CONTENTS

STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND DECEMBER 31, 2020
ASSETS
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
CURRENT					
Cash and cash equivalents	5	550,820	384,397	479,058	290,995
Marketable securities	6	884,822	1,132,281	623,071	889,671
Receivables from customers and traders	7	815,991	910,455	690,819	797,580
Concession holders – transmission service	7	109,969	109,908	111,471	111,066
Recoverable taxes	8	234,598	347,801	228,699	339,018
Income tax and social contribution tax recoverable	9a	469,531	467,700	468,271	465,246
Dividends receivables	27	137,170	117,110	288,525	117,404
Concession financial assets	11	265,354	258,588	-	-
Contract assets	12	751,918	718,430	751,918	718,430
Derivative financial instruments	28	512,050	522,579	512,050	522,579
Others		139,780	134,942	124,789	104,781
TOTAL CURRENT		**4,872,003**	**5,104,191**	**4,278,671**	**4,356,770**
NON-CURRENT					
Marketable securities	6	236,966	254,481	166,824	199,928
Receivables from customers and traders	7	4,715	6,774	2,256	2,872
Deferred income tax and social contribution tax	9c	8,162	10,969	-	-
Recoverable taxes	8	56,526	54,760	24,383	23,851
Income tax and social contribution tax recoverable	9a	1,797	-	-	-
Escrow deposits	10	161,088	160,321	152,530	151,838
Derivative financial instruments	28	2,249,532	2,426,351	2,249,532	2,426,351
Others		47,091	55,084	52,431	57,656
Concession financial assets	11	3,157,385	3,106,812	816,202	816,202
Contract assets	12	2,888,544	2,916,272	2,888,544	2,916,272
Investments	13	3,732,520	3,755,799	7,275,264	7,257,319
Property, plant and equipment	14	2,389,711	2,405,681	1,761,704	1,773,139
Intangible	15	155,195	156,486	28,330	26,724
Leasing – rights of use	16a	40,217	41,884	38,509	40,018
TOTAL NON-CURRENT		**15,129,449**	**15,351,674**	**15,456,509**	**15,692,170**
TOTAL ASSETS		**20,001,452**	**20,455,865**	**19,735,180**	**20,048,940**

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

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STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND DECEMBER 31, 2020
LIABILITIES

(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
CURRENT					
Loans, financings and debentures	19	694,504	764,810	669,055	733,520
Suppliers	17	379,760	465,939	363,101	392,574
Income tax and social contribution tax	9b	52,947	128,012	-	-
Taxes payable	18	138,183	165,241	123,324	149,775
Regulatory charges	20	217,261	172,619	200,279	160,872
Post-employment obligations	21	68,133	66,206	68,133	66,206
Interest on equity, and dividends, payable		891,998	891,998	891,998	891,998
Payroll and related charges		48,294	52,106	47,365	51,150
Put options SAAG	28	522,988	536,155	522,988	536,155
Leasing liabilities	16b	7,936	8,702	7,294	7,908
Others		162,915	172,668	158,649	161,472
TOTAL CURRENT		**3,184,919**	**3,424,456**	**3,052,186**	**3,151,630**
NON-CURRENT					
Loans, financings and debentures	19	8,507,067	8,120,901	8,507,067	8,120,901
Deferred income tax and social contribution tax	9c	527,017	773,560	508,070	754,603
Taxes payable	18	258,156	262,745	256,951	262,673
Regulatory charges	20	3,585	56,953	-	47,746
Post-employment obligations	21	1,394,061	1,391,479	1,394,061	1,391,479
Provisions	22	426,183	418,548	425,893	418,261
Leasing liabilities	16c	35,167	35,841	34,007	34,678
Others		134,499	129,211	26,147	24,798
TOTAL NON-CURRENT		**11,285,735**	**11,189,238**	**11,152,196**	**11,055,139**
TOTAL LIABILITIES		**14,470,654**	**14,613,694**	**14,204,382**	**14,206,769**
SHAREHOLDERS' EQUITY	23				
Share capital		4,000,000	4,000,000	4,000,000	4,000,000
Profit reserves		2,072,877	2,072,877	2,072,877	2,072,877
Equity valuation adjustments		(233,284)	(230,706)	(233,284)	(230,706)
Retained earnings		(308,795)	-	(308,795)	-
TOTAL SHAREHOLDERS' EQUITY		**5,530,798**	**5,842,171**	**5,530,798**	**5,842,171**
TOTAL LIABILITIES AND EQUITY		**20,001,452**	**20,455,865**	**19,735,180**	**20,048,940**

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STATEMENTS OF INCOME
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousand of Brazilian Reais, except earnings per share)

	Note	Consolidated		Parent Company	
		Mar. 31, 2021	Mar. 31, 2020 Restated	Mar. 31, 2021	Mar. 31, 2020 Restated
NET REVENUE	**24**	**1,945,526**	**1,874,435**	**1,633,350**	**1,627,069**
OPERATING COSTS					
COST OF ENERGY	**25**				
Charges for use of the national grid		(48,920)	(49,434)	(36,551)	(36,545)
Energy bought for resale		(979,386)	(913,749)	(966,427)	(913,392)
		(1,028,306)	**(963,183)**	**(1,002,978)**	**(949,937)**
OTHER COSTS	**25**				
Personnel and managers		(58,775)	(57,767)	(55,054)	(56,023)
Materials		(3,914)	(1,705)	(1,066)	(783)
Outsourced services		(17,032)	(18,193)	(8,184)	(8,770)
Depreciation and amortization		(42,742)	(48,261)	(30,907)	(33,232)
Operating provisions, net	25c	(9,363)	(6,925)	(9,360)	(6,877)
Transmission infrastructure construction cost	25e	(19,065)	(47,198)	(19,065)	(47,198)
Other operating costs		(4,542)	(1,866)	(1,620)	(1,548)
		(155,433)	**(181,915)**	**(125,256)**	**(154,431)**
TOTAL COSTS		**(1,183,739)**	**(1,145,098)**	**(1,128,234)**	**(1,104,368)**
GROSS PROFIT		**761,787**	**729,337**	**505,116**	**522,701**
OPERATING REVENUE (EXPENSES)	25c				
Selling expenses		1,112	(3,543)	973	(3,543)
General and administrative expenses		(39,872)	(42,359)	(39,872)	(42,359)
Other operating expenses		(27,623)	(53,244)	(24,556)	(52,116)
		(66,383)	**(99,146)**	**(63,455)**	**(98,018)**
Periodic Tariff Review adjustments, net	12b	5,816	-	5,816	-
Share of profit (loss) of associates and joint ventures, net	13	(3,493)	5,457	188,539	161,133
Operating income before financial revenue (expenses) and taxes		**697,727**	**635,648**	**636,016**	**585,816**
Finance income	26	22,970	1,341,869	19,906	1,336,256
Finance expenses	26	(1,220,217)	(2,031,542)	(1,213,828)	(2,025,579)
Losses before income tax and social contribution tax		**(499,520)**	**(54,025)**	**(557,906)**	**(103,507)**
Current income tax and social contribution tax	9d	(57,463)	(49,649)	-	-
Deferred income tax and social contribution tax	9d	245,610	88,350	246,533	88,183
NET INCOME FOR THE PERIOD		**(311,373)**	**(15,324)**	**(311,373)**	**(15,324)**
Basic Losses per share –R$	**23**	**(0.11)**	**(0.01)**	**(0.11)**	**(0.01)**
Diluted Losses per share – R$	**23**	**(0.12)**	**(0.01)**	**(0.12)**	**(0.01)**

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Mar. 31, 2021	Mar. 31, 2020 Restated	Mar. 31, 2021	Mar. 31, 2020 Restated
LOSSES FOR THE PERIOD	(311,373)	(15,324)	(311,373)	(15,324)
COMPREHENSIVE INCOME FOR THE PERIOD	(311,373)	(15,324)	(311,373)	(15,324)

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

STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais) – except where otherwise stated

	Share capital	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity
Balances on December 31, 2019	**2,600,000**	**2,757,210**	**(221,009)**	**211,640**	**5,347,841**
Losses for the period	-	-	-	(15,324)	(15,324)
Tax incentive reserves	-	876	-	(876)	-
Realization of PP&E deemed cost	-	-	(1,425)	1,425	-
Balances on March 31, 2020 (Restated)	**2,600,000**	**2,758,086**	**(222,434)**	**196,865**	**5,332,517**
Balances on December 31, 2020	**4,000,000**	**2,072,877**	**(230,706)**	**-**	**5,842,171**
Losses for the period	-	-	-	(311,373)	(311,373)
Realization of PP&E deemed cost	-	-	(2,578)	2,578	-
Balances on March 31, 2021	**4,000,000**	**2,072,877**	**(233,284)**	**(308,795)**	**5,530,798**

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STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2021	Mar. 31, 2020 Restated	Mar. 31, 2021	Mar. 31, 2020 Restated
CASH FLOW FROM OPERATIONS					
Losses for the period		(311,373)	(15,324)	(311,373)	(15,324)
Adjustments for:					
Expenses (revenues) not affecting cash and cash equivalents:					
Depreciation and amortization	25	47,875	52,439	33,194	37,411
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets		1,514	1,198	1,514	224
Adjustment to expectation of cash flow from the concession financial and contract assets	11 e 12	(272,988)	(185,515)	(148,428)	(85,623)
Gain (loss) by equity method	13	3,493	(5,457)	(188,539)	(161,133)
Interest and monetary variation		266,363	266,279	263,059	262,976
Foreign exchange variations – loans and financings	19	750,900	1,752,000	750,900	1,752,000
Periodic Tariff Review adjustments	12	(6,036)	-	(6,036)	-
Amortization of transaction cost of loans and financings	19	3,051	2,987	3,051	2,987
Deferred income tax and social contribution tax	9c	(245,610)	(88,350)	(246,533)	(88,183)
Recognition of recovery of PIS/Pasep and Cofins taxes credits over ICMS	8a	(976)	(4,302)	(904)	(4,132)
Provisions for operating losses, net	25b	8,251	10,468	8,387	10,420
Net gain on derivative instruments at fair value through profit or loss	28	187,348	(1,314,240)	187,348	(1,314,240)
Variation in fair value of derivative financial instruments (Put options)	28	(13,167)	20,812	(13,167)	20,812
Post-employment obligations	21	26,851	26,450	26,851	26,450
Others		(6,148)	(356)	(5,832)	(356)
		439,348	**519,089**	**353,492**	**444,289**
Increase (decrease) in assets					
Receivables from customers and traders		97,635	126,917	108,350	151,962
Recoverable taxes		353,906	(2,897)	352,184	(1,459)
Income tax and social contribution tax recoverable		(134,497)	(8,095)	(3,025)	(4,071)
Power transport concession holders		(61)	1,586	(405)	1,586
Escrow deposits		(507)	195,467	(434)	195,553
Dividends received		-	491	-	491
Concession financial assets and Contract assets	11 and 12	215,925	154,935	148,704	89,120
Others		14,196	(511)	(4,061)	12,990
		546,597	**467,893**	**601,313**	**446,172**
Increase (decrease) in liabilities					
Suppliers		(86,179)	(102,918)	(29,473)	(89,879)
Taxes		(272,534)	10,945	(273,061)	10,114
Income tax and social contribution tax		57,463	49,649	-	-
Payroll and related charges		(3,812)	(4,277)	(3,785)	(4,211)
Regulatory charges		(8,726)	8,884	(8,339)	6,523
Post-employment obligations	21	(22,342)	(19,720)	(22,342)	(19,720)
Others		(9,973)	(2,932)	(8,856)	(15,500)
		(346,103)	**(60,369)**	**(345,856)**	**(112,673)**
Cash from operations activities		**639,842**	**926,613**	**608,949**	**777,788**
Income tax and social contribution tax paid		(1,659)	(135,369)	-	-
Interest paid on loans, financings and debentures	19	(45,801)	(72,835)	(45,573)	(72,835)
Interest paid on leasing contracts	16	(54)	(62)	(50)	(60)
NET CASH FROM OPERATING ACTIVITIES		**592,328**	**718,347**	**563,326**	**704,893**

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	Note	Consolidated		Parent Company	
		Mar. 31, 2021	Mar. 31, 2020 Restated	Mar. 31, 2021	Mar. 31, 2020 Restated
CASH FLOW IN INVESTMENT ACTIVITIES					
Funding of investments	13b	-	-	(250)	-
Property, plant and equipment	14	(27,791)	(25,158)	(20,700)	(14,776)
Intangible assets	15	(2,552)	(64)	(2,552)	(64)
Marketable securities		264,974	(136,787)	299,704	(110,998)
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES		**234,631**	**(162,009)**	**276,202**	**(125,838)**
CASH FLOW IN FINANCING ACTIVITIES					
Payments of loans, financings and debentures	19	(657,646)	(416,745)	(648,780)	(416,746)
Leasing payments	16	(2,890)	(4,447)	(2,685)	(4,289)
NET CASH USED IN FINANCIAL ACTIVITIES		**(660,536)**	**(421,192)**	**(651,465)**	**(421,035)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	5	**166,423**	**135,146**	**188,063**	**158,020**
Cash and cash equivalents at start of period		**384,397**	**211,608**	**290,995**	**136,208**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**550,820**	**346,754**	**479,058**	**294,228**

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CEMIG Geração e Transmissão S.A.

STATEMENTS OF ADDED VALUE
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated				Parent Company			
	Mar. 31, 2021		Mar. 31, 2020 Restated		Mar. 31, 2021		Mar. 31, 2020 Restated	
REVENUES								
Sales of energy and services	2,121,937		2,075,744		1,882,984		1,884,922	
Construction revenue	22,451		61,241		22,451		61,241	
Interest revenue arising from the financing component in the transmission contract asset	145,042		71,580		145,042		71,580	
Gain on financial updating of the concession grant fee	124,560		99,892		-		-	
Periodic Tariff Review adjustments	6,036		-		6,036		-	
Investments in property, plant and equipment	22,473		15,015		22,473		15,015	
Provision for doubtful receivables	1,112		(3,543)		973		(3,543)	
Other revenues, net	17		-		17		-	
	2,443,628		**2,319,929**		**2,079,976**		**2,029,215**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Energy bought for resale	(1,076,675)		(1,003,354)		(1,062,727)		(1,002,831)	
Charges for use of national grid	(53,484)		(53,983)		(40,225)		(40,257)	
Outsourced services	(59,017)		(62,581)		(50,167)		(53,152)	
Materials	(18,764)		(36,477)		(15,916)		(35,556)	
Paid concession	(792)		(680)		(789)		(678)	
Other operating costs	(8,875)		(33,466)		(6,346)		(32,531)	
	(1,217,607)		**(1,190,541)**		**(1,176,170)**		**(1,165,005)**	
GROSS VALUE ADDED	**1,226,021**		**1,129,388**		**903,806**		**864,210**	
RETENTIONS								
Depreciation and amortization	(47,875)		(52,439)		(33,194)		(37,411)	
NET VALUE ADDED	**1,178,146**		**1,076,949**		**870,612**		**826,799**	
ADDED VALUE RECEIVED BY TRANSFER								
Share of (losses) profit, net, of associates and joint ventures	(3,493)		5,457		188,539		161,133	
Finance income	22,970		1,341,869		19,906		1,336,256	
	19,477		**1,347,326**		**208,445**		**1,497,389**	
ADDED VALUE TO BE DISTRIBUTED	**1,197,623**		**2,424,275**		**1,079,057**		**2,324,188**	
DISTRIBUTION OF ADDED VALUE								
Employees		%		%		%		%
Direct remuneration	**97,744**	**8.17**	**94,501**	**3.89**	**94,122**	**8.72**	**92,845**	**3.99**
Post-employment and other Benefits	62,960	5.26	58,463	2.41	59,504	5.51	56,964	2.45
FGTS fund	30,972	2.59	32,056	1.32	30,844	2.86	31,935	1.37
Programmed voluntary retirement plan	3,812	0.32	3,982	0.16	3,774	0.35	3,946	0.17
Taxes	**190,334**	**15.89**	**312,123**	**12.87**	**82,159**	**7.63**	**220,103**	**9.47**
Federal	25,773	2.15	167,359	6.90	(65,645)	(6.08)	90,308	3.89
State	163,806	13.68	143,143	5.90	147,363	13.67	129,033	5.55
Municipal	755	0.06	1,621	0.07	441	0.04	762	0.03
Remuneration of external capital	**1,220,918**	**101.94**	**2,032,975**	**83.87**	**1,214,149**	**112.51**	**2,026,564**	**87.20**
Interest	1,220,217	101.88	2,031,542	83.81	1,213,828	112.48	2,025,579	87.16
Rentals	701	0.06	1,433	0.06	321	0.03	985	0.04
Remuneration of own capital	**(311,373)**	**(26.00)**	**(15,324)**	**(0.63)**	**(311,373)**	**(28.86)**	**(15,324)**	**(0.66)**
Retained losses	(311,373)	(26.00)	(15,324)	(0.63)	(311,373)	(28.86)	(15,324)	(0.17)
	1,197,623	**100.00**	**2,424,275**	**100.00**	**1,079,057**	**100.00**	**2,324,188**	**100.00**

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1. OPERATING CONTEXT

a) The Company

Cemig Geração e Transmissão S.A. (‘Cemig GT’, ‘the Company’ or ‘Cemig Geração e Transmissão’) is a listed corporation registred in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 06.981.176/0001-58 and a wholly-owned subsidiary of Companhia Energética de Minas Gerais (‘Cemig’). It was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the process of 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, Minas Gerais.

The objects of the Company are: (i) to study, plan, design, build and commercially operate systems of generation, transmission and sale of energy and related services for which concessions are granted, under any form of law, to it or to subsidiaries; (ii) to operate in the various fields of energy, from any source, for the purpose of economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its objects.

The Company has too interests in 83 power plants – of these 76 are hydroelectric, six are wind power plants and one is solar – and the associated transmission lines, mostly part of the Brazilian national generation and transmission grid system, with installed capacity for 5,818 MW (information not reviewed by external auditors).

The Company has stockholding interests in subsidiaries, jointly-controlled entities and affiliated companies, the principal objects of which are construction and operation of systems for production and sale of energy, as described in note 13.

Based on the facts and circumstances at this date, management has assessed the Company’s capacity to continue operating normally and believes firmly that its operations have the capacity to generate funds to enable the continuation of its business in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, this interim financial information has been prepared on a going concern basis.

b) Covid-19

General Context

On March 11, 2020, the World Health Organization characterized Covid-19 as a pandemic, reinforcing the restrictive measures recommendations to prevent the virus dissemination worldwide. These measures are based, mainly, on social distancing, which have been causing major negative impact on entities, affecting their production process, interrupting their supply chains, causing workforce shortages and closing of stores and facilities. The economies around the world are developing measures to handle the economic crisis and reduce any possible effect.

On March 23, 2020, the Cemig established the Coronavirus Crisis Management Committee ('Comitê Diretor de Gestão da Crise do Coronavírus') to ensure its readiness to making decisions because of the fast-changing situation, which became more widespread, complex and systemic.

Also, in connection with recommendations of the World Health Organization (WHO) and Ministry of Health, aiming to contribute to the population and Brazilian authorities' efforts to prevent the desease outbreak, the Company has implemented an operational contingency plan and several precautionary measures to keep its employees healthy and safe, including: security and health technicians contacting operational staff on a daily basis; interacting daily with subcontractors Social Service department to monitor the evolution of suspicious cases; changing the schedule to prevent gatherings; restricting national and international travel; suspending technical visits and events at Company's facilities; using remote means of communication; adopting work-from-home policies for a substantial number of employees, providing face masks for employees in external service or in service into its facilities, and requiring outsourcings providers to put the same procedures in place.

In line with the recommendations of the World Health Organization (WHO) and the Ministry of Health, aiming to contribute to the efforts of the population and the Brazilian authorities to mitigate the risks of spreading the disease, the Company implemented an operational contingency plan and a series preventive measures to maintain the health and safety of its workforce, including:

Since the beginning of the pandemic, in order to minimize the drop in liquidity of Free Customers´, the Company has been negotiating to receive installments of the amounts due, guaranteeing the present value of the credits. Likewise, it has been conducting negotiations with its electricity suppliers to defer payments, ensuring the preservation of the Company's liquidity.

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Impact of Covid-19 on Financial Information

Since March, 2020, the Company has been monitoring the Covid-19 pandemic impact on its business and the market in which it operates. The Company has implemented a series of precautionary measures to protect the health of its employees and to prevent the spread of the novel coronavirus in its operational and administrative facilities. The measures are in accordance with the recommendations of World Health Organization (WHO) and Brazilian Ministry of Health and aim to contribute with the populations and Brazilian authorities efforts, in order to prevent the virus outbreak.

Due to the retraction in industrial and commercial activity, in the first quarters of 2020, the Company suffered a higher impact from the pandemic in its energy trading business, with the need to offer flexibility in its contracts with its large clients – affecting the profitability of this business. These impacts were temporary, and in the fourth quarter of 2020 we saw consumption returning to the expected levels.

The accumulated variation since the third week of March 2020 resulted in an increase of 3.5% in consumption by Free Clients by March 28, 2021.

As of March 31, 2021, from the observation of the pandemic's immediate economic effects, the Company assessed the assumptions used for calculating fair value and recoverable amount of certain financial and non-financial assets, as the main impacts are as follows:

- the Company assessed whether the greater pressure on the exchange rate, combined with a lack of financial market liquidity, will have a negative impact on derivative financial instruments hired to protect its operations against the risks arising from foreign exchange rate changes. In view of the current market conditions, the change in derivative instrument's fair value, based on the forecasts of future interest and exchanges rates, and the semiannual settlement of derivatives instruments, were not sufficient to offset the Company's total exposure to foreign exchange rate variability, resulting in a net gain of R$938 in the three months period ended on March 31, 2021. The long-term projections carried out for the foreign exchange rate are lower than the current dollar quotation, which may represent a decrease in Company's foreign exchange variation expense, if the projected scenario occurs;
- in measuring the expected loss on doubtful receivables the Company implemented negotiations with its customers, which made it possible for the impact of the retraction in economic activity on default by large Free Customers not to be material;
- the management´s assumptions applied to determine the recoverable amount of the relevant investments in subsidiaries, joint-controlled entities and associates were not influenced significantly by the Covid-19 situation, since these investees' cash flows are mainly related to long-term rights to commercial operation of the regulated activity. Therefore, no impairment losses were recognized to its investments in subsidiaries, joint-controlled entities and associates, due to the economic crisis;
- despite the uncertainties related to the crisis unfolding and its potential long-term effects, the Company does not expect that the negative impact on its projections of likely future taxable profits might compromise the recoverability of its deferred tax assets;

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- the Company has assessed the behavior of the interest rates and discount rates that are the basis for calculation of Post-employment obligations, and believes that these are not significantly affected by macroeconomic issues in the short and medium term, since the main assumptions used are long-term;
- the Company´s management reviewed the financial assets and liabilities measured at fair value to reflect the conditions and current rates projected, which impacts are presented in Note 28; and
- the Company has maintained negotiations and deferrals with its customers and energy suppliers, in order to maintain its liquidity during the economic crisis.

The impacts of the Covid-19 pandemic disclosed in this interim financial information were based on the Company's best estimates. Despite the impact of the pandemic on the Company's financial position in 2020, significant long-term effects are not expected.

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), 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).

This interim financial information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the financial statements, on December 31, 2020.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on March 26, 2021.

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 May 14, 2021.

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

Number of the note		Title of the note
Dec. 31, 2020	Mar. 31, 2021	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	29	Operational segments
6	5	Cash and cash equivalents
7	6	Marketable securities
8	7	Customers and traders
9	8	Recoverable taxes
10	9	Income tax and social contribution tax
11	10	Escrow deposits
12	11	Concession financial assets
13	12	Contract assets
14	13	Investments
15	14	Property, plant and equipment
16	15	Intangible assets
17	16	Leasing transactions
18	17	Suppliers
19	18	Taxes
22	19	Loans, financings and debentures
21	20	Regulatory charges
22	21	Post-employment obligations
23	22	Provisions
24	23	Equity and remuneration to shareholders
25	24	Revenues
26	25	Operating costs and expenses
27	26	Financial revenue and expenses
28	27	Related party transactions
29	28	Financial instruments and risk management
-	30	Subsequent events

The Notes to the 2020 financial statements 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 of the note	Title of the note
30	Insurance
31	Commitments

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2.3 Retrospective application of accounting policy and reclassification of items in interim financial information

On June 30, 2020, Aneel ratified the results of the Periodic Tariff Review (RTP), resetting the amount of the Permitted Annual Revenue (RAP) to be applied to the revenue in effect on July 1, 2018. In this tariff review, considering the results and criteria applied by the grantor in the formulation of the regulations to be applied for the National Grid assets – which among other factors include subjection of the amounts of the National Grid assets to operational efficiency measurement mechanisms, no longer having indemnity nature, clarifying certain elements for determination of accounting policy, which were not evidente in 2018, time when the RTP should have occurred and the Company made the initial adoption of the CPC 47/IFRS 15, the Company decided to retrospective application the following items, in connection with the clarifications, the CVM issued CVM/SNC/SEP Circular Nº 04/2020, issued on December 01, 2020 and the procedures also to be adopted by the other companies of the Brazilian power transmission sector: (i) classification of the National Grid assets as contract assets, relating to the renewal of the concession under Law 12,783/14; (ii) allocation of the margin to performance obligations under the concession contract; and (iii) determination of the discount rate to be used for recognition of the financial component in the contract asset.

Thus, the Company used the retrospective method, with cumulative effect recognized on it's December 31, 2020 financial statements, in accordance with items 14 and 22 of CPC 23/IAS 08 – *Accounting policies, changes in accounting estimates and errors.*

The adjustments made to the restated interim financial information, due to the change in accounting policy, were related to:

- Allocation of margin to the performance obligation for construction of transmission infrastructure, based on the expected cost plus margin approach;
- Standardization of the criteria for definition of the implicit rate used in the calculation of the financing component of the contract;
- Reclassification of the financial component of the national grid ('BNES' - Basic Network of the Existing System) assets to contract assets, due to the inclusion of the consideration associated with these assets in the regulatory remuneration base, subjecting them to efficiency mechanisms for the performance obligations to operate and maintain the transmission infrastructure.
- Inclusion of current and deferred PIS/Pasep and Cofins taxes in the calculation of the revenues under the contracts.

The main effects in the restated interim financial information to comparative effect due to the changing accounting policy are as follows:

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Statement of income	Consolidated			Parent Company		
	January to March, 2020			January to March, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
NET REVENUE (1)	**1,891,666**	**(17,231)**	**1,874,435**	**1,644,300**	**(17,231)**	**1,627,069**
OPERATING COSTS	**(963,183)**	**-**	**(963,183)**	**(949,937)**	**-**	**(949,937)**
OTHER COSTS	**(181,915)**	**-**	**(181,915)**	**(154,431)**	**-**	**(154,431)**
TOTAL COST	**(1,145,098)**	**-**	**(1,145,098)**	**(1,104,368)**	**-**	**(1,104,368)**
GROSS PROFIT	**746,568**	**(17,231)**	**729,337**	**539,932**	**(17,231)**	**522,701**
OPERATING EXPENSES (2)	**(99,276)**	**130**	**(99,146)**	**(98,148)**	**130**	**(98,018)**
Share of profit (losses) of associates and joint ventures, net	5,457	-	5,457	161,133	-	161,133
Income before income tax and social contribution tax	652,749	(17,101)	635,648	602,917	(17,101)	585,816
Net finance income	(689,673)	-	**(689,673)**	(689,323)	-	**(689,323)**
Loss before income tax and social contribution tax	**(36,924)**	**(17,101)**	**(54,025)**	**(86,406)**	**(17,101)**	**(103,507)**
Current income tax and social contribution tax	(49,649)	-	(49,649)	-	-	-
Deferred income tax and social contribution tax (3)	82,536	5,814	88,350	82,369	5,814	88,183
LOSS FROM THE PERIOD	**(4,037)**	**(11,287)**	**(15,324)**	**(4,037)**	**(11,287)**	**(15,324)**
Loss per share – R$	**(0.0014)**	**(0.00)**	**(0.01)**	**(0.0014)**	**(0.00)**	**(0.01)**

(1) Recognition of the profit margin associated to the performance obligation to construct and upgrade the transmission infrastructure, as well as the interest revenue resulting from the financing component;
(2) Reversal of expected losses recorded in others expenses in prior periods.
(3) Deferral of income tax and social contribution tax over the adjustments.

Statement of comprehensive income	Consolidated			Parent Company		
	January to March, 2020			January to March, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
LOSS FROM THE PERIOD	(4,037)	(11,287)	(15,324)	(4,037)	(11,287)	(15,324)
COMPREHENSIVE INCOME FOR THE PERIOD	**(4,037)**	**(11,287)**	**(15,324)**	**(4,037)**	**(11,287)**	**(15,324)**

Statement of cash flows	Consolidated			Parent Company		
	January to March, 2020			January to March, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
CASH FLOW FROM OPERATIONS						
Loss for the period (1)	(4,037)	(11,287)	(15,324)	(4,037)	(11,287)	(15,324)
Expenses (revenues) not affecting cash and cash equivalents:						
Deferred income tax and social contribution tax (2)	(82,536)	(5,814)	(88,350)	(82,369)	(5,814)	(88,183)
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets (3)	1,328	(130)	1,198	354	(130)	224
Adjustment to expectation of cash flow from the concession financial and contract assets (4)	(156,430)	(29,085)	(185,515)	(56,538)	(29,085)	(85,623)
PIS/Pasep and Cofins over contract revenues (5)	-	(356)	(356)	-	(356)	(356)
Others	807,436	-	807,436	633,551	-	633,551
	565,761	**(46,672)**	**519,089**	**490,961**	**(46,672)**	**444,289**
(Increase) / decrease in assets						
Concession financial assets and Contract assets (6)	108,263	46,672	154,935	42,448	46,672	89,120
Others	312,958	-	312,958	357,052	-	357,052
	421,221	**46,672**	**467,893**	**399,500**	**46,672**	**446,172**
(Increase) / decrease in liabilities	**(60,369)**	**-**	**(60,369)**	**(112,673)**	**-**	**(112,673)**
Cash from operations activities	**926,613**	**-**	**926,613**	**777,788**	**-**	**777,788**
Others	(208,266)	-	(208,266)	(72,895)	-	(72,895)
CASH FROM OPERATING ACTIVITIES	**718,347**	**-**	**718,347**	**704,893**	**-**	**704,893**

(1) Effects of retrospective application of accounting policy, recorded as retained earnings, for the period ended on March 31, 2020.
(2) Deferral of income tax and social contribution tax over the adjustments;
(3) Others immaterial adjustments referring to impairment losses and others expected losses.
(4) Recognition of the profit margin associated to the performance obligation to construct and upgrade the transmission infrastructure, as well as the interest revenue resulting from the financing component) and the result of the periodic tariff revision;
(5) Effects of PIS/Pasep and Cofins over contract revenues, including the taxes deferral;
(6) Adjustments in the amounts of the contract assets that were received, due to the reallocation of the consideration to performance obligation to construct and upgrade.

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Statements of added value	Consolidated			Parent Company		
	January to March, 2020			January to March, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
REVENUES (1)	2,337,516	(17,587)	2,319,929	2,046,802	(17,587)	2,029,215
INPUTS ACQUIRED FROM THIRD PARTIES (2)	(1,190,671)	130	(1,190,541)	(1,165,135)	130	(1,165,005)
GROSS VALUE ADDED	**1,146,845**	**(17,457)**	**1,129,388**	**881,667**	**(17,457)**	**864,210**
RETENTIONS	(52,439)	-	(52,439)	(37,411)	-	(37,411)
NET VALUE ADDED	**1,094,406**	**(17,457)**	**1,076,949**	**844,256**	**(17,457)**	**826,799**
ADDED VALUE RECEIVED BY TRANSFER	1,347,326	-	1,347,326	1,497,389	-	1,497,389
ADDED VALUE TO BE DISTRIBUTED	**2,441,732**	**(17,457)**	**2,424,275**	**2,341,645**	**(17,457)**	**2,324,188**
DISTRIBUTION OF ADDED VALUE						
Employees	94,501	-	94,501	92,845	-	92,845
Taxes (3)	318,293	(6,170)	312,123	226,273	(6,170)	220,103
Remuneration of external capital	2,032,975	-	2,032,975	2,026,564	-	2,026,564
Remuneration of own capital	(4,037)	(11,287)	(15,324)	(4,037)	(11,287)	(15,324)
	2,441,732	**(17,457)**	**2,424,275**	**2,341,645**	**(17,457)**	**2,324,188**

(1) Recognition of the profit margin associated to the performance obligation to construct and upgrade the transmission infrastructure, as well as the interest revenue resulting from the financing component) and the result of the periodic tariff revision;
(2) Reversal of expected losses recorded in others expenses in prior periods;
(3) Deferral of income tax and social contribution tax over the adjustments.

The income tax and social contribution tax over the adjustments were recognized.

The adjustment did not have an impact on the Company's operating, investing and financing cash flows for the period ended on March 31, 2020. The retrospective application only affected the transmission segment, presented in Note 29.

3. PRINCIPLES OF CONSOLIDATION

The reporting dates of interim financial information of the subsidiaries used for the purposes of calculation of consolidation and jointly-controlled entities and affiliates used for calculation of theis equity method contribution are prepared in the same reporting date of the Company. Accounting practices are applied uniformly in line with those used by the parent company.

The Company uses the criteria of full consolidation. The direct equity investments are as follows:

Subsidiaries	March 31, 2021 and December 31, 2020	
	Valuation method	Direct stake, %
Cemig Baguari Energia S.A.	Consolidation	100
Cemig Geração Três Marias S.A.	Consolidation	100
Cemig Geração Salto Grande S.A.	Consolidation	100
Cemig Geração Itutinga S.A.	Consolidation	100
Cemig Geração Camargos S.A.	Consolidation	100
Cemig Geração Sul S.A.	Consolidation	100
Cemig Geração Leste S.A.	Consolidation	100
Cemig Geração Oeste S.A.	Consolidation	100
Sá Carvalho S.A.	Consolidation	100
Horizontes Energia S.A.	Consolidation	100
Rosal Energia S.A.	Consolidation	100
Cemig PCH S.A.	Consolidation	100
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	Consolidation	100
Cemig Geração Poço Fundo S.A.	Consolidation	100
Cemig Trading S.A.	Consolidation	100
Central Eólica Praias de Parajuru S.A.	Consolidation	100
Central Eólica Volta do Rio S.A.	Consolidation	100

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4. CONCESSIONS AND AUTHORIZATIONS

The Company, including its consortium interests and subsidiaries, holds the following concessions or authorizations, from Aneel:

	Company holding concession or authorization	Concession or authorization contract	Expiration date
POWER GENERATION			
Hydroelectric plants			
Emborcação (1) (2)	Cemig GT	7/1997	Jul. 2025
Nova Ponte (1) (2)	Cemig GT	7/1997	Jul. 2025
Santa Luzia (1)	Cemig GT	7/1997	Feb. 2026
Irapé (1)	Cemig GT	14/2000	Feb. 2035
Queimado (Consortium) (1)	Cemig GT	06/1997	Jan. 2033
Rio de Pedras (1)	Cemig GT	02/2013	Sep. 2024
Poço Fundo (1) (7)	Cemig Geração Poço Fundo	01/2021	Aug. 2045
São Bernardo (1)	Cemig GT	02/2013	Aug. 2025
Rosal (1)	Rosal Energia	01/1997	May 2032
Machado Mineiro (1)	Horizontes Energia	Resolution 331/2002	Jul. 2025
Salto Voltão (1)			Oct. 2030
Salto Paraopeba (1)			Oct. 2030
Salto do Passo Velho (1)			Oct. 2030
PCH Pai Joaquim (1)	Cemig PCH	Authorizing Resolution 377/2005	Apr. 2032
Sá Carvalho (1)	Sá Carvalho	01/2004	Dec. 2024
Três Marias (3)	Cemig Geração Três Marias S.A.	08/2016	Jan. 2046
Salto Grande (3)	Cemig Geração Salto Grande	09/2016	Jan. 2046
Itutinga (3)	Cemig Geração Itutinga	10/2016	Jan. 2046
Camargos (3)	Cemig Geração Camargos	11/2016	Jan. 2046
Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (3)	Cemig Geração Sul	12/2016 and 13/2016	Jan. 2046
Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (3)	Cemig Geração Leste	14/2016 and 15/2016	Jan. 2046
Cajurú, Gafanhoto and Martins (3)	Cemig Geração Oeste	16/2016	Jan. 2046
Thermal plants			
Igarapé (6)	Cemig GT	7/1997	Aug. 2024
Wind power plantes			
Central Geradora Eólica Praias de Parajuru (4)	Parajuru	Resolution 526/2002	Sep. 2032
Central Geradora Eólica Volta do Rio (4)	Volta do Rio	Resolution 660/2001	Jan. 2031
POWER TRANSMISSION			
National grid (5)	Cemig GT	006/1997	Jan. 2043
Itajubá Substation (5)	Cemig GT	79/2000	Oct. 2030

(1) Generation concession contracts that are not within the scope of ICPC 01/ IFRIC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ('ACL').

(2) On July 17, 2020, the Company filed a statement of its interest in extending these plants concession, under the independent producer regime, outside the regime of quotas, to ensure its right of option under the legislative changes currently under discussion, relating to the group of measures to modernize the electricity sector. Any actual decision will only be made after publication by the Brazilian Mining and Energy Ministry and by the grantor, Aneel, of the conditions for extension, which will be submitted to decision by the Company's governance bodies at the due time.

(3) Refers to generation concession contracts of which the revenue relating to the concession grant fee is being recognized as a concession financial asset.

(4) These refers to concessions, given by the process of authorization, for generation of wind power as an independent power producer, to be sold under *Proinfa* (the program to encourage alternative energy sources). Assets tied to the right of commercial operation are recorded in PP&E. The rights of authorization of commercial operation that are considered as Investments in the interim financial information of the parent company are classified in the statements of financial position under Intangible, within the scope of ICPC 09

(5) These refer to transmission concession contracts, which, in accordance with CPC 47/ IFRS 15, are recognized as contract asset for being subject to satisfaction of performance obligations.

(6) On December 6, 2019, Aneel suspended Igarapé Plant commercial operation upon the Company's claim for early termination of its concession contract, and, as a result, the corresponding assets were written-off from the Company's financial statement position. In February, 2021, the Thermal Plant Igarapé concession of was extinct. by the Brazilian Mining and Energy Ministry, in consideration of the termination request submitted by the Company.

(7) By its Authorizing Resolution 9735 of February 23, 2021, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, No. 01/2021, on April 16, 2021.

The Company generate energy from nine hydroelectric plants that have the capacity of 5MW or less, having a total installed capacity of 11.53MW, and thus under Law 9,074/95, these are dispensed from concession, permission or authorization, and do not have a final concession date.

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5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Bank accounts	9,749	9,919	914	1,118
Cash equivalents:				
Bank certificates of deposit (CDBs) (1)	330,838	316,680	329,476	244,469
Overnight (2)	207,989	57,798	146,424	45,408
Others	2,244	-	2,244	-
	541,071	**374,478**	**478,144**	**289,877**
	550,820	**384,397**	**479,058**	**290,995**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 90.00% and 109.00% of the CDI Rate on March 31, 2021 (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) (80.00% and 107.00% on December 31, 2020). For these CDBs, the Company and its subisidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.

(2) Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 2.64% p.a. on March 31, 2021 (1.89% p.a. on December 31, 2020). 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 28 gives the exposure of the Company and its subsidiaries to interest rate risks and a sensitivity analysis of their effects on financial assets and liabilities.

6. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Current				
Bank certificates of deposit (CDBs) (1)	19,613	183,930	13,807	144,501
Financial Notes (LFs) – Banks (2)	722,975	699,325	508,975	549,412
Treasury Financial Notes (LFTs) (3)	139,372	246,471	98,118	193,636
Debentures (4)	2,334	2,011	1,643	1,580
Others	528	544	528	542
	884,822	**1,132,281**	**623,071**	**889,671**
Non-current				
Financial Notes (LFs) – Banks (2)	227,241	246,121	159,977	193,360
Debentures (4)	9,725	8,360	6,847	6,568
	236,966	**254,481**	**166,824**	**199,928**
	1,121,788	**1,386,762**	**789,895**	**1,089,599**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 108.50% and 117.00% of the CDI Rate on March 31, 2021 (106.00% and 110.00% on December 31, 2020) (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).

(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 at rates between 103.10% and 157.00% of the CDI rate on March 31, 2021 (99.50% and 130.00% on December 31, 2020).

(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 at rates between 2.60% to 2.90% p.a. on March 31, 2021 (1.86% to 1.90% p.a. on December 31, 2020).

(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 + 1.00% to 109.00% of the CDI rate on March 31, 2021 (108.25% to 113.00% of the CDI on December 31, 2020.

The classification of these securities and the investments of related parties are shown in notes 27 and 28, respectively.

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7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

	Balances not yet due		Past due			Consolidated	
	Billed	Unbilled	Up to 90 days	91 to 360 days	More than 360 days	Mar. 31, 2021	Dec. 31, 2020
Industrial	22,643	319,938	12,440	20,135	32,624	407,780	340,268
Commercial, services and others	710	69,391	2,674	9,871	-	82,646	102,839
Wholesale supply to other concession holders	16,547	231,359	19,227	720	198	268,051	319,274
Concession holders – transmission service	10,539	91,013	1,197	1,979	5,241	109,969	109,908
CCEE (Power Trading Chamber)	1,793	7,725	86,378	-	-	95,896	189,627
Provision for doubtful receivables	(6,347)	-	(8)	(161)	(27,151)	(33,667)	(34,779)
	45,885	**719,426**	**121,908**	**32,544**	**10,912**	**930,675**	**1,027,137**
Current assets						**925,960**	**1,020,363**
Customers and traders						815,991	910,455
Concession holders – transmission service						109,969	109,908
Non-current assets						**4,715**	**6,774**
Customers and traders						4,715	6,774

	Balances not yet due		Past due			Parent Company	
	Billed	Unbilled	Up to 90 days	91 to 360 days	More than 360 days	Mar. 31, 2021	Dec. 31, 2020
Industrial	2,509	288,452	6,559	15,199	19,328	332,047	265,425
Commercial, services and others	710	69,391	2,674	9,871	-	82,646	102,839
Wholesale supply to other concession holders	6,463	183,921	16,206	705	197	207,492	260,965
Concession holders – transmission service	11,985	91,069	1,197	1,979	5,241	111,471	111,066
CCEE (Power Trading Chamber)	1,793	-	86,378	-	-	88,171	189,477
Provision for doubtful receivables	-	-	(8)	(161)	(17,112)	(17,281)	(18,254)
	23,460	**632,833**	**113,006**	**27,593**	**7,654**	**804,546**	**911,518**
Current assets						**802,290**	**908,646**
Customers and traders						690,819	797,580
Concession holders – transmission service						111,471	111,066
Non-current assets						**2,256**	**2,872**
Customers and traders						2,256	2,872

The exposure of the Company and its subsidiaries to credit risk related to Customers and traders is given in Note 28.

The provision for doubtful receivables is considered sufficient to cover any potential losses in the realization of accounts receivables as follows:

	Consolidated	Parent Company
Balance on December 31, 2020	**34,779**	**18,254**
Provision made, net (Note 25c)	(1,112)	(973)
Balance on March 31, 2021	**33,667**	**17,281**

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8. RECOVERABLE TAXES

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Current				
ICMS tax recoverable	9,566	12,325	6,468	6,809
Cofins (a) (b)	171,141	259,102	169,044	256,627
PIS/Pasep (a) (b)	37,581	56,682	36,880	55,893
Social security contributions	14,779	14,698	14,779	14,698
Others	1,531	4,994	1,528	4,991
	234,598	**347,801**	**228,699**	**339,018**
Non-current				
ICMS tax recoverable (b)	25,948	23,850	24,383	23,851
Cofins (a)	25,064	24,983	-	-
PIS/Pasep (a)	5,514	5,496	-	-
Others	-	431	-	-
	56,526	**54,760**	**24,383**	**23,851**
	291,124	**402,561**	**253,082**	**362,869**

a) PIS/Pasep and Cofins taxes credits over ICMS

On May 8, 2019 the Regional Federal Appeal Court of the First Region gave final judgment – against which there is no appeal – on the Ordinary Action, deciding in favor of the Company, and recognizing its right to exclude the ICMS amounts from the calculation basis of PIS/Pasep and Cofins taxes, backdated as from five years prior to the action initial filing– that is, from July 2003.

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

Final court judgment has also been given, against which there is no further appeal, in favor of the similar actions filed by the Company's wholly-owned subsidiaries Sá Carvalho, Cemig Geração Poço Fundo S.A. (previously denominated Usina Termelétrica Barreiro S.A.) and Horizontes Energia S.A..

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 in 2019.

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

On May 13, 2021 the Federal Supreme Court ruled on the motion for clarification filed by the federal government, modulating the effects of the decision that ICMS tax (paid or payable) is not part of the base amount for calculation of the PIS/Pasep and Cofins taxes. The court ruled that only those who filed legal actions claiming this judgment on or before March 15, 2017 (date on which the argument was established) should have the right to reimbursement of the tax unduly paid, excluding legal and administrative actions filed after that date and before the date on which the judgment was given. Thus the changes made by the Supreme Court in the effects of the judgment do not affect the credits recognized by the Company. Further, the new ruling decided that the amounts of ICMS tax to be excluded from the basis for calculation of PIS/Pasep and

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Cofins taxes should be the ICMS tax stated on invoices (and not only the amount actually paid) – this is in agreement with the criterion adopted by the Company.

In this context, the Company has recorded in current assets the credits for which the expectation of offsetting does not exceed a period of 12 months: R$35,966 for the PIS/Pasep taxes, and R$165,663 for the Cofins tax.

These credits are updated by the Selic rate until offsetting of the amount receivable against amounts payable. On March 31, 2021, the net effect in the consolidated and individual finance income is R$976 and R$904, respectively, more details in Note 26.

In the first quarter of 2021, credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R$107,564 (R$328,750 in 2020).

b) Other recoverable taxes

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

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

9. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of previous years and to advance payments which will be offset against federal taxes eventually payable. Current income tax and social contribution tax assets are offset against current income tax and social contribution tax liabilities when the requirements of CPC 32/IAS 12 are met.

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Current				
Income tax	343,801	342,199	342,755	340,293
Social contribution tax	125,730	125,501	125,516	124,953
	469,531	**467,700**	**468,271**	**465,246**
Non-current				
Income tax	1,797	-	-	-
	1,797	-	-	-

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b) Income tax and social contribution tax payable

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

	Consolidated	
	Mar. 31, 2021	Dec. 31, 2020
Current		
Income tax	39,148	92,948
Social contribution tax	13,799	35,064
	52,947	**128,012**

c) Deferred income tax and social contribution tax

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

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Deferred tax assets				
Tax loss carryforwards	467,238	284,526	467,238	284,526
Post-employment obligations	462,430	459,381	462,430	459,381
Estimated losses on doubtful receivables	8,963	11,169	5,875	6,206
Provisions for contingencies	116,855	114,343	116,800	114,288
Provision for SAAG put option	177,816	182,293	177,816	182,293
Provisions for losses on investments	254,542	256,835	254,542	256,835
Other provisions	41,301	41,301	41,301	41,301
Paid concession	10,326	9,707	10,326	9,707
Others	21,724	19,625	15,551	13,464
	1,561,195	**1,379,180**	**1,551,879**	**1,368,001**
Deferred tax liabilities				
Fair Value as cost attributed on IFRS adoption	(223,029)	(224,610)	(205,080)	(206,408)
Adjustment of contract assets	(773,688)	(768,126)	(773,688)	(768,126)
Fair value of equity holdings	(136,095)	(138,247)	(136,095)	(138,247)
Updating on escrow deposits	(391)	(391)	-	-
Derivative financial instruments (Swap)	(938,938)	(1,002,636)	(938,938)	(1,002,636)
Others	(7,909)	(7,761)	(6,148)	(7,187)
	(2,080,050)	**(2,141,771)**	**(2,059,949)**	**(2,122,604)**
Net total	**(518,855)**	**(762,591)**	**(508,070)**	**(754,603)**
Total assets	**8,162**	**10,969**	**-**	**-**
Total liabilities	**(527,017)**	**(773,560)**	**(508,070)**	**(754,603)**

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

	Consolidated	Parent Company
Balance on December 31, 2020	**(762,591)**	**(754,603)**
Effects allocated to income statement	245,610	246,533
Others	(1,874)	-
Balance on March 31, 2021	**(518,855)**	**(508,070)**

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

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

	Consolidated		Parent Company	
	Mar. 31, 2021	Mar. 31, 2020 (Restated)	Mar. 31, 2021	Mar. 31, 2020 (Restated)
Profit before income tax and social contribution tax	**(499,520)**	**(54,025)**	**(557,906)**	**(103,507)**
Income tax and social contribution tax – nominal expense (34%)	169,837	18,369	189,688	35,192
Tax effects applicable to:				
Tax incentives	4	4	-	-
Share of profit (loss) of associates and joint ventures, net	(4,746)	(609)	62,133	53,301
Non-deductible penalties	(83)	(160)	(83)	(160)
Non-deductible contributions and donations	-	(38)	-	(38)
Difference between presumed profit and real profit methods	28,248	21,152	-	-
Others	(5,113)	(17)	(5,205)	(112)
Income tax and social contribution tax – effective expense	**188,147**	**38,701**	**246,533**	**88,183**
Current tax	(57,463)	(49,649)	-	-
Deferred tax	245,610	88,350	246,533	88,183
	188,147	**38,701**	**246,533**	**88,183**
Effective rate	**(37.67)%**	**(71.64)%**	**(44.19)%**	**(85.20)%**

10. ESCROW DEPOSITS

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Labor claims	**26,571**	**25,653**	**25,992**	**25,075**
Tax issues				
Income tax on interest on equity	17,496	17,473	16,180	16,157
Pasep and Cofins taxes (1)	6,301	6,300	-	-
Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2)	67,451	67,371	67,451	67,371
Urban property tax (IPTU)	12,900	12,852	12,898	12,850
Social contribution tax (3)	18,062	18,062	18,062	18,062
Others	3,603	3,549	3,386	3,332
	125,813	**125,607**	**117,977**	**117,772**
Others				
Court embargo	905	1,357	873	1,325
Regulatory	2,939	2,931	2,939	2,931
Others	4,860	4,773	4,749	4,735
	8,704	**9,061**	**8,561**	**8,991**
	161,088	**160,321**	**152,530**	**151,838**

(1) This refers to deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied. More details in Note 8a.
(2) More details in Note 22 – Provisions (*Indemnity of employees' future benefit – the 'Anuênio'*).
(3) Escrow deposit in the legal action challenging an infringement claim relating to application of Social Contribution tax to amounts of cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with liability suspended.

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11. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Generation – Indemnity receivable (12.1)	816,202	816,202	816,202	816,202
Generation – Concession grant fee (12.2)	2,606,537	2,549,198	-	-
	3,422,739	**3,365,400**	**816,202**	**816,202**
Current	**265,354**	**258,588**	**-**	**-**
Non-current	**3,157,385**	**3,106,812**	**816,202**	**816,202**

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

	Consolidated	Parent Company
Balance on December 31, 2020	**3,365,400**	**816,202**
Inflation adjustment	124,560	-
Amounts received	(67,221)	-
Balance on March 31, 2021	**3,422,739**	**816,202**

11.1 Generation – Indemnity receivable

As from August 2013, with the extinction of the concession for various plants operated under Concession Contract 007/1997, the Company has a right to receive an amount corresponding to the residual value of the infrastructure assets as specified in the concession contract. These balances are recognized in financial assets, at fair value through profit or loss, and totaled R$816,202 on March 31, 2021 and December 31, 2020.

Generation plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historical cost	Net balance of assets based on fair value (replacement cost)
Lot D				
UHE Três Marias	July 2015	396.00	71,694	413,450
UHE Salto Grande	July 2015	102.00	10,835	39,379
UHE Itutinga	July 2015	52.00	3,671	6,589
UHE Camargos	July 2015	46.00	7,818	23,095
PCH Piau	July 2015	18.01	1,531	9,005
PCH Gafanhoto	July 2015	14.00	1,232	10,262
PCH Peti	July 2015	9.40	1,346	7,871
PCH Dona Rita	Sep. 2013	2.41	534	534
PCH Tronqueiras	July 2015	8.50	1,908	12,323
PCH Joasal	July 2015	8.40	1,379	7,622
PCH Martins	July 2015	7.70	2,132	4,041
PCH Cajuru	July 2015	7.20	3,576	4,252
PCH Paciência	July 2015	4.08	728	3,936
PCH Marmelos	July 2015	4.00	616	4,265
Others				
UHE Volta Grande	Feb. 2017	380.00	25,621	70,118
UHE Miranda	Dec. 2016	408.00	26,710	22,546
UHE Jaguara	Aug. 2013	424.00	40,452	174,203
UHE São Simão	Jan. 2015	1,710.00	1,762	2,711
		3,601.70	**203,545**	**816,202**

As specified by the grantor (Aneel) in Normative Resolution 615/2014, the valuation reports that support the amounts in relation to the residual value of the plants previously operated by Company that were included in Lot D, and for the *Volta Grande* plant have been submitted to the grantor. The Company does not expect any losses in the realization of these amounts.

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On March 31, 2021, investments made after the Jaguara, São Simão and Miranda plants came into operation, in the amounts of R$174,203, R$2,711 and R$22,546, respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company is in a process of discussion with Aneel (the grantor). The Company's management does not expect losses in realization of these amounts.

In 2019, Public Hearing 003/2019 was opened to obtain inputs on improvement of the regulation of criteria and procedures for calculation of investments in revertible assets, not yet amortized or not depreciated, of generation concessions (whether extended or not), under Law 12,783/2013. Technical Note 096/2019 was published on September 30, 2019. However, the Normative Resolution has not yet been voted on by the Council of Aneel.

11.2 Generation - Concession grant fee

The concession grant fee for a 30 year concession contracts N° 08 to 16/2016, related to 18 hydroelectric plants of Auction 12/2015, won by the Company, was an amount of R$2,216,353. The amount of the concession fee was recognized as a financial asset measured at amortized cost, as the Company has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amount of which is equal to the internal rate of return on the project), during the period of the concession.

The changes in concession financial assets are as follows:

SPC	Plants	Balance at Dec. 31, 2020	Monetary updating	Amounts received	Balance at Mar.31, 2021
Cemig Geração Três Marias S.A.	Três Marias	1,447,210	68,312	(36,118)	1,479,404
Cemig Geração Salto Grande S.A.	Salto Grande	454,256	21,508	(11,390)	464,374
Cemig Geração Itutinga S.A.	Itutinga	170,460	8,749	(4,843)	174,366
Cemig Geração Camargos S.A.	Camargos	127,814	6,530	(3,605)	130,739
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	167,206	8,954	(5,072)	171,088
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	113,807	6,544	(3,852)	116,499
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	68,445	3,963	(2,341)	70,067
Total		**2,549,198**	**124,560**	**(67,221)**	**2,606,537**

Of the energy produced by these plants, 70% is sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

12. CONCESSION CONTRACT ASSETS

Under IFRS 15/CPC 47 – *Revenue from contracts with customers*, the infrastructure of construction revenue for which the right to consideration depends on satisfaction of performance obligations related to the completion of its construction, or its future operation and maintenance are classified as contract assets as follows:

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	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13	1,942,689	1,895,854	1,942,689	1,895,854
Transmission – Assets remunerated by tariff	1,697,773	1,738,848	1,697,773	1,738,848
	3,640,462	**3,634,702**	**3,640,462**	**3,634,702**
Current	**751,918**	**718,430**	**751,918**	**718,430**
Non-current	**2,888,544**	**2,916,272**	**2,888,544**	**2,916,272**

The changes in contract assets are as follows:

Balance on December 31, 2020	**3,634,702**
Additions	22,451
Inflation adjustment	145,042
Results of the Periodic Tariff Revision	6,036
Amounts received	(167,769)
Balance on March 31, 2021	**3,640,462**

For transmission concessions, the consideration to be paid to the Company arises from the concession contracts N° 006/97 and N° 079/00, as follows:

	Mar. 31, 2021	Dec. 31, 2020
Current		
Concession contract - 079/00 (a)	32,768	28,600
Concession contract - 006/97 (b)		
National Grid ('BNES' - Basic Network of the Existing System)	548,890	533,430
National Grid - new facilities (RBNI)	170,260	156,400
	751,918	**718,430**
Non-current		
Concession contract - 079/00 (a)	146,557	132,589
Concession contract - 006/97 (b)		
National Grid ('BNES' - Basic Network of the Existing System)	1,285,844	1,362,424
National Grid - new facilities (RBNI)	1,456,143	1,421,259
	2,888,544	**2,916,272**
	3,640,462	**3,634,702**

a) Concession contract N° 006/97

The contract regulates the public service of commercial operation of transmission facilities that are classified as parts of the National Grid, pursuant to Law 9,074/1995 and to the regulation applicable, in effect until December 31, 2042.

The contract was renewed on December 4, 2012, for 30 years, from January 1, 2013, under Provisional Act 579 of September 11, 2012 (converted into Law 12,783/2013), which specified reimbursement for the assets that had not been depreciated on December, 31, 2012.

On June 30, 2020, Aneel ratified the results of the Periodic Tariff Review for Contract 006/1997, through Ratifying Resolution 2,712/2020, setting the repositioning of the Permitted Annual Revenue (RAP), to be applied from July 1, 2018. In this process the RAP of the 2018-19 cycle was increased by 9.13% from the provisional amount of RAP for the same period. Although this revision was finalized only in 2020, its effects were backdated to July 2018.

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As a result of the Periodic Tariff Review (RTP), the company recognized gains of R$528,598 in its 2020 results, comprising R$321,453 for the RBNI assets and R$207,145 for the Basic Network of the Existing System (BNES) assets, corresponding to the extension of the concessions, under Law 12,783/13, included in the Regulatory Remuneration Base.

On April 22, 2021, Resolution 2,852 changed the repositioning of the RAP set by Resolution 2,712/2020, with effect backdated to July 1, 2018, and also the Adjustment Portion of the Review, with financial effects on the adjustment of RAP for the 2021-22 cycle, to be in effect from July 1, 2021 to June 30, 2022. The Company is assessing the effects of this resolution, and does not expect losses in its contractual assets as a result of application of the changes introduced.

On December 31, 2020, as described in Note 2.3, the Company reclassified to contract asset the amounts recorded as financial asset at the first adoption of CPC 47/ IFRS 15, related to the National Grid ('BNES' - Basic Network of the Existing System) financial portion, which represents the amount to be paid since the extension of the concessions until its incorporation into the tariff, to be received in 8 years, and exclusively represented installments not paid for the year 2013 to 2017, updated by the regulatory cost of capital of the transmission sector. The amount reclassified for the period ended on March 31, 2020 was R$1,279,476, respectively.

The next Periodic Tariff Review (RTP) will take place in June 2023, with effect from July 1, 2023. The indexer used to update the contract is the Expanded Consumer Price Index (Índice de Preços ao Consumidor Amplo –IPCA).

National Grid Assets- 'BNES' - Basic Network of the Existing System – the regulatory cost of capital updating

On April 10, 2017, a preliminary injunction was granted to the Brazilian Large Free Customers' Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silicio Metálico*) in their legal action against the grantor and the Federal Government requesting suspension of the effects on their tariffs of remuneration at cost of equity of portions of "National Grid" assets not yet paid from 2013 to 2017 owned to the agents that accepted the terms of Law 12,783/13.

In June 2020, due to revocation of the majority of the injunctions, and in compliance with the Execution Opinions issued by the Federal Public Attorneys' Office to Aneel, the effects caused by the reversal of these injunctions were calculated, for inclusion of the cost of equity in the transmission revenue starting with the 2020-21 cycle, considering all retrospective effects, including those arising from the assumptions adopted in the 2018 RAP periodic reset.

At this moment Aneel provisionally ratified only the inclusion of the cost of equity updated by IPCA index of the period between the 2017-18 and 2019-20 tariff cycles, considering the need for deeper examination of the legal conditions for analysis of the Company's appeal, which require the inclusion of the WACC remuneration for the periods in which it was suspended.

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

On April 22, 2021, Aneel published Ratifying Resolution 2,852, which altered Ratifying Resolution 2,712/2020, defining, among other provisions, the financial component referred to. The judgment vote attached to the Resolution states that, in compliance with the Execution Order Opinion issued by the Federal Procurator applying to Aneel, the cost of own capital associated with the financial components was incorporated into the calculation of the Periodic Review processes of 2018 deciding the RAP of the transmission concessions that were extended under Law 12,783/2013. This caused 2 effects: (i) A new value for the component to be considered in the RAP of the tariff cycles for 2020-21 to 2025-26; and (2) a residual value for the difference between the amount paid to the transmission companies in the 2017-18 and 2019-20 tariff cycles and the amount payable after the injunctions were overturned.

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

However, due to the tariff pressure resulting from the effects of the Covid-19 pandemic, and due to the high risk of default in the electricity sector, Aneel opted the alternative of 'reprofiling' these payments, for payment gradually over a period of 8 years, guaranteeing the net present value of the transaction. In the proposed profile the minimum payment is made in the 2021-22 cycle, that is, say, with zero amortization of the debt portion of the balance; in the 2022-23 cycle there is amortization at a rate of 3.0%, so as to amortize part of the debt and keep the level of payments stable; and there are then constant payments over the cycles of 2023-24 to 2027-28, with amortization rates of 16.11% per year. Thus, to achieve regulatory stability and mitigate sector risk, this financial component of revenue will not be the subject of the periodic review of 2023.

The Company is assessing the effects of the decision by Aneel put into effect by Ratifying Resolution 2,852/2021, based on recalculation of the financial component including the remuneration of capital at the rate of cost of own capital, substituting the weighted average regulatory cost of capital, for the period from June 2017 to June 2020, and the new amounts of the component for the cycles of 2020-21 and 2025-26, taking into account the reprofiling of the payments under the terms of the Resolution. Considering that Aneel's decision resulted in an increase of the financial component to be received by the Company, there are no expectations of losses relating to this portion.

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b) Concession contract 079/00

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

The contract does not provide the review of the established revenue. Only of the revenues provisionally established, arising from enhancements and upgrades authorizations are reset. Thus, on December 15, 2020, the Resolution 2,825/2020 ratified the RAP Periodic Tariff Review of bid contracts of energy transmission, whose tariff review was scheduled for July, 2019. The Periodic Tariff Reviews result on a recoginition of R$23,254 in the income of the Company on December 31, 2020.

In response to the results decided by the Ratifying Resolution, the Company presented an application for reconsideration, which resulted in Aneel recognizing the following inconsistencies: (i) no discount on the reassessed amount of the rates of PIS, Pasep and Cofins taxes relating to the benefit under REIDI (the Special Infrastructure Development Incentives Regime – Regime Especial de Incentivos para o Desenvolvimento da Infraestrutura), and (ii) material error in the recognition of the amounts of the average annual depreciation rate. As a result, the amounts of the RAPs and the Adjustment Portions for contract 079/00 of Cemig GT were altered, in accordance with Ratifying Resolution 2839 of March 30, 2021, generating a positive adjustment of R$6,036 in Contractual assets at March 31, 2021. The total amount of revenue recognized in the profit for the period in relation to the Tariff Review, net of applicable taxes, is R$5,816.

The amounts will comprise the new RAP as from the adjustment for the 2021/2022 cycle and the adjustment portion relating to the backdating will be paid in 3 installments during the next adjustment processes.

The next Periodic Tariff Review (RTP) of the enhancements that have been approved will take place in June 2024, and be in effect from July 1, 2024. The indexer used for adjustment of the contract is the General Market Prices Index (Índice Geral de Preços do Mercado – IGP-M).

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13. INVESTMENTS

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Affiliated companies				
Madeira Energia (*Santo Antônio* Plant)	165,659	209,374	165,659	209,374
FIP Melbourne (*Santo Antônio* Plant)	121,936	157,476	121,936	157,476
Jointly controlled entities				
Hidrelétrica Cachoeirão	54,911	53,215	54,911	53,215
Guanhães Energia	171,645	131,391	171,645	131,391
Hidrelétrica Pipoca	38,116	35,552	38,116	35,552
LightGer	49,940	51,805	49,940	51,805
Baguari Energia	153,349	159,029	153,349	159,029
Aliança Norte (*Belo Monte* plant)	625,000	631,227	625,000	631,227
Amazônia Energia (*Belo Monte* plant)	955,047	965,255	955,047	965,255
Aliança Geração	1,202,711	1,166,240	1,202,711	1,166,240
Retiro Baixo	194,206	195,235	194,206	195,235
Subsidiaries				
Cemig Baguari	-	-	101	55
Cemig Geração Três Marias S.A.	-	-	1,484,540	1,452,217
Cemig Geração Salto Grande S.A.	-	-	470,533	455,480
Cemig Geração Itutinga S.A.	-	-	186,088	179,745
Cemig Geração Camargos S.A.	-	-	143,295	143,704
Cemig Geração Sul S.A.	-	-	181,642	174,005
Cemig Geração Leste S.A.	-	-	128,912	127,128
Cemig Geração Oeste S.A.	-	-	89,658	83,870
Rosal Energia S.A.	-	-	130,484	127,020
Sá Carvalho S.A.	-	-	111,063	115,486
Horizontes Energia S.A.	-	-	56,060	55,461
Cemig PCH S.A.	-	-	98,690	89,898
Cemig Geração Poço Fundo S.A.	-	-	3,946	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	30,219	56,838
Cemig Trading S.A.	-	-	16,151	30,315
Central Eólica Praias de Parajuru S.A.	-	-	165,657	161,061
Central Eólica Volta do Rio S.A.	-	-	245,705	245,436
Total of investments	**3,732,520**	**3,755,799**	**7,275,264**	**7,257,319**
Usina Hidrelétrica Itaocara – equity deficit (1)	(29,890)	(29,615)	(29,890)	(29,615)
Total	**3,702,630**	**3,726,184**	**7,245,374**	**7,227,704**

(1) On December 31, 2019, the investee Usina Hidrelétrica Itaocara had negative shareholders' equity. Thus, after reducing the accounting value of its interest to zero, the Company recognized the loss to the extent that it assumed contractual obligations with the subsidiary and the other shareholders, which on March 31, 2021 is R$29,890 (R$29,615 on December 31, 2020).

For the quarter ended on March 31, 2021, management evaluates if, due to the economic shock of the Covid-19 pandemic (Note 1.c), it could have potential decline in value of assets, as referred to in IAS 36 / CPC 01 – *Impairments of Assets*. As a result of the analyzes, the Company concluded that a pandemic brought cyclical effects and a long-term expectation of realization of the assets underwent no change, with no losses in the recoverable value of its investments. Thus, the reported assets net carrying amount is recoverable, and thus that there was no need to recognize any impairment loss in the Company nor its subsidiaries as a result of the current economic scenario.

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

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a) Right to exploitation of the regulated activity

In the process of allocating the purchase price for of the acquisition of the subsidiaries and affiliates, a valuation was made for the intangible assets relating to the right to operate the infrastructure. This asset is presented together with the acquisition cost of the investments and these assets will be amortized over the remaining period of the concessions on a straight-line basis.

The rights of authorization to generate wind energy granted to Parajuru and Volta do Rio, valued at R$52,703 (R$53,858 on December 31, 2020) and R$72,289 (R$73,983 on December 31, 2020), respectively, are included in the interim financial information of Company in accordance with Technical Interpretation ICPC 09, the investments and are classified in the consolidated balance sheet under Intangibles. These concession assets are amortized by the straight-line method, during the period of the concession. More details in Note 15.

The changes in these assets are as follows:

Consolidated	Balance at Dec. 31, 2020	Amortization	Balance at Mar. 31, 2021
Retiro Baixo	29,186	(347)	28,839
Madeira Energia (*Santo Antônio* plant)	16,526	(184)	16,342
Aliança Geração	326,915	(6,327)	320,588
Aliança Norte (*Belo Monte* plant)	48,632	(493)	48,139
	421,259	**(7,351)**	**413,908**

Parent Company	Balance at Dec, 31, 2020	Amortization	Balance at Mar, 31, 2021
Retiro Baixo	29,186	(347)	28,839
Central Eólica Praias de Parajuru	53,858	(1,155)	52,703
Central Eólica Volta do Rio	73,983	(1,694)	72,289
Madeira Energia (*Santo Antônio* plant)	16,526	(184)	16,342
Aliança Geração	326,915	(6,327)	320,588
Aliança Norte (*Belo Monte* plant)	48,632	(493)	48,139
	549,100	**(10,200)**	**538,900**

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

Consolidated	Balance at Dec. 31, 2020	Gain (loss) by equity method	Dividends	Balance at Mar. 31, 2021
Hidrelétrica Cachoeirão	53,215	3,996	(2,300)	54,911
Guanhães Energia	131,391	40,254	-	171,645
Hidrelétrica Pipoca	35,552	2,564	-	38,116
Madeira Energia (*Santo Antônio* Plant)	209,374	(43,715)	-	165,659
FIP Melbourne (*Santo Antônio* Plant)	157,476	(35,540)	-	121,936
Baguari Energia	159,029	5,155	(10,835)	153,349
Lightger	51,805	1,132	(2,997)	49,940
Amazônia Energia (*Belo Monte* Plant)	965,255	(10,208)	-	955,047
Aliança Norte (*Belo Monte* Plant)	631,227	(6,227)	-	625,000
Aliança Geração	1,166,240	36,471	-	1,202,711
Retiro Baixo	195,235	2,900	(3,929)	194,206
Total of investments	**3,755,799**	**(3,218)**	**(20,061)**	**3,732,520**
Itaocara – equity deficit	(29,615)	(275)	-	(29,890)
Total	**3,726,184**	**(3,493)**	**(20,061)**	**3,702,630**

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Parent Company	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Dividends	Balance at Mar. 31, 2021
Hidrelétrica Cachoeirão	53,215	3,996	-	(2,300)	54,911
Guanhães Energia	131,391	40,254	-	-	171,645
Hidrelétrica Pipoca	35,552	2,564	-	-	38,116
Madeira Energia (*Santo Antônio* Plant)	209,374	(43,715)	-	-	165,659
FIP Melbourne (*Santo Antônio* Plant)	157,476	(35,540)	-	-	121,936
Baguari Energia	159,029	5,155	-	(10,835)	153,349
Central Eólica Praias Parajuru	161,061	6,909	-	(2,313)	165,657
Central Eólica Volta do Rio	245,436	269	-	-	245,705
Lightger	51,805	1,132	-	(2,997)	49,940
Amazônia Energia (*Belo Monte* Plant)	965,255	(10,208)	-	-	955,047
Aliança Norte (*Belo Monte* Plant)	631,227	(6,227)	-	-	625,000
Aliança Geração	1,166,240	36,471	-	-	1,202,711
Retiro Baixo	195,235	2,900	-	(3,929)	194,206
Cemig Baguari	55	(4)	50	-	101
Cemig Ger.Três Marias S.A.	1,452,217	66,655	-	(34,332)	1,484,540
Cemig Ger.Salto Grande S.A.	455,480	22,845	-	(7,792)	470,533
Cemig Ger. Itutinga S.A.	179,745	16,686	-	(10,343)	186,088
Cemig Geração Camargos S.A.	143,704	11,326	-	(11,735)	143,295
Cemig Geração Sul S.A.	174,005	16,768	-	(9,131)	181,642
Cemig Geração Leste S.A.	127,128	11,845	-	(10,061)	128,912
Cemig Geração Oeste S.A.	83,870	5,788	-	-	89,658
Rosal Energia S.A.	127,020	7,477	-	(4,013)	130,484
Sá Carvalho S.A.	115,486	13,554	-	(17,977)	111,063
Horizontes Energia S.A.	55,461	599	-	-	56,060
Cemig PCH S.A.	89,898	9,469	-	(677)	98,690
Cemig Geração Poço Fundo S.A.	3,801	(55)	200	-	3,946
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	56,838	1,508	-	(28,127)	30,219
Cemig Trading S.A.	30,315	393	-	(14,557)	16,151
Total of investments	**7,257,319**	**188,814**	**250**	**(171,119)**	**7,275,264**
Itaocara – equity deficit	(29,615)	(275)	-	-	(29,890)
Total	**7,227,704**	**188,539**	**250**	**(171,119)**	**7,245,374**

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c) Information on the subsidiaries, affiliates and and jointly-controlled entities, not adjusted for the Company's percentage ownership interest:

Company	Number of shares	December 31, 2020			December 31, 2019		
		Equity interest (%)	Share capital	Equity	Equity interest (%)	Share capital	Equity
Affiliated companies							
Madeira Energia (*Santo Antônio* plant)	12,034,025,147	15.51	10,619,786	1,749,198	15.51	10,619,786	2,259,093
Jointly controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	110,939	49.00	35,000	108,602
Guanhães Energia	548,626,000	49.00	548,626	350,295	49.00	548,626	268,144
Hidrelétrica Pipoca	41,360,000	49.00	41,360	77,970	49.00	41,360	72,554
Baguari Energia (1)	26,157,300,278	69.39	186,573	221,004	69.39	186,573	229,189
Lightger	79,078,937	49.00	79,232	101,920	49.00	79,232	105,724
Aliança Norte (*Belo Monte* plant)	41,923,360,811	49.00	1,209,043	1,177,268	49.00	1,209,043	1,188,963
Amazônia Energia (*Belo Monte* plant) (1)	1,322,697,723	74.50	1,322,698	1,281,811	74.50	1,322,698	1,295,644
Aliança Geração	1,291,582,500	45.00	1,291,488	1,953,918	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	331,397	49.90	225,350	324,810
Renova (1) (2)	41,719,724	36.23	2,960,776	(1,127,370)	36.23	2,960,776	(1,107,637)
Usina Hidrelétrica Itaocara S.A.	71,708,500	49.00	71,709	(60,999)	49.00	71,709	(60,438)
Subsidiaries							
Cemig Baguari	356,000	100.00	406	101	100.00	356	55
Cemig Ger.Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,484,540	100.00	1,291,423	1,452,217
Cemig Ger.Salto Grande S.A.	405,267,607	100.00	405,268	470,533	100.00	405,268	455,480
Cemig Ger. Itutinga S.A.	151,309,332	100.00	151,309	186,088	100.00	151,309	179,745
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	143,295	100.00	113,499	143,704
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	181,642	100.00	148,147	174,006
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	128,912	100.00	100,569	127,128
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	89,658	100.00	60,595	83,870
Rosal Energia S.A.	46,944,467	100.00	46,944	130,484	100.00	46,944	127,019
Sá Carvalho S.A.	361,200,000	100.00	36,833	111,063	100.00	36,833	115,486
Horizontes Energia S.A.	39,257,563	100.00	39,258	56,060	100.00	39,258	55,461
Cemig PCH S.A.	45,952,000	100.00	45,952	98,690	100.00	45,952	89,898
Cemig Geração Poço Fundo S.A.	1,402,000	100.00	1,602	3,946	100.00	1,402	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	30,219	100.00	486	56,838
Cemig Trading S.A.	1,000,000	100.00	1,000	16,151	100.00	1,000	30,315
Central Eólica Praias de Parajuru S.A.	70,560,000	100.00	85,835	112,954	100.00	70,560	107,204
Central Eólica Volta do Rio S.A.	117,230,000	100.00	274,867	173,416	100.00	117,230	171,453

(1) Control shared under a shareholders' agreement.

(2) In view of Renova's negative net equity, the Company reduced to zero the carrying amount of its equity interests in this investee, at December 31, 2018. Renova revised its investment in the subsidiary Brasil PCH and recognized in its financial statements adjustments related to equity in the financial year of 2018, which led to the restatment of the financial year of 2019. On May 5, 2021 the Board of Directors of Renova ratified the amount of the increase in its share capital to R$3,295,178, divided into 100,142,466 shares, of which 50,854,986 are common shares and 49,287,480 are preferred shares. Since Cemig did not take part in the capital increase, its equity interest was reduced to 29.72% of the voting stock and 15.09% of the total stock.

Madeira Energia S.A. ('MESA') and FIP Melbourne

MESA is the parent company of Santo Antônio Energia S.A ('SAESA'), whose objects are operation and maintenance of the *Santo Antônio* Hydroelectric Plant and its transmission system, on the Madeira River, and all activities necessary for operation of the plant and its transmission system. Between the shareholders include Furnas, Odebrecht Energia, SAAG and the Company.

On March 31, 2021 MESA reported a loss of R$509,895 (R$432,278 on March 31, 2020) and negative net working capital of R$169,818 (R$204,792 , negative, on December 31, 2020).

Hydroelectric plants project finances structurally present negative net working capital in the first years of operation, because they are built using high levels of financial leverage. On the other hand, they have firm long term contracts for energy supply as support and guarantee of payment of their debts. To balance the situation of negative working capital, in addition to its long-term sale contracts that ensure regularity in its operational cash flow, MESA benefits from its debt reprofiling, which adjusted its debt repayments flow to its cash generation capacity, so that the investee does not depend on additional investment from the shareholders.

Arbitration proceedings

In 2014, the Company and SAAG Investimentos S.A. (SAAG), a vehicle through which the Company holds an indirect equity interest in MESA, opened arbitration proceedings, in the Market Arbitration Chamber, challenging the following: (a) the adjustment for impairment carried out by the Executive Board of MESA, in the amount of R$678 million approximately, relating to certain credits owed to Mesa by CCSA, based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the by laws and Shareholders' Agreement of MESA; and also on the existence of credits owed to MESA by CCSA, for an amount greater than the claims; and (b) against the adjustment for impairment, carried out by the Executive Board of MESA, in the amount of R$678 million , relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

The arbitration judgment recognized the right of the Company and SAAG in full and ordered the annulment of the acts being impugned. As a consequence of this decision, MESA reversed the impairment, and posted a provision for receivables in the amount of R$678 million in its financial statements as of December 31, 2017. On March 31, 2021, the investee confirmed its assets recoverability expectation and maintained the provision for receivables in the amount of R$678 million.

To resolve the question of the liability of the CCSA consortium to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the affiliated company opened arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. This process is confidential under the Arbitration Regulations of the ICC.

The Company and SAAG Investimentos S.A. applied to the judiciary for provisional remedy prior to the arbitration proceeding, to suspend the effects of the capital increase approved by an Extraordinary General Meeting of Shareholders of Mesa held on August 28, 2018. This process is confidential under the Arbitration Regulations of the Market Arbitration Chamber.

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Renova Energia S.A. ('Renova') – In-court supervised reorganization

On March 31, 2021, reported a loss of R$30,023 (R$53,166 on March 31, 2020), Renova reported a loss of R$30,023 (R$ 53,166 on March 31, 2020); accumulated losses on March 31, 2021 of R$4,024,210 (R$3,994,187 on December 31, 2020); and negative net equity (uncovered liabilities) of R$1,127,370 (R$1,107,637 at December 31, 2020). On the other hand on March 31, 2021, Renova had positive working capital of R$556,109 (R$272,539 at December, 31, 2020), reflecting the effects of the Court-supervised reorganiztion Plan, which enabled signature of agreements to resolve the situation of the group's liabilities, with renegotiation of interest rates and lengthening of periods for settlement of debt.

In view of the investee's equity deficit, the Company reduced the carrying amount of its equity interests in Renova, at December 31, 2018, to zero and no further losses have been recognized, considering the non-existence of any legal or constructive obligations to the investee.

Additionally, the Company recognized, since June, 30 2019, an impairment of the receivable with jointly-controlled entity in the amount of R$688 million.

<u>*Renova for in-*court supervised *reorganization*</u>

On October 16, 2019, was granted court-supervised reorganization petition applied by Renova, and by the other companies of the group ('the Renova Group').

On October 25, 2019, the Company made an Advance for Future Capital Increase to Renova, of R$5,000 and subsenquently was agreeded between Cemig (Parent's Company) and Renova a Debtor in Possession (DIP) loan agreements in the total amount of R$36.5 million. The funds of these loans, made under specific rules of court-supervised reorganization proceedings, were necessary to support the expenses of maintaining the activities of Renova, and were authorized by the second State of São Paulo Bankruptcy and Court-supervised Reorganization Court. They are guaranteed by a fiduciary assignment of shares in a company owning assets of a wind power project owned by Renova, and they also have priority of receipt in the court-supervised reorganization process.

On May 2, 2020, the State of São Paulo Bankruptcy and Court-supervised Reorganization Court issued a decision ordering that the DIP loan, in the total amount of R$36.5 million, with real guarantee, already constituted and registered, would be subscribed as a capital increase in Renova. Company has filed a Motion for Clarification and in a virtual and permanent session of the 2nd Chamber of Business Law of the São Paulo Court of Justice, decided to uphold the appeal. Thus, the clauses of the court-supervised plan that deal with the loan contracts signed by the Company are maintained, for a while.

On September 21, 2020, Renova approved the proposal made by the Company for suspension of the obligations in the PPA signed between them, as amended from time to time, for incentive-bearing wind power which were linked to phase A of the Alto Sertão III Wind Complex. The suspension will remain in effect until the beginning of the commercial operation of the facilities aimed at the Free Market, planned for December 2022, and is duly aligned with the strategic planning set out for compliance with the Renova reorganization plan.

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On October 8, 2020, the Board of Renova approved acceptance of the binding proposal presented by Prisma Capital Ltda. for acquisition of the rights and assets related to Phase B of the *Alto Sertão III* Wind Complex, under first proposer ('Stalking Horse') conditions, with right of preference in the acquisition, subject to the usual conditions precedent, including approval by a General Meeting of Creditors, which occurred on December 18, 2020. The proceeds obtained will be specifically directed to compliance with its obligations under the Court-Supervised Reorganization Plan and restart of the works on Phase A of the *Alto Sertão III* Wind Complex.

On December 18, 2020, the General Meeting of Creditors approved the court-supervised reorganization plans submitted to the court by Renova. The economic and financial reasonableness of the two plans was presented at the creditors' meeting, as follows:

(i) raising of a bridge loan for completion of the Alto Sertão III wind complex – this was signed on December 17, 2020, in the amount of R$350 million, in the Debtor in Possession (DIP) financing form, by the subsidiary Chipley SP Participações S.A., with co-obligations by Renova Energia S.A. and Renova Participações S.A., to be allocated specifically to resumption of the works on Phase A of the Alto Sertão III Wind Complex;
(ii) sale of assets, principally the shareholding in Brasil PCH, and some wind power ongoing projects;
(iii) renegotiation of the period for settlement of liabilities, with alteration only of maturities, and not amounts; and
(iv) conclusion of the works on the Alto Sertão III Wind Complex.

In this sense, the plans describe the means of recovery in detail, give details of the DIP bridge loan, identify the Isolated Production Units (UPIs) and specify the procedure for resources disposal and allocation.

The main effects of the approval of the court-supervised reorganization plan on Renova's financial statements at December 2020 were as follow:

(i) the investments in Brazil PCH, Espra, Phase B and Mina de Ouro were presented as held for sale, in current assets;
(ii) liabilities were updated from the date of application for court-supervised reorganization until December 31, 2020 at 100% of the CDI rate;
(iii) the liabilities to controlling shareholders were updated from the date of approval of the application for court-supervised reorganization, and
(iv) the interest provisioned for the period between approval of the application and approval of the plan were reversed.

On February 11, 2021, *PSS Principal Fundo de Investimento em Participações Multiestratégia*, managed by *Prisma Capital Ltda*., won the competitive tender for sale of the Phase B UPI specified in the Renova Group's court-supervised reorganization Plan, with the proposal of R$58,386, 16.77% higher than the minimum value specified in the Plan. Renova and the PSS Principal Fund signed on March 2, 2021, the contract for sale of shares of the Phase B UPI was signed, on the terms specified in the Tender of that UPI and in the Renova Group's court-

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supervised reorganization Plan, subject to implementation of the suspensive conditions that are usual in the market.

On March 5, 2021, in the context of the court-supervised reorganization, Renova received R$362,465 from the Debtor in Possession financing contracted by its subsidiary Chipley SP Participações S.A. – in court-supervised reorganization with co-obligations by Renova and Renova Participações S.A. – in court-supervised reorganization, through a Bank Credit Note structured by *Quadra Gestão de Recursos S.A.* (‘*Quadra Capital’*) and issued in favor of *QI Sociedade de Crédito Ltda*., as specified and authorized in the court-supervised reorganization proceedings of the Renova Group, currently under the 2nd Court for Bankruptcies and Court-Supervised Reorganization of the Legal District of São Paulo State. The funds obtained will enable resumption of the works for conclusion of construction and start of commercial operation of Phase A of Alto Sertão III.

On April 6, 2021, Renova sold 100% of the indirect subsidiary Azalea Participações S.A., holder of the assets and rights of Phase B of the Alto Sertão III Wind Complex, to Ventos Altos Energias Renováveis Ltda, and transferred the shares to that company on that date.

Further, on May 6, 2021 the Board of Directors of Renova approved partially the capital increase of this investee in the amount of R$334,398, corresponding to the amount of the credits to be capitalized under the court-supervised reorganization plans. The Company is not part of the group of creditors that requested conversion of their credits into equity, and also will not subscribe any part of the capital increase. As a result, the equity interest held by the Company in Renova reduced from 29.72% to 15.09% of the total capital. There will be no effect on the present jointly control of Renova.

Considering the non-existence of any legal or constructive obligations to the investee, the Company has concluded that the granted of in-court supervised reorganization filed by Renova and approved by the court does not have any additional impact in its interim financial information.

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

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

On March 31, 2021 NESA had negative net working capital of R$174,300 (R$160,351 in December 31, 2020) and will spend further amounts on projects specified in its concession contract, even after conclusion of the construction and full operation of the Belo Monte Hydroelectric Plant. According to the estimates and projections, the situation of negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations and/or raising of bank loans.

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NESA joined the BNDES Program to Support Maintenance of Productive Capacity, Employment and Income, in the context of the Covid-19 pandemic crisis, obtaining suspension of the FINEM Direct Installment payment from June to November 2020, and the FINEM Indirect Installment payment from July to December 2020, and in consequence, it cannot distribute dividends greater than 25% in 2020. The investee's adherence to this program contributed significantly to reduction of its negative net working capital on December 31, 2020.

On September 21, 2015, NESA was awarded a preliminary injunction ordering the grantor to abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an the grantor (Aneel) Normative Resolution 595/2013 and in the Concession Contract for the Belo Monte Hydroelectric Plant'. The legal advisers of NESA have classified the probability of loss as 'possible' and estimated the potential loss on March 31, 2021 to R$2,603,000 (R$2,407,000 on December 31, 2020).

Risks related to compliance with law and regulations

Jointly-controlled entities and affiliates:

Norte Energia S.A. ('Nesa') – through Amazônia Energia and Aliança Norte

Investigations and other legal measures are in progress since 2015, conducted by the Federal Public Attorneys' Office, which involve other shareholders of NESA and certain executives of those other shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other shareholders, which are still in progress. At present, it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee. In addition, based on the results of the independent internal investigation conducted by NESA and its other shareholders, an infrastructure write-down of the R$183,000 was already recorded at NESA, and reflected in the Company's financial statements through the equity pick effect in 2015.

On March 9, 2018 '*Operação Fortuna*' started, as a 49th phase of 'Operation Lava Jato' ('Operation Carwash'). According to what has been disclosed by the media this operation investigates payment of bribes by the construction consortium of the *Belo Monte* power plant, comprising the companies Camargo Corrêa, Andrade Gutierrez, Odebrecht, OAS and J. Malucelli. Management of NESA believes that so far there are no new facts that have been disclosed by the 49th phase of 'Operation Carwash' that require additional procedures and internal investigation in addition to those already carried out.

The Company's management, based on its knowledge of the matters described above and on the independent procedure carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim financial information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's interim financial information.

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Madeira Energia S.A. ('MESA')

Investigation and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of MESA and certain executives of those other indirect shareholders. In this context, the Federal Public Attorneys have started investigations searching for irregularities involving contractors and suppliers of MESA and of its other shareholders. In response to allegations of possible illegal activities, the investee and its other shareholders started an independent internal investigation.

The independent internal investigation, concluded in February 2019, in the absence of any future developments such as any leniency agreements by third parties that may come to be signed or collaboration undertakings that may be signed by third parties with the Brazilian authorities, found no objective evidence enabling it to be affirmed that there were any supposed undue payments by MESA (SAESA) that should be considered for possible accounting write-off, pass through or increase of costs to compensate undue advantages and/or linking of MESA with the acts of its suppliers, in the terms of the witness accusations and/or cooperation statements that have been made public.

The Company's management, based on its knowledge of the matters described above and on the independent procedures carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim financial information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's interim financial informatioon.

Renova Energia S.A. ('Renova')

Since 2017 Renova is part of a formal investigation by the Civil Police of Minas Gerais State and other public authorities related to certain capital injections made by some of its controlling shareholders, including the Company and capital injections made by Renova in certain projects under development in previous years.

On April 11, 2019, within the 'Operação Descarte' scope, the Brazilian Federal Police commenced the '*Operation E o Vento Levou'* as part of the '*Lava Jato'* Investigation, and executed a search and seizure warrant issued by a Federal Court of São Paulo at Renova's head office in São Paulo, based on allegations and indications of misappropriation of funds harmful to the interests of Cemig. Based on the allegations being investigated, these events are alleged to have taken place before 2015. On July 25, 2019, the second phase of the operation occurred.

The 'Operation E o Vento Levou' and the police investigation of the Minas Gerais State Civil Police have not yet been concluded. Thus, there is a possibility that material information may be revealed in the future. If a criminal action is filed against agents who could have damaged Renova, Renova intends to act as auxiliary to the prosecution in any criminal proceedings, and subsequently sue for civil reparation of the damages suffered.

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Due to these third party investigations, the governance bodies of Renova have requested opening of an internal investigation, conducted by an independent company with the support of an external law firm, the scope of which comprises assessment of the existence of irregularities, including noncompliance with: the Brazilian legislation related to acts of corruption and money laundering; Renova's Code of Ethics; and its integrity policies. Additionally, a Monitoring Committee was established in Renova which, jointly with the Audit Committee, accompanied this investigation. The internal investigation was concluded on February 20, 2020, and no concrete evidences of acts of corruption or diversion of funds to political campaigns were identified.

However, the independent investigators identified irregularities in the conducting of business and agreement of contracts by Renova, including: (i) payments without evidence of the consideration of services, in the total amount of approximately R$40 million; (ii) payments not in accordance with the company's internal policies and best governance practices, in the total amount of approximately R$137 million; and (iii) deficiencies in the internal controls of the investee.

As a result of the analysis of the above mentioned values, Renova concluded that R$35 million relates to effective assets and therefore no impairment is necessary. The remaining amount of R$142 million was already impaired in previous years, producing no impact on the interim financial information for the period ended March 31, 2021 and the financial statements for the year ended December 31, 2020.

In response to the irregularities found, and based on the recommendations of the monitoring Committee and legal advisers, the Board of Directors of Renova decided to take all the steps necessary to preserve the rights of the investee, continue with the measures to obtain reimbursement of the losses caused, and strengthen the company's internal controls.

Since the investment at Renova is fully impaired at March 31, 2021, and since no contractual or constructive obligations in relation to the investee have been assumed by the Company, it is not expected that effects resulting from the in-court supervised reorganization process, or the investigations, or the operational activities of this investee can significantly impact the Company's interim financial information, even if eventually not yet recorded by Renova.

Other investigations

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

Additionally, on April 11, 2019 agents of the Brazilian Federal Police were in the Company's head office in Belo Horizonte to execute a search and seizure warrant issued by a São Paulo Federal Court in connection with the 'Operation E o Vento Levou', as described above.

These proceedings are being investigated through the analysis of documents demanded by the respective authorities, and by hearing of witnesses.

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Internal procedures for risks related to compliance with law and regulations.

Taking into account the investigations, that are being conducted by public authorities at the Company and at certain investees, as described above, the governance bodies of the Company have authorized contracting a specialized company to analyze the internal procedures related to these investments. This independent investigation was subject to oversight of an independent investigation committee whose creation was approved by our Board of Directors.

The Company's internal investigation was completed and the corresponding report was issued on May 8, 2020. Considering the results of the internal investigations, no objective evidence was identified to affirm that there were illegal acts on the investments made by Company that were subject to the investigation, therefore, there was no impact in the interim financial information ended March 31, 2021 nor in its prior financial statements.

In the second semester of 2019, Company signed tooling agreements with the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ), which was extended in February, 2021 for an additional period of six months. Cemig has complied with the requests and intends to continue contributing to the SEC and the DOJ.

Due to the completion of the investigations for which the Special Investigating Committee was constituted, from the delivery of the final report by the specialized company, the governance bodies of the Company decided to extinguish that Committee. If there are any future needs resulting from developments in this matter, the Committee can be reinstated.

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

The Company will evaluate any changes in the future scenario and eventual impacts that could affect the interim financial information, when applicable. The Company will collaborate with the national and international relevant authorities and their analysis related to the investigations in progress.

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14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	March 31, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**7,332,892**	**(5,135,629)**	**2,197,263**	**7,321,663**	**(5,091,975)**	**2,229,688**
Land	246,775	(23,567)	223,208	246,775	(22,624)	224,151
Reservoirs, dams and watercourses	3,301,345	(2,299,949)	1,001,396	3,299,589	(2,279,878)	1,019,711
Buildings, works and improvements	1,100,414	(840,368)	260,046	1,100,414	(835,826)	264,588
Machinery and equipment	2,650,819	(1,942,639)	708,180	2,641,324	(1,924,711)	716,613
Vehicles	20,602	(18,875)	1,727	20,602	(18,756)	1,846
Furniture and utensils	12,937	(10,231)	2,706	12,959	(10,180)	2,779
Under construction	**192,448**	**-**	**192,448**	**175,993**	**-**	**175,993**
Assets in progress	192,448	-	192,448	175,993	-	175,993
Net PP&E	**7,525,340**	**(5,135,629)**	**2,389,711**	**7,497,656**	**(5,091,975)**	**2,405,681**

Parent Company	March 31, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,190,276**	**(4,555,611)**	**1,634,665**	**6,182,139**	**(4,523,568)**	**1,658,571**
Land	242,176	(23,191)	218,985	242,176	(22,261)	219,915
Reservoirs, dams, watercourses	3,022,074	(2,158,982)	863,092	3,021,850	(2,141,101)	880,749
Buildings, works and improvements	1,013,858	(801,741)	212,117	1,013,858	(797,915)	215,943
Machinery and equipment	1,879,083	(1,542,979)	336,104	1,871,166	(1,533,759)	337,407
Vehicles	20,388	(18,661)	1,727	20,388	(18,542)	1,846
Furniture and utensils	12,697	(10,057)	2,640	12,701	(9,990)	2,711
Under construction	**127,039**	**-**	**127,039**	**114,568**	**-**	**114,568**
Assets in progress	127,039	-	127,039	114,568	-	114,568
Net PP&E	**6,317,315**	**(4,555,611)**	**1,761,704**	**6,296,707**	**(4,523,568)**	**1,773,139**

Changes in Property, plant and equipment were as follows:

Consolidated	Balance at Dec. 31, 2020	Addition	Transfer (2)	Settled	Depreciation	Balance at Mar. 31, 2021
In service	**2,229,688**	**-**	**11,336**	**(1,514)**	**(42,247)**	**2,197,263**
Land (1)	224,151	-	-	-	(943)	223,208
Reservoirs, dams, watercourses	1,019,711	-	1,814	-	(20,129)	1,001,396
Buildings, works and improvements	264,588	-	-	-	(4,542)	260,046
Machinery and equipment	716,613	-	9,522	(1,514)	(16,441)	708,180
Vehicles	1,846	-	-	-	(119)	1,727
Furniture and utensils	2,779	-	-	-	(73)	2,706
Under construction	**175,993**	**27,791**	**(11,336)**	**-**	**-**	**192,448**
Net PP&E	**2,405,681**	**27,791**	**-**	**(1,514)**	**(42,247)**	**2,389,711**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession;
(2) Balance relating to transfers from Assets in progress to Assets in service.

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Parent Company	Balance at Dec. 31, 2020	Addition	Transfer (2)	Settled	Depreciation	Balance at Mar. 31, 2021
In service	**1,658,571**	**-**	**8,229**	**(1,514)**	**(30,621)**	**1,634,665**
Land (1)	219,915	-	-	-	(930)	218,985
Reservoirs, dams, watercourses	880,749	-	282	-	(17,939)	863,092
Buildings, works and improvements	215,943	-	-	-	(3,826)	212,117
Machinery and equipment	337,407	-	7,947	(1,514)	(7,736)	336,104
Vehicles	1,846	-	-	-	(119)	1,727
Furniture and utensils	2,711	-	-	-	(71)	2,640
Under construction	**114,568**	**20,700**	**(8,229)**	**-**	**-**	**127,039**
Net PP&E	**1,773,139**	**20,700**	**-**	**(1,514)**	**(30,621)**	**1,761,704**

(1) Certain land sites linked to concession contracts and not having provision for reimbursement are amortized in accordance with the period of the concession;
(2) Balance relating to transfers from Assets in progress to Assets in service;

The average annual depreciation rate for the Company and its subsidiaries is 3.12%.

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The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be reimbursed to the Company – with the exception of the concession contracts related to Lot D of Auction 12/2015. Management believes that the indemnity of these assets will be greater than the amount of their historic cost, after depreciation over their useful lives.

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

Consortium

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

Consolidated and Parent Company	Stake in power output, %	Average annual depreciation rate %	March 31, 2021	December 31, 2020
In service				
Queimado Power Plant	82.50	3.94	218,448	218,111
Depreciation			(119,899)	(117,271)
Total in service			**98,549**	**100,840**
In progress				
Queimado Power Plant	82.50	-	1,523	1,580
Total in progress			**1,523**	**1,580**
Total			**100,072**	**102,420**

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15. INTANGIBLE ASSETS

Consolidated	March 31, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**300,434**	**(154,760)**	**145,674**	**298,944**	**(150,917)**	**148,027**
Temporary easements	14,692	(4,233)	10,459	13,217	(4,045)	9,172
Paid concession	19,169	(13,457)	5,712	19,169	(13,288)	5,881
Assets of the concession (1)	202,338	(77,346)	124,992	202,338	(74,497)	127,841
Others	64,235	(59,724)	4,511	64,220	(59,087)	5,133
Under construction	**9,521**	**-**	**9,521**	**8,459**	**-**	**8,459**
Assets in progress	9,521	-	9,521	8,459	-	8,459
Net intangible assets	**309,955**	**(154,760)**	**155,195**	**307,403**	**(150,917)**	**156,486**

(1) The rights of authorization to generate wind energy granted to the Parajuru and Volta do Rio, in the amount of R$124,992, are considered as investments in the interim financial information of the parent company and are classified under Intangible assets in the statement of financial position, as per Technical Interpretation ICPC 09. These concession assets are amortized by the straight-line method, during the period of the concession.

Parent Company	March 31, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**95,920**	**(77,095)**	**18,825**	**94,430**	**(76,149)**	**18,281**
Temporary easements	12,926	(4,081)	8,845	11,451	(3,923)	7,528
Paid concession	19,169	(13,458)	5,711	19,169	(13,288)	5,881
Others	63,825	(59,556)	4,269	63,810	(58,938)	4,872
Under construction	**9,505**	**-**	**9,505**	**8,443**	**-**	**8,443**
Assets in progress	9,505	-	9,505	8,443	-	8,443
Net intangible assets	**105,425**	**(77,095)**	**28,330**	**102,873**	**(76,149)**	**26,724**

Changes in intangible assets are as follow:

Consolidated	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Amortization	Balance at March 31, 2021
In service	**148,027**	**-**	**1,490**	**(3,843)**	**145,674**
Temporary easements	9,172	-	1,475	(188)	10,459
Paid concessions	5,881	-	-	(169)	5,712
Assets of the concession	127,841	-	-	(2,849)	124,992
Others	5,133	-	15	(637)	4,511
Under construction	**8,459**	**2,552**	**(1,490)**	**-**	**9,521**
Assets in progress	8,459	2,552	(1,490)	-	9,521
Total	**156,486**	**2,552**	**-**	**(3,843)**	**155,195**

(1) Balance relating to transfers from Assets in progress to Assets in service.

Parent Company	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Amortization	Balance at March 31, 2021
In service	**18,281**	**-**	**1,490**	**(946)**	**18,825**
Temporary easements	7,528	-	1,475	(158)	8,845
Paid concessions	5,881	-	-	(170)	5,711
Others	4,872	-	15	(618)	4,269
Under construction	**8,443**	**2,552**	**(1,490)**	**-**	**9,505**
Assets in progress	8,443	2,552	(1,490)	-	9,505
Total	**26,724**	**2,552**	**-**	**(946)**	**28,330**

(1) Balance relating to transfers from Assets in progress to Assets in service.

Taking into account the useful life of the related assets, the average annual of the Company and its subsidiares amortization rate is 13.03%.

Items in intangible assets, rights of commercial operation, paid concessions, and others are amortized by the straight-line method; the rates used are based on the consumption pattern of these rights. The Company and its subsidiaries have not identified any evidence of impairment of its intangible assets. The Company and its subsidiaries have no intangible assets with non-defined useful life.

On December 31, 2020, upon conclusion of the refurbishment of the 19 aero generators of the subsidiary Volta do Rio and full resumption of its generation capacity, the Company tested its operation assets for impairment, and it was found that economic and financial equilibrium, and the liquidity, of the subsidiary will be re-established. As a result, the Company reversed part of the loss that had been recognized, resulting in a net reversal of R$13,825 on December, 31, 2020, which is posted in the statement of income as other expenses.

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

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

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

The aim of this new law is to compensate the holders of hydroelectric plants participating in the MRE for non-hydrological risks caused by:

(i) generation ventures classified as structural, related to bringing forward of physical guarantee of the plants;
(ii) the restrictions on start of operation of the transmission facilities necessary for outflow of the generation output of structural projects; and
(iii) generation outside the merit order system, and importation.

This compensation will take the form of extension of the grant of concession or authorization to operate, limited to 7 years, calculated on the basis of the parameters applied by Aneel.

On December 1, 2020, Aneel issued its Normative Resolution 895, which established the methodology for calculation of the compensation, and the procedures for renegotiation of hydrological risk. To be eligible for the compensations under Law 14,052, the holders of hydroelectric plants participating in the MRE are required to:

(i) cease any legal actions which claimed exemption from or mitigation of hydrological risks related to the MRE;
(ii) relinquishing any claims and/or further legal actions in relation to exemptions from or mitigation of hydrological risks related to the MRE; and
(iii) not to have renegotiated hydrological risk under Law 13,203/2015.

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On March 2, 2021 the CCEE sent to Aneel the calculations for the concessions extensions in the Free Market (ACL) that have opted to accept the conditions proposed by Aneel Normative Resolution 895/2020 and Law 14,052/2020. The Company's management is awaiting ratification and publication by Aneel of its extensions of the concessions grants, for subsequent submission to the Company's governance bodies for approval. Thus, no impact arising from this subject has been recorded in the interim financial information at March 31, 2021.

Based on the data supplied by CCEE to Aneel, the Company's plants will have the right to the following periods of extension:

Power Plant	Physical Guarantee (average MW)	Concession extension (months)
Emboração	500	23
Nova Ponte	270	25
Sá Carvalho	56	22
Rosal	29	46
Others (1)	399	-

(1) Includes 11 power plants, of which 7 are owned by Cemig GT, 1 is owned by Cemig PCH and 3 are owned by Horizontes. The average concession extension in months varies between 1 and 84 months.

The accounting effect arising from renegotiation of hydrological risk comprises: the recognition of an intangible asset, related to the right of grant arising from the compensation for costs incurred in prior years, based on fair value, with counterpart in energy cost compensation in statement of income. These effects will be recognized after approval by the Company's governance bodies of the proposal for renegotiation of hydrological risk. This is expected to take place in 2021.

With the approval of Law 14,120/2021, the right to reimbursement for the generation plants of Lot D was recognized, enabling the CCEE to make a new calculation, including these plants, indicating the right to their concession extension by the allowed maximum (seven years). Official confirmation of these amounts is pending regulations to be issued by Aneel.

16. LEASING TRANSACTIONS

The Company and its subsidiaries recognized a right of use and a lease liability, according the IFRS 16 / CPC 06 (R2) – Leases, for the following contracts which contain a lease*:*

- Leasing of building used as administrative headquarter;
- Leasing of commercial vehicles used in operations.

The Company and its subsidiaries have elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the income statement on the straight-line basis, over the period of the leasing. Their effects on net income from January to December 2020 were immaterial.

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The discount rates were obtained by reference to the Company's incremental borrowing rate, based on the debts contracted by the Company and through quotations with potential financial institutions, and reflect the Company's credit risk and the market conditions at the lease agreement date, as follows:

Marginal rates	Annual rate (%)	Monthly rate (%)
Initial application		
Up to two years	7.96	0.64
Three to five years	10.64	0.85
Six to twenty years	13.17	1.04
Contracts entered – 2019 to 2021		
Up to three years	6.87	0.56
Three to four years	7.33	0.59
Four to twenty years	8.08	0.60

a) Right of use assets

The right of use assets were valued at cost, corresponding to the amount of the initial measurement of the lease liabilities, and amortized on the straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Changes in the right of use assets are as follows:

Consolidated	Real estate property	Vehicles	Total
Balances on December 31, 2020	**37,724**	**4,160**	**41,884**
Amortization (1)	(390)	(1,423)	(1,813)
Remeasurement (2)	-	**146**	**146**
Balances on March 31, 2021	**37,334**	**2,883**	**40,217**

Parent Company	Real estate property	Vehicles	Total
Balances on December 31, 2020	**36,432**	**3,586**	**40,018**
Amortization (1)	(375)	(1,280)	(1,655)
Remeasurement (2)	-	146	146
Balances on March 31, 2021	**36,057**	**2,452**	**38,509**

(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 amounts of R$28, for the consolidated and individual interim financial information, respectively (R$1,261 in 2019 for the consolidated and individual financial statements).
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

b) Lease liabilities

The liability for leasing agreements is measured at the present value of lease payments to be made over the lease term, discounted at the Company's marginal borrowing interest rate. The carrying amount of lease liabilities is remeasured if there are modifications that shall be accounted for as a remeasurement of the lease liability.

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The changes in the lease liabilities are as follows:

	Consolidated	Parent Company
Balances at December 31, 2020	**44,543**	**42,586**
Accrued interest (1)	1,358	1,304
Payment of principal portion of lease liability	(2,890)	(2,685)
Payment of interest	(54)	(50)
Remeasurement (2)	146	146
Balances at March 31, 2021	**43,103**	**41,301**
Current liabilities	**7,936**	**7,294**
Non-current liabilities	**35,167**	**34,007**

(1) Financial revenues recognized in the interim financial information are net of incorporation of the credits for PIS, Pasep and Cofins taxes on payments of rentals, in the amounts of R$91 and R$90, for the consolidated and individual interim financial information, respectively. (R$392 and R$388 in 2020 for the consolidated and interim financial information, respectivaly).

(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

The potential right to recovery of PIS/Pasep and Cofins taxes embedded in the leasing consideration, according to the periods specified for payment, is as follows:

Cash flow	Consolidated		Parent Company	
	Nominal	Adjustments to present value	Nominal	Adjustments to present value
Consideration for the leasing	132,064	43,103	127,346	41,301
Potential PIS/Pasep and Cofins (9.25%)	11,628	3,619	11,514	3,583

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). This prohibition could generate material distortions in the information to be provided, given the present reality of long term interest rates in the Brazilian economic environment. The Company has evaluated these effects and concluded that they are immaterial for its interim financial information.

The cash flows of the contracts containing a lease are, in their majority, updated by the IPCA inflation index on an annual basis. Below is an analysis of maturity of lease contracts:

	Consolidated (Nominal)	Parent Company (Nominal)
2021	7,244	6,614
2022	5,300	5,123
2023	5,288	5,115
2024	5,286	5,115
2025	5,286	5,115
2026 a 2045	103,660	100,264
Undiscounted values	**132,064**	**127,346**
Embedded interest	(88,961)	(86,045)
Lease liabilities	**43,103**	**41,301**

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17. SUPPLIERS

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Wholesale supply, and transport of supply	336,335	394,406	331,330	340,010
Materials and services	43,425	71,533	31,771	52,564
	379,760	**465,939**	**363,101**	**392,574**

18. TAXES PAYABLE

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Current				
ICMS (value added) tax	21,526	20,597	17,302	15,663
Pasep tax (2)	18,642	17,339	16,924	15,618
Cofins tax (2)	84,651	78,801	77,887	72,018
Social security contributions	6,206	7,066	4,814	5,662
ISS tax on services	2,093	2,145	1,827	1,756
Others (1)	5,065	39,293	4,570	39,058
	138,183	**165,241**	**123,324**	**149,775**
Non-current (1)				
Pasep tax (3)	46,047	46,867	45,833	46,854
Cofins tax (3)	212,109	215,878	211,118	215,819
	258,156	**262,745**	**256,951**	**262,673**
	396,339	**427,986**	**380,275**	**412,448**

(1) This includes the withholding income tax on Interest on equity paid in January 2020, in accordance with the tax legislation.
(2) Includes Cofins and PIS/Pasep recognized in current liability includes the deferred taxes related to the interest revenue arising from the financing component in contract asset and to the revenue of construction and upgrade associated with the transmission concession contract, whose consideration will be received in at least twelve months after the reporting period. For more information, see Note 2.9 and 12.
(3) The deferral of PIS/Pasep and Cofins taxes related to the interest revenue arising from the financing component in contract asset and to the revenue of construction and upgrade associated with the transmission concession contract, whose consideration will be received in at least twelve months after the reporting period. For more information, see Note 2.9 and 12.

19. LOANS, FINANCING AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – March 31, 2021			Consolidated – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds	2024	9.25%	USD	297,084	8,545,951	8,843,035	7,853,959
(–) Transaction costs				-	(14,856)	(14,856)	(15,664)
(+/–) Funds advanced (1)				-	(24,028)	(24,028)	(25,314)
Debt in foreign currency				**297,084**	**8,507,067**	**8,804,151**	**7,812,981**
BRAZILIAN CURRENCY							
Caixa Econômica Federal (2)	2021	TJLP + 2.50%	R$	12,262	-	12,262	17,204
Caixa Econômica Federal (3)	2022	TJLP + 2.50%	R$	13,187	-	13,187	14,086
Debt in Brazilian currency				**25,449**	**-**	**25,449**	**31,290**
Total of loans and financings				**322,533**	**8,507,067**	**8,829,600**	**7,844,271**
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	378,648	-	378,648	761,520
Debentures – 7th Issue, Single series (4)	2021	140.00% of CDI	R$	-	-	-	288,839
(–) Transaction costs				(6,677)	-	(6,677)	(8,919)
Total, debentures				**371,971**	**-**	**371,971**	**1,041,440**
Overall total				**694,504**	**8,507,067**	**9,201,571**	**8,885,711**

(1) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.
(2) Central Eólica Praias de Parajuru
(3) Central Eólica Volta do Rio
(4) On February 2, 2021, the Company made the mandatory early redemption of this debentures, in the amount of R$264,796, with 20% discount of the funds obtained by the sale of the Cemig's (Parent's Company) interest in Light.

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Financing source	Principal maturity	Annual financing cost	Currency	Parent Company – March 31, 2021			Parent Company – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds	2024	9.25%	USD	297,084	8,545,951	8,843,035	7,853,959
(–) Transaction costs				-	(14,856)	(14,856)	(15,664)
(+/–) Funds advanced (1)				-	(24,028)	(24,028)	(25,314)
Debt in foreign currency				**297,084**	**8,507,067**	**8,804,151**	**7,812,981**
BRAZILIAN CURRENCY							
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	378,648	-	378,648	761,520
Debentures – 7th Issue, Single series (2)	2021	140.00% of CDI	R$	-	-	-	288,839
(–) Transaction costs				(6,677)	-	(6,677)	(8,919)
Total, debentures				**371,971**	**-**	**371,971**	**1,041,440**
Overall total				**669,055**	**8,507,067**	**9,176,122**	**8,854,421**

(1) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.
(2) On February 2, 2021, the Company made the mandatory early redemption of this debentures, in the amount of R$264,796, with 20% discount of the funds obtained by the sale of the Cemig's (Parent's Company) interest in Light.

The debentures issued by the Company are non-convertible, there are no agreements for renegotiation, nor debentures held in treasury.

There is an early maturity clause for cross-default in the event of non-compliance, by the Company or by its parent company Cemig, on any pecuniary obligation with individual or aggregate value greater than R$50 million("cross default").

Guarantees

The Company's debtor balances on loans and financings guaranteed by the parent company, Cemig on March 31, 2021 were as follows:

Consolidated	March 31, 2021
Surety guarantees	9,182,769
Receivables	25,449
Shares	(6,647)
Total	**9,201,571**

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

Consolidated	2021	2022	2023	2024	Total
Currency					
US dollar	297,084	-	-	8,545,951	8,843,035
Total, currency-denominated	**297,084**	**-**	**-**	**8,545,951**	**8,843,035**
Indexers					
IPCA (1)	2,702	375,946	-	-	378,648
TJLP (2)	23,051	2,398	-	-	25,449
Total, governed by indexers	**25,753**	**378,344**	**-**	**-**	**404,097**
(–) Transaction costs	(6,647)	(30)	-	(14,856)	(21,533)
(+/-) Funds advanced	-	-	-	(24,028)	(24,028)
Overall total	**316,190**	**378,314**	**-**	**8,507,067**	**9,201,571**

(1) IPCA ('Expanded Consumer Price') Inflation Index.
(2) Long-Term Interest Rate – TJLP.

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Parent Company	2021	2022	2023	2024	Total
Currency					
US dollar	297,084	-	-	8,545,951	8,843,035
Total, currency-denominated	**297,084**	**-**	**-**	**8,545,951**	**8,843,035**
Indexers					
IPCA (1)	2,702	375,946	-	-	378,648
Total, governed by indexers	**2,702**	**375,946**	**-**	**-**	**378,648**
(–) Transaction costs	(6,647)	(30)	-	(14,856)	(21,533)
(+/-) Funds advanced	-	-	-	(24,028)	(24,028)
Overall total	**293,139**	**375,916**	**-**	**8,507,067**	**9,176,122**

(1) IPCA ('Expanded Consumer Price') Inflation Index.

The principal currencies and index used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change in the first quarter of 2021, %	Accumulated change in the first quarter of 2020, %	Indexer	Accumulated change in the first quarter of 2021, %	Accumulated change in the first quarter of 2020, %
Dólar Norte-Americano	9.63	28.98	IPCA	2.05	0.53
			CDI	0.48	1.02
			TJLP	(3.52)	(8.62)

The changes in loans, financing and debentures are as follows:

	Consolidated	Parent Company
Balances at December 31, 2020	**8,885,711**	**8,854,421**
Monetary updating	13,592	13,132
Foreign exchange variations	750,900	750,900
Financial costs recorded	251,764	248,971
Amortization of transaction costs	3,051	3,051
Financial charges paid	(45,801)	(45,573)
Amortization of financings	(657,646)	(648,780)
Balances at March 31, 2021	**9,201,571**	**9,176,122**

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Restrictive covenants

The Company and its subsidiaries have contracts financial covenants as follows:

Security	Covenant	Ratio required – Cemig GT	Ratio required --- Cemig (guarantor)	Compliance required
7th debenture issue (1)	Net debt / (Ebitda + Dividends received)	The following, or less: 2.5 in 2021	Ratio to be the following, or less: 2.5 in 2021	Half-yearly and annual
Eurobonds (2)	Net debt / (Ebitda adjusted for the Covenant) (4)	The following, or less: 3.0 on Jun. 30, 2021 2.5 on/after Dec. 31, 2021	Ratio to be the following, or less: 3.0 on Jun. 30, 2021 3.0 on/after December 31, 2021	Half-yearly and annual
Financing Caixa Econômica Federal Parajuru and Volta do Rio (3)	Debt servicing coverage index Equity / Total liabilities Share capital subscribed in investee / Total investments made in the project financed	1.20 or more 20.61% (Parajuru); 20.63% (Volta do Rio) 20.61% (Parajuru); 20.63% (Volta do Rio)	- - -	Annual (during amortization) Always Always

(1) 7th Issue of Debentures by the Company, in December 2016, of R$2,240 million.
(2) In the event of overrun of the financial maintenance covenants, interest will automatically be increased by 2% p.a. during the period in which they remain exceeded. There is also an obligation to comply with a 'debt maintenance covenant', involving asset collateral of 2.0x Cemig's consolidated Ebitda (1.75x at Dec. 2017); and an 'incurrence' covenant comprising an asset guarantee in the Company of 1.5x Ebitda
(3) The financing contracts with Caixa Econômica Federal for the *Praias de Parajuru* and *Volta do Rio* wind power plants have financial covenants with compliance relating to early maturity of the remaining balance of the debt. Compliance with the debt servicing coverage index is considered to be demandable only annually and during the period of amortization, which begins in July 2020.
(4) 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.

The covenants remain in compliance as of March 31, 2021.

The information on the derivative financial instruments (swaps) contracted to hedge the debt servicing of the Eurobonds (principal, in foreign currency, plus interest), and the Company's exposure to interest rate risks, are disclosed in Note 28.

20. REGULATORY CHARGES

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Liabilities				
Global reversion reserve (RGR)	2,944	2,805	-	-
Royalties for use of water resources (CFURH)	5,576	12,976	2,768	9,004
Energy development account (CDE)	63,075	64,179	63,075	64,179
Electricity services inspection charge (TFSEE)	1,524	1,511	732	721
Proinfa – alternative energy program	9,018	7,435	9,018	7,435
National scientific and technological development fund (FNDCT)	1,655	1,980	1,136	1,329
Research and development	30,675	137,557	23,574	125,146
Energy system expansion research	966	1,129	707	804
Energy development account (CDE) on Research and development (R&D)	105,413	-	99,269	-
	220,846	**229,572**	**200,279**	**208,618**
Current liabilities	**217,261**	**172,619**	**200,279**	**160,872**
Non-current liabilities	**3,585**	**56,953**	**-**	**47,746**

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21. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2020	**605,258**	**717,713**	**13,891**	**120,823**	**1,457,685**
Expense recognized in Statement of income	10,469	13,752	278	2,352	26,851
Contributions paid	(12,812)	(8,788)	(161)	(581)	(22,342)
Net liabilities at March 31, 2021	**602,915**	**722,677**	**14,008**	**122,594**	**1,462,194**

	Mar, 31, 2021	Dec, 31, 2020
Current liabilities	68,133	66,206
Non-current liabilities	1,394,061	1,391,479

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, totaling R$22,693 for the three-month periods ended March 31, 2021 (R$22,527 for the three-month periods ended March 31, 2020), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$4,158 for the three-month periods ended March 31, 2021 (R$3,923 for the three-month periods ended March 31, 2020).

Debt with the pension fund (Forluz)

On March 31, 2021 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$102,481 (R$106,940 on December 31, 2020). This amount has been recognized as an obligation payable, and will be amortized until June of 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Customer Price) inflation index (published by the Brazilian Geography and Statistics Institute – IBGE) plus 6% per year. The Company is required to pay this debt even if Forluz has a surplus, thus, the Company maintain recorded the debt in full and record the effects of monetary updating and interest in finance income (expenses) in the Statement of income.

Agreement to cover the deficit on Forluz Pension Plan 'A'

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed a Debt Assumption Instrument to cover the deficit of Plan A for the years of 2015, 2016 and 2017. On March 31, 2021 the total amount payable by the Company was R$122,988 (R$122,234 on December 31, 2020 referring to the Plan A deficits of 2015, 2016 and 2017). The monthly amortizations, calculated by the constant installments system (Price Table), will be paid up to 2031 for the 2015 and 2016 deficits, in the amount of R$82,696, and up to 2033 for the 2017 deficit, in the amount of R$40,292. 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.

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In December 2020, in accordance with legislation, Forluz sent Cemig a proposal for the signing of a new Debt Assumption Instrument between Forluz and the sponsors Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, that occurred in 2019. The total amount to be paid by the Company to cover the deficit is R$36,304, through 166 monthly installments. 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.

On April 6, 2021 the Company made a consignment payment to Forluz of the 1º installment in accordance with the plan to cover the deficit of Plan A of 2019, in the amount of R$730, corresponding to 50% of the minimum amount, following the contribution parity rule.

22. PROVISIONS

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

Actions in which the Company and its subsidiaries are defendant

The Company and its subsidiaries recorded provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company and its legal advisors, the chances of loss are assessed as ‘probable’ (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

Consolidated	Dec. 31, 2020	Additions	Settled	Mar. 31, 2021
Employment-law cases	58,714	4,481	(536)	62,659
Civil cases	200	35	(28)	207
Tax	307,052	1,342	-	308,394
Regulatory	3,426	497	(333)	3,590
Others	49,156	3,008	(831)	51,333
Total	**418,548**	**9,363**	**(1,728)**	**426,183**

Parent Company	Dec, 31, 2020	Additions	Settled	Mar, 31, 2021
Employment-law cases	58,687	4,480	(536)	62,631
Civil cases	200	35	(28)	207
Tax	307,014	1,342	-	308,356
Regulatory	3,426	497	(333)	3,590
Others	48,934	3,006	(831)	51,109
Total	**418,261**	**9,360**	**(1,728)**	**425,893**

The Company and its subsidiaries, in view of the extended period and the Brazilian judiciary tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of this interim financial information in relation to the timing of any cash outflows, or any possibility of reimbursements.

The Company and its subsidiaries’ believes that any disbursements in excess of the amounts provisioned, when the respective claims are completed, will not significantly affect the Company and its subsidiaries’ result of operations or financial position.

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The details on the main provisions and contingent liabilities are provided below, with the best estimation of expected future disbursements for these contingencies:

Provisions, made for legal actions in which the chances of loss have been assessed as 'probable' and contingent liabilities, for actions in which the chances of loss are assessed as 'possible'

Labor claims

Company and its subsidiaries are involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R$158,799 (R$140,378 at December 31, 2020), of which R$62,659 (R$58,714 on December 31, 2020) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

Alteration of the monetary updating index of employment-law cases

In December 2020 the Federal Supreme Court gave partial judgment in favor of two actions for declaration of constitutionality, and ruled that monetary adjustment applied to employment-law liabilities should be by the IPCA-E index until the stage of service of notice in a legal action, and thereafter by application of the Selic rate, and the Reference Rate (TR) is not applicable to any employment-law obligations as well. The effects of this decision were modulated as follows:

- Payments already made in due time and in the appropriate manner, using application of the TR, the IPCA-E or any other indexer, will remain valid and may not be the subject of any further contestation;
- Actions in progress that are at the discovery phase, should be subject to backdated application of the Selic rate, on penalty of future allegation of non-demandability of judicial title based on an interpretation contrary to the position of the Supreme Court; and;
- The judgment is automatically applicable to actions in which final judgment has been given against which there is no appeal, provided that there is no express submission in relation to the monetary adjustment indices and interest rates; and this also applies to cases of express omission, and cases where the legal criteria were simply not taken into consideration.

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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 shares 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 chances of loss from 'possible' to 'probable' for some portions paid as profit-sharing amounts, maintaining the classification of the chance of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation.

The amount of the contingencies is approximately R$365,295 (R$363,833 on December 31, 2020), of which R$305,227 (R$304,022 on December 31, 2020) has been provisioned, this being the estimate of the probable amount of funds, on March 31, 2021, to settle these disputes.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company 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$77,110 (R$77,538 at December 31, 2020), and the chance of loss was classified as 'possible', since the relevant requirements of the National Tax Code (CTN) have been complied with.

Other tax actions

The Company are involved in numerous administrative and judicial claims relating to taxes, including, among other matters, subjects relating to the Social Integration Program (*Programa de Integração Social*, or PIS), the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins), Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ), the Social contribution tax on Net income (*Contribuição Social sobre o Lucro Líquido*, or CSLL), and motions to stay tax enforcement. The aggregate amount of these contingencies is approximately R$83,317 (R$71,018 on December 31, 2020), of which R$2,035 (R$1,900 on December 31, 2020) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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Regulatory

The Company and it´s subsidiaries are defendant in court and administrative proceedings challenging, especially: reduction of an energy supply contract, limitation on a procedure for operation of the sluice dam of a hydroelectric plant, a claim of infringement arising from an inspection by the grantor, and other matters. The amount of the contingency is approximately R$63,169 (R$48,213 on December 31, 2020), of which R$3,590 (R$3,426 on December 31, 2020) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

Other legal actions in the normal course of business

The Company is involved, as plaintiff or defendant, in other lesser claims, related to the normal course of its operations, with an estimated total amount of R$166,793 (R$237,534 on December 31, 2020), of which R$51,540 (R$49,356 on December 31, 2020) has been recorded. Management believes that it has appropriate defense for these actions and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit. The main subjects related to these contingencies concern: (i) services of cleaning of power line pathways and fire breaks; and (ii) customer relations.

Contingent liabilities – loss assessed as 'possible'

Taxes

The Company is involved in numerous administrative and judicial proceedings in relation to taxes. Below are details of the main claims:

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

In 2006 the Company paid an indemnity to its employees, totaling R$41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax and Social Security contributions on these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company obtained an injection, which permitted to make an escrow deposit of R$28,716 which updated now represents the amount of R$67,451 (R$67,371 on December 31, 2020). The updated amount of the contingency is R$69,639 (R$69,439 on December 31, 2020) and, based on the arguments above, management has classified the chance of loss as 'possible'.

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Social Security contributions

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings related to various matters: 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 have presented defenses and await judgment. The amount of the contingency is approximately R$18,207 (R$18,146 on December 31, 2020). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

The social contribution tax on net income (CSLL)

The federal tax authority issued tax assessments 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 various alleged infringements. The amount of this contingency is R$85,921 (R$85,580 on December 31, 2020). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

<u>Regulatory matters</u>

Accounting of energy sale transactions in the Power Trading Chamber (CCEE)

In a claim dating from August 2002, AES Sul Distribuidora challenged in the court the criteria for accounting of energy sale transactions in the wholesale energy market (*Mercado Atacadista de Energia*, or MAE), predecessor of the present Power Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment on February 2006, which ordered the grantor (Aneel), working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering the grantor (Aneel) Dispatch 288 of 2002.

This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for the Company, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$389,697 (R$376,228 at December 31, 2020). On November 9, 2008 the Company obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF), suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE and has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Energy Sector, in which the Company has the full documentation to support its arguments.

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Environmental claims

Impact arising from construction of power plants

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, the Company has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$109,644 (R$105,552 on December 31, 2020).

Other environmental claims

The Company is involved in environmental matters, relating to protected areas, environmental licenses, recovery of environmental damage, and other matters, in the amount of R$54,041 (R$51,936 on December 31, 2020). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'.

Renova: Application to override corporate identity

A receivables investment fund filed an application for Override of Legal Identity (Incidente de Desconsideração da Personalidade Jurídica – IDPJ) in relation to certain companies of the Renova group, aiming to include some shareholders of Renova, including the Company and its parent company (Cemig), as defendants jointly and severally liable. The amount involved in this dispute is estimated in the amount of R$79,533 at March 31, 2021 (R$76,055 at December 31, 2020). The chances of loss have been assessed as 'possible'.

23. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On March 31, 2021 the Company's issued and outstanding share capital is R$4,000,000 (R$4,000,000 on December 31, 2020), represented by 2,896,785,358 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

The Company's Share Capital may be increased by up to a limit of 10% (ten percent) of the share capital set in the by-laws, without need for change in the by-laws and upon decision of the Board of Directors, having previously heard statement of opinion issued by the Fiscal Council.

b) Loss per share

Loss per share has been calculated based on the weighted average number of the company's shares (it has only common shares) in each of the years referred to, as follows:

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	Jan to March/2021	Jan to March/2020 (Restated)
Number of shares	2,896,785,358	2,896,785,358
Loss for the period, R$'000	(311,373)	(15,324)
Loss per share – Basic – in R$	**(0.11)**	**(0.01)**

Loss diluted per share

The put option of investments described in Note 28 have potentially dilute basic earnings per share in each of the years referred to, as follows:

	Jan to March/2021	Jan to March/2020 (Restated)
Loss for the period (A)	(311,373)	(15,324)
Dliuted effect related to put option SAAG	(22,547)	-
Loss for the period (B)	(333,920)	(15,324)
Number of shares (C)	2,896,785,358	2,896,785,358
Loss diluted per share (B/C) in (R$)	**(0.12)**	**(0.01)**

24. REVENUES

Revenues are measured at the fair value of the consideration received or to be received and are recognized on a monthly basis as and when: (i) Rights and obligations of the contract with the customer are identified; (ii) the performance obligation of the contract is identified; (iii) the price for each transaction has been determined; (iv) the transaction price has been allocated to the performance obligations defined in the contract; and (v) the performance obligations have been complied.

The revenue of the Company and its subsidiaries is as follows:

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Total revenue from supply of energy – with taxes (a)	1,897,442	1,891,834	1,684,030	1,730,484
Transmission revenue (b)				
Transmission operation and maintenance revenue	150,719	124,942	152,124	126,094
Transmission construction revenue (Note 12)	22,451	61,241	22,451	61,241
Interest revenue arising from the financing component in the transmission contract asset (Note 12)	145,042	71,580	145,042	71,580
Revenue from updating of the concession grant fee (c)	124,560	99,892	-	-
Transactions on CCEE (d)	49,849	24,524	14,257	9,105
Other operating revenues	23,927	34,444	32,573	19,239
Sector / regulatory charges – Deductions from revenue (e)	(468,464)	(434,022)	(417,127)	(390,674)
	1,945,526	**1,874,435**	**1,633,350**	**1,627,069**

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(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Parent Company			
	Jan to Mar/2021		Jan to Mar/2020 (Restated)		Jan to Mar/2021		Jan to Mar/2020 (Restated)	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	3,371,412	895,726	2,871,503	719,830	3,126,261	835,338	2,571,990	674,596
Commercial	999,427	213,782	1,120,070	245,041	997,332	212,858	1,114,189	242,434
Rural	6,966	1,865	3,439	943	6,966	1,865	3,439	943
Subtotal	**4,377,805**	**1,111,373**	**3,995,012**	**965,814**	**4,130,559**	**1,050,061**	**3,689,618**	**917,973**
Net unbilled retail supply	-	90,550	-	(3,954)	-	77,207	-	(14,696)
	4,377,805	**1,201,923**	**3,995,012**	**961,860**	**4,130,559**	**1,127,268**	**3,689,618**	**903,277**
Wholesale supply to other concession holders (2)	2,748,059	769,238	3,256,285	880,793	2,407,332	611,023	3,155,599	767,496
Wholesale supply unbilled, net	-	(73,719)	-	49,181	-	(54,261)	-	59,711
	7,125,864	**1,897,442**	**7,251,297**	**1,891,834**	**6,537,891**	**1,684,030**	**6,845,217**	**1,730,484**

(1) Information in MWh has not been reviwed by external auditors.
(2) Includes sales contracts in the Regulated Market to distribution companies, sales on the Free Market to traders and generation companies, 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

(b) Transmission concession revenue

- Construction revenue corresponds to the performance obligation to build the transmission infrastructure, recognized based on the satisfaction of obligation performance over time. They are measured based on the cost incurred, including PIS/Pasep and Cofins taxes over the total revenues and the profit margin of the project. For more information, see Note 12;
- Operation and maintenance revenue correspondes to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and he invoices for the RAPs are issued;
- Interest revenue in the contract asset recognized, recorded as transmission concession gross revenue in statement income. Revenue corresponds to the significant financing component in the contract asset, and is recognized by the linear effective interest rate method based on the rate determined at the start of the investments, which is not subsequently changed. The average of the implicit rates is 6.86%. The rates are determined for each authorization and are applied on the amount to be received (future cash flow) over the contract duration. This includes financial updating by the inflation index specified for each transmission contract.

The margin defined for each performance obligation from the transmission concession contract is as follows:

	Consolidated	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Construction and upgrades revenue	22,451	61,241
Construction and upgrades costs	(19,065)	(47,198)
Margin	3,386	14,043
Mark-up (%)	**17.76%**	**29.75%**
Operation and maintenance revenue	150,719	124,942
Operation and maintenance cost	(56,501)	(58,558)
Margin	94,218	66,384
Mark-up (%)	**166.78%**	**113.36%**

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(c) Gain on financial updating of Concession Grant Fee

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. More details in Note 11.

(d) Revenue from power supply transactions on the CCEE (Power Trading Chamber)

Corresponds to the monthly calculation of the positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE, for which the consideration corresponds to the product of (i) the volume of energy sold, and (ii) the Spot Price.

(e) Deductions on revenue

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Taxes on revenue				
ICMS tax	163,412	142,928	147,169	128,897
Cofins tax	164,989	159,846	144,094	143,561
PIS and Pasep taxes	35,818	34,931	31,283	31,168
ISS tax on services	530	1,527	223	675
	364,749	**339,232**	**322,769**	**304,301**
Charges to the customer				
Global Reversion Reserve (RGR)	3,737	3,774	3,133	3,234
Energy Development Account (CDE)	61,389	57,571	61,389	57,571
Proinfa Program	16,335	7,716	16,335	7,716
Research and Development (P&D)	3,521	4,498	2,633	3,793
National Scientific and Technological Development Fund (FNDCT)	3,521	4,498	2,633	3,793
Energy System Expansion Research (EPE)	1,760	2,249	1,317	1,896
Electricity Services Inspection Charge (TFSEE)	4,571	2,846	2,195	2,277
Royalties for use of water resources (CFURH)	8,881	11,638	4,723	6,093
	103,715	**94,790**	**94,358**	**86,373**
	468,464	**434,022**	**417,127**	**390,674**

25. OPERATING COSTS AND EXPENSES

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Personnel	75,555	75,048	71,834	73,304
Employee profit shares	7,146	6,199	7,121	6,175
Post-employment obligation (recovery of expense) (Note 21)	22,693	22,527	22,693	22,527
Materials	4,880	3,149	2,032	2,226
Outsourced services (a)	34,451	34,902	25,603	25,479
Depreciation and amortization (1)	47,875	52,439	33,194	37,411
Provisions (reversals)(b)	(4,916)	31,280	(4,780)	31,232
Charges for use of the national grid	48,920	49,434	36,551	36,545
Energy bought for resale (c)	979,386	913,749	966,427	913,392
Transmission infrastructure construction cost (d)	19,065	47,198	19,065	47,198
Other operating expenses, net (e)	15,067	8,319	11,949	6,897
	1,250,122	**1,244,244**	**1,191,689**	**1,202,386**

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$28 in the consolidated statements and in the Parent company statements.

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a) Outsourced services

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Communication	797	904	730	750
Maintenance and conservation of electrical facilities and equipment	8,023	8,844	3,965	4,002
Building conservation and cleaning	5,859	6,093	4,679	4,858
Contracted labor	69	665	799	658
Freight and airfares	76	404	76	403
Accommodation and meals	704	732	700	721
Security services	1,974	1,797	1,191	1,101
Consultancy	2,448	1,041	1,809	912
Information technology	4,106	3,923	3,774	3,237
Energy	1,037	1,215	710	1,034
Environment services	1,456	1,965	812	1,591
Cleaning of power line pathways	1,241	552	1,241	552
Printing and images	601	306	186	244
Legal services and procedural costs	1,089	517	1,089	473
Others	4,971	5,944	3,842	4,943
	34,451	**34,902**	**25,603**	**25,479**

b) Provisions (reversals)

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Provision (reversals) for doubtful receivables (Note 7) (1)	(1,112)	3,543	(973)	3,543
Contingency provisions (reversals) (Note 28) (4)				
Employment-law cases	4,481	2,646	4,480	2,601
Civil cases	35	5	35	5
Tax	1,342	2,590	1,342	2,589
Regulatory	497	105	497	105
Others	3,008	1,579	3,006	1,577
	9,363	**6,925**	**9,360**	**6,877**
	8,251	**10,468**	**8,387**	**10,420**
Change in fair value of derivative instruments				
Put option – SAAG (Note 28)	(13,167)	20,812	(13,167)	20,812
	(4,916)	**31,280**	**(4,780)**	**31,232**

(1) The expected losses on receivables are presented as selling expenses in the Statement of Income.
(2) The provisions for contingencies are presented in the Statement of Income for the period as operating expenses.

c) Energy bought for resale

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Spot market – CCEE	40,832	160,248	34,088	160,531
Acquired in free market	1,035,843	843,106	1,028,639	842,300
PIS/Pasep and Cofins credits	(97,289)	(89,605)	(96,300)	(89,439)
	979,386	**913,749**	**966,427**	**913,392**

d) Transmission infrastructure construction cost

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Personnel	1,769	1,203	1,769	1,203
Materials	13,690	32,568	13,690	32,568
Outsourced services	3,599	13,431	3,599	13,431
Other (recovery of expenses)	7	(4)	7	(4)
	19,065	**47,198**	**19,065**	**47,198**

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e) Other operating expenses, net

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Leasing and rentals (1)	570	1,109	192	662
Advertising	123	162	123	161
Paid concessions	792	680	789	678
Taxes (IPTU, IPVA and others)	619	325	411	239
CCEE annual charge	659	672	659	672
Insurance	3,669	3,136	3,165	2,619
Forluz – Administrative running cost	1,667	1,618	1,666	1,618
Obligations deriving from investment contracts (2)	5,379	-	5,379	-
Other (recovery of expenses)	1,589	617	(435)	248
	15,067	**8,319**	**11,949**	**6,897**

(1) The amounts related to leasing and rentals are recognized in accordance with CPC 06 (R2I /IFRS 16, as well as short-term leases and leases for which the underlying asset is of low value.

(2) This refers to the contractual obligations to the investee Aliança Geração, corresponding to contingencies resulting from events before the closing of the transaction which resulted in contribution of assets by Cemig and Vale S.A. to this investee in exchange for a equity interest. The total value of the contingencies is R$134 million (R$119 million at December 31, 2020, of which Cemig GT's portion is R$47 million (R$41 million on December, 31, 2020).

26. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
FINANCE INCOME				
Income from cash investments	8,915	7,280	6,515	3,543
Arrears fees on sale of energy	1,359	2,046	1,169	730
Monetary updating	2,227	2,124	2,223	2,124
Monetary updating on escrow deposits	260	1,512	258	1,442
Gains on financial instruments – swap (Note 28)	-	1,314,240	-	1,314,240
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (Note 8a)	976	4,302	904	4,132
Others	10,182	11,528	9,736	11,119
Pasep and Cofins taxes on financial revenues	(949)	(1,163)	(899)	(1,074)
	22,970	**1,341,869**	**19,906**	**1,336,256**
DESPESAS FINANCEIRAS				
Costs of loans, financings and debentures (Note 19)	(251,764)	(249,410)	(248,971)	(248,854)
Amortization of transaction cost (Note 19)	(3,051)	(2,987)	(3,051)	(2,987)
Monetary updating – Forluz (Note 21)	(4,158)	(3,923)	(4,158)	(3,923)
Inflation adjustment – Loans, financings and debentures (Note 19)	(13,592)	(17,018)	(13,132)	(14,231)
Monetary updating	(8,137)	(2,373)	(4,453)	(1,848)
FX variation from loans and financings (Note 19)	(750,900)	(1,752,000)	(750,900)	(1,752,000)
Losses on financial instruments – swap (Note 28)	(187,348)	-	(187,348)	-
Leasing – Monetary variation (Note 16)	(1,267)	(1,364)	(1,214)	(1,333)
Others	-	(2,467)	(601)	(403)
	(1,220,217)	**(2,031,542)**	**(1,213,828)**	**(2,025,579)**
NET FINANCE INCOME (EXPENSES)	**(1,197,247)**	**(689,673)**	**(1,193,922)**	**(689,323)**

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27. RELATED PARTY TRANSACTIONS

The main principal balances and transactions with related parties are as follows (consolidated):

COMPANY	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
CEMIG								
Current								
Interest on Equity, and dividends	-	-	891,998	891,998	-	-	-	-
Affiliated (1)								
Madeira Energia								
Current								
Transactions in energy (2)	8,489	2,173	111,804	69,386	24,815	6,505	(361,027)	(221,244)
Jointly-controlled entity (1)								
Aliança Geração								
Current								
Transactions in energy (2)	8	7	7,421	6,260	136	-	(22,590)	(19,826)
Provision of service	416	313	-	-	1,202	1,112	-	-
Interest on Equity, and dividends	114,430	114,430	-	-	-	-	-	-
Contingencies (3)	-	-	46,755	41,376	-	-	(5,379)	-
Norte Energia								
Current								
Transactions in energy (2)	130	130	8,482	-	6,969	6,927	(24,624)	-
Advance for future power supply (4)	-	-	-	-	-	-	-	(9,966)
Baguari Energia								
Current								
Provision of service (5)	211	211	-	-	-	239	-	-
Interest on Equity, and dividends	10,835	-	-	-	-	-	-	-
Lightger								
Current								
Transactions in energy (2)	-	-	2,226	1,646	-	-	(6,461)	(5,066)
Interest on Equity, and dividends	2,996	-	-	-	-	-	-	-
Retiro Baixo								
Current								
Interest on Equity, and dividends	3,929	-	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in energy (2)	-	-	3,137	2,728	-	-	(9,107)	(3,159)
Interest on Equity, and dividends	2,680	2,680	-	-	-	-	-	-
Hidrelétrica Cachoeirão								
Current								
Interest on Equity, and dividends	2,315	-	-	-	-	-	-	-
Taesa								
Current								
Transactions in energy (2)	-	-	874	940	60	11	(2,575)	(3,136)
Provision of service (5)	243	289	-	-	310	148	-	-
Hidrelétrica Itaocara								
Current								
Adjustment for losses (6)	-	-	29,890	29,615	-	-	-	-
Cemig Geração Poço Fundo								
Current								
Interest on Equity, and dividends	294	294	-	-	-	-	-	-
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (7)	1,287	1,707	-	-	1,287	-	-	-
Transactions in energy (2)	30,806	29,268	2,483	1,016	81,013	69,412	(6,640)	(6,771)
FIC Pampulha								
Current								
Cash and cash equivalents	207,989	57,797	-	-	-	-	-	-
Marketable securities	884,294	1,131,739	-	-	12,080	5,691	-	-
Non-current								
Marketable Securities	236,966	254,481	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (8)	-	-	36,752	35,907	-	-	(10,469)	(10,829)
Supplementary pension contributions – Defined contribution plan (9)	-	-	-	-	-	-	(4,678)	(5,157)

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COMPANY	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Jan to Mar/2021	Jan to Mar/2020 (Restated)
Administrative running costs (10)	-	-	-	-	-	-	(1,666)	(1,618)
Operating leasing (11)	36,691	37,062	4,824	4,824	-	-	(533)	(2,849)
Non-current								
Post-employment obligations (8)	-	-	566,163	569,351	-	-	-	-
Operating leasing (11)	-	-	34,580	34,639	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (12)	-	-	34,056	32,380	-	-	(14,030)	(13,168)
Non-current								
Health Plan and Dental Plan (12)	-	-	702,629	699,224	-	-	-	-

The main conditions with reference to the related party transactions are:

(1) The relationship between the Company and its investees are described in Note 13 – Investments.
(2) Transactions in energy between generators and distributors are made in auctions in the Regulated Market (ACR) organized by the federal government. The transactions in sale and purchase of electricity between generators and distributors are made through auctions in the Regulated Market, organized by the federal government. In the Free Market they are carried out through auctions or by direct contracting, in accordance with Article 28, §3, I of Law 13,303 of June 30, 2016. The transactions for transport of energy, are by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
(3) This refers to the aggregate amounts of legal actions realized and legal actions provisioned arising from the agreement made between Aliança Geração, Vale S.A. and Cemig. The action is provisioned in the amount of R$134 million (R$119 million at December 31, 2020), of which Cemig's portion is R$47 million (R$41 million on December, 31, 2020).
(4) Refers to advance payments for energy supply made in 2019 to Norte Energia, established by auction and by contract registered with the CCEE. Norte Energia delivered the contracted supply of energy to Cemig until December 31, 2020.
(5) Refers to a contract to provide plant operation and maintenance services.
(6) A liability was recognized corresponding to the Company's interest in the share capital of Hidrelétrica Itaocara, due to its negative equity (more details in Note 13).
(7) An Administrative and Human Resources Sharing Agreement between Cemig, Cemig Distribuição, Cemig Geração e Transmissão and other subsidiaries of the Group, consented to by Aneel Dispatch 3,208/2016. This principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT;
(8) The contracts of Forluz are updated by the Expanded Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) plus interest of 6.00% p.a. and will be amortized up to the business year of 2031 (more details in Note 21).
(9) 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.
(10) 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.
(11) Rental of the Company's administrative head offices, in effect up to November 2020 and august 2024 (able to be extended every five years, up to 2034, currently in final phase of renewal), with annual inflation adjustment by the IPCA index and price reviewed every 60 months in line with market prices. Aiming at costs reduction, in november, 2019, Cemig performed the devolution of Aureliano Chaves to Forluz and on November, 2020.By the end of the contract term, the Company decided not to renew the lease contract and, therefore, the Company vacated the Aureliano Chaves building facilities
(12) Post-employment obligations relating to the employees' health and dental plan (more details in Note 21).

Dividends receivables

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Sá Carvalho S.A.	-	-	17,976	-
Cemig Geração Três Marias S.A.	-	-	34,332	-
Cemig Geração Salto Grande S.A.	-	-	7,793	-
Cemig Geração Itutinga S.A.	-	-	10,343	-
Cemig Geração Camargos S.A.	-	-	11,735	-
Cemig Geração Sul S.A.	-	-	9,132	-
Cemig Geração Leste S.A.	-	-	10,061	-
Rosal Energia S.A.	-	-	4,013	-
Cemig PCH S.A.	-	-	677	-
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	28,127	-
Cemig Geração Poço Fundo S.A.	-	-	294	294
Cemig Trading S.A.	-	-	14,558	-
Aliança Geração de Energia S.A.	114,430	114,430	114,430	114,430
Others (1)	22,740	2,680	25,054	2,680
	137,170	**117,110**	**288,525**	**117,404**

(1) The subsidiaries grouped in 'Others' are identified in the table above under "Interest on Equity, and Dividends".

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Cash investments in the *FIC Pampulha* investment fund

The invests part of its cash balance in a reserved (group) investment fund, which has the characteristics of fixed income and obeys the Company’s cash investment policy. The amounts invested by the fund on March 31, 2021 are reported in Marketable Securities in current or non-current assets, in proportion to the interests held by the Company in the fund.

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

Remuneration of key management personnel

The total 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 interim financial information of the period ended March 31, 2021 and 2020, are as follows:

	Mar. 31, 2021	Mar. 31, 2020
Remuneration	618	621
Profit shares	141	151
Private pension	41	42
Health and dental plans	4	5
	804	**819**

(*) The Company does not directly remunerate the members of the Executive Board, being remunerated by the controlling shareholder. The reimbursement of these expenses is carried out through an agreement for sharing human resources and infrastructure between Cemig, Cemig Distribuição, Cemig Geração e Transmissão and other subsidiaries of the Group, approved by Dispatch Aneel 3,208 / 2016.

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28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments, classified in accordance with the accounting principles adopted by the Company and its subsidiaries, are as follows:

	Level	Mar. 31, 2021		Dec. 31, 2020	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities	2	378,114	378,114	465,128	465,128
Customers and traders concession holders (transmission service)	2	930,675	930,675	1,027,137	1,027,137
Restricted cash	2	53,564	53,564	53,565	53,565
Escrow deposits	2	161,088	161,088	160,321	160,321
Concession grant fee – Generation concessions	3	2,606,537	2,606,537	2,549,198	2,549,198
		4,129,978	**4,129,978**	**4,255,349**	**4,255,349**
Fair value through income or loss					
Cash equivalents – Investments	2	541,071	541,071	374,478	374,478
Marketable securities					
Bank certificates of deposit (CDBs)	1	-	-	123,738	123,738
Financial notes (LF's) – Banks	2	604,302	604,302	551,425	551,425
Treasury financial notes (LFT's)	1	139,372	139,372	246,471	246,471
		1,284,745	**1,284,745**	**1,296,112**	**1,296,112**
Derivative financial instruments (swaps)	3	2,761,582	2,761,582	2,948,930	2,948,930
Reimbursements receivable – Generation	3	816,202	816,202	816,202	816,202
		3,577,784	**3,577,784**	**3,765,132**	**3,765,132**
		8,992,507	**8,992,507**	**9,316,593**	**9,316,593**
Financial Liabilities					
Amortized cost (1)					
Loans, financing and debentures	2	(9,201,571)	(9,201,571)	(8,885,711)	(8,885,711)
Debt with pension fund (Forluz)	2	(102,481)	(102,481)	(106,940)	(106,940)
Deficit of pension fund (Forluz)	2	(122,988)	(122,988)	(122,234)	(122,234)
Concessions payable	3	(25,188)	(25,188)	(23,476)	(23,476)
Suppliers	2	(379,760)	(379,760)	(465,939)	(465,939)
Leasing transactions	2	(43,103)	(43,103)	(44,543)	(44,543)
		(9,875,091)	**(9,875,091)**	**(9,648,843)**	**(9,648,843)**
Fair value through income or loss					
SAAG Put options	3	(522,988)	(522,988)	(536,155)	(536,155)
		(10,398,079)	**(10,398,079)**	**(10,184,998)**	**(10,184,998)**

(1) On March 31, 2021 and December 31, 2020, the book values of financial instruments reflect their fair values.

At initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting standards currently in effect. Fair value is a measurement based on assumptions that market participants would use in pricing an asset or liability. The Company uses the following classification to its financial instruments:

- Level 1. Active market - Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.

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- Level 2. No active market – Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used provided that all the material variables are based on observable market data. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business model.

- Level 3. No active market – No observable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, and/or of derivatives linked to them which are to be settled by delivery of unquoted securities. Fair value is determined based on generally accepted valuation techniques, such as on discounted cash flow analysis or other valuation techniques such as, for example, New Replacement Value (*Valor novo de reposição*, or VNR).

For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

Indemnifiable receivable – Generation: Measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession.

Cash investments: Fair value of cash investments is determined taking into consideration the market prices of the investment, or market information that makes such calculation possible, considering future interest rates in the fixed income and FX markets applicable to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount rate obtained from the market yield curve in Reais.

Derivative financial instruments: Derivative financial instruments held by the Company are: Put options; and Swap transactions for protection of debts.

Swap transactions: Fair value was calculated based on the market value of the security at its maturity adjusted to present value by the discount rate from the market yield curve.

Other financial liabilities: Fair value of its loans, financing and debentures were determined using 140.97% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures, and debt renegotiated with Forluz, with annual rates between IPCA + 6.00% to 6.20% and CDI + 0.68% to 1.34%.

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b) Derivative financial instruments

Put Option - SAAG

Option contracts were signed between Company and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec – jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. The exercise price of the Put Options corresponds to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Customer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument until the early exercise of the option (for further details, see the next topic of this Note), of accounted at fair value through profit and loss, measured using the Black-Scholes-Merton ("BSM") model.

A liability of R$522,988 was recorded in the Company's interim financial information for the difference between the exercise price and the estimated fair value of the assets. Considering the early liquidation of Funds, and early maturity of put option, this amount was classified as current liabilities.

The changes in the value of the options are as follows:

	Consolidated and Parent
Balance at December 31, 2020	**536,155**
Adjustment to fair value	(13,167)
Balance at March 31, 2021	**522,988**

This option can potentially dilute basic earnings per share; as presented in Note 23.

Early liquidation of Funds, and early maturity of put option

On September 9, 2020, the administrator of the FIP funds, Banco Modal S.A., notified its unit holders of the beginning of the early liquidation process of the funds Melbourne, Parma Participações S.A. and FIP Malbec, due to expiration of the period of 180 days from its resignation, and the resignation of the manager of the Fund, from their respective positions, without there having been any indication of new service providers, as specified in the Fund's Regulations.

As established by contract, funds liquidation is one of the events that would result in advance expiration date of the option, which the private pension plan entities stated interest in exercising in the period from September 9 to October 2, 2020, to be settled within 15 days from the statement of interest.

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However, the Company's management believes that the premises and conditions that were the grounds for the investment in Santo Antônio Energia and the legal structure of the various contracts signed for this purpose underwent substantial changes which resulted in the options imbalance.

Thus, using the contractual prerrogative contained in the option instruments, the Company invoked the contractual mechanism of Amicable Resolution for the contractual terms negotiation with the private pension plan entities. Since the amicable negotiation did not succeed, the Company invoked the arbitration clause for resolution of conflict between the parties, which awaits the decision of the Brazil Canada Chamber of Commerce of the State of São Paulo. The Company recorded the accounting effects of this contract in accordance with the contracts original terms.

Swap transactions

Considering that part of the loans and financings of the Company is denominated in foreign currency, the Company uses derivative financial instruments (swaps and coins) to protect the servicing associated with these debts (principal plus interest).

The derivative financial instruments contracted by the Company have the purpose of protecting the operations against the risks arising from foreign exchange variation and are not used for speculative purposes.

The notional amount of derivative transactions is not presented in the statement of financial position, since they refer to transactions that do not require cash as only the gains or losses actually incurred are recorded. The net result of those transactions on March 31, 2021 was a negative adjustment of R$187,348 (positive adjustment of R$1,314,240 on March 31, 2020), which was posted in finance income (expenses).

The counterparties of the derivative transactions are the banks Bradesco, Itaú, Goldman Sachs and BTG Pactual. The controlling shareholder Cemig is guarantor of the derivative financial instruments contracted by the Company.

This table presents the derivative instruments contracted by the Company as of March 31, 2021 and December 31, 2020:

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Assets (1)	Liability (1)	Maturity period	Trade market	Notional amount (2)	Unrealized gain (loss)		Unrealized gain (loss)	
					Carrying amount Dec. 31, 2020	Fair value Dec. 31, 2020	Carrying amount Dec. 31, 2019	Fair value Dec. 31, 2019
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$ 150.49% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$1,000,000	1,886,397	1,978,224	1,772,477	2,110,490
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$ 125.52% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$500,000	645,071	783,358	587,945	838,440
					2,531,468	**2,761,582**	**2,360,422**	**2,948,930**
Current						**512,050**		**522,579**
Non-current						**2,249,532**		**2,426,351**

(1) For the US$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R$ 3.25/US$ and ceiling at R$ 5.00/US$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. For the additional US$500 issuance of the same Eurobond issued on July 2018: (1) a call spread was contracted for the principal, with floor at R$ 3.85/US$ and ceiling at R$ 5.00/US$; and (2) a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate The upper limit for the exchange rate in the hedge instrument contracted by the Company for the principal of the Eurobonds is R$ 5.00/US$. The instrument matures in December 2024. If the USD/BRL exchange rate is still over R$ 5.00 in December 2024, the company will disburse, on that date, the difference between the upper limit of the protection range and the spot dollar on that date. The Company is monitoring the possible risks and impacts associated with the dollar being valued above R$ 5.00, and assessing various strategies for mitigating the foreign exchange risk up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate.

(2) In millions of US$.

In accordance with market practice, the Company uses a mark-to-market method to measure its derivatives financial instruments for its Eurobonds. The principal indicators for measuring the fair value of the swap are the B3 future market curves for the DI rate and the dollar. The Black & Scholes model is used to price the call spread, and one of parameters of which is the volatility of the dollar, measured on the basis of its historic record over 2 years.

The fair value at March 31, 2021 was R$2,761,582 (R$2,948,930 on December 31, 2020), which would be the reference if the Company would liquidate the financial instrument on that date, but the swap contracts protect the Company's cash flow up to the maturity of the bonds in 2024 and they have carrying amount of R$2,531,468 at March 31, 2021 (R$2,360,422 on December 31, 2020).

The Company is exposed to market risk due to having contracted this hedge, the principal potential impact being a change in future interest rates and/or the future exchange rates. Based on the futures curves for interest rates and dollar, the Company prepare a sensitivity analyses and estimates that in a probable scenario, its results would be negatively affected by the swap and call spread, on March 31, 2022, in the amount of R$357,205. The fair value for the option would be in the amount of R$2,591,725, R$1,717,728 for the call spread and R$873,997 for the swap.

The Company has measured the effects on its net income of reduction of the estimated fair value for the 'probable' scenario, analyzing sensitivity for the risks of interest rates, exchange rates and volatility changes, by 25% and 50%, as follows:

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Parent Company and Consolidated	Base scenario March 31, 2021	'Probable' scenario March 31, 2022	'Possible' scenario: exchange rate depreciation and interest rate increase 25%	'Remote' scenario: exchange rate depreciation and interest rate increase 50%
Swap, asset	6,950,394	6,525,631	5,893,268	4,845,622
Swap, liability	(5,774,504)	(5,651,634)	(5,754,206)	(5,851,436)
Option / Call spread	1,585,692	1,717,728	1,465,877	430,359
Derivative hedge instrument	**2,761,582**	**2,591,725**	**1,604,939**	**(575,455)**

The same methods of measuring marked to market of the derivative financial instruments described above were applied to the estimation of fair value.

c) Financial risk management

Corporate risk management is a management tool that is part of the Company's corporate governance practices and is aligned with the process of planning, which sets the Company's strategic business objectives.

The Company monitor the financial risk of transactions that could negatively affect the Company's liquidity or profitability, recommending hedge protection strategies to minimize the Company's exposure to foreign exchange rate risk, interest rate risk, and inflation risks, which are effective, in alignment with the Company's business strategy.

The main risks to which the Company and its subsidiaries are exposed are as follows:

Exchange rate risk

For the debt denominated in foreing currency, the Company contracted a derivative financial instrument that protects the risks associated with the interest and principal, in the form of a swap and a call spread, respectively, in accordance with the hedge policy of the Company. The Company exposure to market risk associated to this instrument is described in the topic "Swap transaction" of this Note.

The Company is exposed to risk of increase in exchange rates, with effect on Loans and financings, and cash flow.

The net exposure to exchange rates is as follows:

Exposure to exchange rates	Consolidated and Parent Company			
	Mar. 31, 2021		Dec. 31, 2020	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financings (Note 19)	(1,552,145)	(8,843,035)	(1,511,336)	(7,853,959)
Net (liabilities) exposed		**(8,843,035)**		**(7,853,959)**

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Sensitivity analysis

The Company estimates, based on finance information from its financial consultants, that in a probable scenario, on March 31, 2022 the exchange rates of foreign currencies in relation to the Real will be as follows: depreciation of the dollar exchange rate by 10.48%, to R$5.10/US$. The Company has made a sensitivity analysis of the effects on profit arising from depreciation of the Real exchange rate considering the increase of 25%, and 50%, in relation to this 'probable' scenario.

Risk: Exposure to exchange rates	Mar. 31, 2021	Mar. 31, 2022		
	Book value	'Probable' scenario Dólar 5.10	'Possible' scenario + 25% Dólar 6.38	Remote' scenario + 25% Dólar 7.65
US dollar				
Loans and financings (Note 19)	(8,843,035)	(7,915,939)	(9,902,684)	(11,873,908)
Net liabilities exposed	**(8,843,035)**	**(7,915,939)**	**(9,902,684)**	**(11,873,908)**
Net effect of exchange rate variation		**927,096**	**(1,059,649)**	**(3,030,873)**

Interest rate risk

This risk arises from the effect of variations in Brazilian interest rates on financial expenses associated to loans, financings and debentures in Brazilian currency, and also on financial revenues from cash investments made by the Company and its subsidiaries. The Company does not contract derivative financial instruments for protection from this risk. Variations in interest rates are continually monitored with the aim of assessing the need for contracting of financial instruments that mitigate this risk.

The Company and its subsidiaries were exposed to the risk of reduction in Brazilian interest rates, since it has more assets than liabilities indexed to variation in interest rates:

Exposure to Brazilian domestic interest rates	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Assets				
Cash equivalents (Note 5) – CDI rate	541,071	374,478	478,144	289,877
Securities (Note 6) – CDI and Selic rates	1,121,788	1,386,762	789,895	1,089,599
Restricted cash – CDI	53,564	53,565	18,059	18,351
	1,716,423	**1,814,805**	**1,286,098**	**1,397,827**
Liabilities				
Loans, financings and debentures – CDI rate (Note 19)	-	(288,839)	-	(288,839)
Loans, financings and debentures – TJLP Rate (Note 19)	(25,449)	(31,290)	-	-
	(25,449)	**(320,129)**	**-**	**(288,839)**
Net assets exposed	**1,690,974**	**1,494,676**	**1,286,098**	**1,108,988**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on March 31, 2022 will be 5.50% and the TJLP rate will be 5.12%. They have made a sensitivity analysis of the effects on profit arising from reductions of 25% and 50% in this rate in relation to the 'probable' scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

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Risk: Reduction in Brazilian interest rates – Consolidated	Mar. 31, 2021	Mar. 31, 2022		
	Amount Book value	'Probable' scenario: Selic 5.50% TJLP 5.12%	'Possible' scenario -25% Selic 4.13% TJLP 3.84%	Remote' scenario -50% Selic 2.75% TJLP 2.56%
Assets				
Cash equivalents – Cash investments (Note 5)	541,071	570,830	563,417	555,950
Marketable securities (Note 6)	1,121,788	1,183,486	1,168,118	1,152,637
Restricted cash	53,564	56,510	55,776	55,037
	1,716,423	**1,810,826**	**1,787,311**	**1,763,624**
Liabilities				
Loans, financings and debentures – TJLP Rate (Note 19)	(25,449)	(26,752)	(26,426)	(26,100)
Net assets	**1,690,974**	**1,784,074**	**1,760,885**	**1,737,524**
Net effect of variation in interest rates		**93,100**	**69,911**	**46,550**

Inflation risk

The Company and its subsidiaries are exposed to the risk of increase in inflation index on March 31, 2021. A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues are also adjusted using the IPCA and IGP-M index, mitigating part of the Company risk exposure.

The Company and its subsidiaries are exposed to risk of reduction of inflation, due to their having more assets than liabilities indexed to the variation of inflation indicators, as follows:

Exposure to inflation	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Assets				
Generation – Concession grant fee – IPCA (Note 11)	2,606,537	2,549,198	-	-
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(378,648)	(761,520)	(378,648)	(761,520)
Debt agreed with pension fund (Forluz) – (Note 21)	(102,481)	(106,940)	(102,481)	(106,940)
Solution for Forluz pension fund deficit (Note 21)	(122,988)	(122,234)	(122,988)	(122,234)
	(604,117)	**(990,694)**	**(604,117)**	**(990,694)**
Net assets (liabilities) exposed	**2,002,420**	**1,558,504**	**(604,117)**	**(990,694)**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on March 31, 2022 will be 4.02%. For the risk of reduction in inflation they have made a sensitivity analysis of the effects on profit arising from reductions in rates of 25% and 50% in relation to the 'probable' scenario.

Risk: reduction in inflation Consolidated	Mar. 31, 2021	Mar. 31, 2022		
	Book value	'Probable' scenario: IPCA 4.02%	'Possible' scenario - 25% IPCA 3.02%	Remote' scenario - 50% IPCA 2.01%
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,606,537	2,711,320	2,685,254	2,658,928
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(378,648)	(393,870)	(390,083)	(386,259)
Debt agreed with pension fund (Forluz) (Note 21)	(102,481)	(106,601)	(105,576)	(104,541)
Solution for Forluz pension fund deficit (Note 21)	(122,988)	(127,932)	(126,702)	(125,460)
	(604,117)	**(628,403)**	**(622,361)**	**(616,260)**
Net assets exposed	**2,002,420**	**2,082,917**	**2,062,893**	**2,042,668**
Net effect of variation in inflation		**80,497**	**60,473**	**40,248**

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Liquidity risk

The Company has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

The Company manages liquidity risk by permanently monitoring its cash flow in a conservative, budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected, daily, over 180 days.

Cash investments obey rigid principles for monitoring of operational, credit and liquidity risks, established in an Investment Policy, in accordance with the cash flow needs of the companies. These financial investments are made in exclusive investment funds of the Cemig economic group, or directly in CDB's (bank CD's) and/or repo transactions remunerated by the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit risk, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheet. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company's minimum liquidity control requirements.

Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financing and could also make refinancing of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

The flow of payments of the Company'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:

Consolidated	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans, financings and debentures	2,742	456,043	856,265	8,628,694	-	9,943,744
Onerous concessions	299	590	2,549	11,755	15,118	30,311
Debt agreed with pension fund (Forluz)	2,911	5,830	26,602	84,141	-	119,484
Solution for deficit of pension fund (Forluz)	1,286	2,590	11,790	68,156	115,386	199,208
	7,238	**465,053**	**897,206**	**8,792,746**	**130,504**	**10,292,747**
Fixed rate						
Suppliers	378,218	772	770	-	-	379,760
	385,456	**465,825**	**897,976**	**8,792,746**	**130,504**	**10,672,507**

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Parent Company	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans, financings and debentures	2,742	456,043	856,265	8,628,694	-	9,943,744
Onerous concessions	299	590	2,549	11,755	15,118	30,311
Debt agreed with pension fund (Forluz)	2,911	5,830	26,602	84,141	-	119,484
Solution for deficit of pension fund (Forluz)	1,286	2,590	11,790	68,156	115,386	199,208
	7,238	**465,053**	**897,206**	**8,792,746**	**130,504**	**10,292,747**
Fixed rate						
Suppliers	361,853	482	766	-	-	363,101
	369,091	**465,535**	**897,972**	**8,792,746**	**130,504**	**10,655,848**

Credit Risk

The Company's risk of losses due to difficulty in receipt of amounts invoiced to customers is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its customers. Negotiations are also entered into for receipt of any receivables in arrears.

The provision for doubtful debtors constituted on March 31, 2021, considered to be adequate in relation to the credits receivable and in arrears, was R$33,667.

The Company manage the counterparty risk of losses resulting from insolvency of financial institutions based on an internal policy, has been in effect since 2004.

This Policy assesses and scales the credit risks of the institutions, the liquidity risk, systemic risk related to macroeconomic and regulatory conditions, the market risk of the investment portfolio and the treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate. The Company does not carry out any transactions that would bring volatility risk into its interim financial information.

As a management instrument, the Company divides the investment of its cash holdings between direct purchases of securities, forming its own portfolio, and investment funds. The investment funds invest the funds exclusively in fixed income products, and companies of the Group are the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Rating by three risk rating agencies.
2. Equity greater than R$400 million.
3. Basel ratio one percentage point above the minimum set by the Brazilian Central Bank.

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Banks that exceed these thresholds are classified in three groups, in accordance with its equity amount, plus a specific segment comprising those whose credit risk is associated only with federal government, and within this classification, limits of concentration by group and by institution are set:

Group	Equity	Limit per bank (% of equity) (1)
Federal Risk (FR)	-	10%
A1	Over R$3.5 billion	Between 6% and 9%
A2	Between R$1.0 billion and R$3.5 billion	Between 5% and 8%
A3	Between R$400 million and R$1.0 billion	Between 0% and 7%

(1) The percentage assigned to each bank depends on an individual assessment of indicators such as liquidity and quality of the credit portfolio.

The Company also sets two concentration limits:

1. No bank may have more than 30% of the Cemig group's portfolio.
2. 'Federal Risk' and 'A1' banks may have more than 50% of the portfolio of any individual company.

COVID-19 Pandemic – Risks and uncertainties related to Company's business

The Company's assessment concerning the risks and potential impacts of Covid-19 are disclosed in Note 1c..

Hydrological risk

The greater part of the energy sold by the Company is generated by hydroelectric plants. A prolonged period of scarce rainfall can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to replacement by thermoelectric sources, or to reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of energy.

Risk of debt early maturity

The Company has loans, financings and debentures contracts with covenants relating to financial index of the Company and its parent company, and cross-default clauses. Non-compliance with these covenants could result in earlier maturity of debts.

On March 31, 2021 the Company and its subsidiaries were compliant with all the covenants for financial index requiring half-yearly, annual and permanent compliance. More details in Note 19.

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d) Capital management

The comparisons of the Company's consolidated net liabilities and its equity are as follows:

	Consolidated		Parent Company	
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Total liabilities	14,470,654	14,613,694	14,204,382	14,206,769
Cash and cash equivalents (Note 6)	(550,820)	(384,397)	(479,058)	(290,995)
Marketable securities (Note 7)	(884,822)	(1,132,281)	(623,071)	(889,671)
Net liabilities	13,035,012	13,097,016	13,102,253	13,026,103
Total equity	5,530,798	5,842,171	5,530,798	5,842,171
Net liabilities / equity	2.36	2.24	2.37	2.23

29. OPERATING SEGMENTS

The operating segments of the Company and its subsidiaries reflect their management and their organizational structure, used to monitoring its results. They are aligned with the regulatory framework of the Brazilian energy industry.

The Company operates in the generation and transmission segments, while its subsidiaries operate only in the generation and sale segment.

These segments are reflected in the Company's management, organizational structure, and monitoring of results.

As from 1º quarter of 2021, the Executive Board has begun to make a separate performance evaluation of the energy trading activity, using information on its results to support decisions on application of funds to this sector of the business. This change in the separation of details by operational segment as disclosed by the Company arises from the growing importance of the activity of this segment in the energy market for complying with and maintaining the Company's contractual obligations, especially after the reduction of the Company's own generation capacity – hence this decision on criteria for segregation, to obtain separate information on the profit and loss of this segment. The energy trading activity, as an operational segment, comprises purchase and sale of electricity in the Free and Regulated markets, and the activities related to its commercial and market procedures, including transactions on the Power Trading Chamber (CCEE).

Additionally, the results of the affiliated and jointly-controlled companies are evaluated as a single segment, in line with the Company's business strategies. The main aim of separation of this segment is to monitor compliance with the targets established by these companies, to ensure sustainability and maximization of their return for the company.

Thus, as from 1º quarter of 2021, the segment information started be presented separately into the following 4 reportable segments:

- Generation: comprise production of electricity from hydroelectric and wind facilities;

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- Transmission: comprise construction, operation and maintenance of transmission lines and substations;
- Trading: comprise trading in electricity and provision of related services; and
- Investees: comprise management of the equity interests in which the company does not have stockholding control, in line with the Company's business strategies.

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

This table shows the segment information in the new segmentation base, for the three months ended on March 31, 2021 and 2020, on a consolidated basis:

INFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED MARCH 31, 2021								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**737,997**	**214,182**	**1,380,435**	**-**	**2,332,614**	**(374,384)**	**(12,704)**	**1,945,526**
COST OF ENERGY	**(141,367)**	**-**	**(1,262,728)**	**-**	**(1,404,095)**	**374,384**	**1,405**	**(1,028,306)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(33,768)	(27,188)	(5,227)	(7,265)	(73,448)	-	(2,107)	(75,555)
Employees' and managers' profit sharing	(3,110)	(2,757)	(542)	(737)	(7,146)	-	-	(7,146)
Post-employment obligations	(9,791)	(8,837)	(1,701)	(2,364)	(22,693)	-	-	(22,693)
Materials, outsourced services and others expenses (revenues)	(40,975)	(13,752)	(2,639)	(5,055)	(62,421)	-	8,023	(54,398)
Depreciation and amortization	(46,846)	(822)	(136)	(198)	(48,002)	-	127	(47,875)
Operating provisions (reversals)	(16,289)	(3,145)	584	18,510	(340)	-	5,256	4,916
Construction costs	-	(19,065)	-	-	(19,065)	-	-	(19,065)
Total cost of operation	**(150,779)**	**(75,566)**	**(9,661)**	**2,891**	**(233,115)**	**-**	**11,299**	**(221,816)**
OPERATING COSTS AND EXPENSES	**(292,146)**	**(75,566)**	**(1,272,389)**	**2,891**	**(1,637,210)**	**374,384**	**12,704**	**(1,250,122)**
Periodic tariff review, net	-	5,816	-	-	5,816	-	-	5,816
Equity in earnings of unconsolidated investees, net	63,270	-	-	(66,763)	(3,493)	-	-	(3,493)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**509,121**	**144,432**	**108,046**	**(63,872)**	**697,727**	**-**	**-**	**697,727**
Finance income	(432,234)	(217,433)	2,945	(550,525)	(1,197,247)	-	-	(1,197,247)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**76,887**	**(73,001)**	**110,991**	**(614,397)**	**(499,520)**	**-**	**-**	**(499,520)**
Income tax and social contribution tax	14,951	23,885	(35,307)	184,618	188,147	-	-	188,147
NET INCOME (LOSS) FOR THE PERIOD	**91,838**	**(49,116)**	**75,684**	**(429,779)**	**(311,373)**	**-**	**-**	**(311,373)**

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

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NFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED MARCH 31, 2020								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION	TOTAL
	GENERATION	TRANSMISSION	TRADING (1)					
NET REVENUE	**1,700,602**	**173,833**	**-**	**-**	**1,874,435**	**-**	**-**	**1,874,435**
COST OF ENERGY								
Charges for use of the national grid	(49,434)	-	-	-	(49,434)	-	-	(49,434)
Energy bought for resale	(913,749)	-	-	-	(913,749)	-	-	(913,749)
	(963,183)	**-**	**-**	**-**	**(963,183)**	**-**	**-**	**(963,183)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(46,209)	(28,839)	-	-	(75,048)	-	-	(75,048)
Employees' and managers' profit sharing	(3,769)	(2,430)	-	-	(6,199)	-	-	(6,199)
Post-employment obligations	(12,188)	(10,339)	-	-	(22,527)	-	-	(22,527)
Materials, outsourced services and others expenses (revenues)	(33,514)	(12,856)	-	-	(46,370)	-	-	(46,370)
Depreciation and amortization	(51,189)	(1,250)	-	-	(52,439)	-	-	(52,439)
Operating provisions (reversals)	(28,436)	(2,844)	-	-	(31,280)	-	-	(31,280)
Construction costs	-	(47,198)	-	-	(47,198)	-	-	(47,198)
Total cost of operation	**(175,305)**	**(105,756)**	**-**	**-**	**(281,061)**	**-**	**-**	**(281,061)**
OPERATING COSTS AND EXPENSES	**(1,138,488)**	**(105,756)**	**-**	**-**	**(1,244,244)**	**-**	**-**	**(1,244,244)**
Equity in earnings of unconsolidated investees, net	10,231	-	-	(4,774)	5,457	-	-	5,457
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**572,345**	**68,077**	**-**	**(4,774)**	**635,648**	**-**	**-**	**635,648**
Finance income	1,213,130	128,739	-	-	1,341,869	-	-	1,341,869
Finance expenses	(1,833,663)	(197,879)	-	-	(2,031,542)	-	-	(2,031,542)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**(48,188)**	**(1,063)**	**-**	**(4,774)**	**(54,025)**	**-**	**-**	**(54,025)**
Income tax and social contribution tax	41,537	(2,836)	-	-	38,701	-	-	38,701
NET INCOME (LOSS) FOR THE PERIOD	**(6,651)**	**(3,899)**	**-**	**(4,774)**	**(15,324)**	**-**	**-**	**(15,324)**

(1) The results of the Sale business are presented in the Generation segment, since in 2020 this activity was considered to be an element of the generation business, and segregating it using the assumptions of the new segmentation base is impracticable. Thus, for January to March 31, 2021 we do not present the trading segment and there are no inter-segment transactions.

The information for assets by segment is not presented, because this is not part of the information made available to the Company's management.

As stated in Note 2.3, the effects of the retrospective application adjustments in balances for March 31, 2020 only affected the transmission segment.

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30. SUBSEQUENT EVENTS

2021 Programmed Voluntary Retirement Plan ('PDVP')

On May 2021, the Company approved the Programmed Voluntary Retirement Plan for 2021 ('the 2021 PDVP'). All the employees are eligible to join the program, except as provided for in the Program, from May 10 to 31, 2021. The program will pay the standard legal payments for voluntary termination of employment and a bonus, as an indemnity, which is calculated by the application of a percentage determined by the length of time the employee has worked for Cemig, on the current remuneration, for each year of employment, according to the Program terms, and, for those employees whose job tenure in Cemig is longer than 36 years, the value of 10.5 remunerations.

CONSOLIDATED RESULTS
(Figures in R$ '000 unless otherwise indicated)

Loss for the period

From January to March, 2021, the Company reports a loss income of R$311,373 which compares with its loss income of R$15,324901 million in the same period of 2020 (restated). The negative result arising from the debt in foreign currency (Eurobonds) and its corresponding hedge instrument, which was R$619,244 (net of taxes) from January to March, 2021, which compares to the negative result of R$288,922 (net of taxes) in the same period of 2020.

The main variations in revenue, costs, expenses and net finance income (expenses) are noted below.

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

The Company's Ebitda, adjusted including the removal of non-recurrent items, increase in 8.30% in the first quarter of 2021 compared to the same period of 2020. The adjusted Ebitda margin increased from 36.71% in the first quarter of 2020 to 38.32% in the first quarter of 2021.

The Ebitda, measured according to CVM Instruction 527/2012, increased in 8.36% in the first quarter of 2021, compared to the same period of 2020. The Ebitda margin increased from 36.71% in the first quarter of 2020 to 38.30% in the first quarter of 2021.

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Ebitda – R$ million	Jan to Mar/2021	Jan to Mar/2020 (Restated)	Var %
Loss for the period	(311,373)	(15,324)	1.931.93
+ Current and deferred income tax and social contribution tax	(188,147)	(38,701)	386.16
+/- Net financial revenue (expenses)	1,197,247	689,673	73.60
+ Depreciation and amortization	47,875	52,439	(8.70)
= Ebitda according to "CVM Instruction 527" (1)	**745,602**	**688,087**	**8.36**
Non-recurrent items			
- Periodic Tariff Review adjustments / Standardization of accounting practices	(5,816)	-	-
+ Obligations arising from investment contracts (Note 25e)	5,379	-	-
= Ebitda Adjusted (2)	**745,165**	**688,087**	**8.30**

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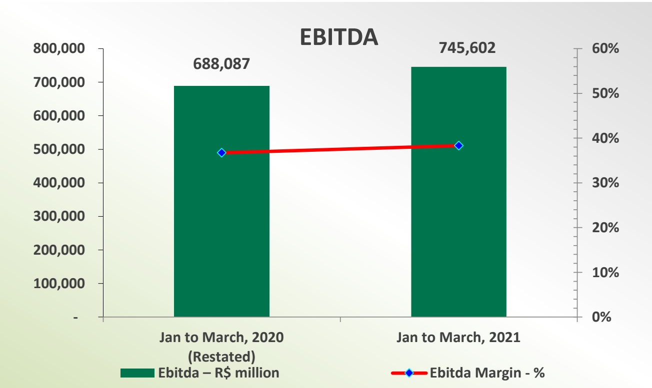

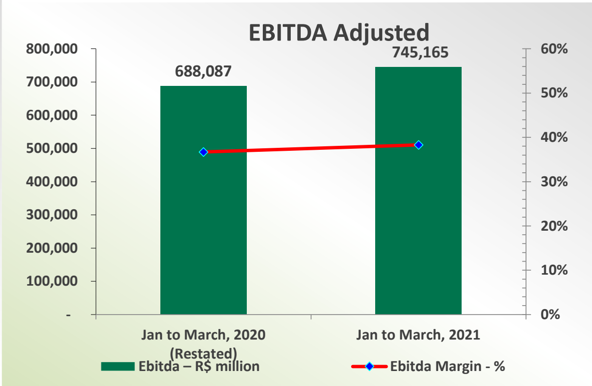

(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated interim financial information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income and Social Contribution taxes. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. The Company publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

(2) The Company adjusts the EBITDA measured according to CVM Instruction 527 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.

More details on the specific items of this Comment.

Revenue from supply of energy

	Jan to Mar/2021			Jan to Mar/2020		
	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh¹	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh
Industrial	3,371,412	895,726	265.68	2,871,503	719,830	250.68
Commercial	999,427	213,782	213.90	1,120,070	245,041	218.77
Rural	6,966	1,865	267.73	3,439	943	274.21
Subtotal	**4,377,805**	**1,111,373**	**253.87**	**3,995,012**	**965,814**	**241.75**
Net unbilled retail supply	-	90,550	-	-	(3,954)	-
	4,377,805	**1,201,923**	**263.91**	**3,995,012**	**961,860**	**254.66**
Wholesale supply to other concession holders	2,748,059	769,238	279.92	3,256,285	880,793	270.49
Wholesale supply unbilled, net	-	(73,719)	-	-	49,181	-
	7,125,864	**1,897,442**	**-**	**7,251,297**	**1,891,834**	**-**

(1) The calculation of the average price does not include revenue from supply not yet billed.
(2) Data not audited by external auditors.

The Company reports a revenue from supply of energy of R$1,897,442 from January to March, 2021, compared to R$1,891,834 to the same period of 2020. This variation is mainly due from the following factors:

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- Sales to traders and generators 10.77% lower, due to a higher volume of spot sales in the early months of 2020, for the purpose of redeeming part of the credit that the company has with the CCEE;
- This decrease was partially offset by 17.41% higher on consumption by industrial Free Clients, mainly due to new contracts signed in January 2021.

Transmission concession revenue

The Company's transmission revenue comprises the sum of revenues recorded for construction, strengthening, enhancement, operation and maintenance, as specified in the transmission contracts. Under the concession contracts, Annual Permitted Revenues (RAPs) of the existing electricity system, and those involved in tenders. These are updated annually, based mainly on the inflation index specified in the contract (the IPCA and IGP-M indices). Subsequently, all strengthening and enhancement works that are implemented upon specific authorization by Aneel result in the constitution of a new component of RAP.

This infrastructure operation and maintenance revenue was R$150,719 from January to March, 2021, compared to R$124,942 to the same period of 2020 (Restated), 20.63 higher. Revenues posted for construction, strengthening and enhancement of infrastructure totaled R$22,451 from January to March, 2021, compared to R$61,241 to the same period of 2020 (Restated), 63.34 lower. This mainly reflects the lower investments in transmission, as a result of new decisions on investments in small-scale improvements, due to the alterations in regulations, and the suspension of contracts with suppliers of strengthening works.

At the same time, revenues from financial remuneration of transmission contract assets were 102.63% higher, at R$145,042 from January to March, 2021, compared to R$71,580 to the same period of 2020(re-presented)– mainly reflecting the increase in the remuneration base of the assets linked to Contract 006/1997, as from the Periodic Tariff Review (RTP) ratified by Aneel on June 30, 2020.

More details in Note 12.

Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from transactions with energy on the CCEE (Power Trading Chamber) from January to March 31, 2021 was R$49,849, or 103.27% higher than to the same period of 2020 (R$24,524). This increase was mainly due to the to energy surplus from January to March 31, 2021, when compared to the deficit positions in the same period of 2020. From January to March 31, 2021, the short-term bilateral sales were made that increased the Company's exposure on the CCEE.

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Taxes and regulatory charges reported as deductions from revenue

Taxes and charges applied to operating revenue from January to March, 2021 were R$468,464, or 7.94% higher than in the same period of 2020 (R$434,022). This variation is mainly due from the following factors:

Proinfa – Alternative Energy Program

Each year Aneel approves the budget of the program, and the Company pays the approved amounts through the charging of the Tariff for Use of the National Grid. These amounts are passed through in full to Eletrobras, which is the manager of these funds.

The charges relating to Proinfa from January to March, 2021 were R$16,335, or 111.70% higher than in the same period of 2020 (R$7,716 million), mainly reflecting the reduction of the quotas approved for the 2021 program, compared to 2020.

The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided 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. The charges for the CDE from January to March, 2021 were R$61,389 compared to R$57,571 in the same period of 2020, an increase of 6.63%.

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

Operating costs and expenses

Operating costs and expenses from January to March, 2021 totaled R$1,250,122, 0.47% higher than in same period of 2020 (R$1,244,244 million - restated).

The following paragraphs outline the main variations in operating costs and expenses:

Energy *purchased* for resale

The expense on energy bought for resale from January to March, 2021 was R$979,386, compared to R$913,749 in same period of 2020, representing an increase of 7.18%. This variation is mainly due from the following factors:

- 22.86% higher on expense on purchase of energy in the Free Market, R$1,035,843 from January to March, 2021 compared to R$843,106 in same period of 2020, associated with, mainly to higher purchase of energy due to seasonalization; and

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- the increase of energy purchase was offset due to a 74.52% lower expense in the spot market: R$40,832 from January to March, 31 2021, compared to R$160,248 in the same period of 2020. This variation is mainly due to the surplus of energy in the first quarter of 2021, when compared to the deficit positions of the same period of 2020. In this period of 2020, short-term bilateral sales were made which increased the Company's exposure at CCEE .

Personnel expenses

The expense on personnel from January to March, 2021 was R$75,555, 0.68% higher than in the same period of 2020 (R$75,048), arising mainly from the following factors:

- salary increase of 4.77% under the Collective Work Agreement, as from November 2020, compared to a salary increase of 2.55% as from November 2019, also under the Collective Work Agreement; and
- the average number of employees was 4.60% lower January to March, 2021, at 1,245, compared to 1,305 in the same period of 2020.

Employee profit shares

The expense on profit shares from January to March, 2021 was R$7,146, compared to R$6,199 in the same period of 2020, 15.28% higher. This basically reflects the increase on the net income of Cemig, Cemig GT´s parent Company, in accordance with the Collective Agreements related to Cemig's Profit Sharing Program.

Construction cost

Construction cost from January to March, 2021 was R$19,065 – compared to R$47,198 in the same period of 2020, a reduction of 59.61%. This variation is mainly associated with the fact that in 2020 several projects were in the final stage of implementation with significant disbursements. In 2021, these projects were concluded or are in the final phase of completion. In addition, the new projects are in the stage of preparation and mobilization in the field and the most significant disbursements will occur only in the coming quarters.

Operating provisions

Net operating provisions from January to March, 2021 was a reversal of R$4,916, compared to an expense of R$31,280 in the same period of 2020, arising mainly from the following factors:

- reversal of provisions for estimated losses for doubtful receivables from January to March, 2021, of R$1,112, compared to expense of R$3,543 in the same period of 2020– mainly due the resumption of the economy, which resulted in lower delinquency rates; and

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- changes in SAAG´s option, which represented a reversal of 13,167 from January to March, 31, 2021, compared to provisions of R$20,812 in the same period of 2020. This variation occurred due to the change in the calculation methodology, whose measurement of the fair value was based on the Black-Scholes-Merton (BSM) model until the date of exercise of the option, and started to consider the update of the obligation value by the IPCA plus 7% per annum, less dividends and interest on equity paid by SAAG. More information on the option calculation methodology in Note 28.

More details on the components of Operating costs and expenses in Note 25c.

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

A net loss of R$3,493 value of non-consolidated investees was posted by the equity method from January to March, 2021 in the, which compares with a net gain of R$5,457 in the same period of 2020, arising mainly from the following factors:

- Recognition of losses in the investees Amazônia Energia and Aliança Norte (shareholders of Norte Energia S.A. – 'NESA'), which reported a negative equity method of R$16,435 from January to March, 2021, compared to a negative equity method of R$11,423 in the same period of 2020;
- Higher losses in the investee Santo Antônio Energia, which reported a negative equity method of R$79,255 from January to March, 2021, compared to a negative equity method of R$26,628 in the same period of 2020;
- compensating for these negative effects, it is worth mentioning the positive net income recorded by the investee Guanhães in the first quarter of 2021, which result in a gain on equity in the amount of R$40,254, compared to a loss on equity of R$358 recognized in the same period of 2020; and
- Higher gains in the investee Aliança Geração, which reported a positive equity method of R$36,471 from January to March, 2021, compared to R$27,577 in the same period of 2020.

Note 13 gives the breakdown of equity method gains/losses, by investee.

Finance income (expenses)

The Company reports net financial expenses of R$1,197,247 from January to March, 2021, compared to net financial expenses of R$689,673 in the same period of 2020, due to the main factors:

- Higher exchange rate variation on loans in foreign currency – this variation from January to March, 2021 was an increase of 9.63% compared to 28.98% in the same period of 2020, represented a financial expense of R$750,900, compared to a financial expense of R$1,752,000 respectivally; and

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- Higher loss on the hedge transaction contracted to protect the Eurobond issue from exchange rate variation from January to March, 2021 compared to gain in the same period of 2020. On March 31, 2021, this loss was R$187,348, compared to a gain of R$1,314,240 recorded on March 31, 2020. The difference mainly resulted from a higher future curve of the Brazilian indexer, the DI rate (the liability side of the swap) and from semiannual settlements carried out in June and December 2020.

For a breakdown of financial income/expenses see Note 26.

Income tax and social contribution tax

From January to March, 2021, the expense on income tax and social contribution tax was R$188,147, on pre-tax loss of R$499,520 – an effective rate of (37.67)%. From January to March, 2020, the expense on income tax and social contribution tax was R$38,701 (restated), or (71.64)% of the pre-tax loss of R$54,025 (restated).

These effective rates are reconciled with the nominal rates in Note 9d.

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(The original is signed by the following signatories:)

Reynaldo Passanezi Filho
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations Officer

Paulo Mota Henriques
Chief Generation and Transmission Officer

Maurício Dall'Agnese
Chief Officer for Management of Holdings

Marney Tadeu Antunes
Interim Director without portfolio

Eduardo Soares
Chief Regulation and Legal

Mário Lúcio Braga
Controller
CRC-MG-47,822

Carolina Luiza F. A. C. de Senna
Accounting Manager
Accountant – CRC-MG 77,839

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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 accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent Auditor's Review Report on Quarterly Information - ITR

To the shareholders and Management of:
Cemig Geração e Transmissão S.A.
Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Cemig Geração e Transmissão S.A. (the "Company"), for the quarter ended March 31, 2021, comprising the statement of financial position as at March 31, 2021, and the related statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 Brazilian and international standards on review engagements (NBC TR 2410 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 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.

Conclusion on the individual and consolidated interim financial information

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

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Emphasis of matters

Restatement of corresponding figures

As described in Note 2.3, due to the impacts of the adjustments in discounts rates of the financial inflows of the concession contract related to the transmission segment and the respective impact on the construction margin allocation on the statement of profit and loss, the prior quarter corresponding amounts, presented for comparative purposes, are being restated in accordance with NBC TG 23 - Accounting Policies, Changes in Accounting Estimates and Errors.

Risk regarding the ability of the jointly-controlled entity Renova Energia S.A. to continue as a going concern

As described in Note 13 to the individual and consolidated interim financial information, on December 18, 2020 were approved in the General Meeting of Creditors and ratified by the 2nd State of São Paulo In-Court Reorganization and Bankruptcy Court, the court-supervised reorganization plans of the jointly-controlled entity Renova Energia S.A. and some of its subsidiaries, which accounting effects were recorded in the financial statements of the jointly-controlled entity for the year ended December 31, 2020. Although the in-court reorganization plans effects have been approved and recorded, there are events or conditions together with other matters described in referred note that may indicate significant doubt about its ability to continue as a going concern. Our conclusion is not modified in respect to this matter.

Other matters

Statements of value added

The above mentioned quarterly information include the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte (MG), May 14, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Shirley Nara S. Silva
Accountant CRC-1BA022650/O-0

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