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STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
ASSETS
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
CURRENT					
Cash and cash equivalents	5	743,809	384,397	654,804	290,995
Marketable securities	6	1,252,198	1,132,281	1,068,684	889,671
Receivables from customers and traders	7	727,741	910,455	608,152	797,580
Concession holders – transmission service	7	111,204	109,908	113,250	111,066
Recoverable taxes	8	162,725	347,801	155,332	339,018
Income tax and social contribution tax recoverable	9a	323,172	467,700	321,910	465,246
Dividends receivables	27	40,028	117,110	191,173	117,404
Concession financial assets	11	274,645	258,588	-	-
Contract assets	12	514,731	718,430	514,731	718,430
Derivative financial instruments	28	160,784	522,579	160,784	522,579
Others		283,196	134,942	99,741	104,781
TOTAL CURRENT		**4,594,233**	**5,104,191**	**3,888,561**	**4,356,770**
NON-CURRENT					
Marketable securities	6	310,547	254,481	265,016	199,928
Receivables from customers and traders	7	9,363	6,774	2,292	2,872
Deferred income tax and social contribution tax	9c	267	10,969	-	-
Recoverable taxes	8	55,877	54,760	24,638	23,851
Escrow deposits	10	160,291	160,321	151,730	151,838
Derivative financial instruments	28	1,188,952	2,426,351	1,188,952	2,426,351
Others		48,697	55,084	55,611	57,656
Concession financial assets	11	3,199,719	3,106,812	816,202	816,202
Contract assets	12	3,352,281	2,916,272	3,352,281	2,916,272
Investments	13	3,610,279	3,755,799	7,369,342	7,257,319
Property, plant and equipment	14	2,391,603	2,405,681	1,763,848	1,773,139
Intangible	15	1,061,423	156,486	711,262	26,724
Leasing – rights of use	16a	35,713	41,884	34,163	40,018
TOTAL NON-CURRENT		**15,425,012**	**15,351,674**	**15,735,337**	**15,692,170**
TOTAL ASSETS		**20,019,245**	**20,455,865**	**19,623,898**	**20,048,940**

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STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
LIABILITIES
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
CURRENT					
Loans, financings and debentures	19	465,419	764,810	448,771	733,520
Suppliers	17	419,243	465,939	396,692	392,574
Income tax and social contribution tax	9b	106,446	128,012	-	-
Taxes payable	18	143,143	165,241	116,100	149,775
Regulatory charges	20	182,656	172,619	166,875	160,872
Post-employment obligations	21	70,528	66,206	70,528	66,206
Interest on equity, and dividends, payable	27	479,093	891,998	479,093	891,998
Payroll and related charges		58,852	52,106	57,901	51,150
Derivative financial instruments (swap)	28	59,032	-	59,032	-
Put options SAAG	28	549,513	536,155	549,513	536,155
Leasing liabilities	16b	6,221	8,702	5,733	7,908
Others		146,097	172,668	139,869	161,472
TOTAL CURRENT		**2,686,243**	**3,424,456**	**2,490,107**	**3,151,630**
NON-CURRENT					
Loans, financings and debentures	19	7,466,511	8,120,901	7,466,511	8,120,901
Deferred income tax and social contribution tax	9c	720,727	773,560	642,092	754,603
Taxes payable	18	301,637	262,745	299,595	262,673
Regulatory charges	20	2,748	56,953	-	47,746
Post-employment obligations	21	1,396,224	1,391,479	1,396,224	1,391,479
Provisions	22	430,735	418,548	430,441	418,261
Leasing liabilities	16b	32,680	35,841	31,523	34,678
Others		141,747	129,211	27,412	24,798
TOTAL NON-CURRENT		**10,493,009**	**11,189,238**	**10,293,798**	**11,055,139**
TOTAL LIABILITIES		**13,179,252**	**14,613,694**	**12,783,905**	**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		(234,709)	(230,706)	(234,709)	(230,706)
Retained earnings		1,001,825	-	1,001,825	-
TOTAL SHAREHOLDERS' EQUITY		**6,839,993**	**5,842,171**	**6,839,993**	**5,842,171**
TOTAL LIABILITIES AND EQUITY		**20,019,245**	**20,455,865**	**19,623,898**	**20,048,940**

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STATEMENTS OF INCOME
FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais - except earnings per share)

	Note	Consolidated		Parent Company	
		Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
NET REVENUE	**24**	**3,891,093**	**3,338,166**	**3,168,498**	**2,925,679**
OPERATING COSTS					
COST OF ENERGY	**25**				
Charges for use of the national grid		(97,508)	(98,288)	(73,225)	(72,320)
Energy bought for resale		(1,932,266)	(1,785,145)	(1,902,993)	(1,780,952)
		(2,029,774)	**(1,883,433)**	**(1,976,218)**	**(1,853,272)**
OTHER COSTS	**25**				
Personnel and managers		(138,669)	(129,182)	(127,964)	(123,186)
Materials		(12,772)	(4,785)	(4,815)	(2,646)
Outsourced services		(61,629)	(57,307)	(42,768)	(37,601)
Depreciation and amortization		(92,709)	(95,866)	(63,061)	(66,308)
Operating provisions, net	25c	(17,369)	(16,175)	(17,362)	(16,172)
Transmission infrastructure construction cost	25e	(47,124)	(74,044)	(47,124)	(74,044)
Other operating costs		(12,520)	(12,840)	(9,948)	(7,618)
		(382,792)	**(390,199)**	**(313,042)**	**(327,575)**
TOTAL COSTS		**(2,412,566)**	**(2,273,632)**	**(2,289,260)**	**(2,180,847)**
GROSS PROFIT		**1,478,527**	**1,064,534**	**879,238**	**744,832**
OPERATING EXPENSES	25c				
Selling expenses		(5,579)	(16,297)	(5,592)	(4,021)
General and administrative expenses		(45,964)	(49,345)	(45,794)	(49,345)
Other operating expenses		(83,368)	(93,347)	(81,205)	(84,166)
		(134,911)	**(158,989)**	**(132,591)**	**(137,532)**
Gains arising from renegotiation of hydrological risk (Law 14,052/20), net	15	909,601	-	683,405	-
Periodic Tariff Review adjustments, net	12b	217,063	479,703	217,063	479,703
Share of profit (loss) of associates and joint ventures, net	13	(122,840)	(2,395)	505,804	229,063
Adjustment for impairment of investments		-	-	-	(8,459)
Operating income before financial revenue (expenses) and taxes		**2,347,440**	**1,382,853**	**2,152,919**	**1,307,607**
Finance income	26	348,143	1,855,143	338,599	1,838,800
Finance expenses	26	(1,117,195)	(2,678,518)	(1,106,596)	(2,666,203)
Income before income tax and social contribution tax		**1,578,388**	**559,478**	**1,384,922**	**480,204**
Current income tax and social contribution tax	9d	(489,437)	(81,131)	(364,477)	-
Deferred income tax and social contribution tax	9d	44,005	(87,004)	112,511	(88,861)
NET INCOME FOR THE PERIOD		**1,132,956**	**391,343**	**1,132,956**	**391,343**
Basic and dileted earnings per share –R$	**23**	**0.39**	**0.14**	**0.39**	**0.14**

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STATEMENTS OF INCOME
FOR THE THREE-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais, except earnings per share)

	Note	Consolidated		Parent Company	
		Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
NET REVENUE	**24**	**1,945,567**	**1,463,731**	**1,535,148**	**1,298,610**
OPERATING COSTS					
COST OF ENERGY	**25**				
Charges for use of the national grid		(48,588)	(48,854)	(36,674)	(35,775)
Energy bought for resale		(952,880)	(871,396)	(936,566)	(867,560)
		(1,001,468)	**(920,250)**	**(973,240)**	**(903,335)**
OTHER COSTS	**25**				
Personnel and managers		(79,894)	(71,415)	(72,910)	(67,163)
Materials		(8,858)	(3,080)	(3,749)	(1,863)
Outsourced services		(44,597)	(39,114)	(34,584)	(28,831)
Depreciation and amortization		(49,967)	(47,605)	(32,154)	(33,076)
Operating provisions, net	25c	(8,006)	(9,250)	(8,002)	(9,295)
Transmission infrastructure construction cost	25e	(28,059)	(26,846)	(28,059)	(26,846)
Other operating costs		(7,978)	(10,974)	(8,328)	(6,070)
		(227,359)	**(208,284)**	**(187,786)**	**(173,144)**
TOTAL COSTS		**(1,228,827)**	**(1,128,534)**	**(1,161,026)**	**(1,076,479)**
GROSS PROFIT		**716,740**	**335,197**	**374,122**	**222,131**
OPERATING EXPENSES	25c				
Selling expenses		(6,691)	(12,754)	(6,565)	(478)
General and administrative expenses		(6,092)	(6,986)	(5,922)	(6,986)
Other operating expenses		(55,745)	(40,103)	(56,649)	(32,050)
		(68,528)	**(59,843)**	**(69,136)**	**(39,514)**
Gains arising from renegotiation of hydrological risk (Law 14,052/20), net	15	909,601	-	683,405	-
Periodic Tariff Review adjustments, net	12b	211,247	479,703	211,247	479,703
Share of profit (loss) of associates and joint ventures, net	13	(119,347)	(7,852)	317,265	67,930
Adjustment for impairment of investments		-	-	-	(8,459)
Operating income before financial revenue (expenses) and taxes		**1,649,713**	**747,205**	**1,516,903**	**721,791**
Finance income	26	1,076,073	517,292	1,069,593	509,323
Finance expenses	26	(647,878)	(650,994)	(643,668)	(647,403)
Income before income tax and social contribution tax		**2,077,908**	**613,503**	**1,942,828**	**583,711**
Current income tax and social contribution tax	9d	(431,974)	(31,482)	(364,477)	-
Deferred income tax and social contribution tax	9d	(201,605)	(175,354)	(134,022)	(177,044)
NET INCOME FOR THE PERIOD		**1,444,329**	**406,667**	**1,444,329**	**406,667**
Basic and diluted earnings per share –R$	**23**	**0.50**	**0.14**	**0.50**	**0.14**

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
NET INCOME FOR THE PERIOD	1,132,956	391,343	1,132,956	391,343
COMPREHENSIVE INCOME FOR THE PERIOD	1,132,956	391,343	1,132,956	391,343

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
NET INCOME FOR THE PERIOD	1,444,329	406,667	1,444,329	406,667
COMPREHENSIVE INCOME FOR THE PERIOD	1,444,329	406,667	1,444,329	406,667

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STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY
FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 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**
Net income for the period	-	-	-	391,343	391,343
Tax incentive reserves	-	877	-	(877)	-
Realization of PP&E deemed cost	-	-	(4,427)	4,427	-
Balances on June 30, 2020 (Restated)	**2,600,000**	**2,758,087**	**(225,436)**	**606,533**	**5,739,184**
Balances on December 31, 2020	**4,000,000**	**2,072,877**	**(230,706)**	**-**	**5,842,171**
Net income for the period	-	-	-	1,132,956	1,132,956
Realization of PP&E deemed cost	-	-	(4,003)	4,003	-
Distribution of interest on equity (note 23)	-	-	-	(135,134)	(135,134)
Balances on June 30, 2021	**4,000,000**	**2,072,877**	**(234,709)**	**1,001,825**	**6,839,993**

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STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTHS PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
CASH FLOW FROM OPERATIONS					
Net income for the period		1,132,956	391,343	1,132,956	391,343
Adjustments for:					
Expenses (revenues) not affecting cash and cash equivalents:					
Depreciation and amortization	25	97,012	104,175	67,612	74,617
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets		237	1,714	237	721
Gains arising from renegotiation of hydrological risk (Law 14,052/20), net	15	(909,601)	-	(683,405)	-
Adjustment to expectation of cash flow from the concession financial and contract assets	11 and 12	(532,533)	(291,675)	(289,129)	(145,263)
Gain (loss) by equity method	13	122,840	2,395	(505,804)	(229,063)
Adjustment for impairment of investments	13	-	-	-	8,459
Provision for impairment of intangible assets	15	-	8,459	-	-
Interest and monetary variation		469,238	484,156	465,544	480,190
Foreign exchange variations – loans and financings	19	(291,750)	2,167,950	(291,750)	2,167,950
Periodic Tariff Review adjustments	12	(238,815)	(528,598)	(238,815)	(528,598)
Amortization of transaction cost of loans and financings	19	10,520	5,982	10,520	5,982
Deferred income tax and social contribution tax	9c	(44,005)	87,004	(112,511)	88,861
Recognition of recovery of PIS/Pasep and Cofins taxes credits over ICMS	8a	(2,063)	(7,859)	(1,881)	(7,549)
Provisions for operating losses, net	25b	22,948	32,472	22,954	20,193
Net gain on derivative instruments at fair value through profit or loss	28	612,765	(1,800,960)	612,765	(1,800,960)
Variation in fair value of derivative financial instruments (Put options)	28	13,358	22,800	13,358	22,800
Post-employment obligations	21	53,703	52,901	53,703	52,901
Others		17,723	43,680	18,039	43,680
		534,533	**775,939**	**274,393**	**646,264**
Increase (decrease) in assets					
Receivables from customers and traders		174,546	179,953	184,416	184,571
Recoverable taxes		5,072	(4,717)	3,830	(889)
Income tax and social contribution tax recoverable		(15,280)	(13,154)	(9,009)	(7,079)
Power transport concession holders		(1,296)	3,422	(2,184)	3,421
Escrow deposits		973	198,063	1,045	193,342
Dividends received		100,177	104,856	340,677	104,856
Concession financial assets and Contract assets	11 and 12	430,074	331,808	295,634	200,174
Others		(130,827)	30,614	17,809	42,511
		563,439	**830,845**	**832,218**	**720,907**
Increase (decrease) in liabilities					
Suppliers		(46,696)	(44,340)	4,118	(37,858)
Taxes		154,686	87,012	141,137	75,561
Income tax and social contribution tax		489,437	81,131	364,477	-
Payroll and related charges		6,746	3,779	6,751	3,838
Regulatory charges		(44,168)	5,191	(41,743)	3,352
Post-employment obligations	21	(44,636)	(29,035)	(44,636)	(29,035)
Others		(22,771)	23,463	(29,599)	(11,098)
		492,598	**127,201**	**400,505**	**4,760**
Cash from operations activities		**1,590,570**	**1,733,985**	**1,507,116**	**1,371,931**
Income tax and social contribution tax paid		(194,376)	(144,394)	(55,313)	-
Interest paid on loans, financings and debentures	19	(473,604)	(428,540)	(473,150)	(428,540)
Settlement of derivative financial instruments (swap)	28	888,642	177,086	888,642	177,086
Interest paid on leasing contracts	16	(185)	(213)	(173)	(208)
NET CASH FROM OPERATING ACTIVITIES		**1,811,047**	**1,337,924**	**1,867,122**	**1,120,269**

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	Note	Consolidated		Parent Company	
		Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
CASH FLOW IN INVESTMENT ACTIVITIES					
Funding of investments	13b	(732)	(75)	(20,982)	(75)
Property, plant and equipment	14	(71,924)	(63,225)	(53,423)	(28,321)
Intangible assets	15	(3,037)	(1,072)	(3,037)	(1,072)
Marketable securities		(175,983)	(738,867)	(244,101)	(568,933)
NET CASH USED IN INVESTMENT ACTIVITIES		**(251,676)**	**(803,239)**	**(321,543)**	**(598,401)**
CASH FLOW IN FINANCING ACTIVITIES					
Interest on equity, and dividends		(527,769)	-	(527,769)	-
Payments of loans, financings and debentures	19	(666,560)	(488,920)	(648,780)	(488,920)
Leasing payments	16	(5,630)	(8,806)	(5,221)	(8,491)
NET CASH USED IN FINANCIAL ACTIVITIES		**(1,199,959)**	**(497,726)**	**(1,181,770)**	**(497,411)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	5	**359,412**	**36,959**	**363,809**	**24,457**
Cash and cash equivalents at start of period		384,397	211,608	290,995	136,208
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**743,809**	**248,567**	**654,804**	**160,665**

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CEMIG Geração e Transmissão S.A.

STATEMENTS OF ADDED VALUE
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated				Parent Company			
	Jan to Jun 2021		Jan to Jun 2020 (Restated)		Jan to Jun 2021		Jan to Jun 2020 (Restated)	
REVENUES								
Sales of energy and services	4,252,746		3,781,106		3,664,160		3,435,413	
Construction revenue	62,134		104,056		62,134		104,056	
Interest revenue arising from the financing component in the transmission contract asset	274,119		115,252		274,119		115,252	
Gain on financial updating of the concession grant fee	243,404		146,412		-		-	
Periodic Tariff Review adjustments	238,815		528,598		238,815		528,598	
Investments in property, plant and equipment	41,232		29,645		41,232		29,645	
Provision for doubtful receivables	(5,579)		(16,297)		(5,592)		(4,021)	
Other revenues, net	17		-		17		-	
	5,106,888		**4,688,772**		**4,274,885**		**4,208,943**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Energy bought for resale	(2,124,826)		(1,959,789)		(2,093,689)		(1,955,140)	
Charges for use of national grid	(106,692)		(107,304)		(80,630)		(79,667)	
Outsourced services	(133,481)		(112,800)		(114,611)		(93,083)	
Materials	(45,257)		(62,207)		(37,300)		(60,067)	
Paid concession	(1,678)		(1,387)		(1,673)		(1,382)	
Other operating costs	(44,430)		(62,058)		(40,938)		(48,768)	
	(2,456,364)		**(2,305,545)**		**(2,368,841)**		**(2,238,107)**	
GROSS VALUE ADDED	**2,650,524**		**2,383,227**		**1,906,044**		**1,970,836**	
RETENTIONS								
Depreciation and amortization	(97,012)		(104,175)		(67,612)		(74,617)	
NET VALUE ADDED	**2,553,512**		**2,279,052**		**1,838,432**		**1,896,219**	
ADDED VALUE RECEIVED BY TRANSFER								
Gains arising from renegotiation of hydrological risk (Law 14,052/20), net	909,601		-		683,405		-	
Share of (losses) profit, net, of associates and joint ventures	(122,840)		(2,395)		505,804		229,063	
Finance income	348,143		1,855,143		338,599		1,838,800	
Adjustment for impairment of investments	-		-		-		(8,459)	
	1,134,904		**1,852,748**		**1,527,808**		**2,059,404**	
ADDED VALUE TO BE DISTRIBUTED	**3,688,416**		**4,131,800**		**3,366,240**		**3,955,623**	
DISTRIBUTION OF ADDED VALUE								
		%		%		%		%
Employees	**199,001**	**5.39**	**195,298**	**4.72**	**188,460**	**5.60**	**189,473**	**4.79**
Direct remuneration	117,418	3.18	111,025	2.69	107,254	3.19	105,527	2.66
Post-employment and other Benefits	66,996	1.82	65,420	1.58	66,704	1.98	65,161	1.65
FGTS fund	8,419	0.23	7,505	0.18	8,334	0.25	7,437	0.19
Programmed voluntary retirement plan	6,168	0.16	11,348	0.27	6,168	0.18	11,348	0.29
Taxes	**1,237,847**	**33.56**	**863,890**	**20.91**	**937,727**	**27.86**	**706,763**	**17.87**
Federal	887,927	24.07	587,731	14.22	625,726	18.59	460,002	11.63
State	342,554	9.29	272,611	6.60	309,648	9.20	244,885	6.19
Municipal	7,366	0.20	3,548	0.09	2,353	0.07	1,876	0.05
Remuneration of external capital	**1,118,612**	**30.33**	**2,681,269**	**64.90**	**1,107,097**	**32.88**	**2,668,044**	**67.45**
Interest	1,117,195	30.29	2,678,518	64.83	1,106,596	32.87	2,666,203	67.40
Rentals	1,417	0.04	2,751	0.07	501	0.01	1,841	0.05
Remuneration of own capital	**1,132,956**	**30.72**	**391,343**	**9.47**	**1,132,956**	**33.66**	**391,343**	**9.89**
Interest on equity	135,134	3.67	-	-	135,134	4.02	-	-
Retained earnings	997,822	27.05	391,343	9.47	997,822	29.64	391,343	9.89
	3,688,416	**100.00**	**4,131,800**	**100.00**	**3,366,240**	**100.00**	**3,955,623**	**100.00**

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

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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 registered 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 5,778 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.

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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 the Ministry of Health, aiming to contribute to the population and Brazilian authorities’ efforts to prevent the disease 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 near expected levels. Additionally, some factors indicate favorable economic outlook for 2021, such as partial recovery of economic agents confidence, employment and income protection measures, and the vaccination campaign progress.

As of June 30, 2021, from the observation of the pandemic's 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. At this point, given 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, cannot offset the Company's total exposure to foreign exchange rate variability, resulting in a net loss of R$321 million in the six months period ended on June 30, 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 addition, the Company began studies and contracted services in order to take measures aimed to diligent managing its liabilities, and reducing its liquidity risk and exposure to the US dollar. On July 19, 2021 the Company lauched its Cash Tender Offer to acquire its debt securities issued in the external market, maturing in 2024, with 9.25% annual coupon, until an amount of US$500 million. On July 30, 2021 offers from holders of Notes representing a total of US$774 million had been received, and were accepted proportionally pro rata, until the maximum amount of US$500 million. Settlement of this Cash Tender transaction occurred on August 5, 2021. Aligned with the Cash tender offer process, on June 7 and 8, 2021 the hedge transactions contracted were partially undone, for a volume of US$500 million. This resulted in a reported gain in favor of the Company of US$774 million. More details in Note 28 (b);
- 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;

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- 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;
- 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; and
- 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.

The impacts of the Covid-19 pandemic disclosed in this interim financial information were based on the Company's best estimates and 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 August 16, 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	Jun. 30, 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	Parliamentary Committe of Inquiry - CPI
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, were considered the results and criteria defined 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 evident 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 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,* as well as in the interim financial information as of June 30, 2020, as presented below.

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; and
- 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 in accounting policy are as follows:

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Statement of income	Consolidated			Parent Company		
	Jan to Jun, 2020			Jan to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
NET REVENUE (1)	**3,789,694**	**(451,528)**	**3,338,166**	**3,377,207**	**(451,528)**	**2,925,679**
OPERATING COSTS	**(1,883,433)**	**-**	**(1,883,433)**	**(1,853,272)**	**-**	**(1,853,272)**
OTHER COSTS	**(390,199)**	**-**	**(390,199)**	**(327,575)**	**-**	**(327,575)**
TOTAL COST	**(2,273,632)**	**-**	**(2,273,632)**	**(2,180,847)**	**-**	**(2,180,847)**
GROSS PROFIT	**1,516,062**	**(451,528)**	**1,064,534**	**1,196,360**	**(451,528)**	**744,832**
OPERATING EXPENSES (2)	**(170,767)**	**11,778**	**(158,989)**	**(149,310)**	**11,778**	**(137,532)**
Periodic tariff review, net (3)	-	479,703	479,703	-	479,703	479,703
Share of profit (losses) of associates and joint ventures, net	(2,395)	-	(2,395)	229,063	-	229,063
Adjustment for impairment of Investments	-	-	-	(8,459)	-	(8,459)
Operating income before net financial income and taxes	**1,342,900**	**39,953**	**1,382,853**	**1,267,654**	**39,953**	**1,307,607**
Net finance income	**(823,375)**	**-**	**(823,375)**	**(827,403)**	**-**	**(827,403)**
Income before income tax and social contribution tax	**519,525**	**39,953**	**559,478**	**440,251**	**39,953**	**480,204**
Current income tax and social contribution tax	(81,131)	-	(81,131)	-	-	-
Deferred income tax and social contribution tax (4)	(73,420)	(13,584)	(87,004)	(75,277)	(13,584)	(88,861)
NET INCOME FROM THE PERIOD	**364,974**	**26,369**	**391,343**	**364,974**	**26,369**	**391,343**
Net income per share – R$	**0.13**	**0.01**	**0.14**	**0.13**	**0.01**	**0.14**

Statement of income	Consolidated			Parent Company		
	Apr to Jun, 2020			Apr to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
NET REVENUE (1)	**1,898,028**	**(434,297)**	**1,463,731**	**1,732,907**	**(434,297)**	**1,298,610**
OPERATING COSTS	**(920,250)**	**-**	**(920,250)**	**(903,335)**	**-**	**(903,335)**
OTHER COSTS	**(208,284)**	**-**	**(208,284)**	**(173,144)**	**-**	**(173,144)**
TOTAL COST	**(1,128,534)**	**-**	**(1,128,534)**	**(1,076,479)**	**-**	**(1,076,479)**
GROSS PROFIT	**769,494**	**(434,297)**	**335,197**	**656,428**	**(434,297)**	**222,131**
OPERATING EXPENSES (2)	**(71,491)**	**11,648**	**(59,843)**	**(51,162)**	**11,648**	**(39,514)**
Periodic tariff review, net (3)	-	479,703	479,703	-	479,703	479,703
Share of profit (losses) of associates and joint ventures, net	(7,852)	-	(7,852)	67,930	-	67,930
Adjustment for impairment of Investments	-	-	-	(8,459)	-	(8,459)
Operating income before net financial income and taxes	**690,151**	**57,054**	**747,205**	**664,737**	**57,054**	**721,791**
Net finance income	**(133,702)**	**-**	**(133,702)**	**(138,080)**	**-**	**(138,080)**
Income before income tax and social contribution tax	**556,449**	**57,054**	**613,503**	**526,657**	**57,054**	**583,711**
Current income tax and social contribution tax	(31,482)	-	(31,482)	-	-	-
Deferred income tax and social contribution tax (4)	(155,956)	(19,398)	(175,354)	(157,646)	(19,398)	(177,044)
NET INCOME FROM THE PERIOD	**369,011**	**37,656**	**406,667**	**369,011**	**37,656**	**406,667**
Net income per share – R$	**0.13**	**0.01**	**0.14**	**0.13**	**0.01**	**0.14**

(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 review, which had been taken into account in operational revenue in 2Q20.
(2) Reversal of expected losses recorded in others expenses in prior periods.
(3) The result of the periodic tariff review was classified in Other operational revenues, so as not to impact net margin in the period.
(4) Deferral of income tax and social contribution tax over the adjustments.

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Statement of comprehensive income	Consolidated			Parent Company		
	Jan to Jun, 2020			Jan to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
NET INCOME FROM THE PERIOD	364,974	26,369	391,343	364,974	26,369	391,343
COMPREHENSIVE INCOME FOR THE PERIOD	**364,974**	**26,369**	**391,343**	**364,974**	**26,369**	**391,343**

Statement of comprehensive income	Consolidated			Parent Company		
	Apr to Jun, 2020			Apr to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
NET INCOME FROM THE PERIOD	369,011	37,656	406,667	369,011	37,656	406,667
COMPREHENSIVE INCOME FOR THE PERIOD	**369,011**	**37,656**	**406,667**	**369,011**	**37,656**	**406,667**

Statement of cash flows	Consolidated			Parent Company		
	Jan to Jun, 2020			Jan to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
CASH FLOW FROM OPERATIONS						
Net income for the period (1)	364,974	26,369	391,343	364,974	26,369	391,343
Expenses (revenues) not affecting cash and cash equivalents:						
Deferred income tax and social contribution tax (2)	73,420	13,584	87,004	75,277	13,584	88,861
Loss on write-off of net residual value of unrecoverable concession financial assets, concessional contract asset, PP&E and Intangible assets (3)	2,317	(603)	1,714	1,324	(603)	721
Impairment of contract assets	11,175	(11,175)	-	11,175	(11,175)	-
Adjustment to expectation of cash flow from the concession financial and contract assets (4)	(228,351)	(63,324)	(291,675)	(81,939)	(63,324)	(145,263)
Periodic tariff reset adjustments	(429,840)	(98,758)	(528,598)	(429,840)	(98,758)	(528,598)
PIS/Pasep and Cofins over contract revenues (5)	-	43,680	43,680	-	43,680	43,680
Others	1,072,471	-	1,072,471	795,520	-	795,520
	866,166	**(90,227)**	**775,939**	**736,491**	**(90,227)**	**646,264**
(Increase) / decrease in assets						
Concession financial assets and Contract assets (6)	241,581	90,227	331,808	109,947	90,227	200,174
Others	499,037	-	499,037	520,733	-	520,733
	740,618	**90,227**	**830,845**	**630,680**	**90,227**	**720,907**
(Increase) / decrease in liabilities	**127,201**	**-**	**127,201**	**4,760**	**-**	**4,760**
Cash from operations activities	**1,733,985**	**-**	**1,733,985**	**1,371,931**	**-**	**1,371,931**
Others	(396,061)	-	(396,061)	(251,662)	-	(251,662)
CASH FROM OPERATING ACTIVITIES	**1,337,924**	**-**	**1,337,924**	**1,120,269**	**-**	**1,120,269**

(1) Effects of retrospective application of accounting policy, recorded as retained earnings, for the period ended on June 30, 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		
	Jan to Jun, 2020			Jan to Jun, 2020		
	As presented	Adjustment	Restated	As presented	Adjustment	Restated
REVENUES (1)	4,616,917	71,855	4,688,772	4,137,088	71,855	4,208,943
INPUTS ACQUIRED FROM THIRD PARTIES (2)	(2,317,323)	11,778	(2,305,545)	(2,249,885)	11,778	(2,238,107)
GROSS VALUE ADDED	**2,299,594**	**83,633**	**2,383,227**	**1,887,203**	**83,633**	**1,970,836**
RETENTIONS	(104,175)	-	(104,175)	(74,617)	-	(74,617)
NET VALUE ADDED	**2,195,419**	**83,633**	**2,279,052**	**1,812,586**	**83,633**	**1,896,219**
ADDED VALUE RECEIVED BY TRANSFER	1,852,748	-	1,852,748	2,059,404	-	2,059,404
ADDED VALUE TO BE DISTRIBUTED	**4,048,167**	**83,633**	**4,131,800**	**3,871,990**	**83,633**	**3,955,623**
DISTRIBUTION OF ADDED VALUE						
Employees	195,298	-	195,298	189,473	-	189,473
Taxes (3)	806,626	57,264	863,890	649,499	57,264	706,763
Remuneration of external capital	2,681,269	-	2,681,269	2,668,044	-	2,668,044
Remuneration of own capital	364,974	26,369	391,343	364,974	26,369	391,343
	4,048,167	**83,633**	**4,131,800**	**3,871,990**	**83,633**	**3,955,623**

(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 June 30, 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 this 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	June 30, 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) Salto Voltão (1) Salto Paraopeba (1) Salto do Passo Velho (1)	Horizontes Energia	Resolution 331/2002	Jul. 2025 Oct. 2030 Oct. 2030 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, n. 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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Bank accounts	3,298	9,919	2,158	1,118
Cash equivalents:				
Bank certificates of deposit (CDBs) (1)	266,385	316,680	247,705	244,469
Overnight (2)	471,881	57,798	402,697	45,408
Others	2,245	-	2,244	-
	740,511	**374,478**	**652,646**	**289,877**
	743,809	**384,397**	**654,804**	**290,995**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 97.00% and 109.00% of the CDI Rate on June 30, 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 4.14% p.a. on June 30, 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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Current				
Bank certificates of deposit (CDBs) (1)	46,801	183,930	39,940	144,501
Financial Notes (LFs) – Banks (2)	703,950	699,325	600,741	549,412
Treasury Financial Notes (LFTs) (3)	498,776	246,471	425,649	193,636
Debentures (4)	2,162	2,011	1,845	1,580
Others	509	544	509	542
	1,252,198	**1,132,281**	**1,068,684**	**889,671**
Non-current				
Financial Notes (LFs) – Banks (2)	301,540	246,121	257,330	193,360
Debentures (4)	9,007	8,360	7,686	6,568
	310,547	**254,481**	**265,016**	**199,928**
	1,562,745	**1,386,762**	**1,333,700**	**1,089,599**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 111.04% and 115.97% of the CDI Rate on June 30, 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 136.14% of the CDI rate on June 30, 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 4.07% to 4.50% p.a. on June 30, 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 June 30, 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	Until 90 days	91 to 360 days	More than 360 days	Jun. 30, 2021	Dec. 31, 2020
Industrial	18,254	291,694	14,927	12,281	46,142	383,298	340,268
Commercial, services and others	4,991	71,567	5,084	4,240	1,550	87,432	102,839
Wholesale supply to other concession holders	8,320	209,163	27,823	1,037	904	247,247	319,274
Concession holders – transmission service	10,048	92,107	743	2,953	5,353	111,204	109,908
CCEE (Power Trading Chamber)	17,441	5,515	-	36,529	-	59,485	189,627
Provision for doubtful receivables	(5,907)	-	(6,317)	(417)	(27,717)	(40,358)	(34,779)
	53,147	**670,046**	**42,260**	**56,623**	**26,232**	**848,308**	**1,027,137**
Current assets						**838,945**	**1,020,363**
Customers and traders						727,741	910,455
Concession holders – transmission service						111,204	109,908
Non-current assets						**9,363**	**6,774**
Customers and traders						9,363	6,774

	Balances not yet due		Past due			Parent Company	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	Jun. 30, 2021	Dec. 31, 2020
Industrial	1,822	257,557	14,927	4,137	29,983	308,426	265,425
Commercial, services and others	4,991	71,567	5,084	4,240	1,550	87,432	102,839
Wholesale supply to other concession holders	4,933	161,451	16,269	906	903	184,462	260,965
Concession holders – transmission service	12,039	92,162	743	2,953	5,353	113,250	111,066
CCEE (Power Trading Chamber)	17,441	-	-	36,529	-	53,970	189,477
Provision for doubtful receivables	-	-	(6,317)	(417)	(17,112)	(23,846)	(18,254)
	41,226	**582,737**	**30,706**	**48,348**	**20,677**	**723,694**	**911,518**
Current assets						**721,402**	**908,646**
Customers and traders						608,152	797,580
Concession holders – transmission service						113,250	111,066
Non-current assets						**2,292**	**2,872**
Customers and traders						2,292	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)	5,579	5,592
Balance on June 30, 2021	**40,358**	**23,846**

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8. RECOVERABLE TAXES

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Current				
ICMS tax recoverable	10,100	12,325	5,419	6,809
Cofins (a) (b)	111,722	259,102	109,571	256,627
PIS/Pasep (a) (b)	24,525	56,682	23,969	55,893
Social security contributions	15,602	14,698	15,602	14,698
Others	776	4,994	771	4,991
	162,725	**347,801**	**155,332**	**339,018**
Non-current				
ICMS tax recoverable (b)	24,835	23,850	24,638	23,851
Cofins (a)	25,445	24,983	-	-
PIS/Pasep (a)	5,597	5,496	-	-
Others	-	431	-	-
	55,877	**54,760**	**24,638**	**23,851**
	218,602	**402,561**	**179,970**	**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.

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On May 13, 2021 the Brazilian Federal Supreme Court ('STF') 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 Cofins taxes should be the ICMS tax stated on invoices 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$23,050 for the PIS/Pasep taxes, and R$106,170 for the Cofins tax. The amount of the credits of the subsidiaries is recorded in Non-current assets, since they have not yet been ratified by the Brazilian tax authority (Receita Federal).

In the first half of 2021, credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R$180,950 (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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Current				
Income tax	278,365	342,199	277,355	340,293
Social contribution tax	44,807	125,501	44,555	124,953
	323,172	**467,700**	**321,910**	**465,246**
Non-current				
Income tax	516	-	-	-
	516	**-**	**-**	**-**

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	
	Jun. 30, 2021	Dec. 31, 2020
Current		
Income tax	78,277	92,948
Social contribution tax	28,169	35,064
	106,446	**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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Deferred tax assets				
Tax loss carryforwards	123,844	284,526	123,844	284,526
Post-employment obligations	465,757	459,381	465,757	459,381
Estimated losses on doubtful receivables	11,196	11,169	8,108	6,206
Provisions for contingencies	118,278	114,343	118,223	114,288
Provision for SAAG put option	186,834	182,293	186,834	182,293
Provisions for losses on investments	251,657	256,835	251,657	256,835
Other provisions	35,897	41,301	35,897	41,301
Paid concession	10,808	9,707	10,808	9,707
Others	15,047	19,625	8,866	13,464
	1,219,318	**1,379,180**	**1,209,994**	**1,368,001**
Deferred tax liabilities				
Fair Value as cost attributed on IFRS adoption	(222,042)	(224,610)	(204,346)	(206,408)
Adjustment of contract assets	(838,989)	(768,126)	(838,989)	(768,126)
Fair value of equity holdings	(133,944)	(138,247)	(133,944)	(138,247)
Updating on escrow deposits	(391)	(391)	-	-
Derivative financial instruments (Swap)	(438,839)	(1,002,636)	(438,839)	(1,002,636)
Reimbursement of costs – GSF	(299,959)	-	(232,358)	-
Others	(5,614)	(7,761)	(3,610)	(7,187)
	(1,939,778)	**(2,141,771)**	**(1,852,086)**	**(2,122,604)**
Net total	**(720,460)**	**(762,591)**	**(642,092)**	**(754,603)**
Total assets	**267**	**10,969**	**-**	**-**
Total liabilities	**(720,727)**	**(773,560)**	**(642,092)**	**(754,603)**

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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	44,005	112,511
Others	(1,874)	-
Balance on June 30, 2021	**(720,460)**	**(642,092)**

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	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
Profit before income tax and social contribution tax	**1,578,388**	**559,478**	**1,384,922**	**480,204**
Income tax and social contribution tax – nominal expense (34%)	(536,652)	(190,223)	(470,873)	(163,269)
Tax effects applicable to:				
Interest on equity	45,946	-	45,946	-
Tax incentives	10,446	7	10,438	-
Share of profit (loss) of associates and joint ventures, net	(48,297)	(6,952)	168,034	74,914
Non-deductible penalties	(209)	(386)	(209)	(386)
Difference between presumed profit and real profit methods	88,467	29,336	-	-
Others	(5,133)	83	(5,302)	(120)
Income tax and social contribution tax – effective expense	**(445,432)**	**(168,135)**	**(251,966)**	**(88,861)**
Current tax	(489,437)	(81,131)	(364,477)	-
Deferred tax	44,005	(87,004)	112,511	(88,861)
	(445,432)	**(168,135)**	**(251,966)**	**(88,861)**
Effective rate	**28.22%**	**30.05%**	**18.19%**	**18.50%**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Profit before income tax and social contribution tax	**2,077,908**	**613,503**	**1,942,828**	**583,711**
Income tax and social contribution tax – nominal expense (34%)	(706,489)	(208,591)	(660,562)	(198,462)
Tax effects applicable to:				
Interest on equity	45,946	-	45,946	-
Tax incentives	10,442	3	10,438	-
Share of profit (loss) of associates and joint ventures, net	(43,551)	(6,343)	105,901	21,613
Non-deductible penalties	(126)	(226)	(126)	(226)
Difference between presumed profit and real profit methods	60,219	8,184	-	-
Others	(20)	137	(96)	31
Income tax and social contribution tax – effective expense	**(633,579)**	**(206,836)**	**(498,499)**	**(177,044)**
Current tax	(431,974)	(31,482)	(364,477)	-
Deferred tax	(201,605)	(175,354)	(134,022)	(177,044)
	(633,579)	**(206,836)**	**(498,499)**	**(177,044)**
Effective rate	**30.49%**	**33.71%**	**25.66%**	**30.33%**

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10. ESCROW DEPOSITS

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Labor claims	**25,264**	**25,653**	**24,684**	**25,075**
Tax issues				
Income tax on interest on equity	17,550	17,473	16,234	16,157
Pasep and Cofins taxes (1)	6,304	6,300	-	-
Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2)	67,646	67,371	67,646	67,371
Urban property tax (IPTU)	13,007	12,852	13,005	12,850
Social contribution tax (3)	18,062	18,062	18,062	18,062
Others	3,733	3,549	3,517	3,332
	126,302	**125,607**	**118,464**	**117,772**
Others				
Court embargo	890	1,357	857	1,325
Regulatory	2,955	2,931	2,955	2,931
Others	4,880	4,773	4,770	4,735
	8,725	**9,061**	**8,582**	**8,991**
	160,291	**160,321**	**151,730**	**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.

11. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Generation – Indemnity receivable (11.1)	816,202	816,202	816,202	816,202
Generation – Concession grant fee (11.2)	2,658,162	2,549,198	-	-
	3,474,364	**3,365,400**	**816,202**	**816,202**
Current	**274,645**	**258,588**	**-**	**-**
Non-current	**3,199,719**	**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	243,404	-
Amounts received	(134,440)	-
Balance on June 30, 2021	**3,474,364**	**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 June 30, 2021 and December 31, 2020.

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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.

On June 30, 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, Plubic 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, which resulted in the publication, on July 13, 2021, of Normative Resolution nº. 942, by Aneel.

Under Normative Resolution nº. 942, concession holders must attest the respective investments linked to reimbursable assets, based on an evaluation report, by July 12, 2022, – this period may be extended by Aneel for an equal period. According to regulator rules, the evaluation report must be prepared by a company accredited by Aneel, to be hired by the concession holder. Additionaly, the concession holders are required to state interest in receipt of the complementary amount until August 20, 2021. This statement was aproved by Cemig GT's Chief Executive Board on August 03, 2021.

Appendix I of the same Resolution details the methodology and general criteria for calculation of investment portion linked to reversible assets, which must be based on the New Replacement Value – which is calculated, preferably, based on the reference database of prices, then, if it is not possible, by the concession holder's prices database, and, as the last alternative, by the updated inspected accounting cost.

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The Company is assessing the effects of this resolution, and does not expect losses in its financial assets as a result of application of these new requirements.

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 Jun. 30, 2021
Cemig Geração Três Marias S.A.	Três Marias	1,447,210	133,257	(72,235)	1,508,232
Cemig Geração Salto Grande S.A.	Salto Grande	454,256	41,962	(22,780)	473,438
Cemig Geração Itutinga S.A.	Itutinga	170,460	17,137	(9,685)	177,912
Cemig Geração Camargos S.A.	Camargos	127,814	12,787	(7,210)	133,391
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	167,206	17,574	(10,144)	174,636
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	113,807	12,883	(7,703)	118,987
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	68,445	7,804	(4,683)	71,566
		2,549,198	**243,404**	**(134,440)**	**2,658,162**

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. The balances of these on June, 30, 2021 were as follows:

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
National Grid (‘BNES’ - Basic Network of the Existing System) - Law 12,783/13	1,988,006	1,895,854	1,988,006	1,895,854
Transmission – Assets remunerated by tariff	1,879,006	1,738,848	1,879,006	1,738,848
	3,867,012	**3,634,702**	**3,867,012**	**3,634,702**
Current	**514,731**	**718,430**	**514,731**	**718,430**
Non-current	**3,352,281**	**2,916,272**	**3,352,281**	**2,916,272**

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The changes in contract assets are as follows:

Balance on December 31, 2020	**3,634,702**
Additions	62,134
Inflation adjustment	274,119
Results of the Periodic Tariff Revision	238,815
Amounts received	(342,758)
Balance on June 30, 2021	**3,867,012**

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:

	Jun. 30, 2021	Dec. 31, 2020
Current		
Concession contract - 079/00 (a)	35,613	28,600
Concession contract - 006/97 (b)		
National Grid ('BNES' - Basic Network of the Existing System)	291,998	533,430
National Grid - new facilities (RBNI)	187,120	156,400
	514,731	**718,430**
Non-current		
Concession contract - 079/00 (a)	156,529	132,589
Concession contract - 006/97 (b)		
National Grid ('BNES' - Basic Network of the Existing System)	1,696,008	1,362,424
National Grid - new facilities (RBNI)	1,499,744	1,421,259
	3,352,281	**2,916,272**
	3,867,012	**3,634,702**

a) Concession contract nº. 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 nº 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.

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 nº 2,852 altered the repositioning of the RAP set by Resolution nº 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.

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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 from 2013 to 2017, updated by the regulatory cost of capital of the transmission sector. The amount reclassified for the period ended on June 30, 2020 was R$1,265,445.

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.

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.

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On April 22, 2021, Aneel published Ratifying Resolution nº 2,852, which altered Ratifying Resolution nº 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, until the date of actual payment (July 1, 2020), after discounting the amounts paid, brought to present value.

However, owing to the pandemic scenario and its potential impacts on energy sector liquidity, Aneel decided for '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 RAPs financial component might not be included in 2023 periodic review. The effects on short-term contractual assets due to the reduction of amortization in the two annual cycles of 2021–2022 and 2022–2023, corresponding to R$276,197, which was reclassified to long-term.

On the second quarter of 2021, the Company recognized the effects of the decision by Aneel put into effect by Ratifying Resolution nº 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, the Company recognized the effects of the resolution referred to in 2Q21, in the amount of R$211,246.

b) Concession contract nº. 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.

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On December 15, 2020, the Resolution nº 2,825/2020 ratified the RAP Periodic Tariff Review of bid contracts of energy transmission, whose tariff review was scheduled for July, 2019. Only of the revenues provisionally established, arising from enhancements and upgrades authorizations are reset. The Periodic Tariff Review resulted in recognition of a gain of R$23,254 in the Company's net profit for 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 2,839 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 first quarter of 2021 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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Affiliated companies				
Madeira Energia (*Santo Antônio* Plant)	116,762	209,374	116,762	209,374
FIP Melbourne (*Santo Antônio* Plant)	82,168	157,476	82,168	157,476
Jointly controlled entities				
Hidrelétrica Cachoeirão	50,173	53,215	50,173	53,215
Guanhães Energia	131,401	131,391	131,401	131,391
Hidrelétrica Pipoca	40,179	35,552	40,179	35,552
LightGer	55,227	51,805	55,227	51,805
Baguari Energia	158,441	159,029	158,441	159,029
Aliança Norte (*Belo Monte* plant)	614,553	631,227	614,553	631,227
Amazônia Energia (*Belo Monte* plant)	938,619	965,255	938,619	965,255
Aliança Geração	1,225,510	1,166,240	1,225,510	1,166,240
Retiro Baixo	197,246	195,235	197,246	195,235
Subsidiaries				
Cemig Baguari	-	-	96	55
Cemig Geração Três Marias S.A.	-	-	1,531,561	1,452,217
Cemig Geração Salto Grande S.A.	-	-	488,649	455,480
Cemig Geração Itutinga S.A.	-	-	194,437	179,745
Cemig Geração Camargos S.A.	-	-	150,221	143,704
Cemig Geração Sul S.A.	-	-	194,109	174,005
Cemig Geração Leste S.A.	-	-	127,929	127,128
Cemig Geração Oeste S.A.	-	-	95,027	83,870
Rosal Energia S.A.	-	-	127,899	127,020
Sá Carvalho S.A.	-	-	132,366	115,486
Horizontes Energia S.A.	-	-	57,964	55,461
Cemig PCH S.A.	-	-	96,827	89,898
Cemig Geração Poço Fundo S.A.	-	-	25,246	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	131,228	56,838
Cemig Trading S.A.	-	-	2,045	30,315
Central Eólica Praias de Parajuru S.A.	-	-	166,155	161,061
Central Eólica Volta do Rio S.A.	-	-	237,304	245,436
Total of investments	**3,610,279**	**3,755,799**	**7,369,342**	**7,257,319**
Usina Hidrelétrica Itaocara – equity deficit (1)	(29,298)	(29,615)	(29,298)	(29,615)
Total	**3,580,981**	**3,726,184**	**7,340,044**	**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 June 30, 2021 is R$29,298 (R$29,615 on December 31, 2020).

For the semester ended of June 30, 2021, management evaluates if, the economic shock of the Covid-19 pandemic (Note 1.b), of 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 the pandemic brought cyclical effects and the long-term expectation of assets 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$51,549 (R$53,858 on December 31, 2020) and R$70,594 (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 Jun. 30, 2021
Retiro Baixo	29,186	(694)	28,492
Madeira Energia (*Santo Antônio* plant)	16,526	(368)	16,158
Aliança Geração	326,915	(12,655)	314,260
Aliança Norte (*Belo Monte* plant)	48,632	(986)	47,646
	421,259	**(14,703)**	**406,556**

Parent Company	Balance at Dec, 31, 2020	Amortization	Balance at Jun. 30, 2021
Retiro Baixo	29,186	(694)	28,492
Central Eólica Praias de Parajuru	53,858	(2,309)	51,549
Central Eólica Volta do Rio	73,983	(3,389)	70,594
Madeira Energia (*Santo Antônio* plant)	16,526	(368)	16,158
Aliança Geração	326,915	(12,655)	314,260
Aliança Norte (*Belo Monte* plant)	48,632	(986)	47,646
	549,100	**(20,401)**	**528,699**

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

Consolidated	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Dividends	Balance at Jun. 30, 2021
Hidrelétrica Cachoeirão	53,215	5,289	-	(8,331)	50,173
Guanhães Energia	131,391	10	-	-	131,401
Hidrelétrica Pipoca	35,552	4,627	-	-	40,179
Madeira Energia (*Santo Antônio* Plant)	209,374	(92,612)	-	-	116,762
FIP Melbourne (*Santo Antônio* Plant)	157,476	(75,308)	-	-	82,168
Baguari Energia	159,029	10,247	-	(10,835)	158,441
Lightger	51,805	3,422	-	-	55,227
Amazônia Energia (*Belo Monte* Plant)	965,255	(26,636)	-	-	938,619
Aliança Norte (*Belo Monte* Plant)	631,227	(16,674)	-	-	614,553
Aliança Geração	1,166,240	59,270	-	-	1,225,510
Retiro Baixo	195,235	5,940	-	(3,929)	197,246
Total of investments	**3,755,799**	**(122,425)**	**-**	**(23,095)**	**3,610,279**
Itaocara – equity deficit	(29,615)	(415)	732	-	(29,298)
Total	**3,726,184**	**(122,840)**	**732**	**(23,095)**	**3,580,981**

Parent Company	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Dividends	Balance at Jun. 30, 2021
Hidrelétrica Cachoeirão	53,215	5,289	-	(8,331)	50,173
Guanhães Energia	131,391	10	-	-	131,401
Hidrelétrica Pipoca	35,552	4,627	-	-	40,179
Madeira Energia (*Santo Antônio* Plant)	209,374	(92,612)	-	-	116,762
FIP Melbourne (*Santo Antônio* Plant)	157,476	(75,308)	-	-	82,168
Baguari Energia	159,029	10,247	-	(10,835)	158,441
Central Eólica Praias Parajuru	161,061	7,407	-	(2,313)	166,155
Central Eólica Volta do Rio	245,436	(8,132)	-	-	237,304
Lightger	51,805	3,422	-	-	55,227
Amazônia Energia (*Belo Monte* Plant)	965,255	(26,636)	-	-	938,619
Aliança Norte (*Belo Monte* Plant)	631,227	(16,674)	-	-	614,553
Aliança Geração	1,166,240	59,270	-	-	1,225,510
Retiro Baixo	195,235	5,940	-	(3,929)	197,246
Cemig Baguari	55	(9)	50	-	96
Cemig Ger.Três Marias S.A.	1,452,217	198,009	-	(118,665)	1,531,561
Cemig Ger.Salto Grande S.A.	455,480	68,754	-	(35,585)	488,649
Cemig Ger. Itutinga S.A.	179,745	35,377	-	(20,685)	194,437
Cemig Geração Camargos S.A.	143,704	29,988	-	(23,471)	150,221
Cemig Geração Sul S.A.	174,005	30,368	-	(10,264)	194,109
Cemig Geração Leste S.A.	127,128	20,923	-	(20,122)	127,929
Cemig Geração Oeste S.A.	83,870	11,157	-	-	95,027
Rosal Energia S.A.	127,020	23,904	-	(23,025)	127,899
Sá Carvalho S.A.	115,486	52,833	-	(35,953)	132,366
Horizontes Energia S.A.	55,461	6,066	-	(3,563)	57,964
Cemig PCH S.A.	89,898	19,265	-	(12,336)	96,827
Cemig Geração Poço Fundo S.A.	3,801	1,245	20,200	-	25,246
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	56,838	130,644	-	(56,254)	131,228
Cemig Trading S.A.	30,315	845	-	(29,115)	2,045
Total of investments	**7,257,319**	**506,219**	**20,250**	**(414,446)**	**7,369,342**
Itaocara – equity deficit	(29,615)	(415)	732	-	(29,298)
Total	**7,227,704**	**505,804**	**20,982**	**(414,446)**	**7,340,044**

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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	June 30, 2021			December 31, 2020		
		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	1,178,625	15.51	10,619,786	2,259,093
Jointly controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	102,395	49.00	35,000	108,602
Guanhães Energia	548,626,000	49.00	548,626	268,166	49.00	548,626	268,144
Hidrelétrica Pipoca	41,360,000	49.00	41,360	81,998	49.00	41,360	72,554
Baguari Energia (1)	26,157,300,278	69.39	186,573	228,342	69.39	186,573	229,189
Lightger	79,078,937	49.00	79,232	112,708	49.00	79,232	105,724
Aliança Norte (*Belo Monte* plant)	41,923,360,811	49.00	1,209,043	1,156,954	49.00	1,209,043	1,188,963
Amazônia Energia (*Belo Monte* plant) (1)	1,322,697,723	74.50	1,322,698	1,259,890	74.50	1,322,698	1,295,644
Aliança Geração	1,291,582,500	45.00	1,291,488	2,017,599	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	338,183	49.90	225,350	324,810
Renova (1) (2)	41,719,724	15.09	3,295,173	(844,112)	36.23	2,960,776	(1,107,637)
Usina Hidrelétrica Itaocara S.A.	71,708,500	49.00	73,203	(59,790)	49.00	71,709	(60,438)
Subsidiaries							
Cemig Baguari	406,000	100.00	406	96	100.00	356	55
Cemig Ger.Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,531,561	100.00	1,291,423	1,452,217
Cemig Ger.Salto Grande S.A.	405,267,607	100.00	405,268	488,649	100.00	405,268	455,480
Cemig Ger. Itutinga S.A.	151,309,332	100.00	151,309	194,437	100.00	151,309	179,745
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	150,221	100.00	113,499	143,704
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	194,109	100.00	148,147	174,006
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	127,929	100.00	100,569	127,128
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	95,027	100.00	60,595	83,870
Rosal Energia S.A.	46,944,467	100.00	46,944	127,899	100.00	46,944	127,019
Sá Carvalho S.A.	361,200,000	100.00	36,833	132,366	100.00	36,833	115,486
Horizontes Energia S.A.	39,257,563	100.00	39,258	57,964	100.00	39,258	55,461
Cemig PCH S.A.	45,952,000	100.00	45,952	96,827	100.00	45,952	89,898
Cemig Geração Poço Fundo S.A. (3)	1,602,000	100.00	1,602	25,246	100.00	1,402	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	131,228	100.00	486	56,838
Cemig Trading S.A.	1,000,000	100.00	1,000	2,045	100.00	1,000	30,315
Central Eólica Praias de Parajuru S.A.	85,834,843	100.00	85,835	114,606	100.00	70,560	107,204
Central Eólica Volta do Rio S.A.	274,867,441	100.00	274,867	166,710	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 adjusted its equity interest in the subsidiary Brasil PCH and recognized adjustments in its financial statements related to shares in profits and losses arising from this investee from the year of 2018, which resulted in restatements of its financial statements of December 31, 2019. On May 6, 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 share and 15.09% of the total share.

(3) 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, n. 01/2021, on April 16, 2021.

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 June 30, 2021 MESA reported a loss of R$1,080,468 (R$548,082 on June 30, 2020) and negative net working capital of R$406,473 (R$204,792 on December 31, 2020). It should be noted that hydroelectric projects constituted using project finance 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 contracts for sales of energy supply over the long term 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 count with the benefits of its debt reprofiling, which adjusted the flow of payments of the debt 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 June 30, 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 June 30, 2021, Renova reported a loss of R$84,354 (R$104,625 on June 30, 2020); accumulated losses to June 30, 2021 of R$4,078,541 (R$3,994,187 to December 31, 2020); and negative equity (uncovered liabilities) of R$844,112 (R$1,107,637 at December 31, 2020). Renova had positive working capital of R$451,943 (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 negative net equity, the Company reduced the carrying amount of its equity interests in Renova, at December 31, 2018, to zero. 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.

*Renova for in-*court supervised *reorganization*

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 subsequently 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, in the approximate amount of R$60 million, with priority of receipt in the court-supervised reorganization process, in the sale of this asset given as guarantee.

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.

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:

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(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.

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, being 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-supervised reorganization Plan, with the conclusion of the sale process on April 5, 2021.

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 May 6, 2021 the Board of Directors of Renova approved partially the capital increase of R$334,397, corresponding to the amount of the credits to be capitalized under the court-supervised reorganization plans. The Company was 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 to 29.72% of the voting share and from 36.23% to 15.09% of the total share. There was no effect on the present jointly control of Renova.

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On June 22, 2021 the Renova's Board of Directors approved a capital increase by private subscription of shares, equivalent to the sum of the amounts subscribed by holders of subscription rights and the amount of the credits capitalized, with an upper limit of R$345,286, with partial ratification to be accepted if the amount subscribed was greater than or equal to R$44,928. This '2nd Process of Capital Increase and Conversion' enables creditors to convert their credits into shares of Renova, and will thus facilitate compliance with the Plans, reducing indebtedness and strengthening the investee's capital structure. The Company did not participate in the group of creditors that requested conversion of their credits into shares, and thus will not follow the capital increase into jointly control.

Although this is only a remote possibility, the Company will be subject to a potential dilution of 50% for the common shares and 8.66% for the preferred shares or, if there is partial ratification of the minimum amount (a probable scenario), 5.75% in common shares and 8.66% in preferred shares. In the most probable scenario, the interest of the Company in the equity of Renova would be reduced to 27.33% of the common share, and from 15.09% to 13.83% of the total share. In spite of the dilution, there are no plans to alter the Renova's control structure. Additionally, the Company may request conversion of part of its credits in the next three 'window' periods, if there is a need to rebalance its ownership of common shares for maintenance of control.

With the approval of the court-supervised reorganization Plan, the main effects on Renova's 2020 financial statements of were: (i) investments in the UPIs Brasil PCH, Enerbras, AS III Phase B, and Mina de Ouro, and other projects in development, are presented as held for sale, in current assets; (ii) liabilities were updated from the date of the application for court-supervised reorganization until December 31, 2020, as specified in the plan; (iii) liabilities to controlling shareholders were updated from the date of approval of the application for court-supervised reorganization, at 100% of the CDI rate; and (iv) the interest amounts accrued for the period between approval of the application and approval of the plan was reversed.

On July 20, 2021, the Board of Directors of Renova approved acceptance of a binding proposal presented by Mubadala Consultoria Financeira e Gestora de Recursos Ltda, for acquisition of 100% of Renova's holding in the common shares (all book-entry, without par value) of Brasil PCH S.A., for R$1,100,000. On August 4, 2021, the Court Administrator declared SF 369 Participações Societárias S.A., a subsidiary of Mubadala Consultoria Financeira e Gestora de Recursos Ltda., as the winner of the Competitive Procedure for acquisition of the UPI Brasil PCH, specified in court-supervised reorganization Plan of the Renova Group Consolidated Companies, awaiting ratification of the Competitive Procedure by the 2nd Bankruptcy and Court-Supervised Reorganization Court of the Central Legal District of São Paulo State, which is conducting the court-supervised reorganization of Renova Group. The absence of any statement of interest in the Competitive Procedure by any parties until August 1, 2021 enabled the Court Administrator to declare the winning bidder early, as specified in the Sale Announcement of that Procedure.

The transaction is fully in line with the Company's strategy for healthy recovery and reduction of its liabilities. Renova will allocate the proceeds of the transaction especially to: pre-payment of the DIP bridge loan contracted with Quadra Capital, disbursed at the beginning of this year; payment of certain creditors outside the court -supervised reorganization plan; compliance with its obligations under the court-supervised reorganization Plan; and completion of Phase A of the Alto Sertão III Wind Farm Complex.

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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 and the transactions occurred in the period of six months ended in June 30, 2021 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 June 30, 2021 NESA had negative net working capital of R$151,481 (R$160,351 on 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.

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 June 30, 2021 to R$2,765,000 (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 consolidated financial statements through the equity pick effect in 2015.

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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.

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 changes in the existing scenario will be reflected appropriately in the Company's interim financial information.

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.

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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.

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 June 30, 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 June 30, 2021, and since no contractual or constructive obligations in relation to the investee have been assumed by the Company, it is not expected that any 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.

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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 at Guanhães Energia and also at 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 entitled '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.

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 nether for the period ended in June 30, 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 until August, 2021 and is currently under a renewal process of additional 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 the end of 2020 the Company began internal procedures for investigation of allegations received by the Minas Gerais State Public Attorneys' Office, through Official Letters, the content of which basically refers to alleged irregularities in public bidding purchasing processes. The investigation is being conducted by a new Special Investigation Committee (Comitê Especial de Investigação – CEI), with support from specialized advisers.

Investigations are ongoing, and until the present moment no matter has been identified that could present any material impact on the interim financial information at June 30, 2021, or the financial statements for prior periods.

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

14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	June 30, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**7,338,924**	**(5,177,461)**	**2,161,463**	**7,321,663**	**(5,091,975)**	**2,229,688**
Land	246,775	(24,510)	222,265	246,775	(22,624)	224,151
Reservoirs, dams and watercourses	3,304,298	(2,320,094)	984,204	3,299,589	(2,279,878)	1,019,711
Buildings, works and improvements	1,100,709	(844,920)	255,789	1,100,414	(835,826)	264,588
Machinery and equipment	2,653,603	(1,958,638)	694,965	2,641,324	(1,924,711)	716,613
Vehicles	20,602	(18,993)	1,609	20,602	(18,756)	1,846
Furniture and utensils	12,937	(10,306)	2,631	12,959	(10,180)	2,779
Under construction	**230,140**	**-**	**230,140**	**175,993**	**-**	**175,993**
Assets in progress	230,140	-	230,140	175,993	-	175,993
Net PP&E	**7,569,064**	**(5,177,461)**	**2,391,603**	**7,497,656**	**(5,091,975)**	**2,405,681**

Parent Company	June 30, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,191,477**	**(4,585,782)**	**1,605,695**	**6,182,139**	**(4,523,568)**	**1,658,571**
Land	242,176	(24,121)	218,055	242,176	(22,261)	219,915
Reservoirs, dams, watercourses	3,022,443	(2,176,921)	845,522	3,021,850	(2,141,101)	880,749
Buildings, works and improvements	1,013,923	(805,567)	208,356	1,013,858	(797,915)	215,943
Machinery and equipment	1,879,850	(1,550,265)	329,585	1,871,166	(1,533,759)	337,407
Vehicles	20,388	(18,779)	1,609	20,388	(18,542)	1,846
Furniture and utensils	12,697	(10,129)	2,568	12,701	(9,990)	2,711
Under construction	**158,153**	**-**	**158,153**	**114,568**	**-**	**114,568**
Assets in progress	158,153	-	158,153	114,568	-	114,568
Net PP&E	**6,349,630**	**(4,585,782)**	**1,763,848**	**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 Jun. 30, 2021
In service	**2,229,688**	**-**	**17,777**	**(98)**	**(85,904)**	**2,161,463**
Land (1)	224,151	-	-	-	(1,886)	222,265
Reservoirs, dams, watercourses	1,019,711	-	4,767	-	(40,274)	984,204
Buildings, works and improvements	264,588	-	294	-	(9,093)	255,789
Machinery and equipment	716,613	-	12,716	(98)	(34,266)	694,965
Vehicles	1,846	-	-	-	(237)	1,609
Furniture and utensils	2,779	-	-	-	(148)	2,631
Under construction	**175,993**	**71,924**	**(17,777)**	**-**	**-**	**230,140**
Net PP&E	**2,405,681**	**71,924**	**-**	**(98)**	**(85,904)**	**2,391,603**

(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 Jun. 30, 2021
In service	**1,658,571**	**-**	**9,838**	**(98)**	**(62,616)**	**1,605,695**
Land (1)	219,915	-	-	-	(1,860)	218,055
Reservoirs, dams, watercourses	880,749	-	651	-	(35,878)	845,522
Buildings, works and improvements	215,943	-	65	-	(7,652)	208,356
Machinery and equipment	337,407	-	9,122	(98)	(16,846)	329,585
Vehicles	1,846	-	-	-	(237)	1,609
Furniture and utensils	2,711	-	-	-	(143)	2,568
Under construction	**114,568**	**53,423**	**(9,838)**	**-**	**-**	**158,153**
Net PP&E	**1,773,139**	**53,423**	**-**	**(98)**	**(62,616)**	**1,763,848**

(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;

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 %	June 30, 2021	December 31, 2020
In service				
Queimado Power Plant	82.50	3.94	218,448	218,111
Depreciation			(122,036)	(117,271)
Total in service			**96,412**	**100,840**
In progress				
Queimado Power Plant	82.50	-	1,523	1,580
Total in progress			**1,523**	**1,580**
Total			**97,935**	**102,420**

15. INTANGIBLE ASSETS

Consolidated	June 30, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**1,209,496**	**(158,063)**	**1,051,433**	**298,944**	**(150,917)**	**148,027**
Temporary easements	14,692	(4,423)	10,269	13,217	(4,045)	9,172
Paid concession	18,614	(13,184)	5,430	19,169	(13,288)	5,881
Assets of the concession (1)	202,338	(80,195)	122,143	202,338	(74,497)	127,841
Assets of the concession - GSF	909,601	-	909,601			
Others	64,251	(60,261)	3,990	64,220	(59,087)	5,133
Under construction	**9,990**	**-**	**9,990**	**8,459**	**-**	**8,459**
Assets in progress	9,990	-	9,990	8,459	-	8,459
Net intangible assets	**1,219,486**	**(158,063)**	**1,061,423**	**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$122,143, 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	June 30, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**778,770**	**(77,498)**	**701,272**	**94,430**	**(76,149)**	**18,281**
Temporary easements	12,926	(4,239)	8,687	11,451	(3,923)	7,528
Paid concession	18,614	(13,184)	5,430	19,169	(13,288)	5,881
Assets of the concession - GSF	683,405	-	683,405			
Others	63,825	(60,075)	3,750	63,810	(58,938)	4,872
Under construction	**9,990**	**-**	**9,990**	**8,443**	**-**	**8,443**
Assets in progress	9,990	-	9,990	8,443	-	8,443
Net intangible assets	**788,760**	**(77,498)**	**711,262**	**102,873**	**(76,149)**	**26,724**

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Changes in intangible assets are as follow:

Consolidated	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance at June 30, 2021
In service	**148,027**	**909,601**	**1,506**	**(139)**	**(7,562)**	**1,051,433**
Temporary easements	9,172	-	1,475	-	(378)	10,269
Paid concessions	5,881	-	-	(139)	(312)	5,430
Assets of the concession	127,841	-	-	-	(5,698)	122,143
Assets of the concession - GSF		909,601	-	-	-	909,601
Others	5,133	-	31	-	(1,174)	3,990
Under construction	**8,459**	**3,037**	**(1,506)**	**-**	**-**	**9,990**
Assets in progress	8,459	3,037	(1,506)	-	-	9,990
Total	**156,486**	**912,638**	**-**	**(139)**	**(7,562)**	**1,061,423**

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

Parent Company	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance at June 30, 2021
In service	**18,281**	**683,405**	**1,490**	**(139)**	**(1,765)**	**701,272**
Temporary easements	7,528	-	1,475	-	(316)	8,687
Paid concessions	5,881	-	-	(139)	(312)	5,430
Assets of the concession - GSF		683,405	-	-	-	683,405
Others	4,872	-	15	-	(1,137)	3,750
Under construction	**8,443**	**3,037**	**(1,490)**	**-**	**-**	**9,990**
Assets in progress	8,443	3,037	(1,490)	-	-	9,990
Total	**26,724**	**686,442**	**-**	**(139)**	**(1,765)**	**711,262**

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

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 found an improvement in economic and financial equilibrium, and the liquidity, of the subsidiary. 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

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(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.

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

On June 11, 2021, the Board of Directors of the Company authorized withdrawal of any legal proceedings based on the MRE, and the signing of the Term of Acceptance of Law 14,052/2020 provisions, for the plants within the concession contracts of Cemig GT and subsidiaries. With the approval by the Board of Directors, the Company recognized an intangible asset relating to the right to the extension of concessions, with counterpart in “Operational costs – Recovery of costs – Hydrological risk”, in the amount of R$909,601 for the consolidated and R$683,405 for the individual financial statements.

The fair values of the concessions extension rights have been estimated individually, as shown in the table below, using the revenue approach, under which future values are converted into a single present value, discounted by the rate of profitability approved by Management for the energy generation activity, reflecting present market expectations in relation to the future amounts.

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Power plants	Intangible assets – Right to extension of concession	End of concession	Extension in years	New end of concession
Cemig Geração Camargos	**9,459**	**January 05, 2046**	**7.0**	**January 03, 2053**
Cemig Geração Itutinga	**7,713**	**January 05, 2046**	**7.0**	**January 03, 2053**
Cemig Geração Leste	**154**			
Dona Rita	11	July 03, 2046	4.0	July 19, 2050
Ervalia	8	July 03, 2046	0.8	April 19, 2047
Neblina	11	July 03, 2046	0.8	April 19, 2047
Peti	113	January 05, 2046	7.0	January 03, 2053
Sinceridade	1	July 03, 2046	0.7	March 12, 2047
Tronqueiras	10	January 05, 2046	1.0	December 26, 2046
Cemig Geração Oeste	**234**			
Cajuru (Cemig)	234	January 05, 2046	7.0	January 03, 2053
Cemig Geração Salto Grande	**40,079**	**January 05, 2046**	**7.0**	**January 03, 2053**
Cemig Geração Sul	**2,106**			
Coronel Domiciano	36	July 03, 2046	0.8	April 11, 2047
Joasal	450	January 05, 2046	7.0	January 03, 2053
Marmelos	238	January 05, 2046	7.0	January 03, 2053
Paciência	205	January 05, 2046	7.0	January 03, 2053
Piau	1,177	January 05, 2046	7.0	January 03, 2053
Cemig Geração Tres Marias	**115,831**	**January 05, 2046**	**7.0**	**January 03, 2053**
Cemig Poço Fundo	**1,482**	**May 29, 2045**	**7.0**	**May 27, 2052**
Cemig PCH (Pai Joaquim)	**418**	**April 04, 2032**	**0.4**	**September 14, 2032**
Horizontes	**130**			
Machado Mineiro	130	July 08, 2025	1.9	May 21, 2027
Rosal	**8,900**	**May 08, 2032**	**3.6**	**December 13, 2035**
Sa Carvalho	**39,690**	**December 01, 2024**	**1.7**	**August 27, 2026**
Total subsidiárias	**226,196**			
Nova Ponte	254,956	July 23, 2025	2.1	August 11, 2027
Queimado	2,122	December 12, 2032	0.1	February 05, 2033
Sao Bernardo (Cemig)	655	August 19, 2025	1.9	June 27, 2027
Emborcação	425,672	July 23,2025	1.8	May 26, 2027
Total Cemig GT	**683,405**			
Total (R$)	**909,601**			

The values to which the Company is entitled presented for the concession extension rights of Queimado and Irapé plants, which were not covered by the Resolution 2,919/2021, might not suffer any significant changes. The dispute related to these values is supplementary and does not create risks in relation to the matter, and thus does not affect the value of the asset recognized by the Company.

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

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

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

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; and
- 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 June 2021 were immaterial.

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	0.65

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**
Settled (closed contracts)	(558)	-	(558)
Addition	54	-	54
Amortization (1)	(755)	(2,845)	(3,600)
Remeasurement (2)	(2,213)	146	(2,067)
Balances on June 30, 2021	**34,252**	**1,461**	**35,713**

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Parent Company	Real estate property	Vehicles	Total
Balances on December 31, 2020	**36,432**	**3,586**	**40,018**
Settled (closed contracts)	(558)	-	(558)
Addition	54	-	54
Amortization (1)	(725)	(2,559)	(3,284)
Remeasurement (2)	(2,213)	146	(2,067)
Balances on June 30, 2021	**32,990**	**1,173**	**34,163**

(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$54 for the consolidated and R$53 for the individual interim financial information (R$572 and R$573 in 2020 for the consolidated and individual financial statements, respectively).

(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.

The changes in the lease liabilities are as follows:

	Consolidated	Parent Company
Balances at December 31, 2020	**44,543**	**42,586**
Settled (closed contracts)	(424)	(424)
Addition	54	54
Accrued interest (1)	2,610	2,501
Payment of principal portion of lease liability	(5,630)	(5,221)
Payment of interest	(185)	(173)
Remeasurement (2)	(2,067)	(2,067)
Balances at June 30, 2021	**38,901**	**37,256**
Current liabilities	**6,221**	**5,733**
Non-current liabilities	**32,680**	**31,523**

(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$176 and R$175, for the consolidated and individual interim financial information (R$392 and R$388 in 2020 for the consolidated and individual 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	121,069	38,901	116,561	37,256
Potential PIS/Pasep and Cofins (9.25%)	10,764	3,356	10,651	3,320

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).

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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	4,106	3,687
2022	4,913	4,736
2023	4,901	4,728
2024	4,885	4,714
2025	4,879	4,707
2026 a 2045	97,385	93,989
Undiscounted values	**121,069**	**116,561**
Embedded interest	(82,168)	(79,305)
Lease liabilities	**38,901**	**37,256**

17. SUPPLIERS

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Wholesale supply, and transport of supply	372,074	394,406	360,831	340,010
Materials and services	47,169	71,533	35,861	52,564
	419,243	**465,939**	**396,692**	**392,574**

18. TAXES PAYABLE

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Current				
ICMS (value added) tax	22,782	20,597	18,585	15,663
Pasep tax (2)	14,208	17,339	11,636	15,618
Cofins tax (2)	64,510	78,801	53,601	72,018
Social security contributions	8,022	7,066	5,102	5,662
ISS tax on services	7,096	2,145	2,183	1,756
Others (1)	26,525	39,293	24,993	39,058
	143,143	**165,241**	**116,100**	**149,775**
Non-current (1)				
Pasep tax (3)	53,803	46,867	53,439	46,854
Cofins tax (3)	247,834	215,878	246,156	215,819
	301,637	**262,745**	**299,595**	**262,673**
	444,780	**427,986**	**415,695**	**412,448**

(1) This includes the retention at source of income tax on the Interest on Equity declared on June 29, 2021. This payment was made in July 2021, in accordance with the tax legislation. For more information, see Note 23.

(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 2.3 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 2.3 and 12.

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19. LOANS, FINANCING AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – June 30, 2021			Consolidated – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds	2024	9.25%	USD	56,703	7,503,300	7,560,003	7,853,959
(–) Transaction costs				-	(14,042)	(14,042)	(15,664)
(+/–) Funds advanced (1)				-	(22,747)	(22,747)	(25,314)
Debt in foreign currency				**56,703**	**7,466,511**	**7,523,214**	**7,812,981**
BRAZILIAN CURRENCY							
Caixa Econômica Federal (2)	2021	TJLP + 2.50%	R$	7,076	-	7,076	17,204
Caixa Econômica Federal (3)	2022	TJLP + 2.50%	R$	9,572	-	9,572	14,086
Debt in Brazilian currency				**16,648**	**-**	**16,648**	**31,290**
Total of loans and financings				**73,351**	**7,466,511**	**7,539,862**	**7,844,271**
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	392,089	-	392,089	761,520
Debentures – 7th Issue, Single series (4)	2021	140.00% of CDI	R$	-	-	-	288,839
(-) Transaction costs				(21)	-	(21)	(8,919)
Total, debentures				**392,068**	**-**	**392,068**	**1,041,440**
Overall total				**465,419**	**7,466,511**	**7,931,930**	**8,885,711**

(1) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.
(2) Central Eólica Praias de Parajuru. Early payment of the entire debt was made on July 23, 2021, in the amount of R$5,320. Until the settlement of the contracts, guarantees were maintained and the contractual obligations complied with;
(3) Central Eólica Volta do Rio. Early payment of the entire debt was made on July 23, 2021 in the amount of R$8,766. Until the settlement of the contracts, guarantees were maintained and the contractual obligations complied with;
(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.

Financing source	Principal maturity	Annual financing cost	Currency	Parent Company – June 30, 2021			Parent Company – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds	2024	9.25%	USD	56,703	7,503,300	7,560,003	7,853,959
(–) Transaction costs				-	(14,042)	(14,042)	(15,664)
(+/–) Funds advanced (1)				-	(22,747)	(22,747)	(25,314)
Debt in foreign currency				**56,703**	**7,466,511**	**7,523,214**	**7,812,981**
				56,703	**7,466,511**	**7,523,214**	
BRAZILIAN CURRENCY							
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	392,089	-	392,089	761,520
Debentures – 7th Issue, Single series (2)	2021	140.00% of CDI	R$	-	-	-	288,839
(–) Transaction costs				(21)	-	(21)	(8,919)
Total, debentures				**392,068**	**-**	**392,068**	**1,041,440**
Overall total				**448,771**	**7,466,511**	**7,915,282**	**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").

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Partial repurchase of Eurobonds – Tender Offer

On July 19, 2021 the Company launched a Cash Tender Offer to acquire its debt securities issued in the external market, maturing in 2024, with 9.25% annual coupon, up to a principal amount of US$500 million. The price to be paid in the Cash Tender was 116.25%, or US$1,162.50 per US$1,000 of the principal amount.

On July 30, 2021, offers had been received from holders of Notes representing a total of US$774 million. Since the aggregate principal of all the Notes validly offered, until the Early Offer Date, exceeded the maximum amount, Cemig accepted the Notes offered on a pro rata basis until the ceiling amount of U$500 million.

In addition to the total acquisition amount, holders of validly offered notes that were accepted for purchase also received accumulated interest not yet paid since and including the last interest payment date, until but not including the Initial Settlement Date (August 5, 2021).

The financial settlement and cancellation of notes occurred on August 05, 2021 and the offers closing date is scheduled for August 13, 2021. The effects related to the repurchase of bonds are described below:

	%	US$	R$
Principal Amount	100.00	500,000	2,568,500
Premium to the market price + Tender	16.25	81,250	417,381
Accrued interests	1.54	7,708	39,598
		588,958	**3,025,479**
IOF ('financial operations tax') levied on premium	0.38	309	1,586
Income tax on premium	17.65	14,338	73,655
Income tax on accrued interests	17.65	1,360	6,988
		16,007	**82,229**
Total of payments		**604,966**	**3,107,708**
Partial disposal of hedge			(774,409)
NDF positive adjustment (*)			(23,699)
Total			**2,309,600**

(*) Difference between the dollar PTAX on the purchase date (R$5.137) and the financial instrument – NDF, protecting against foreign exchange, with the dollar purchase cap of R$5.0984.

Guarantees

The Company's debtor balances on loans and financings guaranteed by the parent company, Cemig on June 30, 2021 were as follows:

Consolidated	June 30, 2021
Surety guarantees	7,915,282
Receivables	16,648
Total	**7,931,930**

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

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Consolidated	2021	2022	2023	2024	Total
Currency					
US dollar	56,703	-	-	7,503,300	7,560,003
Total, currency-denominated	**56,703**	**-**	**-**	**7,503,300**	**7,560,003**
Indexers					
IPCA (1)	8,517	383,572	-	-	392,089
TJLP (2)	14,255	2,393	-	-	16,648
Total, governed by indexers	**22,772**	**385,965**	**-**	**-**	**408,737**
(–) Transaction costs	-	(21)	-	(14,042)	(14,063)
(+/-) Funds advanced	-	-	-	(22,747)	(22,747)
Overall total	**79,475**	**385,944**	**-**	**7,466,511**	**7,931,930**

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

(2) Long-Term Interest Rate – TJLP.

Parent Company	2021	2022	2023	2024	Total
Currency					
US dollar	56,703	-	-	7,503,300	7,560,003
Total, currency-denominated	**56,703**	**-**	**-**	**7,503,300**	**7,560,003**
Indexers					
IPCA (1)	8,517	383,572	-	-	392,089
Total, governed by indexers	**8,517**	**383,572**	**-**	**-**	**392,089**
(–) Transaction costs	-	(21)	-	(14,042)	(14,063)
(+/-) Funds advanced	-	-	-	(22,747)	(22,747)
Overall total	**65,220**	**383,551**	**-**	**7,466,511**	**7,915,282**

(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 on Jan to Jun 30, 2021 (%)	Accumulated change on Jan to Jun 30, 2020 (%)	Indexer	Accumulated change on Jan to Jun 30, 2021 (%)	Accumulated change on Jan to Jun 30, 2020 (%)
US dollar	(3.74)	35.86	IPCA	3.77	0.10
			CDI	1.26	1.76
			TJLP	1.32	(11.31)

Currency	Accumulated change in the first half of 2021 (%)	Accumulated change in the first half of 2020 (%)	Indexer	Accumulated change in the first half of 2021 (%)	Accumulated change in the first half of 2020 (%)
US dollar	(12.20)	5.33	IPCA	1.68	(0.43)
			CDI	0.77	0.74
			TJLP	5.01	(2.95)

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	21,410	20,758
Foreign exchange variations	(291,750)	(291,750)
Financial costs recorded	446,203	443,263
Amortization of transaction costs	10,520	10,520
Financial charges paid	(473,604)	(473,150)
Amortization of financings	(666,560)	(648,780)
Balances at June 30, 2021	**7,931,930**	**7,915,282**

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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. Early payment of the entire debtor balance was made on July 23, 2021, in the amount of R$5,320 by the subsidiary Central Eólica Praias de Parajuru and R$8,766 by the subsidiary Volta do Rio. Until the settlement of the contracts, guarantees were maintained and the contractual obligations complied with.

(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.

On June 30, 2021, the Company and its parent company were compliant with the covenants.

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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Liabilities				
Global reversion reserve (RGR)	3,074	2,805	-	-
Royalties for use of water resources (CFURH)	6,846	12,976	3,308	9,004
Energy development account (CDE)	62,570	64,179	62,570	64,179
Electricity services inspection charge (TFSEE)	1,524	1,511	732	721
Proinfa – alternative energy program	9,781	7,435	9,781	7,435
National scientific and technological development fund (FNDCT)	1,300	1,980	918	1,329
Research and development	27,546	137,557	21,466	125,146
Energy system expansion research	789	1,129	598	804
Energy development account (CDE) on Research and development (R&D)	71,974	-	67,502	-
	185,404	**229,572**	**166,875**	**208,618**
Current liabilities	**182,656**	**172,619**	**166,875**	**160,872**
Non-current liabilities	**2,748**	**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	20,939	27,504	556	4,704	53,703
Contributions paid	(25,591)	(17,554)	(326)	(1,165)	(44,636)
Net liabilities at June 30, 2021	**600,606**	**727,663**	**14,121**	**124,362**	**1,466,752**
				Jun. 30, 2021	**Dec, 31, 2020**
Current liabilities				**70,528**	**66,206**
Non-current liabilities				**1,396,224**	**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$45,975 for the six-months periods ended June 30, 2021 (R$47,979 for the six-months periods ended June 30, 2020), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$7,728 for the six-months periods ended June 30, 2021 (R$4,922 for the six-months periods ended June 30, 2020).

Debt with the pension fund (Forluz)

On June 30, 2021 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$97,253 (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 June 30, 2021 the total amount payable by the Company was R$122,219 (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$81,655, and up to 2033 for the 2017 deficit, in the amount of R$40,564. 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, which occurred in 2019. The total amount to be paid by the Company as a result of the deficit found in Plan A, without considering parity of contribution, 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.

The Company acknowledged the legal obligation in relation to the deficit of Plan A, corresponding to 50% of the minimum amount, and, thus, obeying the contribution parity rule, made the payments of R$501 in consignment, corresponding to April, May and June 2021, with remain at the disposal of Forluz to be redeemed at an account with an official bank. Due to the refusal by Forluz to receive this amount, on May 26, 2021 the Company proposed an Action of Consignment in Payment, which is in its initial pleading phase.

Due to the Debt Assumption Instrument not being signed for coverage of the minimum amount proposed in the plan for solution of the Plan A actuarial deficit for 2019, and the refusal of the payments in consignment made by the Company, on April 27, 2021 Forluz filed legal action against sponsors Cemig, Cemig GT and Cemig D, applying for approval and confirmation of the request to ensure compliance with the contracting of the debt for coverage of the deficit of Plan A, in the amount of R$160,425, for the 2019 business year. The chances of loss have been assessed as ‘possible’, due to the action still being at the instruction phase, and there being no decisions on the merit.

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	Jun. 30, 2021
Employment-law cases	58,714	7,723	(3,598)	62,839
Civil cases	200	42	(28)	214
Tax	307,052	3,192	-	310,244
Regulatory	3,426	790	(469)	3,747
Others	49,156	5,622	(1,087)	53,691
Total	**418,548**	**17,369**	**(5,182)**	**430,735**

Parent Company	Dec, 31, 2020	Additions	Settled	Mar, 31, 2021
Employment-law cases	58,687	7,722	(3,598)	62,811
Civil cases	200	42	(28)	214
Tax	307,014	3,191	-	310,205
Regulatory	3,426	790	(469)	3,747
Others	48,934	5,617	(1,087)	53,464
Total	**418,261**	**17,362**	**(5,182)**	**430,441**

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.

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'

<u>Labor claims</u>

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$156,824 (R$140,378 at December 31, 2020), of which R$62,839 (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;

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- 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; 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.

<u>Tax</u>

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$367,510 (R$363,833 on December 31, 2020), of which R$307,053 (R$304,022 on December 31, 2020) has been provisioned, this being the estimate of the probable amount of funds, on June 30, 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$77,555 (R$77,538 at December 31, 2020), of which R$1,136 (R$1,130 on December 31, 2020) has been recorded, since the relevant requirements of the National Tax Code (CTN) have been complied with.

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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$83,503 (R$71,018 on December 31, 2020), of which R$2,055 (R$1,900 on December 31, 2020) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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$52,569 (R$48,213 on December 31, 2020), of which R$3,747 (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$176,838 (R$237,534 on December 31, 2020), of which R$53,905 (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:

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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$67,646 (R$67,371 on December 31, 2020). The updated amount of the contingency is R$69,940 (R$69,439 on December 31, 2020) and, based on the arguments above, management has classified the chance of loss as 'possible'.

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$18,299 (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$86,439 (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.

Regulatory matters

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.

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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$402,190 (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.

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$113,485 (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$55,699 (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$83,246 at June 30, 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 June 30, 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).

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Advance for future capital increase ('AFAC')

On July 30, 2021, the Cemig (parent's Company) made an advance for future capital increase, of R$1,350,000, in order to provide the resources for the Cash Tender offer implementation. For further information about the Tender Offer, see Note 19.

b) Earnings basic and diluted per share

Earnings 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:

	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Number of shares	2,896,785,358	2,896,785,358	2,896,785,358	2,896,785,358
Earnings for the period, R$'000	1,132,956	391,343	1,444,329	406,667
Earnings per share – Basic and diluted – in R$	**0.39**	**0.14**	**0.50**	**0.14**

The put option of investments described in Note 28 could potentially dilute basic earnings per share in the future; however, they have not caused dilution of earnings per share in the years presented.

c) Dividends

As specified in the by-laws, the Board of Directors may, at the discretion of management, declare interim dividends, in the form of Interest on Equity, to be paid from Retained earnings, profit reserves or profits ascertained in six-monthly or interim financial information. The amounts paid or credited as Interest on Equity, under the applicable legislation, are imputed as on account of the amounts of the mandatory dividend or of the dividend payable under the by-laws to the preferred shares, being for legal purposes a part of the amount of the dividends distributed by the Company.

On June 29, 2021 Management decided to declare Interest on Equity in the amount of R$135,134, on account of the minimum obligatory dividend for the 2020 business year: income tax at 15% being deducted at source, unless the shareholder is exempt under the current legislation.

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.

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

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
Total revenue from supply of energy – with taxes (a)	3,707,083	3,440,383	3,286,052	3,126,255
Transmission revenue (b)				
Transmission operation and maintenance revenue	286,688	238,860	289,493	241,163
Transmission construction revenue (Note 12)	62,134	104,056	62,134	104,056
Interest revenue arising from the financing component in the transmission contract asset (Note 12)	274,119	115,252	274,119	115,252
Revenue from updating of the concession grant fee (c)	243,404	146,412	-	-
Transactions on CCEE (d)	64,370	31,598	26,831	29,362
Advances for services provided (e)	153,970	-	-	-
Other operating revenues	40,635	70,265	61,784	38,633
Sector / regulatory charges – Deductions from revenue (f)	(941,310)	(808,660)	(831,915)	(729,042)
	3,891,093	**3,338,166**	**3,168,498**	**2,925,679**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Total revenue from supply of energy – with taxes (a)	1,809,641	1,548,549	1,602,022	1,395,771
Transmission revenue (b)				
Transmission operation and maintenance revenue	135,969	113,918	137,369	115,069
Transmission construction revenue	39,683	42,815	39,683	42,815
Interest revenue arising from the financing component in the transmission contract asset	129,077	43,672	129,077	43,672
Revenue from updating of the concession grant fee (c)	118,844	46,520	-	-
Transactions on CCEE (d)	14,521	7,074	12,574	20,257
Advances for services provided (e)	153,970	-	-	-
Other operating revenues	16,708	35,821	29,211	19,394
Sector / regulatory charges – Deductions from revenue (f)	(472,846)	(374,638)	(414,788)	(338,368)
	1,945,567	**1,463,731**	**1,535,148**	**1,298,610**

(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Parent Company			
	Jan to Jun 2021		Jan to Jun 2020		Jan to Jun 2021		Jan to Jun 2020	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	7,003,926	1,856,353	5,447,608	1,367,439	6,508,633	1,734,330	4,861,182	1,280,495
Commercial	1,996,154	434,926	2,159,792	478,277	1,993,175	433,638	2,152,088	474,007
Rural	19,910	5,598	7,753	2,126	19,910	5,598	7,753	2,126
Subtotal	**9,019,990**	**2,296,877**	**7,615,153**	**1,847,842**	**8,521,718**	**2,173,566**	**7,021,023**	**1,756,628**
Net unbilled retail supply	-	60,166	-	(49,144)	-	48,488	-	(58,154)
	9,019,990	**2,357,043**	**7,615,153**	**1,798,698**	**8,521,718**	**2,222,054**	**7,021,023**	**1,698,474**
Wholesale supply to other concession holders (2)	5,392,806	1,441,807	6,690,190	1,626,054	4,768,751	1,140,727	6,421,175	1,401,938
Wholesale supply unbilled, net	-	(91,767)	-	15,631	-	(76,729)	-	25,843
	14,412,796	**3,707,083**	**14,305,343**	**3,440,383**	**13,290,469**	**3,286,052**	**13,442,198**	**3,126,255**

	Consolidated				Parent Company			
	Apr to Jun 2021		Apr to Jun 2020		Apr to Jun 2021		Apr to Jun 2020	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	3,632,514	960,627	2,576,105	647,609	3,382,372	898,992	2,289,192	605,899
Commercial	996,727	221,144	1,039,722	233,236	995,843	220,780	1,037,899	231,573
Rural	12,944	3,733	4,314	1,183	12,944	3,733	4,314	1,183
Subtotal	**4,642,185**	**1,185,504**	**3,620,141**	**882,028**	**4,391,159**	**1,123,505**	**3,331,405**	**838,655**
Net unbilled retail supply	-	(30,384)	-	(45,190)	-	(28,719)	-	(43,458)
	4,642,185	**1,155,120**	**3,620,141**	**836,838**	**4,391,159**	**1,094,786**	**3,331,405**	**795,197**
Wholesale supply to other concession holders (2)	2,644,747	672,569	3,433,905	745,261	2,361,419	529,704	3,265,576	634,442
Wholesale supply unbilled, net	-	(18,048)	-	(33,550)	-	(22,468)	-	(33,868)
	7,286,932	**1,809,641**	**7,054,046**	**1,548,549**	**6,752,578**	**1,602,022**	**6,596,981**	**1,395,771**

(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.

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(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		Consolidated	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Construction and upgrades revenue	62,134	104,056	39,683	42,815
Construction and upgrades costs	(47,124)	(74,044)	(28,059)	(26,846)
Margin	15,010	30,012	11,624	15,969
Mark-up (%)	**31.85%**	**40.53%**	**41.43%**	**59.48%**
Operation and maintenance revenue	286,688	238,860	135,969	113,918
Operation and maintenance cost	(120,214)	(120,162)	(63,713)	(61,604)
Margin	166,474	118,698	72,256	52,314
Mark-up (%)	**138.48%**	**98.78%**	**113.41%**	**84.92%**

(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.

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(e) Advances for services provided

Corresponds to the negotiation with a free customer that resulted in a revenue recognition related to trading services provided in advance by the subsidiary ESCEE.

(f) Deductions on revenue

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
Taxes on revenue				
ICMS tax	337,121	272,317	304,833	244,692
Cofins tax	323,289	286,595	279,576	258,926
PIS and Pasep taxes	70,182	62,447	60,697	56,214
ISS tax on services	7,105	2,917	2,103	1,294
	737,697	**624,276**	**647,209**	**561,126**
Charges to the customer				
Global Reversion Reserve (RGR)	7,320	7,651	6,121	6,581
Energy Development Account (CDE)	121,752	113,587	121,752	113,587
CDE on P&D	3,247	-	2,530	-
Proinfa Program	30,671	17,739	30,671	17,739
Research and Development (P&D)	3,364	6,867	2,430	5,525
National Scientific and Technological Development Fund (FNDCT)	6,611	6,867	4,960	5,525
Energy System Expansion Research (EPE)	3,306	3,433	2,480	2,763
Electricity Services Inspection Charge (TFSEE)	9,142	5,689	4,390	4,549
Royalties for use of water resources (CFURH)	18,200	22,551	9,372	11,647
	203,613	**184,384**	**184,706**	**167,916**
	941,310	**808,660**	**831,915**	**729,042**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Taxes on revenue				
ICMS tax	173,709	129,389	157,664	115,795
Cofins tax	158,300	126,749	135,482	115,365
PIS and Pasep taxes	34,364	27,516	29,414	25,046
ISS tax on services	6,575	1,390	1,880	619
	372,948	**285,044**	**324,440**	**256,825**
Charges to the customer				
Global Reversion Reserve (RGR)	3,583	3,877	2,988	3,347
Energy Development Account (CDE)	60,363	56,016	60,363	56,016
CDE on P&D	3,247	-	2,530	-
Proinfa Program	14,336	10,023	14,336	10,023
Research and Development (P&D) (reversals)	(157)	2,369	(203)	1,732
National Scientific and Technological Development Fund (FNDCT)	3,090	2,369	2,327	1,732
Energy System Expansion Research (EPE)	1,546	1,184	1,163	867
Electricity Services Inspection Charge (TFSEE)	4,571	2,843	2,195	2,272
Royalties for use of water resources (CFURH)	9,319	10,913	4,649	5,554
	99,898	**89,594**	**90,348**	**81,543**
	472,846	**374,638**	**414,788**	**338,368**

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25. OPERATING COSTS AND EXPENSES

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
Personnel (a)	156,636	155,531	145,931	149,536
Employee profit shares	13,106	8,037	12,990	7,990
Post-employment obligation (Note 21)	45,975	47,979	45,975	47,979
Materials	13,010	6,166	5,053	4,026
Outsourced services (b)	75,365	69,754	56,504	50,048
Depreciation and amortization (1)	97,012	104,175	67,612	74,617
Provisions (c)	36,306	55,272	36,312	42,993
Charges for use of the national grid	97,508	98,288	73,225	72,320
Energy bought for resale (d)	1,932,266	1,785,145	1,902,993	1,780,952
Transmission infrastructure construction cost (e)	47,124	74,044	47,124	74,044
Other operating expenses, net (f)	33,169	28,230	28,132	13,874
	2,547,477	**2,432,621**	**2,421,851**	**2,318,379**

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$54 in the consolidated statements and R$53 in the Parent company statements.

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Personnel (a)	81,081	80,483	74,097	76,232
Employee profit shares	5,960	1,838	5,869	1,815
Post-employment obligation	23,282	25,452	23,282	25,452
Materials	8,130	3,017	3,021	1,800
Outsourced services (b)	40,914	34,852	30,901	24,569
Depreciation and amortization (1)	49,137	51,736	34,418	37,206
Provisions (c)	41,222	23,992	41,092	11,761
Charges for use of the national grid	48,588	48,854	36,674	35,775
Energy bought for resale (d)	952,880	871,396	936,566	867,560
Transmission infrastructure construction cost (e)	28,059	26,846	28,059	26,846
Other operating expenses, net (f)	18,102	19,911	16,183	6,977
	1,297,355	**1,188,377**	**1,230,162**	**1,115,993**

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$26 in the consolidated statements and R$25 in the Parent company statements.

a) Personnel

2021 Programmed Voluntary Retirement Plan ('PDVP')

In 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.

The total costs on voluntary retirement plans were R$6,168, corresponding to acceptance by 53 employees. In April, 2020, has been appropriated as expense, including severance payments, a total of R$11,348 (61 employees).

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b) Outsourced services

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
Communication	1,998	1,343	1,852	1,094
Maintenance and conservation of electrical facilities and equipment	18,863	19,137	10,317	8,442
Building conservation and cleaning	12,033	12,278	9,890	9,852
Contracted labor	1,160	1,525	1,940	1,512
Freight and airfares	149	487	148	486
Accommodation and meals	1,553	1,051	1,546	1,028
Security services	4,043	3,530	2,559	2,270
Consultancy	3,630	2,249	2,944	1,959
Information technology	9,178	6,708	7,818	5,577
Energy	2,459	2,166	1,490	1,825
Environment services	3,891	3,733	2,154	2,877
Cleaning of power line pathways	3,570	1,772	3,570	1,772
Printing and images	1,317	1,270	572	731
Legal services and procedural costs	1,484	1,736	1,484	1,555
Others	10,037	10,769	8,220	9,068
	75,365	**69,754**	**56,504**	**50,048**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020	Apr to Jun 2021	Apr to Jun 2020
Communication	1,201	439	1,122	344
Maintenance and conservation of electrical facilities and equipment	10,840	10,293	6,352	4,440
Building conservation and cleaning	6,174	6,185	5,211	4,994
Contracted labor	1,091	860	1,141	854
Freight and airfares	73	83	72	83
Accommodation and meals	849	319	846	307
Security services	2,069	1,733	1,368	1,169
Consultancy	1,182	1,208	1,135	1,047
Information technology	5,072	2,785	4,044	2,340
Energy	1,422	951	780	791
Environment services	2,435	1,768	1,342	1,286
Cleaning of power line pathways	2,329	1,220	2,329	1,220
Printing and images	716	964	386	487
Legal services and procedural costs	395	1,219	395	1,082
Others	5,066	4,825	4,378	4,125
	40,914	**34,852**	**30,901**	**24,569**

c) Provisions

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
Provision for doubtful receivables (Note 7) (1)	5,579	16,297	5,592	4,021
Contingency provisions (Note 22) (2)				
Employment-law cases	7,723	8,409	7,722	8,409
Civil cases	42	6	42	6
Tax	3,192	5,053	3,191	5,053
Regulatory	790	167	790	167
Others	5,622	2,540	5,617	2,537
	17,369	**16,175**	**17,362**	**16,172**
	22,948	**32,472**	**22,954**	**20,193**
Change in fair value of derivative instruments				
Put option – SAAG (Note 28)	13,358	22,800	13,358	22,800
	36,306	**55,272**	**36,312**	**42,993**

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	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020	Apr to Jun 2021	Apr to Jun 2020
Provision for doubtful receivables (1)	6,691	12,754	6,565	478
Contingency provisions (2)				
Employment-law cases	3,242	5,763	3,242	5,808
Civil cases	7	1	7	1
Tax	1,850	2,463	1,849	2,464
Regulatory	293	62	293	62
Others	2,614	961	2,611	960
	8,006	**9,250**	**8,002**	**9,295**
	14,697	**22,004**	**14,567**	**9,773**
Change in fair value of derivative instruments				
Put option – SAAG	26,525	1,988	26,525	1,988
	41,222	**23,992**	**41,092**	**11,761**

(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.

d) Energy bought for resale

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
Spot market – CCEE	65,662	215,980	50,091	212,995
Acquired in free market	2,059,164	1,743,809	2,043,598	1,742,145
PIS/Pasep and Cofins credits	(192,560)	(174,644)	(190,696)	(174,188)
	1,932,266	**1,785,145**	**1,902,993**	**1,780,952**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020	Apr to Jun 2021	Apr to Jun 2020
Spot market – CCEE	65,662	215,980	50,091	212,995
Acquired in free market	2,059,164	1,743,809	2,043,598	1,742,145
PIS/Pasep and Cofins credits	(192,560)	(174,644)	(190,696)	(174,188)
	1,932,266	**1,785,145**	**1,902,993**	**1,780,952**

e) Transmission infrastructure construction cost

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
Personnel	4,725	3,266	4,725	3,266
Materials	28,401	51,649	28,401	51,649
Outsourced services	13,995	19,084	13,995	19,084
Other	3	45	3	45
	47,124	**74,044**	**47,124**	**74,044**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020	Apr to Jun 2021	Apr to Jun 2020
Personnel	2,956	2,063	2,956	2,063
Materials	14,711	19,081	14,711	19,081
Outsourced services	10,396	5,653	10,396	5,653
Other	(4)	49	(4)	49
	28,059	**26,846**	**28,059**	**26,846**

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f) Other operating expenses, net

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Jan to Jun 2021	Jan to Jun 2020 (Restated)
Leasing and rentals (1)	1,166	2,085	252	1,177
Advertising	1,421	467	1,396	467
Paid concessions	1,678	1,387	1,673	1,382
Taxes (IPTU, IPVA and others)	5,694	941	5,066	790
CCEE annual charge	1,335	1,371	1,334	1,349
Insurance	7,204	6,071	6,174	5,049
Forluz – Administrative running cost	3,429	3,285	3,428	3,284
Obligations deriving from investment contracts (2)	9,012	-	9,012	-
Adjustment for impairment of Investments	-	8,459	-	-
Other (recovery of expenses)	2,230	4,164	(203)	376
	33,169	**28,230**	**28,132**	**13,874**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Apr to Jun 2021	Apr to Jun 2020 (Restated)
Leasing and rentals (1)	596	976	60	515
Advertising	1,298	305	1,273	306
Paid concessions	886	707	884	704
Taxes (IPTU, IPVA and others)	5,075	616	4,655	551
CCEE annual charge	676	699	675	677
Insurance	3,535	2,935	3,009	2,430
Forluz – Administrative running cost	1,762	1,667	1,762	1,666
Obligations deriving from investment contracts (2)	3,633	-	3,633	-
Adjustment for impairment of Investments	-	8,459	-	-
Other (recovery of expenses)	641	3,547	232	128
	18,102	**19,911**	**16,183**	**6,977**

(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 an equity interest. The total value of the contingencies is R$141 million at June 30, 2021 (R$119 million at December 31, 2020, of which Cemig GT's portion is R$50 million (R$41 million on December, 31, 2020).

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26. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
FINANCE INCOME				
Income from cash investments	27,161	15,375	20,075	8,991
Arrears fees on sale of energy	3,163	4,840	2,652	1,742
Monetary updating	5,519	4,984	4,300	3,038
Monetary updating on escrow deposits	943	2,541	937	2,446
FX variation from loans and financings (Note 19)	291,750	-	291,750	-
Gains on financial instruments – swap (Note 28)	-	1,800,960	-	1,800,960
Borrowing costs paid by related parties	-	2,680	-	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (Note 8a)	2,063	7,859	1,881	7,549
Others	19,822	16,334	19,168	15,919
Pasep and Cofins taxes on financial revenues	(2,278)	(430)	(2,164)	(1,845)
	348,143	**1,855,143**	**338,599**	**1,838,800**
DESPESAS FINANCEIRAS				
Costs of loans, financings and debentures (Note 19)	(446,203)	(473,701)	(443,263)	(472,565)
Amortization of transaction cost (Note 19)	(10,520)	(5,982)	(10,520)	(5,982)
Monetary updating – Forluz	(7,728)	(4,922)	(7,728)	(4,922)
Inflation adjustment – Loans, financings and debentures (Note 19)	(21,410)	(13,000)	(20,758)	(7,452)
Monetary updating	(14,579)	(4,585)	(7,733)	(3,868)
FX variation from loans and financings (Note 19)	-	(2,167,950)	-	(2,167,950)
Losses on financial instruments – swap (Note 28)	(612,765)	-	(612,765)	-
Leasing – Monetary variation (Note 16)	(2,434)	(2,677)	(2,326)	(2,619)
Others	(1,556)	(5,701)	(1,503)	(845)
	(1,117,195)	**(2,678,518)**	**(1,106,596)**	**(2,666,203)**
NET FINANCE EXPENSES	**(769,052)**	**(823,375)**	**(767,997)**	**(827,403)**

	Consolidated		Parent Company	
	Apr to Jun 2021	Apr to Jun 2020	Apr to Jun 2021	Apr to Jun 2020
FINANCE INCOME				
Income from cash investments	18,246	8,095	13,560	5,448
Arrears fees on sale of energy	1,804	2,794	1,483	1,012
Monetary updating	3,292	2,860	2,077	914
Inflation adjustment – Loans, financings and debentures	-	4,018	-	6,779
Monetary updating on escrow deposits	683	1,029	679	1,004
FX variation from loans and financings	1,042,650	-	1,042,650	-
Gains on financial instruments – swap	-	486,720	-	486,720
Borrowing costs paid by related parties	-	2,680	-	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS	1,087	3,557	977	3,417
Others	9,640	4,806	9,432	4,800
Pasep and Cofins taxes on financial revenues	(1,329)	733	(1,265)	(771)
	1,076,073	**517,292**	**1,069,593**	**509,323**
DESPESAS FINANCEIRAS				
Costs of loans, financings and debentures	(194,439)	(224,291)	(194,292)	(223,711)
Amortization of transaction cost	(7,469)	(2,995)	(7,469)	(2,995)
Monetary updating – Forluz	(3,570)	(999)	(3,570)	(999)
Inflation adjustment – Loans, financings and debentures	(7,818)	-	(7,626)	-
Monetary updating	(6,442)	(2,212)	(3,280)	(2,020)
FX variation from loans and financings	-	(415,950)	-	(415,950)
Losses on financial instruments – swap	(425,417)	-	(425,417)	-
Leasing – Monetary variation	(1,167)	(1,313)	(1,112)	(1,286)
Others	(1,556)	(3,234)	(902)	(442)
	(647,878)	**(650,994)**	**(643,668)**	**(647,403)**
NET FINANCE INCOME (EXPENSES)	**428,195**	**(133,702)**	**425,925**	**(138,080)**

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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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
CEMIG								
Current								
Interest on Equity, and dividends	-	-	479,093	891,998	-	-	-	-
Affiliated (1)								
Madeira Energia								
Current								
Transactions in energy (2)	8,231	2,173	103,524	69,386	49,776	13,014	(668,741)	(450,420)
Jointly-controlled entity (1)								
Aliança Geração								
Current								
Transactions in energy (2)	-	7	6,704	6,260	271	266	(42,926)	(39,782)
Provision of service	486	313	-	-	2,423	2,198	-	-
Interest on Equity, and dividends	19,930	114,430	-	-	-	-	-	-
Contingencies (3)	-	-	50,388	41,376	-	-	(9,012)	-
Norte Energia								
Current								
Transactions in energy (2)	130	130	8,208	-	13,895	13,859	(49,522)	-
Advance for future power supply (4)	-	-	-	-	-	-	-	(19,931)
Baguari Energia								
Current								
Provision of service (5)	211	211	-	-	82	559	-	-
Interest on Equity, and dividends	10,835	-	-	-	-	-	-	-
Lightger								
Current								
Transactions in energy (2)	-	-	2,823	1,646	-	-	(15,026)	(11,599)
Interest on Equity, and dividends	-	-	-	-	-	-	-	-
Retiro Baixo								
Current								
Interest on Equity, and dividends	3,929	-	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in energy (2)	-	-	3,036	2,728	-	-	(18,315)	(9,582)
Interest on Equity, and dividends	1,313	2,680	-	-	-	-	-	-
Hidrelétrica Cachoeirão								
Current								
Interest on Equity, and dividends	4,020	-	-	-	-	-	-	-
Taesa								
Current								
Transactions in energy (2)	-	-	856	940	123	-	(5,115)	(6,238)
Provision of service (5)	198	289	-	-	567	295	-	-
Hidrelétrica Itaocara								
Current								
Adjustment for losses (6)	-	-	29,297	29,615	-	-	-	-
Cemig Geração Poço Fundo								
Current								
Interest on Equity, and dividends	-	294	-	-	-	-	-	-
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (7)	558	1,707	-	-	1,845	791	-	-
Transactions in energy (2)	30,817	29,268	844	1,016	160,564	139,475	(13,318)	(13,357)
FIC Pampulha								
Current								
Cash and cash equivalents	471,881	57,797	-	-	-	-	-	-
Marketable securities	1,251,688	1,131,739	-	-	14,124	8,680	-	-
Non-current								
Marketable Securities	310,547	254,481	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (8)	-	-	38,317	35,907	-	-	(20,939)	(21,660)
Supplementary pension contributions – Defined contribution plan (9)	-	-	-	-	-	-	(10,397)	(9,524)
Administrative running costs (10)	-	-	-	-	-	-	(3,428)	(3,284)

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COMPANY	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
Operating leasing (11)	34,126	37,062	4,553	4,824	-	-	(526)	(5,674)
Non-current								
Post-employment obligations (8)	-	-	562,289	569,351	-	-	-	-
Operating leasing (11)	-	-	32,580	34,639	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (12)	-	-	35,458	32,380	-	-	(28,060)	(26,336)
Non-current								
Health Plan and Dental Plan (12)	-	-	706,326	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$141 million (R$119 million at December 31, 2020), of which Cemig's portion is R$50 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 from January 1, 2021 until December 31, 2020. There was no financial update forecast for the contract.
(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 until 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 office, in effect until august 2024 (able to be extended every five years, until 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. On April, 27, Cemig signed with Forluz a contract amendment due to the transfer of Cemig Sim e Gasmig facilities to Júlio Soares building, reducing the Company's rent expenses;
(12) Post-employment obligations relating to the employees' health and dental plan (more details in Note 21).

Dividends receivables

	Consolidated		Parent Company	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Sá Carvalho S.A.	-	-	7,000	-
Cemig Geração Três Marias S.A.	-	-	58,000	-
Cemig Geração Salto Grande S.A.	-	-	27,793	-
Cemig Geração Camargos S.A.	-	-	3,000	-
Cemig Geração Leste S.A.	-	-	10,061	-
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.	19,930	114,430	19,930	114,430
Others (1)	20,098	2,680	22,410	2,680
	40,028	**117,110**	**191,173**	**117,404**

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

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 June 30, 2021 are reported in Marketable Securities in current or non-current assets, in proportion to the interests held by the Company in the fund, 35.68% on June 30, 2021.

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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 June 30, 2021 and June 30, 2020, are as follows:

	Jan to Jun, 2021	Jan to Jun, 2020
Remuneration	1,860	1,373
Profit shares	169	351
Private pension	179	84
Health and dental plans	12	11
Total (1)	**2,220**	**1,819**

(1) 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.

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	Jun. 30, 2021		Dec. 31, 2020	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities	2	409,730	409,730	465,128	465,128
Customers and traders concession holders (transmission service)	2	848,308	848,308	1,027,137	1,027,137
Restricted cash	2	60,988	60,988	53,565	53,565
Escrow deposits	2	160,291	160,291	160,321	160,321
Concession grant fee – Generation concessions	3	2,658,162	2,658,162	2,549,198	2,549,198
		4,137,479	**4,137,479**	**4,255,349**	**4,255,349**
Fair value through income or loss					
Cash equivalents – Investments	2	740,511	740,511	374,478	374,478
Marketable securities					
Bank certificates of deposit (CDBs)	1	35,832	35,832	123,738	123,738
Financial notes (LF's) – Banks	2	618,407	618,407	551,425	551,425
Treasury financial notes (LFT's)	1	498,776	498,776	246,471	246,471
		1,893,526	**1,893,526**	**1,296,112**	**1,296,112**
Derivative financial instruments (swaps)	3	1,349,736	1,349,736	2,948,930	2,948,930
Reimbursements receivable – Generation	3	816,202	816,202	816,202	816,202
		2,165,938	**2,165,938**	**3,765,132**	**3,765,132**
		8,196,943	**8,196,943**	**9,316,593**	**9,316,593**
Financial Liabilities					
Amortized cost (1)					
Loans, financing and debentures	2	(7,931,930)	(7,931,930)	(8,885,711)	(8,885,711)
Debt with pension fund (Forluz)	2	(97,253)	(97,253)	(106,940)	(106,940)
Deficit of pension fund (Forluz)	2	(122,219)	(122,219)	(122,234)	(122,234)
Concessions payable	3	(26,463)	(26,463)	(23,476)	(23,476)
Suppliers	2	(419,243)	(419,243)	(465,939)	(465,939)
Leasing transactions	2	(38,901)	(38,901)	(44,543)	(44,543)
		(8,636,009)	**(8,636,009)**	**(9,648,843)**	**(9,648,843)**
Fair value through income or loss					
Derivative financial instruments (swaps)	3	(59,032)	(59,032)	-	-
SAAG Put options	3	(549,513)	(549,513)	(536,155)	(536,155)
		(9,244,554)	**(9,244,554)**	**(10,184,998)**	**(10,184,998)**

(1) On June 30, 2021 and December 31, 2020, the book values of financial instruments reflect their fair values.

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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.

- 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

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

<u>Cash investments:</u> 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.

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

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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 + 1.06% to 2.10%.

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$549,513 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, as described below.

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	13,358
Balance at June 30, 2021	**549,513**

This option can potentially dilute basic earnings per share in the future, however, they have not caused dilution of earnings per share in the years presented.

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.

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.

In 2021, the Company began studies and contracted services in order to take measures aimed to diligent managing its liabilities, and reducing liquidity risk and exposure to foreign currency. In this context, on July 19, 2021, the Company opened a Tender Offer to acquire, for cash, foreign market debt securities it had issued, maturing in 2024, in the principal amount of US$500 million.

In alignment with Cash tender offer process, on June 7 and 8, 2021 the derivative financial instruments contracted, corresponding to US$500 million, were partially dismantled. As a result, the Company reported a gain of R$774,409.

To mitigate foreign exchange exposure until the date of repurchase, on June 4, 2021 the Company contracted a short-term hedge against variation in the value of the US dollar for a volume of US$600 million, locking in an exchange rate of R$5.0984/US$. The instrument contracted was a non-deliverable forward (NDF), which does not include physical delivery of the currency, providing the Company with a pre-agreed rate at the maturity, which was August 3, 2021. For more details, see Note 19.

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The half-yearly settlement of interest in the swap took place on June 7, 2021, with a positive effect of R$271,053, resulting in a net cash inflow to the Company of R$230,395. The total amount of hedge settlement until June 30, 2021 was R$1,045,462, with net cash inflow of R$888,642.

Assets	Liability	Maturity period	Trade market	Notional amount (2)	Realized gain (loss) Jun. 30, 2021	Realized gain (loss) Dec. 31, 2020
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$1,000,000	954,841	328,817
US$ 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	90,621	165,884
					1,045,462	**494,701**

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 June 30, 2021 was a negative adjustment of R$612,765 (positive adjustment of R$1,800,960 on June 30, 2020), which was posted in finance income (expenses).

The counterparties of the derivative transactions initially contracted 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. The counterparts of the NDF are the banks Deutsche Bank, Bradesco, XP Inc. and Goldman Sachs.

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This table presents the derivative instruments contracted by the Company as of June 30, 2021 and December 31, 2020:

Assets	Liability	Maturity period	Trade market	Notional amount (2)	Unrealized gain (loss) Carrying amount Jun. 30, 2021	Unrealized gain (loss) Fair value Jun. 30, 2021	Unrealized gain (loss) Carrying amount Dec. 31, 2020	Unrealized gain (loss) Fair value Dec. 31, 2020
US$ exchange variation + Rate (9.25% p.y.) (1)	Local currency + R$ 151.99% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$500,000	850,232	774,770	1,772,477	2,110,490
US$ exchange variation + Rate (9.25% p.y.) (1)	Local currency + R$ 125.52% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$500,000	554,520	574,966	587,945	838,440
US$ exchange variation above R$5.0984 (3)	US$ exchange variation below R$5.0984	August 03, 2021	Over the counter	US$600,000	(57,720)	(59,032)		
					1,347,032	**1,290,704**	**2,360,422**	**2,948,930**
Current assets						**160,784**		**522,579**
Non-current assets						**1,188,952**		**2,426,351**
Current liabilities						**(59,032)**		-

(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. In July 20 21, the Company dismantled a total of US$500 million of the original hedge issued. 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 until 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$.

(3) The Company contracted a NDF (non-deliverable forward) for US$600 million, at an average dollar rate of R$5.0984.

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 June 30, 2021 was R$1,290,704 (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 until the maturity of the bonds in 2024 and they have carrying amount of R$1,404,752 at June 30, 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 positively affected by the swap and call spread, on June 30, 2022, in the amount of R$56,124. The fair value of the financial instrument will be R$1,405,860, R$1,061,366 refers to the option (call spread) and R$344,494 refers to the swap.

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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:

Parent Company and Consolidated	Base scenario June 30, 2021	'Probable' scenario June 30, 2022	'Possible' scenario: exchange rate depreciation and interest rate increase 25%	'Remote' scenario: exchange rate depreciation and interest rate increase 50%
Swap, asset	4,307,796	4,154,733	3,700,008	3,269,043
Swap, liability	(3,888,459)	(3,810,239)	(3,866,994)	(3,921,242)
Option / Call spread	930,399	1,061,366	631,569	200,789
NDF	(59,032)	-	-	-
Derivative hedge instrument	**1,290,704**	**1,405,860**	**464,583**	**(451,410)**

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			
	Jun. 30, 2021		Dec. 31, 2020	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financings (Note 19)	(1,511,336)	(7,560,003)	(1,511,336)	(7,853,959)
Net (liabilities) exposed		**(7,560,003)**		**(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 June 30, 2022 the exchange rates of foreign currencies in relation to the Real will be as follows: appreciation of the dollar exchange rate by 3.95%, to R$5.20/US$. 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	Jun. 30, 2021	Jun. 30, 2022		
	Book value	'Probable' scenario Dólar 5.20	'Possible' scenario + 25% Dólar 6.50	Remote' scenario + 25% Dólar 7.80
US dollar				
Loans and financings (Note 19)	(7,560,003)	(7,858,945)	(9,823,681)	(11,788,418)
Net liabilities exposed	**(7,560,003)**	**(7,858,945)**	**(9,823,681)**	**(11,788,418)**
Net effect of exchange rate variation		**(298,942)**	**(2,263,678)**	**(4,228,415)**

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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Assets				
Cash equivalents (Note 5) – CDI rate	740,511	374,478	652,646	289,877
Securities (Note 6) – CDI and Selic rates	1,562,745	1,386,762	1,333,700	1,089,599
Restricted cash – CDI	60,988	53,565	19,121	18,351
	2,364,244	**1,814,805**	**2,005,467**	**1,397,827**
Liabilities				
Loans, financings and debentures – CDI rate (Note 19)	-	(288,839)	-	(288,839)
Loans, financings and debentures – TJLP Rate (Note 19)	(16,648)	(31,290)	-	-
	(16,648)	**(320,129)**	**-**	**(288,839)**
Net assets exposed	**2,347,596**	**1,494,676**	**2,005,467**	**1,108,988**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on June 30, 2022 will be 7.00% and the TJLP rate will be 4.72%. 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	Jun. 30, 2021	Jun. 30, 2022		
	Amount Book value	'Probable' scenario: Selic 7.00% TJLP 4,72%	'Possible' scenario -25% Selic 5.25% TJLP 3.54%	Remote' scenario -50% Selic 3.50% TJLP 2.36%
Assets				
Cash equivalents – Cash investments (Note 5)	740,511	792,347	779,388	766,429
Marketable securities (Note 6)	1,562,745	1,672,137	1,644,789	1,617,441
Restricted cash	60,988	65,257	64,190	63,123
	2,364,244	**2,529,741**	**2,488,367**	**2,446,993**
Liabilities				
Loans, financings and debentures – TJLP Rate (Note 19)	(16,648)	(17,434)	(17,237)	(17,041)
	(16,648)	**(17,434)**	**(17,237)**	**(17,041)**
Net assets	**2,347,596**	**2,512,307**	**2,471,130**	**2,429,952**
Net effect of variation in interest rates		**164,711**	**123,534**	**82,356**

Inflation risk

The Company and its subsidiaries are exposed to the risk of reduction in inflation index on June 30, 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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Assets				
Generation – Concession grant fee – IPCA (Note 11)	2,658,162	2,549,198	-	-
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(392,089)	(761,520)	(392,089)	(761,520)
Debt agreed with pension fund (Forluz) – (Note 21)	(97,253)	(106,940)	(97,253)	(106,940)
Solution for Forluz pension fund deficit (Note 21)	(122,219)	(122,234)	(122,219)	(122,234)
	(611,561)	**(990,694)**	**(611,561)**	**(990,694)**
Net assets (liabilities) exposed	**2,046,601**	**1,558,504**	**(611,561)**	**(990,694)**

<u>Sensitivity analysis</u>

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on June 30, 2022 will be 4.27%. 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	Jun. 30, 2021	Jun. 30, 2022		
	Book value	'Probable' scenario: IPCA 4.27%	'Possible' scenario - 25% IPCA 3.20%	Remote' scenario - 50% IPCA 2.14%
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,658,162	2,771,666	2,743,223	2,715,047
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(392,089)	(408,831)	(404,636)	(400,480)
Debt agreed with pension fund (Forluz) (Note 21)	(97,253)	(101,406)	(100,365)	(99,334)
Solution for Forluz pension fund deficit (Note 21)	(122,219)	(127,438)	(126,130)	(124,834)
	(611,561)	**(637,675)**	**(631,131)**	**(624,648)**
Net assets exposed	**2,046,601**	**2,133,991**	**2,112,092**	**2,090,399**
Net effect of variation in inflation		**87,390**	**65,491**	**43,798**

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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	2,622	5,275	1,206,860	8,231,633	-	9,446,390
Onerous concessions	299	590	2,694	12,640	15,892	32,115
Debt agreed with pension fund (Forluz)	2,962	5,944	27,311	76,433	-	112,650
Solution for deficit of pension fund (Forluz)	1,309	2,636	12,095	69,938	112,880	198,858
	7,192	**14,445**	**1,248,960**	**8,390,644**	**128,772**	**9,790,013**
Fixed rate						
Suppliers	411,055	7,484	704	-	-	419,243
	418,247	**21,929**	**1,249,664**	**8,390,644**	**128,772**	**10,209,256**

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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	-	-	1,197,848	8,231,633	-	9,429,481
Onerous concessions	299	590	2,694	12,640	15,892	32,115
Debt agreed with pension fund (Forluz)	2,962	5,944	27,311	76,433	-	112,650
Solution for deficit of pension fund (Forluz)	1,309	2,636	12,095	69,938	112,880	198,858
	4,570	**9,170**	**1,239,948**	**8,390,644**	**128,772**	**9,773,104**
Fixed rate						
Suppliers	395,747	251	694	-	-	396,692
	400,317	**9,421**	**1,240,642**	**8,390,644**	**128,772**	**10,169,796**

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 June 30, 2021, considered to be adequate in relation to the credits receivable and in arrears, was R$40,358.

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 June 30, 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	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Total liabilities	13,179,252	14,613,694	12,783,905	14,206,769
Cash and cash equivalents (Note 6)	(743,809)	(384,397)	(654,804)	(290,995)
Marketable securities (Note 7)	(1,252,198)	(1,132,281)	(1,068,684)	(889,671)
Net liabilities	11,183,245	13,097,016	11,060,417	13,026,103
Total equity	6,839,993	5,842,171	6,839,993	5,842,171
Net liabilities / equity	1.63	2.24	1.62	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 six months ended on June 30, 2021 and 2020, on a consolidated basis:

INFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED JUNE 30, 2021								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**1,461,448**	**418,725**	**2,833,770**	**-**	**4,713,943**	**(793,581)**	**(29,269)**	**3,891,093**
COST OF ENERGY	**(285,249)**	**-**	**(2,540,912)**	**-**	**(2,826,161)**	**793,581**	**2,806**	**(2,029,774)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(77,498)	(55,698)	(10,275)	(13,165)	(156,636)	-	-	(156,636)
Employees' and managers' profit sharing	(5,861)	(5,093)	(976)	(1,176)	(13,106)	-	-	(13,106)
Post-employment obligations	(20,266)	(18,057)	(3,336)	(4,316)	(45,975)	-	-	(45,975)
Materials, outsourced services and others expenses (revenues)	(91,398)	(33,545)	(6,049)	(17,015)	(148,007)	-	26,463	(121,544)
Depreciation and amortization	(94,674)	(1,708)	(267)	(363)	(97,012)	-	-	(97,012)
Operating provisions	(8,646)	(6,113)	(6,224)	(15,323)	(36,306)	-	-	(36,306)
Construction costs	-	(47,124)	-	-	(47,124)	-	-	(47,124)
Total cost of operation	**(298,343)**	**(167,338)**	**(27,127)**	**(51,358)**	**(544,166)**	**-**	**26,463**	**(517,703)**
OPERATING COSTS AND EXPENSES	**(583,592)**	**(167,338)**	**(2,568,039)**	**(51,358)**	**(3,370,327)**	**793,581**	**29,269**	**(2,547,477)**
Gains arising from renegotiation of hydrological risk (Law 14,052/20), net	909,601	-	-	-	909,601	-	-	909,601
Periodic tariff review, net	-	217,063	-	-	217,063	-	-	217,063
Equity in earnings of unconsolidated investees, net	21,661	-	-	(144,501)	(122,840)	-	-	(122,840)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,809,118**	**468,450**	**265,731**	**(195,859)**	**2,347,440**	**-**	**-**	**2,347,440**
Finance income	(270,284)	(143,678)	6,547	(361,637)	(769,052)	-	-	(769,052)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,538,834**	**324,772**	**272,278**	**(557,496)**	**1,578,388**	**-**	**-**	**1,578,388**
Income tax and social contribution tax	(437,273)	(99,443)	(45,378)	136,662	(445,432)	-	-	(445,432)
NET INCOME (LOSS) FOR THE PERIOD	**1,101,561**	**225,329**	**226,900**	**(420,834)**	**1,132,956**	**-**	**-**	**1,132,956**

(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 JUNE 30, 2020								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION	TOTAL
	GENERATION	TRANSMISSION	TRADING (1)					
NET REVENUE	**3,042,213**	**295,953**	**-**	**-**	**3,338,166**	**-**	**-**	**3,338,166**
COST OF ENERGY								
Charges for use of the national grid	(98,288)	-	-	-	(98,288)	-	-	(98,288)
Energy bought for resale	(1,785,145)	-	-	-	(1,785,145)	-	-	(1,785,145)
	(1,883,433)	**-**	**-**	**-**	**(1,883,433)**	**-**	**-**	**(1,883,433)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(96,728)	(58,803)	-	-	(155,531)	-	-	(155,531)
Employees' and managers' profit sharing	(5,048)	(2,989)	-	-	(8,037)	-	-	(8,037)
Post-employment obligations	(25,746)	(22,233)	-	-	(47,979)	-	-	(47,979)
Materials, outsourced services and others expenses (revenues)	(88,528)	(15,622)	-	-	(104,150)	-	-	(104,150)
Depreciation and amortization	(101,627)	(2,548)	-	-	(104,175)	-	-	(104,175)
Operating provisions	(37,305)	(17,967)	-	-	(55,272)	-	-	(55,272)
Construction costs	-	(74,044)	-	-	(74,044)	-	-	(74,044)
Total cost of operation	**(354,982)**	**(194,206)**	**-**	**-**	**(549,188)**	**-**	**-**	**(549,188)**
OPERATING COSTS AND EXPENSES	**(2,238,415)**	**(194,206)**	**-**	**-**	**(2,432,621)**	**-**	**-**	**(2,432,621)**
Periodic tariff review, net	-	479,703	-	-	479,703	-	-	479,703
Equity in earnings of unconsolidated investees, net	22,222	-	-	(24,617)	(2,395)	-	-	(2,395)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**826,020**	**581,450**	**-**	**(24,617)**	**1,382,853**	**-**	**-**	**1,382,853**
Financial result	(739,072)	(84,303)	-	-	(823,375)	-	-	(823,375)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**86,948**	**497,147**	**-**	**(24,617)**	**559,478**	**-**	**-**	**559,478**
Income tax and social contribution tax	(10,919)	(157,216)	-	-	(168,135)	-	-	(168,135)
NET INCOME (LOSS) FOR THE PERIOD	**76,029**	**339,931**	**-**	**(24,617)**	**391,343**	**-**	**-**	**391,343**

(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 June 30, 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 June 30, 2020 only affected the transmission segment.

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30. PARLIAMENTARY COMMITTEE OF INQUIRY ('CPI')

On June 17, 2021, the Legislative Assembly of Minas Gerais has established a Parliamentary Committee of Inquiry ('CPI') to investigate management acts of Cemig since 2019. At an ordinary meeting held on June 24, 2021, the Legislative Assembly of the State of Minas Gerais appointed the members of a Committee of Inquiry to investigate acts of management in the Company. The Committee has powers, for 120 days from appointment of its Chair and Deputy Chair, to conduct investigations on the reports that form the basis of the application for it to be constituted.

The 'CPI' requested, through application, several documents and information related, mainly, to acquisition and disposal of equity interest, human resources management and procurement processes that were considered to be exempt from mandatory bidding. The Company has complied wich the requests, including the deadlines.

The Company reaffirms its commitment to provide all the information necessary for full understanding and clarification of its management decisions.

CONSOLIDATED RESULTS

(Figures in R$ '000 unless otherwise indicated)

Net income for the period

From January to June, 2021, the Company reports a net income of R$1,132,956 which compares with its net income of R$391,343 in the same period of 2020 (restated), an increase of 189.50%, due, basically, to recognition of gains arising from renegotiation of hydrological risk (Law 14,052/20), in the amount of R$909,601, in the first half of 2021. More details in note 15.

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 16.09% in the first half of 2021 compared to the same period of 2020. The adjusted Ebitda margin decreased from 30.17% in the first half of 2020 to 30.04% in the first half of 2021.

The Ebitda, measured according to CVM Instruction 527/2012, increased in 64.39% in the first half of 2021, compared to the same period of 2020. The Ebitda margin increased from 44.55% in the first half of 2020 to 62.81% in the first half of 2021.

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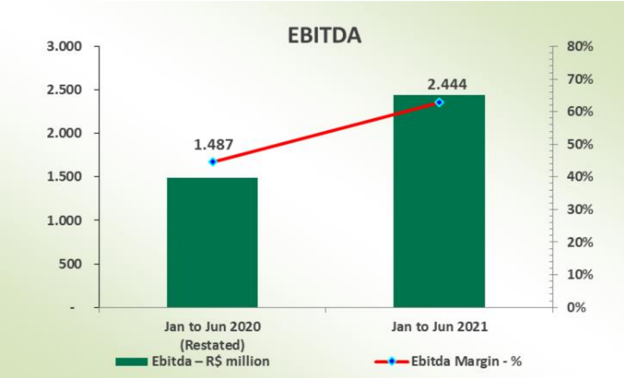
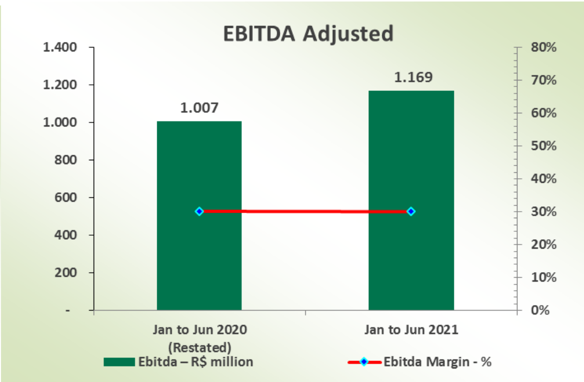
Ebitda – R$'000	Jan to Jun 2021	Jan to Jun 2020 (Restated)	Var %
Net income for the period	1,132,956	391,343	189.50
+ Current and deferred income tax and social contribution tax	445,432	168,135	164.93
+/- Net financial revenue (expenses)	769,052	823,375	(6.60)
+ Depreciation and amortization	97,012	104,175	(6.88)
= Ebitda according to "CVM Instruction 527" (1)	**2,444,452**	**1,487,028**	**64.39**
Non-recurrent items			
- Gains arising from renegotiation of hydrological risk (Law 14,052/20), net (note 15)	(909,601)	-	-
- Advances for services provided, net (*)	(148,350)	-	-
- Periodic Tariff Review adjustments, net (note 12)	(217,063)	(479,703)	(54.75)
= Ebitda Adjusted (2)	**1,169,438**	**1,007,325**	**16.09**

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





(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 nº 1/2007 and CVM Instruction nº 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 nº 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 Jun 2021			Jan to Jun 2020		
	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh¹	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh
Industrial	7,003,926	1,856,353	265.04	5,447,608	1,367,439	251.02
Commercial	1,996,154	434,926	217.88	2,159,792	478,277	221.45
Rural	19,910	5,598	281.17	7,753	2,126	274.22
Subtotal	**9,019,990**	**2,296,877**	**254.64**	**7,615,153**	**1,847,842**	**242.65**
Net unbilled retail supply	-	60,166	-	-	(49,144)	-
	9,019,990	**2,357,043**	**259.40**	**7,615,153**	**1,798,698**	**242.84**
Wholesale supply to other concession holders (3)	5,392,806	1,441,807	267.36	6,690,190	1,626,054	243.05
Wholesale supply unbilled, net	-	(91,767)	-	-	15,631	-
	14,412,796	**3,707,083**	**257.21**	**14,305,343**	**3,440,383**	**240.50**

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

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The Company reports a revenue from supply of energy of R$3,707,083 from January to June, 2021, compared to R$3,440,383 to the same period of 2020, an increase of 7.75%. This variation is mainly due from the following factors:

- Consumption by industrial Free Clients was 28.57% higher, mainly due to new contracts signed in January 2021;
- Reduction of 19.39% in sales to traders and generators, 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; and
- The average price of energy was 6.95% higher in 1H21 than 1H20, mainly reflecting the increase for energy sale contracts in the Regulated Market, of 3.26%. The higher average price of energy in the Free Market in 1H21 reflects shorter-term sales to traders in 1H20 resulting from lower market prices in the period.

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.

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R$286,688 from January to June, 2021, compared to R$238,860 to the same period of 2020 (Restated), 20.02% higher;
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$62,134 from January to June, 2021, compared to R$104,056 to the same period of 2020 (Restated), 40.29% 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, and reduction in the build margin in the period; and
- At the same time, revenues from financial remuneration of transmission contract assets were 137.84% higher, at R$274,119 from January to June, 2021, compared to R$115,252 to the same period of 2020 (restated)– mainly reflecting the increase in the remuneration base of the assets linked to Contracts 006/1997 and 079/2000, as from the Periodic Tariff Review (RTP) ratified by Aneel on June 30, 2020 and December 30, 2020, respectively.

More details in Note 12.

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Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from transactions with energy on the CCEE (Power Trading Chamber) from January to June 30, 2021 was R$64,370, or 103.72% higher than to the same period of 2020 (R$31,598). This increase was mainly due to the to energy surplus from January to June 30, 2021, when compared to the same period of 2020. In this period of 2020, short-term bilateral sales were made in several different months that increased the Company's exposure on the CCEE.

Additionally, there was an increase of 52.65% in the average spot price (PLD), which was R$201.01/MWh in the first half of 2021, compared to R$131.68/MWh in the same period of 2020, due to the water scarcity.

Revenue arising from advances for services provided

Revenue in the amount of R$153,970 arising from the negotiation with a free customer that resulted in a revenue recognition related to trading services provided in advance by the subsidiary ESCEE, in June 2021.

Taxes and regulatory charges reported as deductions from revenue

Taxes and charges applied to operating revenue from January to June, 2021 were R$941,310, or 16.40% higher than in the same period of 2020 (R$808,660 - restated). 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 June, 2021 were R$30,671, or 72.90% higher than in the same period of 2020 (R$17,739), 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 June, 2021 were R$121,752 compared to R$113,587 in the same period of 2020, an increase of 7.19%, associated with higher demand for energy, either contracted demand or measured supply to the customer.

Other taxes and charges calculated on revenue

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.

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Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses from January to June, 2021 totaled R$2,547,477, 4.72% higher than in same period of 2020 (R$2,432,621 - restated).

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

Outsourced services

Outsourced services expenses from January to June, 2021 were R$75,365, 8.04% more than in the same period in 2020 (R$69,754), mainly due to the following factors:

- Expenses on information technology 36.82% higher from January to June, 2021, at R$9,178, compared to R$6,708 in the same period of 2020;
- Expenses on consultancy 61.41% higher from January to June, 2021, at R$3,630, compared to R$2,249 in the same period of 2020; and
- Expenses on cleaning of power line pathways 101.47% higher from January to June, 2021, at R$3,570, compared to R$1,772 in the same period of 2020.

Energy *purchased* for resale

The expense on energy bought for resale from January to June, 2021 was R$1,932,266, compared to R$1,785,145 in same period of 2020, representing an increase of 8.24%. This variation is mainly due from the following factors:

- 18.08% higher on expense on purchase of energy in the Free Market, R$2,059,164 from January to June, 2021 compared to R$1,743,809 in same period of 2020, associated with, mainly to higher purchase of energy due to seasonalization and the execution of new purchase contracts; and

- the increase of energy purchase was offset due to a 69.60% lower expense in the spot market: R$65,662 from January to June, 31 2021, compared to R$215,980 in the same period of 2020. This variation is mainly due to the surplus of energy in the first half of 2021, when compared to the 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 in several months.

Employee profit shares

The expense on profit shares from January to June, 2021 was R$13,106, compared to R$8,087 in the same period of 2020, 63.07% higher. This basically reflects the increase on the net income of Cemig, Cemig GT´s parent Company, basis of calculation for profit shares, considering that the collective agreements are unified for Cemig Distribution, Cemig GT and Cemig GT’s controlling stockholder).

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Construction cost

Construction cost from January to June, 2021 was R$47,124 – compared to R$74,044 in the same period of 2020, a reduction of 36.36%, due to the 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.

Operating provisions

Net operating provisions from January to June, 2021 was a expense of R$36,306, compared to an expense of R$55,272 in the same period of 2020, a reduction of 34.31%, arising mainly from the following factors:

- reduction of 65.77% in provisions for estimated losses for doubtful receivables from January to June, 2021, a expense of R$5,579, compared to expense of R$16,297 in the same period of 2020– mainly due the resumption of the economy, which resulted in lower delinquency rates; and

- changes in SAAG´s option, which represented a provision of R$13,358 from January to June, 31, 2021, compared to provisions of R$22,800 in the same period of 2020, a reduction of 41.41%. 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 year. 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$122,840 value of non-consolidated investees was posted by the equity method from January to June, 2021 in the, which compares with a net loss of R$2,395 in the same period of 2020, arising mainly from the recognition of higher losses in the investee Santo Antônio Energia, which reported a negative equity method of R$167,920 from January to June, 2021, compared to a negative equity method of R$45,156 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$769,052 from January to June, 2021, compared to net financial expenses of R$823,375 in the same period of 2020. This variation is mainly due to the following factors:

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- Depreciation of the dollar against the real in 1H21 of 3.74%, compared to appreciation, of 35.86%, in 1H20 – generating a posting of revenues of R$291,750 in 1H21, vs. expenses, of R$2,167,950, in 1H20; and
- The fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R$612,765 in 1H21, compared with a gain of R$1,800,960 in 1H20. On June 30, 2021 the variation in fair value of the hedge instrument arises from a fall in the dollar futures curve and a rise in the curve of future interest rates.

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

Income tax and social contribution tax

From January to June, 2021, the expense on income tax and social contribution tax was R$445,432, on pre-tax gain of R$1,578,388 – an effective rate of 28.22%. From January to June, 2020, the expense on income tax and social contribution tax was R$168,135 (restated), or 30.05% of the pre-tax gain of R$559,478 (restated).

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

Net income for the second quarter 2021

From April to June, 2021, the Company reports a net income of R$1,444,329 which compares with its net income of R$406,667 in the same period of 2020 (restated), an increase of 255.16%, due, basically, to recognition of gains arising from renegotiation of hydrological risk (Law 14,052/20), in the amount of R$909,601, in the first half of 2021. More details in note 15.

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 34.59% in the second quarter of 2021 compared to the same period of 2020. The adjusted Ebitda margin increased from 21.79% in the second quarter of 2020 to 22.10% in the second quarter of 2021.

The Ebitda, measured according to CVM Instruction 527/2012, increased in 112.64% in the second quarter of 2021, compared to the same period of 2020. The Ebitda margin increased from 54.58% in the second quarter of 2020 to 87.31% in the second quarter of 2021.

More details on the specific items of this Comment.

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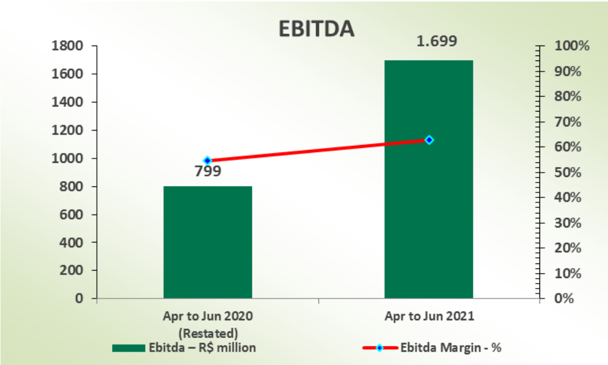
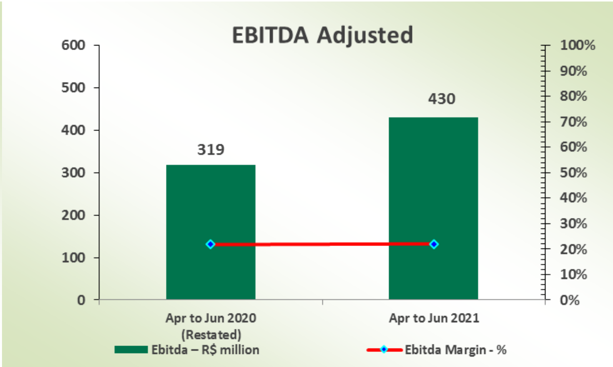
Ebitda – R$'000	Apr to Jun 2021	Apr to Jun 2020 (Restated)	Var %
Net income for the period	1,444,329	406,667	255.16
+ Current and deferred income tax and social contribution tax	633,579	206,836	206.32
+/- Net financial revenue (expenses)	(428,195)	133,702	-
+ Depreciation and amortization	49,137	51,736	(5.02)
= Ebitda according to "CVM Instruction 527" (1)	**1,698,850**	**798,941**	**112.64**
Non-recurrent items			
- Gains arising from the renegotiation of hydrological risk costs (Law 14,052/20), net (note 15)	(909,601)	-	-
- Advances for services provided, net (*)	(148,350)	-	-
- Periodic Tariff Review adjustments, net (note 12)	(211,247)	(479,703)	(55.96)
= Ebitda Adjusted (2)	**429,652**	**319,238**	**34.59**

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





(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 nº. 01/2007 and CVM Instruction nº. 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 nº. 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.

Revenue from supply of energy

	Apr to Jun 2021			Apr to Jun 2020		
	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh¹	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh
Industrial	3,632,514	960,627	264.45	2,576,105	647,609	251.39
Commercial	996,727	221,144	221.87	1,039,722	233,236	224.33
Rural	12,944	3,733	288.40	4,314	1,183	274.22
Subtotal	**4,642,185**	**1,185,504**	**255.38**	**3,620,141**	**882,028**	**243.64**
Net unbilled retail supply	-	(30,384)	-	-	(45,190)	-
	4,642,185	**1,155,120**	**254.99**	**3,620,141**	**836,838**	**230.69**
Wholesale supply to other concession holders (3)	2,644,747	672,569	254.30	3,433,905	745,261	217.03
Wholesale supply unbilled, net	-	(18,048)	-	-	(33,550)	-
	7,286,932	**1,809,641**	**248.34**	**7,054,046**	**1,548,549**	**219.53**

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

The Company reports a revenue from supply of energy of R$1,809,641 from April to June, 2021, compared to R$1,548,549 to the same period of 2020, an increase of 16.86%. This variation is mainly due from the following factors:

- Consumption by industrial Free Clients was 41.41% higher, mainly due to new contracts signed in January 2021;

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- Reduction of 22.98% in sales to traders and generators, 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; and
- The average price of energy was 13.12% higher in 2Q21 than 2Q20, mainly reflecting the increase for energy sale contracts in the Regulated Market, of 3.32%. The higher average price of energy in the Free Market reflects shorter-term sales to traders than in the second quarter of 2020, resulting from lower market prices in the period.

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.

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R$135,969 from April to June, 2021, compared to R$113,918 to the same period of 2020 (Restated), 19.36% higher.
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$39,683 from April to June, 2021, compared to R$42,815 to the same period of 2020 (Restated), 7.32% lower. This mainly reflects the reduction in the construction margin in the period; and
- At the same time, revenues from financial remuneration of transmission contract assets were 195.56% higher, at R$129,077 from April to June, 2021, compared to R$43,672 to the same period of 2020 (restated)– mainly reflecting the increase in the remuneration base of the assets linked to Contracts 006/1997 and 079/200, as from the Periodic Tariff Review (RTP) ratified by Aneel on June 30, 2020 and December 30, 2020, respectively.

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 April to June 30, 2021 was R$14,521, or 105.27% higher than to the same period of 2020 (R$7,074). This increase was mainly due to the to energy surplus from April to June 30, 2021, when compared to the deficit positions in the same period of 2020. From April to June 30, 2020, the short-term bilateral sales were made that increased the Company's exposure on the CCEE.

Additionally, there was a increase of 204.01% in the average spot price (PLD), which was R$229.44/MWh in the second quarter of 2021, compared to R$75.47/MWh in the same period of 2020.

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Revenue arising from advances for services provided

Revenue in the amount of R$153,970 arising from the negotiation with a free customer that resulted in a revenue recognition related to trading services provided in advance by the subsidiary ESCEE, in June 2021.

Taxes and regulatory charges reported as deductions from revenue

Taxes and charges applied to operating revenue from April to June, 2021 were R$472,846, or 26.21% higher than in the same period of 2020 (R$379,497 - restated). 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 April to June, 2021 were R$14,336, or 43.03% higher than in the same period of 2020 (R$10,023), 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 April to June, 2021 were R$60,363 compared to R$56,016 in the same period of 2020, an increase of 7.76%, associated with higher demand for energy, either contracted demand or measured supply to the customer.

Other taxes and charges calculated on revenue

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 (excluding financial income/expenses)

Operating costs and expenses from April to June, 2021 totaled R$1,297,355, 9.17% higher than in same period of 2020 (R$1,188,377 - restated).

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

Outsourced services

Outsourced services expenses from April to June, 2021 were R$40,914, 17.39% more than in the same period in 2020 (R$34,852), mainly due to the following factors:

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- Expenses on information technology 82.12% higher from April to June, 2021, at R$5,072, compared to R$2,785 in the same period of 2020; and
- Expenses on cleaning of power line pathways 90.90% higher from April to June, 2021, at R$2,329, compared to R$1,220 in the same period of 2020.

Energy *purchased* for resale

The expense on energy bought for resale from April to June, 2021 was R$952,880, compared to R$871,396 in same period of 2020, representing an increase of 9.35%. This variation is mainly due from the following factors:

- 13.61% higher on expense on purchase of energy in the Free Market, R$1,023,321 from April to June, 2021 compared to R$900,703 in same period of 2020, associated with, mainly the execution of new purchase contracts; and

- the increase of energy purchase was offset due to a 55.45% lower expense in the spot market: R$24,830 from April to June, 2021, compared to R$55,732 in the same period of 2020. This variation is mainly due to the surplus of energy in the second 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 .

Employee profit shares

The expense on profit shares from April to June, 2021 was R$5,960, compared to R$1,838 in the same period of 2020. This basically reflects the increase on the net income of Cemig, Cemig GT´s parent Company, basis of calculation for profit shares, considering that the collective agreements are unified for Cemig Distribution, Cemig GT and Cemig GT's controlling stockholder).

Construction cost

Construction cost from April to June, 2021 was R$28,059 – compared to R$26,846 in the same period of 2020, a increase of 4.52%. This variation is mainly associated with the resumption of the volume of investments in the second quarter of 2021.

Operating provisions

Net operating provisions from April to June, 2021 was a expense of R$41,222, compared to an expense of R$23,992 in the same period of 2020, an increase of 71.82%, arising mainly from the following factors:

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- changes in SAAG´s option, which represented a expense of R$26,525 from April to June, 2021, compared to provisions of R$1,988 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. More information on the option calculation methodology in Note 28; and
- This increase was partially offset by the reduction of 47.54% in provisions for estimated losses for doubtful receivables from April to June, 2021, of R$6,691, compared to expense of R$12,754 in the same period of 2020 – mainly due the resumption of the economy, which resulted in lower delinquency rates.

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$119,347 value of non-consolidated investees was posted by the equity method from April to June, 2021 which compares with a net loss of R$7,852 in the same period of 2020, arising mainly from the recognition of higher losses in the investee Santo Antônio Energia, which reported a negative equity method of R$88,665 from April to June, 2021, compared to a negative equity method of R$18,528 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 revenue of R$428,195 from April to June, 2021, compared to net financial expenses of R$133,702 in the same period of 2020. This variation mainly due to the main factors:

- The dollar depreciated by 12.20% against the Real in 2Q21, compared to appreciation of 5.33% in 2Q20, resulting in a gain arising from FX variations from debt in foreign currency of R$1,042,650 in 2Q21, compared to an expense of R$415,950 in 2Q20; and
- Negative variation in the fair value of the financial instrument contracted to hedge the risks of the Eurobond in 2Q21, in contrast to the positive effect at June 30, 2020. In 2Q21 the variation in the fair value of the hedge instrument generated an expense of R$425,417, compared to a gain of R$486,720 in 2Q20. The reduction in the fair value of the hedge instrument in 2Q21 arises from the higher future yield curve.

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

Income tax and social contribution tax

From April to June, 2021, the expense on income tax and social contribution tax was R$633,579, on pre-tax gain of R$2,077,908 – an effective rate of 30.49%. From April to June, 2020, the expense on income tax and social contribution tax was R$206,836 (restated), an effetive rate of 33.71% on pre-tax gain of R$613,503 (restated).

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

****

(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 June 30, 2021, comprising the statement of financial position as at June 30, 2021, and the related statements of profit or loss, of comprehensive income for the three and six-month periods then ended, and of changes in equity and cash flows for the six-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).

Emphasis of matters

Restatement of corresponding figures

As described in Note 2.3, due to the impacts on the statement of profit and loss 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, the quarter and the six-month period ended June 30, 2020, presented for comparative purposes, are being restated in accordance with NBC TG 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our conclusion is not modified in respect to this matter.

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. – in-court supervised reorganization 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 six-month period ended June 30, 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.

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Belo Horizonte (MG), August 16, 2021.

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

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

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