107	(430,925)
Effective rate	(92.70%)	27.44%
Current tax	(337,467)	(482,026)
Deferred tax	558,574	51,101

	Jul to Sep, 2022	Jul to Sep, 2021
Profit before income tax and social contribution tax	682,197	554,477
Nominal rate	34%	34%
Income tax and social contribution tax - nominal expense	(231,947)	(188,522)
Tax effects applicable to:		
Interest on equity and dividends payable	47,753	35,748
Tax incentives	14,522	12,228
Non-deductible contributions and donations	(2,418)	(2,247)
Non-deductible penalties	(2,821)	(2,311)
Others	(358)	(9,399)
	(175,269)	(154,503)
Effective rate	(25.69%)	27.86%
Current income and social contribution taxes	(181,669)	(185,106)
Deferred income and social contribution taxes	6,400	30,603

9. ESCROW DEPOSITS

	Sep. 30, 2022	Dec. 31, 2021
Labor Claims	208,294	215,540
Tax contingencies		
Income tax on Interest on Equity	11,957	11,486
Income tax and Social Security contribution on 'Anuênio' employee indemnity (1)	215,080	207,863
JCP in the Income tax and Social Security contribution calculation base (2)	85,832	81,479
Others	58,152	43,995
	371,021	344,823
Others		
Regulatory	30,777	29,425
Third party	5,758	5,696
Customer relations	7,039	6,230
Court embargo	11,467	13,008
Patrimonial	5,136	555
Others	6,228	4,495
	66,405	59,409
	645,720	619,772

(1) More details in Note 20 - Provisions under the section relating to the 'Anuênio indemnity'.

(2) More details in Note 20 - Provisions - Interest on Equity (JCP).

10. 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).

Up to the third quarter of 2022, the amount recognized as subsidies revenues was R\$710,659 (R\$740,367 on September 30, 2021). Of such amounts, Cemig D has a receivable of R\$90,932 (R\$81,981 on December 31, 2021) in current assets.

11. CONCESSION FINANCIAL ASSETS AND LIABILITIES

Concession financial and sectorial assets	Sep. 30, 2022	Dec. 31, 2021
Financial assets related to infrastructure (a)	1,059,552	683,729
CVA (Parcel A Compensation) Account and Other Financial Components in tariff-setting (b)	958,459	2,147,548
	2,018,011	2,831,277
Current asset	958,459	1,221,433
Non-current asset	1,059,552	1,609,844

Concession Sector liabilities	Sep. 30, 2022	Dec. 31, 2021
Amounts receivable from Parcel A (CVA) and Other Financial Components (b)	(271,196)	(51,359)
Current liabilities	-	(51,359)
Non-current liabilities	(271,196)	-

a) Financial assets related to infrastructure

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

Balance on December 31, 2021	683,729
Transfers of contract assets (Note 12)	368,208
Transfers of intangible assets (Note 13)	(19,845)
Disposals	(941)
Adjustment of expectation of cash flow from the concession financial assets	28,401
Balance on September 30, 2022	1,059,552

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

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	Sep. 30, 2022			Dec. 31, 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	856,794	101,665	958,459	988,850	4,133,064	5,121,914
Current asset	856,794	101,665	958,459	988,850	2,397,151	3,386,001
Non-current asset	-	-	-	-	1,735,913	1,735,913
Liabilities	-	(271,196)	(271,196)	(1,040,209)	(1,985,516)	(3,025,725)
Current liabilities	-	-	-	(1,040,209)	(1,175,718)	(2,215,927)
Non-current liabilities	-	(271,196)	(271,196)	-	(809,798)	(809,798)
Total current, net	856,794	101,665	958,459	(51,359)	1,221,433	1,170,074
Total non-current, net	-	(271,196)	(271,196)	-	926,115	926,115
Total, net	856,794	(169,531)	687,263	(51,359)	2,147,548	2,096,189

Financial components	Sep. 30, 2022			Dec. 31, 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	220,560	(226,964)	(6,404)	23,593	(90,715)	(67,122)
Tariff for use of transmission facilities of grid participants	40,773	90,726	131,499	145,817	97,203	243,020
Tariff for transport of Itaipu supply	(2,595)	7,384	4,789	13,172	(972)	12,200
Alternative power source program (Proinfa)	62,960	-	62,960	11,427	18,664	30,091
ESS/EER System Service/Energy Charges	589,897	139,162	729,059	30,948	953,014	983,962
Energy purchased for resale	350,285	(1,120,652)	(770,367)	389,548	1,144,892	1,534,440
Other financial components						
Over contracting of supply (1)	64,986	511,028	576,014	(67,566)	225,237	157,671
Neutrality of Parcel A	(52,293)	248,197	195,904	24,269	73,081	97,350
Billing return - Covid Account (2)	-	-	-	(371,350)	-	(371,350)
Other financial items	(377,559)	210,386	(167,173)	(230,046)	(225,769)	(455,815)
Excess demand and reactive power	(40,220)	(28,798)	(69,018)	(21,171)	(47,087)	(68,258)
TOTAL	856,794	(169,531)	687,263	(51,359)	2,147,548	2,096,189

- (1) Cemig D filed an appeal with the Council of Aneel, for the amounts of distribution agents' over contracting to be reset in accordance with the calculation criteria based on maximum effort contained in Aneel Normative Resolution 453/2011. The Company has no expectation of loss in relation to realization of these amounts. The Company recognizes this receivable asset, in the amount of R\$238,064 on September 30, 2022, as 'Other financial components' to be ratified. At the reporting date for this interim financial information, this matter was pending analysis by Aneel, however, the decision of SGT/SEM Dispatch nº 2,508 of 2020 is in force, and was considered in the last tariff process, in which part of the amount relating to over contracting in 2017 was ratified, totaling R\$39,270.
- (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 were returned to customers in the tariff process of 2021, duly updated by the Selic rate, with guarantee of neutrality.

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

Balance on December 31, 2021	2,096,189
Net constitution of financial assets (liabilities)	(954,057)
Assets realized	(413,637)
(-) Proceeds from loan - Water scarcity account	(190,658)
Updating - Selic rate (Note 24)	149,426
Balance on September 30, 2022	687,263

The Annual Tariff Adjustment

On June 22, 2022, after an extension of the previous tariffs for 25 days in force since May 28, 2021, 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

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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 Explanatory Note 16.

12. CONCESSION CONTRACT ASSETS

Changes in concession contract assets are as follows:

Balance on December 31, 2021	1,926,652
Additions	2,120,311
Transfers to financial assets (Note 11)	(368,208)
Transfers to intangible assets (Note 13)	(1,180,107)
Reversal impairment (1)	19,198
Balance on September 30, 2022	2,517,846

(1) Refers to the reversal of provisions for losses recorded in assets in progress (cancelled works).

The amount of additions in the period ended September 30, 2022 were R\$2,120,311 and includes the amount of R\$30,259 under the heading capitalized borrowing costs (R\$8,417 in the same period of 2021), as presented in Note 17.

The Company does not have any contract asset with indefinite useful life.

13. INTANGIBLE ASSETS

a) Balance composition

	Sep. 30, 2022			Dec. 31, 2021		
	Historic cost	Accumulated amortization	Amount, net	Historic cost	Accumulated amortization	Amount, net
Assets of concession	24,519,855	(11,073,289)	13,446,566	22,935,008	(10,473,515)	12,461,493
(-) 'Special obligations' (c)	(5,187,980)	1,756,541	(3,431,439)	(4,773,952)	1,613,335	(3,160,617)
Net concession assets	19,331,875	(9,316,748)	10,015,127	18,161,056	(8,860,180)	9,300,876
Intangible assets in progress	154,679	-	154,679	148,762	-	148,762
Total intangible assets	19,486,554	(9,316,748)	10,169,806	18,309,818	(8,860,180)	9,449,638

b) Changes in intangible assets

Balance on December 31, 2021	9,449,638
Additions	42,483
Settled	(12,081)
Transfers of contract assets (Note 12)	1,180,107
Transfers to financial assets (Note 11)	19,845
Amortization	(510,186)
Balance on September 30, 2022	10,169,806

Among the realized additions from January to September of 2022, there were no changes in financial charges (reversals of R\$4,163 in the same period of 2021).

The principal annual amortization rates, which take into account the expected useful life of assets, reflect the level of consumption expected from them and are reviewed annually by management, as follows:

Distribution	(%)	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		
Eletronic meder	7.69		

The average annual and amortization rate of assets linked to the distribution concession is 4.09%, which is represents by activity as follows:

Distribution	Administration
3.91%	15.72%

c) Special obligations

The balance of intangible assets is reduced by the obligations linked to the concession, which comprise the following:

Obligations Linked to the Concession	Sep. 30, 2022	Dec. 31, 2021
Customer Financial Participation (1)	(4,639,814)	(4,246,489)
Participation of the Union, States and Municipalities (2)	(578,619)	(546,171)
Universalization of the Public Energy Service	(306,080)	(306,080)
Others, Exceeding Demand and Surplus Reactives	(316,955)	(287,957)
Energy Efficiency Program (PEE)	(95,552)	(95,552)
Donations and Grants For Investments in the Service Granted	(4,071)	(4,071)
Research and Development	(6,711)	(5,115)
(-) Accumulated Amortization	1,756,541	1,613,335
Total	(4,191,261)	(3,878,100)

Allocation	Sep. 30, 2022	Dec. 31, 2021
Infrastructure under construction - Contract Asset	(759,822)	(717,483)
Infrastructure - Intangible in Service	(3,431,439)	(3,160,617)
Total	(4,191,261)	(3,878,100)

- (1) Contributions by customers: these are the participation of outside parties in works for supply of energy, as governed by specific regulations.
- (2) The contributions of the federal government, states and municipalities refer to the participation of these bodies in works for supply of energy. In this line, the participation of municipalities is the most significant (59% of the total): these are usually works relating to extension and modification of distribution networks that are not made universally available.

The amortization rate of the linked obligations is the average rate for the activity into which the asset was incorporated. The annual average is 4.09%, which breaks down by activity as follows:

Distribution	Administration
3.91%	15.72%

14. LEASING TRANSACTIONS

a) Right of use

Changes in the right of use asset are as follows:

	Real estate property	Vehicles	Total
Balance on December 31, 2021	148,401	28,408	176,809
Settled (ended contracts)	(3,428)	-	(3,428)
Addition	1,019	18,324	19,343
Amortization (1)	(5,761)	(26,929)	(32,690)
Remeasurement	4,251	(2,091)	2,160
Balance on September 30, 2022	144,482	17,712	162,194

- (1) Amortization of the Right of Use recognized in the Income Statement is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, in the amount of R\$373 from January to September, 2022 (R\$335 from January to September, 2021).

b) Lease liabilities

Changes in the lease liabilities are as follows:

Balance on December 31, 2021	191,012
Addition	19,343
Settled (ended contracts)	(3,659)
Interest incurred (1)	15,273
Leasing paid	(41,975)
Interest in leasing contracts paid	(1,989)
Remeasurement	2,160
Balance on September 30, 2022	180,165
Current liabilities	21,120
Non-current liabilities	159,045

- (1) Financial expenses recognized in the Income Statement are net of incorporation of the credits for PIS/Pasep and Cofins taxes on payments of rentals, in the amount of R\$1,035 from January to September, 2022 (R\$983 from January to September, 2021).

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	Nominal	Adjusted to present value
Consideration for the leasing	468,381	180,165
Potential PIS/Pasep and Cofins	42,070	14,161

The Company, in measuring and remeasuring of its lease liability and for right of use, 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)/IFRS 16.

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:

2022	5,631
2023	22,524
2024	22,324
2025	22,185
2026	22,021
2027 to 2047	373,696
Undiscounted values	468,381
Embedded interest	(288,216)
Lease liabilities	180,165

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15. SUPPLIERS

	Sep. 30, 2022	Dec. 31, 2021
Energy on spot market - CCEE	138,989	122,384
Charges for use of energy network (1)	199,374	181,586
Energy purchased for resale (2)	587,078	999,008
Itaipu Binacional	280,573	331,118
Materials and services	605,195	385,898
	1,811,209	2,019,994

- (1) The charges payable by distribution and generation agents for use of the facilities that are components of the national grid are set by an Aneel Resolution.
- (2) The improvement in the hydrological conditions of the system between the two periods enabled the National System Operator (ONS) to cease dispatching outside the merit order, which reduced the charges paid to cover these dispatches and the effects of availability of the generation plants.

16. TAXES PAYABLE AND AMOUNTS TO BE REFUNDED TO CUSTOMERS

	Sep. 30, 2022	Dec. 31, 2021
Taxes and contributions		
Current		
ICMS	45,867	80,087
Cofins	61,501	67,996
PIS/Pasep	13,195	14,595
INSS	26,866	23,259
ISSQN	13,688	11,106
Income tax on Interest on Equity	21,067	17,968
Others	11,524	11,812
	193,708	226,823
Amounts to be restituted to customers		
Current		
PIS/Pasep anf Cofins	1,873,276	704,025
Non Current		
PIS/Pasep anf Cofins	1,545,228	2,132,289
	3,418,504	2,836,314

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\$3,418,504 on September 30, 2022, as detailed in Note 7 (a) of this interim financial information. Until September 2022, a total of R\$3,224,893, has been reimbursed to customers (R\$1,583,314 until December 2021).

Complementary to the liabilities for the portion of the tax credits corresponding to the period of the last 10 years, in June 2022 the Company 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 1280/22, converted into Law 14385/22 on June, 27, 2022. 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 the full 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 full 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

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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 began 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 23, 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 these credits in Explanatory Note 7b. See Note 11.b for more information on the Company's tariff adjustment.

17. LOANS, FINANCING AND DEBENTURES

Financing source	Sep. 30, 2022					Dec. 31, 2021	
	Principal maturity	Annual Financial cost (%)	Currency	Current	Non-current	Total	Total
Brazilian currency							
Eletrobrás	2023	UFIR + 6 to 8.00%	R\$	2,933	255	3,188	5,647
Debt in Brazilian currency				2,933	255	3,188	5,647
Debtentures - 3rd Issue, 3rd Series (1)	2025	IPCA + 5.10%	R\$	315,364	576,304	891,668	1,147,465
Debtentures - 7th Issue, 1th Series (1)	2024	CDI + 0.454%	R\$	545,481	405,000	950,481	1,355,933
Debtentures - 7th Issue, 2th Series (1)	2026	IPCA + 4.10%	R\$	22,166	1,842,434	1,864,600	1,759,628
Debtentures - 8th Issue, 1th Series (1)	2027	CDI+1.35%	R\$	18,623	500,000	518,623	-
Debtentures - 8th Issue, 2th Series (1)	2029	IPCA+6.10%	R\$	7,834	500,862	508,696	-
(-) Discount on the issuance of debentures (2)				-	(12,896)	(12,896)	(15,002)
(-) Transaction costs				(757)	(16,079)	(16,836)	(6,510)
Total, debentures				908,711	3,795,625	4,704,336	4,241,514
Overall total				911,644	3,795,880	4,707,524	4,247,161

(1) Nominal, unsecured, book-entry debentures not convertible into shares, with no renegotiation clauses;

(2) Discount on the sale price of the 2nd series of the Seventh and Octave issues.

Funding raised

On June 29, 2022, the Company completed settlement of its 8th issue 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 offer for distribution, with limited efforts, in accordance with CVM regulations.

The following were placed in this restricted offer: (i) 1st Series: 500 thousand 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 thousand 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 energy distribution, as detailed in the issue documents of the Debentures.

Financing source	Entry date	Main maturity	Financial charges annual	Value
Brazilian currency				
Debentures - 8th Issue, 1th Series (1)	June, 2022	2027	CDI + 1.35%	500,000
Debentures - 8th Issue, 2th Series (1)	June, 2022	2029	6.10% of IPCA	500,000
(-) Transaction costs				(12,050)
(-) Discounts (1)				(375)
Total				987,575

(1) Discount on emission of the 2nd Series of the Debentures.

The composition of loans, financing and debentures, by index, with the respective amortization, is as follows:

Indexers	2022	2023	2024	2025	2026	2027 onwards	Total
IPCA (1)	57,209	288,155	288,152	1,209,369	921,217	500,862	3,264,964
UFIR/RGR (2)	809	2,379	-	-	-	-	3,188
CDI (3)	159,104	540,000	270,000	-	-	500,000	1,469,104
Total, governed by indexers	217,122	830,534	558,152	1,209,369	921,217	1,000,862	4,737,256
(-) Transaction costs	(172)	(750)	(419)	(1,973)	(1,884)	(11,638)	(16,836)
(-) Discount	-	-	-	(6,267)	(6,267)	(362)	(12,896)
Overall total	216,950	829,784	557,733	1,201,129	913,066	988,862	4,707,524

(1) Expanded National Consumer Price (IPCA) Index;

(2) Fiscal Reference Unit (Ufir / RGR);

(3) CDI: Interbank Rate for Certificates of Deposit.

The US dollar and index used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change in first semester of 2022 (%)	Accumulated change in first semester of 2021 (%)	Indexer	Accumulated change in first semester of 2022 (%)	Accumulated change in first semester of 2021 (%)
US dólar	(3.12)	4.67	IPCA	4.09	6.90
			CDI	8.85	2.50

Currency	Accumulated change in second quarter of 2022 (%)	Accumulated change in second quarter of 2021 (%)	Indexer	Accumulated change in second quarter of 2022 (%)	Accumulated change in second quarter of 2021 (%)
US dólar	3.22	8.74	IPCA	(1.32)	3.02
			CDI	3.26	1.21

Changes in loans, financing and debentures are as follows:

Balance on December 31, 2021	4,247,161
Loans obtained	1,000,000
Transaction costs	(12,091)
Discount on the issuance of debentures	(375)
Fundind raised, net	987,534
Monetary variation	129,531
Financial charges provisioned	221,080
Amortization of transaction cost	1,764
Financial charges, paid	(195,346)
Amortization of financing	(684,200)
Balance on September 30, 2022	4,707,524

Borrowing costs, capitalized

Costs of loans directly related to acquisition, construction or production of an asset, that necessarily requires a substantial time to be concluded for the purpose of use or sale are capitalized as part of the cost of the corresponding asset. All other costs of loans are recorded in Expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred by the Company in relation to loans, financings and debentures.

The Company transferred to intangible assets and to concession contract assets the costs of loans and financing linked to construction in progress, as follows:

	Jan to Sep, 2022	Jan to Sep, 2021
Costs of loans, financings and debentures	221,080	147,606
Financing costs on intangible assets and contract assets (1) (Note 12)	(30,259)	(4,254)
Net effect in Profit or loss	190,821	143,352

(1) The average capitalization rate p.a. on September 30, 2022 was 11.48% (8.74% on September 30, 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.

Guarantees

The guarantees of the debt balance on loans and financing, on September 30, 2022, were as follows:

Receivables and Sureties	2,797,616
Promissory notes and Sureties	891,401
Receivables	1,015,319
Shares	3,057
Unsecured	131
TOTAL	4,707,524

Restrictive covenants

There are early maturity clauses for cross-default in the event of non-payment by the Company, of any pecuniary obligation with individual or aggregate value greater than R\$50 million (“cross default”).

The Company has contract with financial covenants as follows:

Security	Covenant	Ratio required Cemig D- Issuer	Ratio required Cemig (guarantor)	Compliance required
7th debenture issue	Net debt / (Ebitda adjusted) (1)	The following or less: 3.5	Ratio to be the following, or less: 3.0	Half-yearly and anual

(1) Ebitda is defined as: (i) Profit before interest, income tax and Social Contribution tax on profit; depreciation, and amortization, calculated in accordance with CVM Instruction 527, of October 4, 2012; - less: (ii) non-operational profit; any non-recurring non-monetary credits or gains that increase net profit; any payments in cash made on consolidated basis during the period relating to non-monetary charges that were newly added in the calculation of Ebitda in any prior period, and any non-recurring non-monetary expenses or charges.

Management monitors this index systematically and constantly, so that the condition is met.

18. REGULATORY CHARGES

	Sep. 30, 2022	Dec. 31, 2021
Liabilities		
Energy Efficiency Program (EEP)	252,478	237,426
Research and development (R&D)	104,912	89,947
Energy System Expansion Research	2,968	3,677
National Scientific and Technological Development Fund	6,219	7,638
Energy Development Account (CDE) (2)	46,557	46,557
CDE on R&D (1)	1,866	2,291
CDE on PEE (1)	3,731	4,583
Global Reversion Reserve (RGR)	24,545	24,545
Emergency capacity charge	26,325	26,325
Aneel inspection charge	2,101	1,809
Customer charges - Tariff flags	16	251,837
	471,718	696,635
Current liabilities	414,200	499,178
Non-current liabilities	57,518	197,457

- (1) Refers to the amount transferred from the R&D account, which will be paid as CDE over R&D, in accordance with Aneel Dispatch 904 of March 30, 2021.
- (2) Charging of the 'CDE Covid Account' began in May 2021, as ratified by Dispatch 939 of April 5, 2021, under Normative Resolution 885 of June 23, 2020;
- (3) The variation arises from different activation of the Flag Tariffs: the Water Scarcity flag was activated in December 2021, and the 'Green' flag was in effect in September 2022.

19. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Net liabilities on December 31, 2021	1,623,608	2,503,024	46,763	4,173,395
Expense recognized in statement of income	129,770	204,648	3,858	338,276
Contributions paid	(146,987)	(103,321)	(1,954)	(252,262)
Net liabilities on September 30, 2022	1,606,391	2,604,351	48,667	4,259,409
			Sep. 30, 2022	Dec. 31, 2021
Current liabilities			264,770	244,559
Non-current liabilities			3,994,639	3,928,836

Amounts recorded as current liabilities refer to contributions to be made by the Company 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, in amount of R\$313,754 (R\$219,207 on September 30, 2021), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R\$24,522 (R\$36,422 on September 30, 2021).

Life insurance

Until the end of the Collective Agreement in effect until October 2021, the Company made available coverage of 50% of the cost of the life insurance policy, with certain specific characteristics for retirees.

However, as a result of the amendment in the Collective Labor Agreement for 2021-2023, in relation to offer and payment of life insurance for the employees and former employees, the Company wrote off, in the fourth quarter of 2021, the balance of the obligation, remeasured using the revised actuarial assumptions, recognized in the income statement and Shareholders' equity, in the amounts of R\$309,013, and R\$58,860.

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 on the court an injunction requesting the Company to comply with and maintain in full the same terms relating to coverage of the life insurance premium as it was previously practiced. However, the Regional Employment Law Appeal Court of the 3rd Region refused this claim, on the grounds that this had been validly decided in the Collective Labor Agreement. In view of this, the company and its legal advisers have assessed the chances of loss in this legal action as 'remote'.

Debt with the pension fund (Forluz)

On September 30, 2022, the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R\$209,493 (R\$278,580 on December 31, 2021). This amount has been recognized as an obligation payable by the Company, 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 Consumer 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 in the statement of income.

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 e 2017. On September 30, 2022 the total amount payable by Cemig as a result of the Plan A deficit is R\$399,313 (R\$390,458 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 until 2031 for the 2015 and 2016 deficits, in the amount of R\$265,696, and up to 2033 for the 2017 deficit, in the amount of R\$133,617. 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, also Company will not be required to pay the remaining installments and the contract will be extinguished.

Payments on consignment to Forluz

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Equation of the deficit of 2019

On December of 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 parity of contribution, is R\$116,228, through 166 monthly installments. The remuneration interest rate applicable to 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 acknowledged 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 of R\$10,245 (R\$4,914 on December 31, 2021) in consignment 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.

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 business 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 higher instances. As a result the Company, based on the assessments of its specialists, has opted to maintain the assessment of chances of loss in the action as 'possible'.

Equation of the deficit of 2020

On March 31, 2022, since the disagreement remained, payment in escrow was begun, with deposit of the first tranche for resolution of the 2020 deficit of Plan A, 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 was R\$5,244 on September 30, 2022, 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 contribution parity, is R\$182,316, in 158 monthly payments, with remuneratory interest of 6% per year on the outstanding balance, plus inflation as

measured by the IPCA (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.

20. PROVISIONS

	Dec 31, 2021	Additions	Reversals	Settled	Sep 30, 2022
Provisions to contingencies					
Labor	293.731	46,909	(17,346)	(46,909)	276,385
Civil					
Customer relations	31.015	29,833	-	(24,085)	36,763
Other civil actions	36.127	10,043	(462)	(9,346)	36,362
	67.142	39,876	(462)	(33,431)	73,125
Tax	797.442	148,872	(42,433)	(272)	903,609
Regulatory	32.545	2,756	(1,826)	(361)	33,114
Others	12.730	11,556	(7,664)	(11,545)	5,077
Total	1.203.590	249,969	(69,731)	(92,518)	1,291,310

Provisions for contingencies

Company is involved in certain legal and administrative proceedings at several courts and government bodies, arising in the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

Provisions, made for legal claims in which the probability of loss have been assessed as 'probable'

Labor claims

The Company is involved in several legal claims filed by its employees and by outsourced of labor. Most of these claims relate to overtime and additional pay, severance payments, several benefits, salary adjustments, complementary additions to or re-calculation of retirement pension payments by Forluz. The amount provisioned is R\$276,385 (R\$293,731 on December 31, 2021).

Customers claims

The Company is involved in several 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 provisions of R\$36,763 (R\$31,015 on December 31, 2021).

Other civil proceedings

The Company is involved in several civil actions claiming indemnity for personal and material damages, among others, arising from incidents occurred in the normal course of business, totaling provisions of R\$36,362 (R\$36,127 at December 31, 2021).

Tax

Social Security contributions on profit 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 profit 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 profit-sharing amounts, maintaining the classification of the probability 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. The amount provisioned is R\$798,258 (R\$789,576 on December 31, 2021).

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 profit-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, in 3Q22 the Company altered its expectation for the contingency for losses related to the profit-sharing payments that are still in proceedings in the administrative sphere, from 'probable' to 'possible', resulting in a reduction of R\$42,433 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.

Indemnity of employees' future benefit (the 'Anuênio')

In 2006 the Company paid an indemnity to its employees, totaling R\$127,058, in exchange for rights to future payments (known as 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 considered that those obligations are not applicable to amounts paid as an indemnity. However, given the disagreement, and to avoid risk of a future penalty payment, the Company filed legal actions for recognition of the right not to be taxed on these Anuênio payments, making separate submissions and argument in relation to: (a) income tax; and (b) the social security contribution; and making escrow payments into court of the amount involved in each action, in the aggregate historic amount of R\$87,268. In the action relating to applicability of the Social Security contribution on Anuênio payments, a court judgment was given that impeded consideration of an appeal to the Federal Supreme Court - thus, however, consideration by the Higher Appeal Court remains. In October 2022, a judgment was published refusing to recognize the Special Appeal filed by the Company, reducing

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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 that had been deposited in escrow. This is treated as a modifying subsequent event for the third quarter of 2022. For the action relating to applicability of income tax on the amounts of the Anuênios, due to its current phase of procedure, the chances of loss in this dispute have been maintained as 'possible'. The amount provisioned is R\$95,861 (R\$92,834 on December 31, 2021).

Other tax claims

The Company is 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 Social Integration Program (Programa de Integração Social, or PIS-Pasep) and the Contribution to Finance Social Security (Contribuição para o Financiamento da Seguridade Social, or Cofins). The aggregate amount of the provision is R\$9,490 (R\$7,866 on December 31, 2021).

Regulatory

The Company is involved in numerous administrative and judicial proceedings, challenging, principally: alleged violation of targets for continuity indicators in retail supply of energy and 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 provision is R\$33,114 (R\$32,545 on December 31, 2021).

Other legal actions in the normal course of business

'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 amount of the provision is R\$892 (R\$810 on December 31, 2021).

Other legal proceedings

The Company is 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 provision amount of R\$4,185 (R\$11,920 on December 31, 2021).

Contingent liabilities - loss assessed as 'possible'.

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The Company is a party in legal actions in which the chances of loss have been assessed as ‘possible’, since its legal advisers have assessed that there is a chance of the actions being judged in favor of the Company, and a provision has not been constituted.

‘Possible’ losses	Sep 30, 2022	Dec 31, 2021
Labor	951,852	934,182
Civil		
Customer relations	189,181	117,896
Other civil actions	439,504	340,230
	628,686	458,127
Tax	1,160,680	1,146,816
Regulatory	1,115,148	736,024
Others	963,630	855,718
Total	4,819,996	4,130,866

The most relevant contingent liabilities are highlighted below:

Social Security contributions

The Brazilian federal tax authority (Secretaria da Receita Federal) has filed administrative proceedings related to several matters: employee profit 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 has presented defenses and await judgment. The amount of the contingency is approximately R\$109,385 (R\$101,475 on December 31, 2021). Management has classified the probability of loss as ‘possible’, also taking into account assessment of the probability 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.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company’s declared offsetting, 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 is contesting the non-homologation of the amounts offset. The amount of the contingency is R\$64,191 (R\$88,563 on December 31, 2021), and the probability of loss was classified as ‘possible’, since the relevant requirements of the National Tax Code (CTN) have been complied with.

The Social Contribution tax on net income (CSLL)

The federal tax authority issued a tax assessment against the Company 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 several alleged infringements. The amount of this contingency is R\$343,170 (R\$309,008

on December 31, 2021). The company has evaluated the tax treatment adopted, which are susceptible to dispute by the tax authorities, and concluded that it is more likely than not that the tax authority will accept the Company's conclusions.

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\$64,885 (R\$60,079 on December 31, 2021). The company has evaluated the tax treatment adopted, which are susceptible to dispute by the tax authorities, and concluded that it is more likely than not that the tax authority will accept the Company's conclusions.

Reversal of credits in calculation of PIS/ Pasep and Cofins taxes

On August of 2021 the Brazilian tax authority (Receita Federal do Brasil) issued two infringement notices relating to calculation of the PIS, Pasep and Cofins taxes, for tax triggering events from August 2016 and December 2017, alleging insufficiency of payment of these contributions on the basis of supposed undue posting as credits of the expenses on the Proinfra 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\$174,907 (R\$161,780 on December 31, 2021); the Company has classified the probability of loss as 'possible', due to the scarcity of case law on the subject.

Public Lighting Contribution (CIP)

The Company is defendant in several public civil claims (class actions) requesting nullity of the clause in the Energy Supply Contracts for public illumination signed between the Company and the several 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 believes it has arguments of merit for defense in these claims, since the charge at present made is grounded on Aneel Normative Resolution 456/2000. As a result, it has not constituted a provision for this action, the amount of which is estimated at R\$44,579 (R\$43,312 on December 31, 2021).

Inefficiency in provision of services

Classificação: Público

A public class action filed by the Public Attorneys' Office of Minas Gerais state against the Company, alleging supposed inefficiency in provision of services related to the distribution of energy to the customers of the municipality of Rio Vermelho. The Company has presented its contestation and awaits beginning of the instruction stage. The amount of the contingency on September 30, 2022 was R\$293,375. The Company has classified the probability of loss as 'possible' due of the documentation received and the nature of the action.

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 the Company 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\$455,256 (R\$413,375 on December 31, 2021). The Company has classified the probability of loss as 'possible' due to other favorable decisions on this matter.

Contractual imbalance

The Company is party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R\$218,884 (R\$198,144 on December 31, 2021). The Company has classified the probability of loss as 'possible', after analysis of the case law on this subject.

21. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On September 30, 2022 and December 31, 2021, the Company's issued and outstanding share capital is R\$5,371,998, represented by 2,359,113,452 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

b) Earnings per share

Classificação: Público

Earnings per share was calculated based on the weighted average number of the Company's shares (it has only common shares) in each of the periods referred to, as follows:

	Jan to Sep, 2022	Jan to Sep, 2021
Total number of shares	2,359,113,452	2,359,113,452
Net income (loss) for the period	(17,423)	1,139,767
Basic and diluted earnings (losses) per common share (R\$)	(0.01)	0.48

	Jul to Sep, 2022	Jul to Sep, 2021
Total number of shares	2,359,113,452	2,359,113,452
Net income (loss) for the period	506,928	399,974
Basic and diluted earnings (losses) per common share (R\$)	0.21	0.17

The Company does not have any dilutive instruments. Hence its diluted earnings per share is the same as its basic earnings per share.

c) Dividends

The Board of Directors made decisions, on the following dates, to pay the following amounts of Interest on Equity: (i) On March 22, 2022, R\$130,457; (ii) on June 7, 2022, R\$152,262; and (iii) on September 20, 2022, R\$140,449. Under the tax legislation, the amount of income tax withheld at source it is not taken into account when imputing the declared amounts of Interest on Equity against the minimum mandatory dividend; this tax is calculated at 15%.

22. REVENUE

The revenue of the Company is as follows:

	Jan to Sep, 2022	Jan to Sep, 2021
Revenue from supply of energy - captive customers, in Cemig's concession area (a)	15,968,691	15,741,809
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization (*)	1,641,578	876,000
Revenue from use of the energy distribution systems (TUSD) - free customers (b)	2,780,530	2,562,783
Sector financial assets and liabilities (c)	(1,367,694)	1,908,899
Distribution construction revenue	2,162,794	1,205,933
PIS/Pasep and Cofins taxes to be refunded to customers	(829,783)	-
Adjustment to expectation from reimbursement of distribution concession financial assets	28,401	37,959
Fine for violation of continuity indicator	(64,867)	(52,358)
Mechanism for the sale of surplus	331,312	226,649
Other operating revenues (c)	2,025,399	1,264,461
Taxes and charges reported as deductions from revenue (d)	(7,830,568)	(8,018,120)
	14,845,793	15,754,015

	Jul to Sep, 2022	Jul to Sep, 2021
Revenue from supply of energy - captive customers, in Cemig's concession area (a)	4,499,920	5,619,044
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization (*)	706,087	445,089
Revenue from use of the energy distribution systems (TUSD) - free customers (b)	991,869	893,562
Sector financial assets and liabilities (c)	(395,654)	1,116,248
Distribution construction revenue	1,050,012	486,414
Adjustment to expectation from reimbursement of distribution concession financial assets	(10,361)	17,934
Fine for violation of continuity indicator	(13,668)	(7,454)
Mechanism for the sale of surplus	125,463	226,649
Other operating revenues (c)	850,935	414,008
Taxes and charges reported as deductions from revenue (d)	(2,063,713)	(2,920,492)
	5,740,890	6,291,002

(*) For more information, see Note 7a of this interim financial information.

a) Revenue from supply of energy

	MWh		R\$	
	Jan to Sep, 2022	Jan to Sep, 2021	Jan to Sep, 2022	Jan to Sep, 2021
Residential	8,316,115	8,399,020	7,919,513	8,137,616
Industrial	1,163,106	1,280,661	964,020	974,400
Commercial, services and others	3,383,328	3,077,440	3,890,347	3,290,733
Rural	2,306,436	3,062,952	1,566,309	1,920,763
Public authorities	629,253	526,237	500,317	405,600
Public lighting	857,722	928,034	423,886	535,882
Public services	1,051,354	1,061,925	659,502	630,718
Subtotal	17,707,314	18,336,269	15,923,894	15,895,712
Own consumption	23,472	24,667	-	-
Wholesale supply to other concession holders	-	-	43,230	913
Unbilled revenue	-	-	1,567	(154,816)
Total	17,730,786	18,360,936	15,968,691	15,741,809

	MWh		R\$	
	Jul to Sep, 2022	Jul to Sep, 2021	Jul to Sep, 2022	Jul to Sep, 2021
Residential	2,706,219	2,757,428	2,079,674	2,857,043
Industrial	395,043	424,825	284,861	349,472
Commercial, services and others	1,061,850	974,873	1,068,683	1,141,112
Rural	924,189	1,163,562	538,961	762,327
Public authorities	201,625	167,875	144,977	140,233
Public lighting	287,126	257,999	120,307	174,829
Public services	359,448	362,058	192,393	238,744
Subtotal	5,935,500	6,108,620	4,429,856	5,663,760
Own consumption	6,761	7,835	-	-
Wholesale supply to other concession holders	-	-	15,176	-
Unbilled revenue	-	-	54,888	(44,716)
Total	5,942,261	6,116,455	4,499,920	5,619,044

b) Revenue from use of network - Free Customers

	MWh	
	Jan to Sep, 2022	Jan to Sep, 2021
Industrial	15,442,796	15,280,809
Commercial	1,278,924	1,104,780
Rural	30,075	31,831
Public services	262	2,631
Public authorities	1,896	-
Concessionaires	226,436	242,979
Total	16,980,389	16,663,030

	MWh	
	Jul to Sep, 2022	Jul to Sep, 2021
Industrial	5,271,247	5,179,727
Commercial	422,502	381,813
Rural	8,961	11,484
Public services	-	1,080
Public authorities	620	-
Concessionaires	89,145	118,642
Total	5,792,475	5,692,746

c) Other operating revenues

	Jan to Sep, 2022	Jan to Sep, 2021
Charged service	14,355	12,456
Other services	18,799	13,913
Low income Subsidies	228,388	199,097
Other Subsidies (1)	1,408,886	812,780
Rental and leasing (2)	404,862	142,320
Transactions in energy on the CCEE	(51,684)	68,148
Others	1,793	15,747
	2,025,399	1,264,461

	Jul to Sep, 2022	Jul to Sep, 2021
Charged service	5,257	4,524
Other services	5,208	4,533

Classificação: Público

Low income Subsidies	77,844	67,168
Other Subsidies (1)	677,737	272,299
Rental and leasing (2)	83,785	44,767
Transactions in energy on the CCEE	-	19,342
Others	1,104	1,375
	850,935	414,008

- (1) Includes the revenue recognized for the tariff subsidies applied to users of the distribution system, in the amount of R\$710,659 from January to September of 2022 (R\$740,367 from January to September, 2021) and R\$225,535 from April to June of 2022 (R\$245,942 from April to September, 2021) which includes the subsidies for sources that are subject to incentive, rural, irrigators, public services and the generation sources that are subject to the incentive; and also includes the tariff flag revenue in the amount of R\$271,279 from January to September of 2022 (R\$72,413 from January to September, 2021) and R\$19,790 from April to June of 2022 (R\$26,357 from April to September, 2021), recognized because of the creditor position assumed by the Company in CCRBT; and reversal in amount of R\$5,464, from January to September of 2022 and constitution of R\$32 from April to June of 2022, of the revenue recognized in December 2021, relating to the Program to Encourage Voluntary Reduction of Energy Consumption and R\$432,412 from April to September of 2022 referring to the amounts injected by Eletrobras or by its subsidiaries under CNPE Resolution 15/2021, passed through to companies holding electricity distribution concessions or permissions.
- (2) This comprises R\$186,871 for the Debt Recognition Agreement signed with a large client in June 2022, referring to use of infrastructure (distribution poles) in the period from January 2019 through May 2022. This amount and its related monetary updating of R\$10,344 will be received in four successive monthly installments starting in July 2022.

d) Taxes and charges levied on revenue

	Jan to Sep, 2022	Jan to Sep, 2021
Taxes on revenue		
ICMS (1)	3,523,590	4,260,939
PIS/Pasep	284,016	292,955
Cofins	1,308,194	1,349,370
ISSQN	903	681
	5,116,703	5,903,945
Charges to the customer		
Energy Efficiency Program (PEE)	50,035	51,821
Energy Development Account (CDE)	2,816,564	1,809,273
Research and Development (R&D)	18,434	18,320
National Scientific and Technological Development Fund (FNDCT)	26,335	30,363
Energy System Expansion Research (EPE of MME)	13,167	15,182
Customer charges - the 'Flag Tariff' system	(251,821)	137,307
CDE on R&D	7,900	12,044
CDE on PEE	15,801	24,087
Energy Services Inspection Charge	17,450	15,778
	2,713,865	2,114,175
	7,830,568	8,018,120

	Jul to Sep, 2022	Jul to Sep, 2021
Taxes on revenue		
ICMS	524,121	1,484,051
PIS/Pasep	264,174	113,549
Cofins	296,353	523,013
ISSQN	271	223
0	1,084,919	2,120,836
Charges to the customer		
Energy Efficiency Program (PEE)	17,612	21,854
Energy Development Account (CDE)	926,143	606,427
Research and Development (R&D)	6,489	8,052
National Scientific and Technological Development Fund (FNDCT)	9,270	11,502
Energy System Expansion Research (EPE of MME)	4,635	5,751
Customer charges - the 'Flag Tariff' system	-	130,290
CDE on R&D	2,781	3,451
CDE on PEE	5,562	6,901
Energy Services Inspection Charge	6,302	5,428
	978,794	799,656
	2,063,713	2,920,492

- (1) On June 23, 2022, Complementary Law 194 came into force with immediate effect, making changes to the National Tax Code (CTN) and to Complementary Law 87/96 (the 'Kandir Law'). These: (i) classified energy, among other goods, as essential; (ii) prohibited the setting of rates of ICMS tax for transactions with these goods at a level higher than those of transactions in general, and (iii) removed this tax from energy transmission and distribution services, and from sector charges linked to energy transactions.

23. OPERATING COSTS AND EXPENSES

a) Costs of energy

	Jan to Sep/2022	Jan to Sep/2021
Energy purchased for resale		
Supply from Itaipu Binacional	1,229,374	1,447,247
Physical guarantee quota contracts	713,387	649,025
Quotas for Angra I and II nuclear plants	267,894	183,433
Spot market	356,933	942,927
'Bilateral' contracts	364,800	306,411
Energy acquired in Regulated Market auctions	2,395,560	4,277,792
Proinfa	454,241	286,501
Distributed generation ('Geração distribuída')	1,416,394	867,393
PIS/Pasep and Cofins credits	(502,391)	(707,683)
	6,696,192	8,253,046
Charges for use of the national grid and other charges of the grid		
Tariff for transport of Itaipu supply	114,013	119,196
Transmission charges - Basic network	1,421,640	1,439,924
Connection charges	79,111	66,693
Distribution charges	5,383	3,530
System Service Charge CCEE-ESS	368,828	665,430
System Service Charge CCEE-EER	309,004	81,476
PIS/Pasep and Cofins credits	(212,563)	(219,803)
	2,085,416	2,156,446
	8,781,608	10,409,492
	Jul to Sep/2022	Jul to Sep/2021
Energy purchased for resale		
Supply from Itaipu Binacional	425,463	479,619
Physical guarantee quota contracts	254,182	226,715
Quotas for Angra I and II nuclear plants	89,298	61,144
Spot market	184,796	645,344
'Bilateral' contracts	128,054	111,317
Energy acquired in Regulated Market auctions	925,614	2,100,340
Proinfa	151,414	95,501
Distributed generation ('Geração distribuída')	490,163	338,612
PIS/Pasep and Cofins credits	(188,486)	(329,087)
	2,460,498	3,729,505
Charges for use of the national grid and other charges of the grid		
Tariff for transport of Itaipu supply	43,290	28,785
Transmission charges - Basic network	512,763	440,998
Connection charges	30,543	25,214
Distribution charges	1,962	1,577
System Service Charge CCEE-ESS	3,692	240,462
System Service Charge CCEE-EER	87,665	2,049
PIS/Pasep and Cofins credits	(62,892)	(68,365)
	617,023	670,720
	3,077,521	4,400,225

b) Infrastructure construction cost

	Jan to Sep, 2022	Jan to Sep, 2021
Personnel	77,567	59,784
Materials	1,340,546	672,230
Outsourced services	694,914	444,424
Financial charges	30,259	4,254
Renting	4,069	2,621
Taxes and charges	39	2,796
Other	15,400	19,824
	2,162,794	1,205,933

	Jul to Sep, 2022	Jul to Sep, 2021
Personnel	27,013	29,142
Materials	694,525	294,341

Classificação: Público

Outsourced services		306,171	160,828
Financial charges		14,009	(7,684)
Renting		1,738	1,316
Taxes and charges		(684)	549
Other		7,240	7,922
		1,050,012	486,414

c) Other operating costs and expenses

	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)		Total	
	Jan to Set/2022	Jan to Set/2021	Jan to Set/2022	Jan to Set/2021	Jan to Set/2022	Jan to Set/2021	Jan to Set/2022	Jan to Set/2021	Jan to Set/2022	Jan to Set/2021
Personnel	462,538	469,943	-	-	202,739	154,416	-	-	665,277	624,359
Employees' and managers' profit shares	82	6,088	-	-	2,326	1,765	59,509	66,314	61,917	74,167
Post-employment obligations	-	-	-	-	-	-	313,755	219,207	313,755	219,207
Materials	33,163	33,228	-	-	35,804	15,577	-	-	68,967	48,805
Outsourced services	764,105	798,253	-	-	226,384	87,772	-	-	990,489	886,025
Amortization (Note 13b)	439,263	405,416	-	-	70,923	66,246	-	-	510,186	471,662
Amortization of Right of Use - Leasing (Note 14)	32,317	29,257	-	-	-	-	-	-	32,317	29,257
Contingency provisions (reversals)	180,238	24,501	-	-	-	-	-	-	180,238	24,501
Estimated losses on doubtful accounts receivables (reversals) (1)	-	-	48,003	66,065	-	-	18,358	(11,000)	66,361	55,065
Other operating expenses, net	20,510	37,125	-	-	14,811	(7,866)	88,401	118,655	123,722	147,914
	1,932,216	1,803,811	48,003	66,065	552,987	317,910	480,023	393,176	3,013,229	2,580,962

	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)		Total	
	Jul to Set/2022	Jul to Set/2021	Jul to Set/2022	Jul to Set/2021	Jul to Set/2022	Jul to Set/2021	Jul to Set/2022	Jul to Set/2021	Jul to Set/2022	Jul to Set/2021
Personnel	151,423	118,677	-	-	56,890	51,008	-	-	208,313	169,685
Employees' and managers' profit shares	3	1,060	-	-	-	54	10,579	37,010	10,582	38,124
Post-employment obligations	-	-	-	-	-	-	110,170	73,527	110,170	73,527
Materials	14,816	9,299	-	-	12,830	7,235	-	-	27,646	16,534
Outsourced services	266,235	250,240	-	-	72,185	41,438	-	-	338,420	291,678
Amortization	154,148	136,735	-	-	24,308	23,198	-	-	178,456	159,933
Amortization of Right of Use - Leasing	9,791	10,857	-	-	-	-	-	-	9,791	10,857
Contingency provisions (reversals)	84,698	8,077	-	-	-	-	-	-	84,698	8,077
Estimated losses on doubtful accounts receivables (reversals) (1)	-	-	(85,706)	29,676	-	-	3,446	-	(82,260)	29,676
Other operating expenses, net	4,366	11,034	-	-	9,460	113	42,983	43,254	56,809	54,401
	685,480	545,979	(85,706)	29,676	175,673	123,046	167,178	153,791	942,625	852,492

(1) The amount allocated in the column Other operational expenses (revenues) refers primarily to the estimated loss on a penalty payment resulting from rescission of a contract with a supplier.

24. FINANCE INCOME AND EXPENSES

	Jan to Sep, 2022	Jan to Sep, 2021
FINANCE INCOME		

Classificação: Público

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Income from financial investments	77,687	58,254
PIS/Pasep and Cofins taxes charged on financial income (1)	(5,123)	(24,789)
Arrears fees on sale of energy	264,198	345,630
Foreign exchange variations - Itaipu Binacional	17,666	-
Monetary variation	19,595	24,900
Monetary updating on escrow deposits	32,679	10,008
Monetary variation - CVA (Note 11)	149,426	28,252
Others	36,624	29,792
	592,752	472,047
FINANCE EXPENSES		
Charges on loans, financings and debentures (Note 17)	(190,821)	(143,352)
Amortization of transaction cost (Note 17)	(1,764)	(1,346)
Forluz - Monetary variation charges	(24,521)	(36,422)
Foreign exchange variations - Itaipu Binacional	-	(10,461)
Monetary variations - loans, financings and debentures (Note 17)	(129,531)	(189,834)
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS to be restituted (2)	(1,284,247)	(19,645)
R&D and PEE - monetary adjustments	(26,827)	(4,923)
Leasing - Monetary variation (Note 14)	(14,238)	(14,266)
Monetary variation - Others	(20,191)	(14,871)
Others	(27,304)	(23,863)
	(1,719,444)	(458,983)
NET FINANCE INCOME (EXPENSES)	(1,126,692)	13,064

	Jul to Sep, 2022	Jul to Sep, 2021
FINANCE INCOME		
Income from financial investments	51,858	25,385
PIS/Pasep and Cofins taxes charged on financial income (1)	(9,807)	(10,070)
Arrears fees on sale of energy	70,822	110,971
Monetary variation	4,510	22,900
Monetary variations - loans, financings and debentures (Note 17)	12,720	5,129
Monetary updating on escrow deposits	10,247	-
Monetary variation - CVA (Note 11)	38,210	21,325
Others	17,146	10,847
	195,706	186,487
FINANCE EXPENSES		
Charges on loans, financings and debentures (Note 17)	(77,809)	(63,250)
Amortization of transaction cost (Note 17)	(890)	(442)
Forluz - Monetary variation charges	(2,588)	(11,682)
Foreign exchange variations - Itaipu Binacional	(14,547)	(17,752)
Monetary variations - loans, financings and debentures (Note 17)	-	(68,665)
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS to be restituted (2)	(61,608)	(6,309)
R&D and PEE - monetary adjustments	(10,619)	(2,287)
Leasing - Monetary variation (Note 14)	(4,727)	(4,714)
Monetary variation - Others	(8,376)	(4,439)
Others	(3,077)	(4,341)
	(184,241)	(183,881)
NET FINANCE INCOME (EXPENSES)	11,465	2,606

- (1) Expenses with PIS/Pasep and Cofins are focuses on financial income and interest on equity.
- (2) The updating of the tax credits for the court judgment on PIS, Pasep and Cofins on ICMS arising from the exclusion of ICMS from its calculation base and the related liability to be refunded to customers, is presented at net value. With the offsetting of the credits, the liability to be refunded to customers began to exceed the value of the credits to be offset, generating a net financial expense.

25. RELATED PARTY TRANSACTIONS

Cemig D's main balances and transactions with related parties are as follows:

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2022	Dec. 31, 2021	Jan to Sep, 2022	Jan to Sep, 2021	Jan to Sep, 2022	Jan to Sep, 2021
Transactions with energy (3)								
Companhia Energética de Minas Gerais	70	72	-	-	-	-	-	-
Cemig Geração e Transmissão	1,516	3,431	28,284	24,067	25,566	21,218	(220,252)	(191,743)
Aliança Geração	-	-	11,175	9,857	40,020	35,024	(90,651)	(77,878)
Madeira Energia	-	-	27,968	24,105	-	-	(171,275)	(157,186)
Norte Energia	-	-	31,167	26,809	-	-	(189,646)	(174,159)
Baguari Energia	-	-	1,142	983	-	-	(6,436)	(6,556)
TAESA	-	-	8,397	8,483	-	-	(90,525)	(78,425)
Retiro Baixo	524	570	723	622	4,483	4,637	(4,399)	(4,479)
Connection of the distribution facilities to the transmission system								
Cemig Geração e Transmissão (5)	-	-	10,874	8,650	-	-	(63,893)	(58,803)
Receivables from customers, traders and concession holders								
Minas Gerais State Government (1)	70,939	167,366	-	-	121,767	78,949	-	-
Cooperation Working Agreement (2)								
Companhia Energética de Minas Gerais	-	-	19,695	11,370	-	-	(30,810)	(26,497)
Cemig Geração e Transmissão	-	-	2,565	2,362	-	-	(431)	(2,464)
Provision of services								
Axxiom (6)	-	-	-	62	-	-	-	-
Loan contract								
Companhia Energética de Minas Gerais (4)	-	-	-	-	-	-	3,024	-
Interest on Equity and dividends								
Companhia Energética de Minas Gerais	-	-	1,106,176	916,961	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	66,186	15,950	-	-	-	-	-	-
Securities	910,270	336,078	-	-	26,668	11,025	-	-
Non-current								
Securities	3,232	69,125	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (7)	-	-	140,942	130,870	-	-	(129,770)	(92,436)
Supplementary pension contributions - Defined contribution plan (8)	-	-	-	-	-	-	(38,110)	(37,207)
Administrative running costs (9)	-	-	-	-	-	-	(19,529)	(17,223)
Operational leasing (10)	127,496	127,031	17,736	17,186	-	-	(17,080)	(16,130)
Non-current								
Post-employment obligations (7)	-	-	1,465,449	1,492,738	-	-	-	-
Operational leasing (10)	-	-	125,700	122,532	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (11)	-	-	144,620	127,015	-	-	(208,506)	(139,458)
Non-current								
Health Plan and Dental Plan (11)	-	-	2,508,398	2,422,772	-	-	-	-

The main conditions and characteristics of interest with reference to the related party transactions are:

- (1) Refers to sale of energy supply to the Minas Gerais State government. The price of the supply is set by the grantor (Aneel) through a Resolution relating to the annual tariff adjustment of Cemig D. In 2017 the government of Minas Gerais State signed a debt recognition agreement with Cemig D for payment of debits relating to the supply of power due and unpaid, in the amount of R\$113,032, up to November 2019. These receivables have guarantee in the form of Cemig's right to retain dividends and Interest on Equity otherwise payable to the State (in proportion to the State's equity interest in the Company), for as long as any payments are overdue or in default. On March, 31, 2021, Cemig D obtained authorization from the Minas Gerais State Finance Secretary to offset part of the ICMS tax payable to the state against the debt owed by the State

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- government to the company, under State Law 23,705/2020. The amount is to be offset in 21 equal monthly installments of R\$10,5 million. Until September 30, 2022, eighteen installments had been offset;
- (2) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3,208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT;
 - (3) The transactions in purchase and sale of energy between generators and distributors take place through auctions in the Regulated Market, organized by the federal government. In the Free Market, the transactions are carried out either through auctions, or by direct contracting, under the applicable legislation. Operations in transport of energy, on the other hand, are carried out by the transmission companies, and arise from the centralized operation of the National Grid, executed by the National System Operator (ONS);
 - (4) This refers to the loan contract signed on March 2, 2022 between the Company and Cemig (Parent Company) in the amount of R\$100 million, settled on May 31, 2022, plus interest in the amount of R\$3,024 thousands, corresponding to 110% of the CDI rate, with a Promissory Note issued by the Company to the benefit of the Parent Company, as guarantee;
 - (5) This refers to the contract for connection of the distribution facilities to the transmission system (CCT);
 - (6) This refers to a contract for development of management software between the Company and Axxiom Soluções Tecnológicas S.A., instituted in Aneel Dispatch 2,657/2017.
 - (7) The contracts of Forluz are updated by the Expanded Customer Price Index (Índice Nacional de Preços ao Consumidor Amplo, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) and will be amortized up to business year 2024 (more details in Note 19 of this interim financial information);
 - (8) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
 - (9) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll;
 - (10) Rental of the Company's administrative head office, in effect up to August 2024 (Júlio Soares building, able to be extended every five years, up to 2034), with annual inflation adjustment by the IPCA index and price reviewed every 60 months. On September 20, 2021 the lease contract was adjusted upward by 9.68%, corresponding to accumulated IPCA inflation over the prior 12 months. On April 27, 2021, the Company signed with Forluz a contract amendment due to the transfer of the administrative head offices of the investees Cemig SIM and Gasmig to the Júlio Soares building, reducing Cemig D rent expenses;
 - (11) Post-employment obligations relating to the employees' health and dental plan (more details in Note 19 of this interim financial information).

Cash investments in FIC Pampulha

The Company 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 are reported as cash and cash equivalent, marketable securities line in current and non-current assets, in proportion to the Company's participation in the fund, of 32.19%, on September 30, 2022 (18.95% on December 31, 2021).

The funds applied are allocated only in public and private fixed income securities, subject only to credit risk, with several maturity periods, obeying the unit holders' cash flow needs.

Remuneration of key management personnel

The total costs 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 income statements of the in periods ended September 30, 2022 and 2021, are as follows:

	Jan to Sep, 2022	Jan to Sep, 2021
Remuneration	7,706	6,862
Profit sharing	1,899	1,190
Pension plans	833	698
Health and dental plans	89	66
Life insurance	26	-
Total (1)	10,553	8,816

- (1) The company does not directly remunerate the members of the key personnel. They are paid by the controlling shareholder. These expenses are refunded through the sharing agreement for human resources and infrastructure between Cemig, Cemig Distribuição, Cemig Geração e Transmissão and other subsidiaries of the Group, consented to by Aneel in its Dispatch 3,208/2016.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments are as follows:

	Level	Sep. 30, 2022		Dec. 31, 2021	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities - Cash investments	2	93,578	93,578	218,822	218,822
Receivables from customers, traders and concession holders (Note 6)	2	3,162,990	3,162,990	3,335,034	3,335,034
Restricted cash	2	574	574	2,144	2,144
Concession financial assets - CVA (Parcel 'A' Costs Variation Compensation) Account, and Other financial components	3	958,459	958,459	2,147,548	2,147,548
Reimbursement of tariff subsidies	2	90,932	90,932	287,420	287,420
Low-income subsidy	2	52,541	52,541	46,540	46,540
Escrow deposits	2	645,720	645,720	619,772	619,772
		5,004,794	5,004,794	6,657,280	6,657,280
Fair value through profit or loss					
Cash equivalents - cash investments	2	545,452	545,452	93,764	93,764
Marketable securities					
Bank certificates of deposit	2	344,759	344,759	19,689	19,689
Treasury Financial Notes (LFTs)	1	62,762	62,762	34,937	34,937
Financial Notes - Banks	2	410,152	410,152	137,920	137,920
Debentures	2	3,395	3,395	-	-
		821,068	821,068	192,546	192,546
Concession financial assets - Distribution infrastructure	3	1,059,552	1,059,552	683,729	683,729
		2,426,072	2,426,072	970,039	970,039
		7,430,866	7,430,866	7,627,319	7,627,319
Financial liabilities					
Amortized cost (1)					
Loans, financings and debentures	2	(4,707,524)	(4,707,524)	(4,247,161)	(4,247,161)
Debt with pension fund (Forluz)	2	(209,493)	(209,493)	(278,580)	(278,580)
Deficit of pension fund (Forluz)	2	(399,313)	(399,313)	(390,458)	(390,458)
Sector financial liabilities	3	(271,196)	(271,196)	(51,359)	(51,359)
Suppliers	2	(1,811,209)	(1,811,209)	(2,019,994)	(2,019,994)
Leasing transactions	2	(180,165)	(180,165)	(191,012)	(191,012)
		(7,578,900)	(7,578,900)	(7,178,564)	(7,178,564)

(1) On September 30, 2022 and on December 31, 2021, the book values of financial instruments reflect their fair values.

Information about (i) classifications of financial instruments at fair value; (ii) methodology for calculation of fair value of positions; and (iii) derivative financial instruments can be found in the financial statements for the year ending December 31, 2021.

- (i) classifications of financial instruments at fair value;
- (ii) methodology for calculation of fair value of positions.

b) Financial risk management

Exchange rate risk

The Company is exposed to the risk of appreciation in exchange rates due to the payment of electric energy purchased from Itaipu. The risk exposure of Cemig D is mitigated by the account for compensation of variation of parcel A items (CVA).

Exposure to exchange rates	Sep. 30, 2022		Dec. 31, 2021	
	Foreign currency	R\$	Foreign currency	R\$
US dollar				
Suppliers (Itaipu Binacional) (Note 15)	(51,895)	(280,573)	(59,335)	(331,118)
Net liabilities exposed		<u>(280,573)</u>		<u>(331,118)</u>

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 September 30, 2023 will be an depreciation of the dollar by 7.89%, to R\$4.98. 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 the increase of 25%, and 50%, in relation to this 'probable' scenario.

Risk: foreign exchange rate exposure	Sep. 30, 2022	Sep. 30, 2023		
	Book value	'Probable' scenario R\$4,98	'Possible' scenario R\$6,23	'Remote' scenario R\$7,47
US dollar				
Suppliers (Itaipu Binacional) (Note 15)	(280,573)	(258,435)	(323,303)	(387,652)
Net liabilities exposed	<u>(280,573)</u>	<u>(258,435)</u>	<u>(323,303)</u>	<u>(387,652)</u>
Net effect of exchange rate fluctuation		<u>22,138</u>	<u>(42,730)</u>	<u>(107,079)</u>

Interest rate risk

The Company is exposed to the risk of decrease in Brazilian domestic interest rates on September 30, 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, and to the 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 several 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. This exposure occurs as a result of net assets indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	Sep. 30, 2022	Dec. 31, 2021
Assets		
Cash equivalents – cash investments (Note 4)	545,452	93,764
Marketable securities (Note 5)	914,646	411,368
CVA and Other financial components in tariffs (Note 11)	958,459	2,147,548
	2,418,557	2,652,680
Liabilities		
Loans, financings and debentures – CDI rate (Note 17)	(1,469,104)	(1,355,933)
Sector financial liabilities (Note 11)	(271,196)	(51,359)
	(1,740,300)	(1,407,292)
Net assets exposed	678,257	1,245,388

Sensitivity analysis

In relation to the most significant interest rate risk, Company estimates that, in a probable scenario, at September 30, 2023 Selic rates will be 13.00%. The Company made a sensitivity analysis of the effects on its net income arising from increases in rates of 25% and 50% in relation to the 'probable' scenario. Fluctuation in the CDI rate accompanies the fluctuation of Selic rate.

Risk: Decrease in Brazilian interest rates	Sep. 30, 2022	Sep. 30, 2023		
	Book value	'Probable' scenario 13,00%	'Possible' scenario 9,75%	'Remote' scenario 6,50%
Assets				
Cash equivalents – cash investments (Note 4)	545,452	616,361	598,634	580,906
Marketable securities (Note 5)	914,646	1,033,550	1,003,824	974,098
CVA and Other financial components in tariffs – Selic rate (Note 11)	958,459	1,083,059	1,051,909	1,020,759
	2,418,557	2,732,970	2,654,367	2,575,763
Liabilities				
Loans, financings and debentures – CDI rate (Note 17)	(1,469,104)	(1,660,088)	(1,612,342)	(1,564,596)
Sector financial liabilities (Note 11)	(271,196)	(306,451)	(297,638)	(288,824)
	(1,740,300)	(1,966,539)	(1,909,980)	(1,853,420)
Net assets exposed	678,257	766,431	744,387	722,343
Net effect of variation in interest rates		88,174	66,130	44,086

Inflation increase risk

The Company is exposed to the risk of increase in inflation index on September 30, 2022. A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Consumer Price). The revenues are also adjusted using the IPCA or 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	Sep. 30, 2022	Dec. 31, 2021
Assets		
Concession financial assets related to infrastructure – IPCA index (Note 11) (*)	1,059,552	683,729
Liabilities		
Loans, financings and debentures – IPCA index (Note 17)	(3,264,964)	(2,907,093)
Debt agreed with pension fund (Forluz) – IPCA index (Note 19)	(209,493)	(278,580)
Forluz deficit solution plan – IPCA index (Note 19)	(399,313)	(390,458)
	(3,873,770)	(3,576,131)
Net liabilities exposed	(2,814,218)	(2,892,402)

(*) 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 September 30, 2023 the IPCA inflation index will be 5.37% and the IGPM inflation index will be 1.13%. The Company has prepared a sensitivity analysis of the effects on its net income arising from a increase in inflation of 25% and 50% in relation to the 'probable' scenario.

Risk: increase in inflation index	Sep. 30, 2022	Sep. 30, 2023		
	Book value	'Probable' scenario IPCA 5,37% IGPM 1,13%	'Possible' scenario IPCA 6,71% IGPM 1,41%	'Remote' scenario IPCA 8,06% IGPM 1,70%
Assets				
Concession financial assets related to infrastructure - IPCA index (Note 11) (*)	1,059,552	1,116,450	1,130,648	1,144,952
Liabilities				
Loans, financings and debentures - IPCA index (Note 17)	(3,264,964)	(3,440,293)	(3,484,043)	(3,528,120)
Debt agreed with pension fund (Forluz) - IPCA index (Note 19)	(209,493)	(220,743)	(223,550)	(226,378)
Equation of the deficit on Pension Plan (Forluz) - IPCA Index (Note 19)	(399,313)	(420,756)	(426,107)	(431,498)
	(3,873,770)	(4,081,792)	(4,133,700)	(4,185,996)
Net liabilities exposed	(2,814,218)	(2,965,342)	(3,003,052)	(3,041,044)
Net effect of variation in IPCA and IGPM indexes		(151,124)	(188,834)	(226,826)

(*) 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

The information on how the Company manages liquidity risk is given in Note 27 to the financial statements for the year ended December 31, 2021.

The flow of payments of the Company's obligation to suppliers, debts with the pension fund, loans, financing and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is as follows:

	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, financings and debentures	55,761	194,474	900,323	4,045,541	-	5,196,099
Debt with pension plan (Forluz)	10,529	21,243	98,392	101,904	-	232,068
Equation of the deficit on Pension Plan (Forluz) - IPCA Index	4,653	9,378	43,523	255,826	320,488	633,868
	70,943	225,095	1,042,238	4,403,271	320,488	6,062,035
- Fixed rate						
Suppliers	1,594,103	217,106	-	-	-	1,811,209
	1,665,046	442,201	1,042,238	4,403,271	320,488	7,873,244

Risk of debt early maturity

The Company has 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.

Management monitors the financial covenants requiring half-yearly and annual compliance.

Credit risk and other operational risks

With the exception of the change in the method of estimating client default losses, described in Note 6, information on how the Company manages: (i) credit risk; (ii) the risk of over-contracting and under-contracting of supply; (iii) the risk to continuity of the concession; and (iv) hydrological risk is given in Note 27 to the financial statements for the year ended December 31, 2021.

c) Capital management

This table shows comparisons of the Company's net liabilities in the end of period:

	Sep. 30, 2022	Dec. 31, 2021
Total liabilities	18,913,010	17,654,962
Cash and cash equivalents	(571,799)	(198,694)
Marketable securities	(911,413)	(342,243)
Net liabilities	17,429,798	17,114,025
Total equity	6,502,075	6,942,666
Net liabilities / equity	2.68	2.47

27. NON-CASH TRANSACTIONS

On periods ended on September 30, 2022 and 2021, the Company had the following non-cash transactions, which are not reflected in the Cash flow statement:

- Capitalized financial costs of R\$30,259 on the period ended on September 30, 2022 (R\$4,254 on September 30, 2021);
- Lease addition in the amount of R\$19,343 on the period ended on September 30, 2022 (R\$6,256 on September 30, 2021).

28. RISKS RELATED TO COMPLIANCE WITH LAWS AND REGULATIONS

Internal procedures for risks related to compliance with law and regulations

In the end of 2020 the Company began internal procedures for investigation of complaints received by the Minas Gerais State Public Attorneys' Office (MPMG), through Official Letters, the content of which refers to alleged irregularities in 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 was concluded at the end of 2021, with the receipt of the final report that was approved by the Investigation Committee and sent by the Company to the MPMG, which has not yet concluded its investigation, not having identified that might present a significant impact on the interim financial information at September 30, 2022 or on financial statements for prior business

years. The Company awaits the outcome of the investigations by the MPMG and by other national and international authorities with which the aforementioned report was shared.

The Company will evaluate any future change in this scenario and any impacts, if any, that may affect the interim financial information and remains collaborating with national and international public authorities in their analyzes related to ongoing investigations.

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 January 2019. CPI was entitled to investigate the facts underlying the application for its creation, and requested, through application, several documents and information related, mainly, human resources management and purchasing processes which were fully met by the Company within the stipulated deadlines.

On February 18, 2022 the CPI approved its final report, submitted to the Public Attorneys' Office of Minas Gerais State, and other control bodies, for assessment of what further submissions of it should be made. To date, there have been no decisions on measures that might be adopted by the Public Attorneys' Office of Minas Gerais state due to the results indicated by the Inquiry.

We would note, on the subject of the processes of contracting, that the Company carries out regular audits. At present one of these is being studied: based on the results identified to date, no material impacts on the interim financial information as of September 30, 2022, nor for prior business years, have been identified.

FINANCIAL RESULTS

(Figures in R\$'000 unless otherwise indicated)

Net income for the period

Cemig Distribuição reports net income of R\$506,928 from July to September 2022, compared to net income of R\$399,974 in the same period of 2021, which represents an increase of 26.74%. The following items describe the main variations between in the three month period of 2022 compared to the same period of 2021 in revenues, costs, expenses and financial items:

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

The Company's Ebitda, calculated in accordance with CVM Resolution 156/2022, was 18.86% higher in 3Q22, at R\$858,979, than in 3Q21 (R\$722,661). Ebitda margin in 3Q22 was 14.96%, compared to 11.49% in 3Q21. In the first 9 months of 2022, Ebitda was R\$1,430,665, compared to R\$2,058,547 in 9M21, and Ebitda margin was 9.64%, compared to 13.07% in 9M22.

Adjusted for non-recurring items, Ebitda in 3Q22 was 9.88% higher, at R\$781,838, than in 3Q21 (R\$711,529). Adjusted Ebitda margin in 3Q22 was 13.62%, compared to 11.31% in 3Q21. In 9M22, adjusted Ebitda, at R\$2,037,814, was 3.49% higher than in 9M21 (R\$1,969,054), and 9M22 Ebitda margin was 13.73%, compared to 12.50% in 9M21.

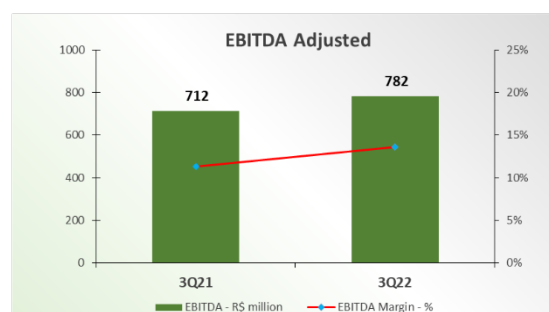
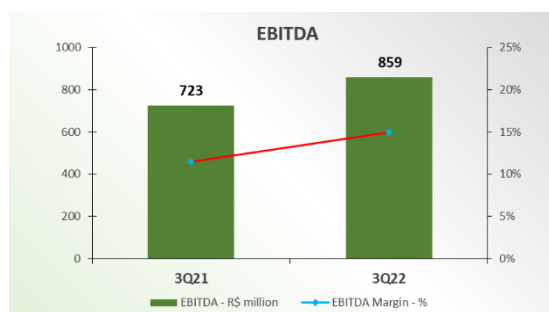
Ebitda - R\$'000	3Q22	3Q21	9M22	9M21
Net income for the period	506,928	399,974	(17,423)	1,139,767
+ Income tax and Social Contribution tax	175,269	154,503	(221,107)	430,925
+ Net financial revenue (expenses)	(11,465)	(2,606)	1,126,692	(13,064)
+ Depreciation and amortization	188,247	170,790	542,503	500,919
= Ebitda according to "CVM Instruction 156" (1)	858,979	722,661	1,430,665	2,058,547
Reversal of tax provisions - Social security contributions on profit sharing	(42,433)	(11,132)	(42,433)	(89,493)
Refunded of PIS/Pasep and Cofins credits on ICM	-	-	829,783	-
TDRA* related to infrastructure	-	-	(145,493)	-
Tax provisions - Indemnity of employees' future benefit (the 'Anuênio')	95,861	-	95,861	-
Estimate for expected losses	(130,569)	-	(130,569)	-
= Ebitda Adjusted (2)	781,838	711,529	2,037,814	1,969,054

* Term of Debt Recognition Agreement

- (1) Ebitda is a non-accounting measure prepared by the Company, reconciled with its consolidated interim financial information in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Resolution 156/2022. It comprises: net income adjusted for the effects of net financial revenue (expenses), depreciation, amortization and income tax and the social contribution tax. 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. Cemig 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 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.

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Operational revenue

The composition of the Company's revenue is as follows:

	3Q22	3Q21
Revenue from supply of energy - captive customers, in Cemig's concession area	4,499,920	5,619,044
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization	706,087	445,089
Revenue from use of the energy distribution systems (TUSD) - free customers	991,869	893,562
CVA and Other financial components	(395,654)	1,116,248
Distribution construction revenue	1,050,012	486,414
Adjustment to expectation from reimbursement of distribution concession financial assets	(10,361)	17,934
Fine for violation of service continuity indicator	(13,668)	(7,454)
Mechanism for the sale of surplus	125,463	226,649
Other operating revenues	850,935	414,008
Deductions on revenue)	(2,063,713)	(2,920,492)
Total	5,740,890	6,291,002

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

Total revenue from energy sold to final customers from July to September 2022 was R\$4,499,920 - or 19.92% lower than in the same period in 2021 (R\$5,619,044). Impacts in the period result from the following factors::

Energy sold by customers class	3Q22			3Q21			Var %	
	MWh	R\$	Average price billed (R\$/MWh) (1)	MWh	R\$	Average price billed (R\$/MWh) (1)	MWh	R\$
Residential	2,706,219	2,079,674	768,48	2,757,428	2,857,043	1,036,13	(1,86)	(27,21)
Industrial	395,043	284,861	721,09	424,825	349,472	822,63	(7,01)	(18,49)
Commercial, Services and Others	1,061,850	1,068,683	1,006,43	974,873	1,141,112	1,170,52	8,92	(6,35)
Rural	924,189	538,961	583,17	1,163,562	762,327	655,17	(20,57)	(29,30)
Public authorities	201,625	144,977	719,04	167,875	140,233	835,34	20,10	3,38
Public lighting	287,126	120,307	419,00	257,999	174,829	677,63	11,29	(31,19)
Public services	359,448	192,393	535,25	362,058	238,744	659,41	(0,72)	(19,41)
Total	5,935,500	4,429,856	746,33	6,108,620	5,663,760	927,18	(2,83)	(21,79)
Own consumption	6,761	-	-	7,835	-	-	(13,71)	-
Wholesale supply to other concession holders (2)	-	15,176	-	-	-	-	-	-
Wholesale supply not yet invoiced, net	-	54,888	-	-	(44,716)	-	-	(222,75)
Total	5,942,261	4,499,920	-	6,116,455	5,619,044	-	(2,85)	(19,92)

(1) The calculation of 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.

- The average price billed to Rural clients was 10.99% lower, and the total billing to these clients was 20.57% lower, due to the reduction in the number of consumers in this category due to migration to other client categories, as required by Anel Normative Resolution (ReN) 901/2020, which ordered change of category for

clients that did not carry out re-registration, providing proof of the status of their activity as one qualifying for the tariff benefit applied to Rural consumers.

- The average price billed to Industrial consumers was 12.39% lower, and the total billed to these clients was 7.01% lower, mainly due to lower activity in the industrial sector.
- The average price billed to clients in the Commercial and services category was 14.09% lower, and the total volume of energy billed to these clients was 8.92% higher, mainly reflecting the increase in the number of consumers in this category, reflecting migration from the Rural and Public Services categories, in compliance with Aneel Normative Resolution 901/2020.
- The average price billed to the Public Authorities consumer category was 13.89% lower, and the total volume of energy billed to this consumer category was 20.10% higher, mainly reflecting the increase in the number of consumers in this category, including migration from the Public services and Rural categories, in compliance with Aneel Normative Resolution (ReN) 901/2020.

Revenue from Use of Distribution Systems - free customers

This is revenue from charging Free Customers the Tariff for Use of the Distribution System (TUSD), on the volume of energy distributed. From July to September 2022 this was R\$991,869, compared to R\$893,562 in the same period in 2021, an increase of 11.00%.

This mainly reflects the average tariff for Free Clients being 22.82% higher in 3Q22 than in 3Q21, partially offset by the reduction in the rate of ICMS tax resulting from Complementary Law 194/2022 coming into force.

In addition, there was an increase of 1.75% in energy transport in the period, compared to the same period in 2021.

	MWh		
	3Q22	3Q21	Var %
Industrial	5,271,247	5,179,727	1.77
Commercial	422,502	381,813	10.66
Rural	8,961	11,484	(21.97)
Public services	-	1,080	-
Public authorities	620	-	-
Concessionaires	89,145	118,642	(24.86)
Total	5,792,475	5,692,746	1.75

CVA and Other financial components in tariff adjustments

These items are the recognition of the difference between actual non-controllable costs (in which the contribution to the CDE - the Energy Development Account and energy purchased for resale, are significant components) and the costs that were used in calculating rates charged to customers. The amount of this difference is passed through to customers in the next tariff adjustment of Cemig D (the distribution company).

From July to September 2022 an expense of R\$395,654 was recognized, compared to a gain of R\$1,116,248 in the same period of 2021. The change mainly reflects the lower costs of purchase of energy acquired in the regulatory environment in 2022 compared to the amounts considered in the tariff.

More details in Note 11 of this interim financial information.

Construction revenue

Infrastructure construction revenue in the third quarter of 2022 was R\$1,050,012 million, compared to R\$486,414 the same period in 2021, an increase of 115.87%. This increase was mainly due to the larger execution of the Company's investment plan budget in relation to the compared period, highlighting the rural service and market growth, energy metering, and 'bullet-proofing of revenues'; and also, in sub-transmission, expansion and digitalization of High Voltage infrastructure.

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.

Revenue from the mechanism for the sale of energy surplus (MVE)

Revenues from transactions in the Excess Sales Mechanism (Mecanismo de Venda de Excedentes - MVE) totaled R\$125,463 from July to September 2022 compared to R\$226,649 in the same period of 2021. The MVE is an instrument regulated by Aneel enabling distributors to sell overcontracted supply - i.e. supply in excess of what turns out to be their need to meet demand from captive customers.

Taxes and regulatory charges reported as Deductions from revenue

The taxes and charges that are recorded as deductions from operating revenue totaled R\$2,063,713 from July to September 2022, or 29.34% less than in the same period of 2021 (R\$2,920,492). The main factors were:

Customer charges - the 'Flag' Tariff system

The 'Flag' tariff bands are activated as a result of low levels of water in the system's reservoirs - tariffs are temporarily increased due to scarcity of rain. The 'Red' band has two levels - Level 1 and Level 2. Level 2 comes into effect when the levels of reservoirs are more critical. Activation of the flag tariffs generates an impact on billing in the subsequent month.

There were no charges in 3Q22, compared to a total of R\$130,290 in 3Q21. This variation results from the activation of the most burdensome flags in the period of 2021, compared to no activation in the current quarter.

The Energy Development Account - CDE

The amounts of payments to the Energy Development Account (CDE) are determined by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities (reimbursements of costs of assets), tariff subsidies, the subsidy for balanced tariff reduction, the low-income customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC).

CDE charges from July to September 2022 totaled R\$926,143, 52.72% more than in the same period of 2021 (R\$606,427). This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Other taxes and charges on revenue

The other significant deductions from revenue are taxes, calculated as a percentage of sales revenue. Thus their variations are, substantially, in proportion to the variations in revenue.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses totaled R\$5,070,158 from July to September 2022, or 11.66% lower than in the same period of 2021 (R\$5,739,131).

The following paragraphs comment on the main variations. See more on the breakdown of Operating costs and expenses in Note 23 of this interim financial information.

Employees' and managers' profit shares

The expense on employees' and managers' profit shares in 3Q22 was R\$10,582, 72.24% lower than in 3Q21 (R\$38,124). This basically reflects the change in the criteria for calculation of profit-sharing amounts between the two periods, in accordance with the Collective Agreements related to Cemig's Profit Sharing Program in 2022 and 2021.

Outsourced services

The expense on outsourced services in 3Q22 was R\$338,420, 16.03% higher than in 3Q21 (R\$291,678). The principal factor in this expense was that expenses on maintenance and conservation of electrical facilities and equipment were 19.48% higher, at R\$112,736, in 3Q22, compared to R\$94,356 in 3Q21. This mainly reflects the total value billed for contracted services being 22% higher.

Provisions for contingencies

New provisions of R\$84,698 were made in 3Q22, compared to R\$8,077 in 3Q21. This is mainly due to alteration of the provisions for taxes: (i) a total of R\$95,861 was provisioned

in 3Q22 in relation to applicability of the social security contribution to amounts paid in 2006 as indemnity (anuênio) for changes to future employee compensation; partially offset by (ii) a reversal of R\$42,433 in provisions related to payment of social security contributions on amounts paid as profit-sharing. For more information please see Note 20b.

Estimated loss on client default

The provision for default from clients posted a reversal, in 3Q22, of R\$85,706, which compares with an addition of new provisions totaling R\$29,676 in 3Q21. This arises from the change made, in August 2022, of the time limit for full recognition of unpaid receivables from 12 to 24 months, designed to give a more adequate reflection of the actual estimate of losses expected on overdue client bills.

Energy purchased for resale

This expense was R\$2,460,498 from July to September 2022, 34.03% lower when compared to R\$3,729,505 in the same period of 2021. This arises mainly from the following items:

- expenses on supply of power from Itaipu were 11.29% lower, at R\$425,463 from July to September 2022, compared to R\$479,619 in the same period of 2021, mainly reflecting: the reduction of the price of supply from Itaipu from R\$28.07/kW to R\$24.73/kW;
- expenses on energy purchased in the spot market were 71.36% lower, at R\$184,796 in the third quarter of 2022 compared to R\$645,344 in the same period of 2021, justified, mainly, by the variation of the PLD in the compared periods, with an average of R\$581.71 in the third quarter of 2021 compared to R\$66.43 in the 2022 period;
- expenses on supply acquired at auction were 55.93% lower, at R\$925,614 from July to September 2022, compared to R\$2,100,340 in the same period of 2021. The lower figure mainly reflects lower dispatching due to the availability of thermal plants and the reduction in energy acquisition through the MCSD (*Surpluses and Deficits Compensation Mechanism*); and
- the reductions referred above were partially offset by expenses on distributed generation that were 44.76% higher, at R\$490,163 from July to September 2022, compared to R\$338,612 in the same period of 2021. This higher figure reflects the higher number of generation units installed and the higher volume of energy injected into the grid (757,705 MWh from July to September 2022, compared to 494,016 MWh in the same period of 2021).

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 23a of this interim financial information.

Classificação: Público

Charges for use of the transmission network

Charges for use of the transmission network from July to September 2022 totaled R\$617,023, compared with the same period in 2021 (R\$670,720), a reduction of 8.01%.

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

The difference is mainly due to costs of the System Service Charge (CCEE-ESS) being 98.46% lower, due to lower dispatching of generation plants outside the merit order, and a reduction, put in place in July 2021, of approximately 10% in the National Grid tariff. The effect of this lower expense was partially offset by a higher Reserve Energy Charge (CCEE-EER), due to the average spot price being lower in 3Q22 than in 3Q21, placing the company in a debtor position.

This is a non-manageable cost in the distribution activity: 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.

Net financial revenue (expenses)

The net financial result in the third quarter of 2022 was a net financial income of R\$11,465 compared to a net financial income of R\$2,606 in the same period of 2021. The most significant variations in components of Net financial revenue (expenses) between the two years were:

- Expenses on inflation correction of the CVA 79.18% higher, at R\$38,210 in 3Q22, compared to R\$21,325 in 3Q21. This is basically due to the higher Selic rate, which averaged 13.56% p.a. in 3Q22, compared to 4.95% in 3Q21.
- Inflation correction of loans, financings and debentures in 3Q22 constituted a net gain of R\$10,247, compared to a net financial expense of R\$68,665 in 3Q21. This is mainly due to the difference in levels of the IPCA inflation index (the main index used for updating the Company's debts) in the two periods - which was 1.32% negative in 3Q22, compared to 3.02% in 3Q21;
- Income from cash investments was 104.29% higher in 3Q22, at R\$51,858, compared to R\$25,385 in 3Q21 - mainly due to the higher Selic rate than in 3Q21.

For a breakdown of financial revenues and expenses see Note 24.

Income tax and social contribution tax

From July to September 2022, the expense on income tax and the social contribution tax totaled expenses of R\$175,269, on pre-tax profit of R\$682,197. From July to September 2021, the expense on income tax and the social contribution tax was R\$154,503, on pre-tax profit of R\$554,477.

These effective rates are reconciled with the nominal tax rates in Note 8c.

Reynaldo Passanezi Filho
Chief Executive Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations
Officer

Marney Tadeu Antunes
Chief Distribution Officer

Marco da Camino Ancona Lopez
Soligo
Chief Officer Cemigpar

Thadeu Carneiro da Silva
Chief without portfolio

Dimas Costa
Chief Trading Officer

Mário Lúcio Braga
Controller
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A free translation from Portuguese into English of Independent Auditor’s Review Report on Quarterly Information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board - IASB

Report on Review of interim Financial Information - ITR (Free Translation)

To the Board Directors and Shareholders of
Cemig Distribuição S.A.
Campinas - SP

Introduction

We have reviewed the interim financial information of Cemig Distribuição S.A. (“the Company”), included in the Quarterly Information Form (ITR), for the quarter ended September 30, 2022, which comprises the statement of financial position as of September 30, 2022 and the respective statements of income, and other comprehensive income for the three and nine-months period then ended, and changes in shareholders’ equity and cash flows for the nine-month period then ended, and explanatory footnotes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21(R1) and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board – (IASB), and for presentation of these interim financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



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Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR and presented in accordance with the rules issued by the Brazilian Securities and Exchange Commission - CVM.

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in note 28 to the interim financial information, there are investigations being conducted by public authorities regarding the Company and in its parent company Companhia Energética de Minas Gerais – Cemig. We are currently unable to foresee future developments or potential impacts of these investigations conducted by public authorities. Our conclusion is not modified in respect of this matter.

Other matters

Statements of Value Added

The quarterly information referred to above include the statements of value added (DVA) for the nine-month period ended September 30, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures followed together with the review of the Company's interim financial information, in order to form our conclusion whether they are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria set on that Standard and consistently with the interim financial information taken as a whole.

Corresponding figures

The corresponding figures related to the statement of financial position as of December 31, 2021 were audited by other independent auditors who issued an unmodified audit report dated March 29, 2022 and the Statement of Income and other comprehensive income for the three and nine-month period and changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2021 were reviewed by other independent auditors who issued an unmodified review report dated November 11, 2021. The corresponding figures related to the statement of value added (DVA) for the nine-month period ended September 30, 2021 were submitted to the same review procedures by those independent auditors and, based on their review, those auditors issued report reporting that nothing has come to their attention that causes them to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria set on that Standard and consistently with the interim financial information taken as a whole.



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Belo Horizonte, November 11, 2022

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CRC SP-014428/O-6 F-MG
Free-translation – Original version issued in Portuguese¹

Thiago Rodrigues de Oliveira
Contador CRC 1SP259468/O-7

¹ A free translation from Portuguese into English of Independent Auditor’s Review Report on Quarterly Information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB