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REPORT OF MANAGEMENT FOR 2021

Dear Shareholders,

Cemig Geração e Transmissão ('Cemig GT' or 'the Company') submits for your consideration the Report of Management, the Financial Statements, the Opinion of the Audit Board, the report of the Audit Committee and the Report of the Company's external auditors on the business year ended December 31, 2021, together with the statements of the executive officers who have reviewed the financial statements and the related report of the external auditors.

MESSAGE FROM MANAGEMENT

2021 will go down in Cemig GT's history as a year of transformation, and achievements. In parallel with the review of the Company's strategic planning, with the objective of "Focus and Win", and prioritizing investments in Minas Gerais State, we made important improvements in operational efficiency, financial results. All of us who work in the Company are proud of these achievements.

In terms of financial results, we ended the year with significant results: net income of R$871 million (17.52% lower than in 2020), and Ebitda of R$3,541 million (36.93% lower than in 2020).

Our ratio of Net debt to Adjusted Ebitda at the end of the year was 2.38x, which both demonstrates the Company's financial solidity and provides sustaining power for our ambitious investment program for the coming years. We reduced our foreign exchange exposure, with the buyback of US$500 million in our Eurobonds maturing 2024, which also contributed to improvement of our debt profile.

Operational efficiency is a priority for Cemig. In 2021 we repeated the result that we achieved in 2020: operational expenses of transmission and distribution were fully covered by regulatory revenues.

These results that we have achieved have also resulted in continuous improvement of our ratings with the risk rating agencies. In 2021 both Fitch and Standard&Poor's raised our credit ratings, to AA+ on the Brazilian scale – which is also Cemig GT's best-ever risk rating in its history.

This scenario crowns a year in which Cemig GT announced a significant investment plan for the Company until 2025, with focus on transmission concessions, and, in generation, a focus on renewable sources. Reversing a previous trend, Cemig GT has now turned its priorities to its core businesses, with a focus on the State of Minas Gerais – to "Focus and Win".

In the regulatory context, in 2021 the renegotiation of hydrological risk was completed, providing a solution for the costs assumed by the generating companies over the years 2012–2017. Due to this agreement, which eliminated all legal actions on the issue, Aneel ratified the extension of several of Cemig GT's generation concessions, the most important being those of the Nova Ponte and Emborcação plants, with extensions of approximately two years in comparison to their original expiration dates in 2025 (excluding the renewal of the concession contract, which is expected in both cases). This will result in significant additional cash flow for Cemig GT.

All these achievements took place in a particularly challenging scenario, in which the country continued to deal with the significant effects of the Covid-19 pandemic, which also affected our business.

Cemig GT, together with the other companies of the Cemig Group, took a protagonist role in the pandemic, underlining its vocation as a company with strong social responsibility. We made a strong contribution to the civil society movement Unidos pela Vacina ('United for the Vaccine'), making an effective contribution to vaccination of the population in Minas Gerais, thus directly supporting 425 municipalities.

The Company's participation took the form of voluntary involvement by its employees in support for transport, with the Company's vehicles, of professionals from various municipalities to take vaccines to rural regions, including to people who were bedridden, and donation of inputs to help promote access to the vaccine to combat Covid-19 in municipalities of the State.

The safety and health of the people who work for the Company were also a key point of concern, and the health protocols established were rigorously obeyed. Unfortunately, even with adoption of these practices, we still lost some employees as a result of the pandemic, and in our condolences, we feel sincere and profound solidarity with their families.

We are determined to continue with sustainable practices in our operations, creating value for our stockholders and contributing to the wellbeing of society. Cemig, our Parent Company, is the only company in the energy sector outside of Europe that is included in the Dow Jones Sustainability Index (indeed we have been included in it every year since its creation 22 years ago). The index selected only seven companies in the sector in the whole of the world. Cemig also have a leading position in various other Brazilian and international sustainability ratings. In another role, Cemig are the largest incentivator of culture in Minas Gerais.

The year of 2022 brings us additional challenges related to the international and Brazilian context, and continuing effects of the pandemic. We hope that these will be moderated by the progress of vaccination in the population. On the other hand, the significant results we have obtained in recent years, which are due to the commitment of our management and the talent of the people that work in Cemig GT, enable us to be optimistic in relation to the Company's future.

We take this opportunity to express our thanks to our employees, stockholders and other stakeholders for their joint and continuing efforts to maintain the recognition of Cemig GT as an outstanding major company in the Brazilian electric power sector.

CEMIG GERAÇÃO E TRANSMISSÃO

Since Cemig GT was created it has always shown its vocation for energy generation through hydroelectric plants. Building very large projects, and overcoming immense challenges, it became a landmark in the history of major power plants by reason of its engineering and the scale of the power plants that it built. Minas Gerais played its part in this vocation, with its vast natural hydroelectric potential, and also its wind potential – which Cemig has mapped in its now published *Wind Atlas of Minas Gerais*.

The Company has interests in 67 power plants – of these 60 are hydroelectric, 6 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 5,749 MW (information not audited by external auditors). Renova is the owner of three Small Hydroelectric Plants, representing 5.7 MW of the total installed generation capacity of the Company. In 2021 Cemig GT classified its equity interest in Renova as a non-current asset held for sale.

Transmission

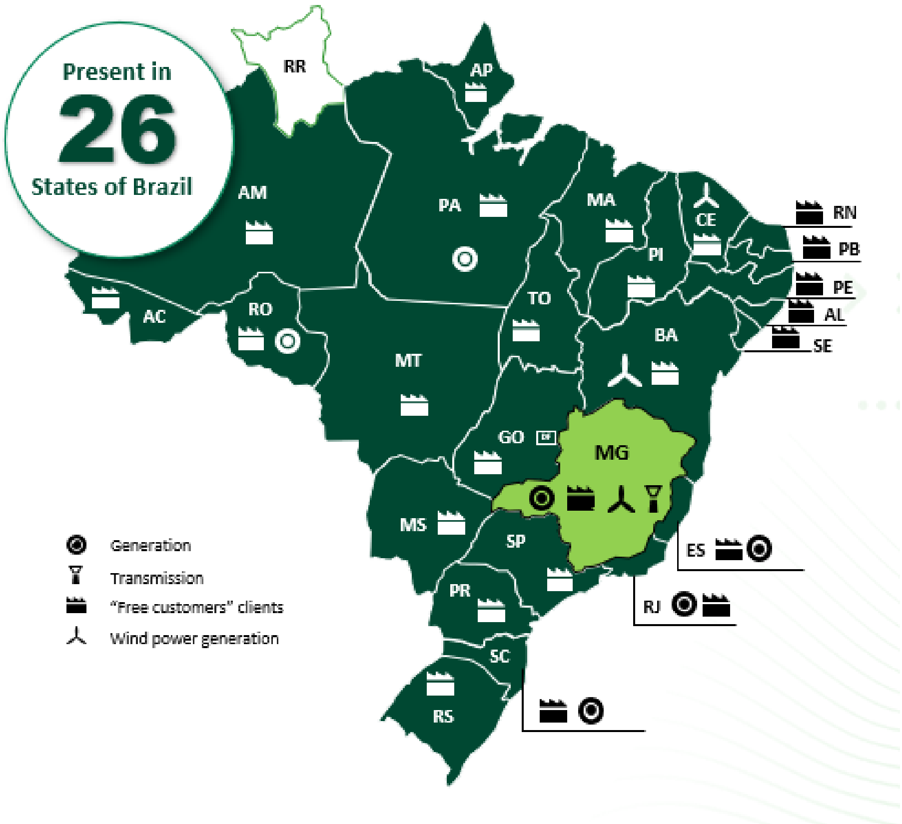
The Company operated and maintained in 2021 39 substations and 4,998 km of transmission lines, operating at 230kV, 345kV and 500kV, as part of Brazil's National Grid system. It also has assets, which it operates and maintains, in another eight substations of other transmission agents.

In 2021 Cemig GT had contracts in effect for provision of operation and maintenance services for transmission assets with 11 other companies, in 17 substations (of which two are substations in which Cemig GT has assets), and 439 km of transmission lines.

On November 24, 2021, an Extraordinary Stockholders' Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. Centroeste operates a 75-km transmission line in Minas Gerais, under a concession granted by auction in 2004, expiring in 2035. More details in note n. 14 of this Financial Statements.

Area of operation

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



Our mission, vision and values

<u>Mission</u>

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

<u>Vision *(of the Parent company, Cemig, shared by Cemig GT in the applicable businesses):*</u>

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

<u>Values</u>

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

Ethical Principles and Code of Professional Conduct

To provide a background of discipline for professional behavior, actions and decisions, the Company has, since 2004, adopted its Statement of Ethical Principles and Code of Professional Conduct, which is available at http://www.cemig.com.br. This brings together nine principles setting out the ethical conduct and values that are incorporated into our culture.

REGULATORY ENVIRONMENT

Energy generation

In 2021, hydrological conditions continued to be the greatest challenge for the operation of Brazil's energy system. Average Affluent Natural Energy (ANE) in the year was 71%, compared to 76% in the previous year. Thus 2021 was the worst year in Brazil's history since 1931, and the third consecutive year with the percentage among the five worst-ever percentages in this period. In this scenario, the Power Industry Monitoring Committee (CMSE) and the Hydroelectric Management Exceptional Rules Chamber (CREG) coordinated a series of measures to preserve storage in the system over the year 2021 and avoid any need to cut generation load. Starting in June 2021, all the thermal generation plants were dispatched, with adaptations of the limits of exchange to operate at the N–1 safety level – permitting, for example: fuels for plants without contract; transactions for Free Customers to offer reduction of consumption; and importation of power from Argentina and Uruguay. These measures, together with an improvement in hydrology in October and November 2021, made it possible to mitigate the risk of a power deficit in the country. However, storage in reservoirs at the end of December 2021 continued to be very low – it was 33%, compared to 24% at the end of December 2020.

The average Spot Price (PLD) in the Southeast in 2021 was R$279.61/MWh, compared to R$176.98/MWh in 2020, an increase of 58%. The spot price was lower in the first half of 2021, reflecting excesses of energy in the Northern Region – but in the second half of the year the conditions of the system took the price to its ceiling level (R$583.88/MWh), in July and August. The adverse hydrology also significantly penalized the hydroelectric plants, as their generation continued to be minimized during the whole of the year, with flexible minimum generation levels, and the Generation Scaling Factor (GSF) was lower than in 2021 compared to 2020, averaging 0.77 in 2021, compared to 0.83 in 2020.

Energy transmission

The annual adjustment of transmission revenue takes place on July 1 of each year, and in July 2021 the adjustment in the RAP of the transmission companies for the 2021–22 cycle was ratified.

As well as the adjustment, the revenue for this cycle was increased by the acceptance, in July 2020, of the application for reconsideration filed by the transmission companies against the review of the 2018–2023 period, mainly due to the recalculation of the financial component for Existing Facilities in the National Grid (RBSE).

In January 2021 the Federal Attorney General's Office issued an Opinion on the legal effects of the reversal of the court decisions that suspended remuneration of the cost of capital of the transmission companies, concluding that the amounts involved should be updated by the rate for Cost of Own Capital up to July 1, 2020, the date of effective payment, and be incorporated into the RAP of the transmission companies as from the process of July 1, 2020 (for the period 2020-21), over a period of 8 years.

Due to the tariff pressure resulting from the effects of the Covid-19 pandemic, and due to the high risk of default in the energy sector, Aneel opted for the 'reprofiling' these payments related to the remuneration of cost of capital, referred to above, 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, with the highest amortization of the credits of the transmission companies in the cycles of 2023-24 through 2027-28.

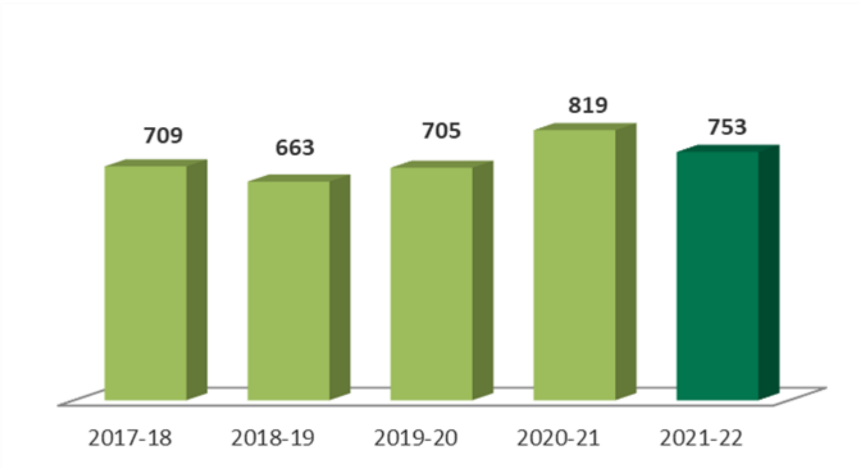
The RAP approved

Considering the above, the RAP of Cemig GT (Concession Contract 06/1997), approved in 2021, was adjusted to R$684 million, which is 13.53% lower than in the prior period (R$791 million after Aneel Dispatch 1,698/2021), mainly due to the reduction of the financial component after the reprofiling. The financial component for the 2020-21 cycle of R$332 million (comprising R$263 million in RAP and R$69 million in the Adjustment Component) was reduced to R$96 million in the 2021-22 cycle. The IPCA inflation index applied in the adjustment of RAP was 8.05%, and there was an increase in the RAP for the National Grid, due to new works entering the total during 2020-21 – an increase of R$26 million in RAP at prices of June 2021. As well as the RAP, an Adjustment Component of R$13 million was ratified in the 2021-22 cycle, relating to the differences between the Permitted Revenue and amounts actually received in the previous cycle.

The RAP of Cemig GT Itajubá (Concession Contract 079/2000) was increased by 46% in the 2021-22 cycle, from the previous period, reflecting the IGPM inflation index of the period, which was 37.04%, and the result of the Periodic Tariff Review for the 2019-24 cycle (Ratifying Resolution 2,839/2021), which repositioned RAPs for the National Grid by 79%. The Adjustment Component ratified for this contract was R$9 million, mainly reflecting the effect of the backdated adjustments of the RAPs for the National Grid, which underwent Periodic Tariff Review.

The revenue approved for Cemig GT under the two concession contracts (006/1997 and 079/2000) totals R$747 million, comprising R$725 million in RAP and R$22 million comprising the adjustment portion. Further to this, Centroeste (Contract 04/2005) had RAP of R$21 million for the 2020–21 cycle, and R$28 million for the 2021–21 cycle, an increase of 33.33%.

Transmission revenue (RAP) R$ mn



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

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

The compensation to the holders of hydroelectric occurs through the extension of the concession period for generation grants. The extension periods were ratified by Aneel Ratifying Resolution 2,919/2021 and Ratifying Resolution 2,932/2021. The extension periods of the plants of Lot D were, under the rule, equal to the maximum – 7 years (2,555 days) – permitted by Law 14,052/2020.

This renegotiation represents important progress for the energy sector, reducing levels of litigation – and also for Cemig, in that it enables extension of the periods of its generation concessions, including those of the Nova Ponte and Emborcação plants, the concession contracts of which were extended from 2025 to 2027. More information on the new expiration periods of the generation concessions in Note 16.

FINANCIAL RESULTS

The Covid-19 pandemic

The World Health Organization declared Covid-19 to be a pandemic on March 11, 2020. This led Brazil's government authorities to adopt physical distancing as a means of containing spread of the virus, with negative impacts on a vast range of organizations, affecting their production processes, slowing down or stopping their supply chains, generating scarcity of labor, and closing stores, factories and facilities. In Brazil, several government measures were also imposed on the energy sector to meet the demands of the crisis.

In response to the scenario as announced, Cemig created its *Coronavirus Crisis Management Committee* on March 23, 2020, with the aim of taking decisions to mitigate effects of the pandemic, protect Cemig's employees and clients, and ensure that services continued to be provided.

We describe the impacts of the Covid-19 pandemic in more detail in Note 1b (*Operational context*) – of these financial statements. In spite of the impacts of the pandemic on Cemig's balance sheets in 2020, with partial recovery in 2021, we do not expect significant impacts over the long term.

Net income for the year

For 2021, the Company reports a net income of R$871 million which compares with its net income of R$1,056 million in 2020, an decrease of 17.52%.

For 2021, we highlight the recognition of the effects arising from the renegotiation of hydrological risk (Law 14,052/20), in the amount of R$1,031,809 (more details in note n. 15). In addition, as a result of the decisions given in the arbitration proceedings to which Santo Antônio Energia is a party, the Company recognized an investment loss in the total amount of R$528 million (more details in note 14).

For 2020, we highlight the recognition of gains from adjustments related to the transmission business, as a result of: (i) Periodic Tariff Review adjustments, and (ii) the harmonization of the sector's accounting practices, in the total amount of R$621 million.

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

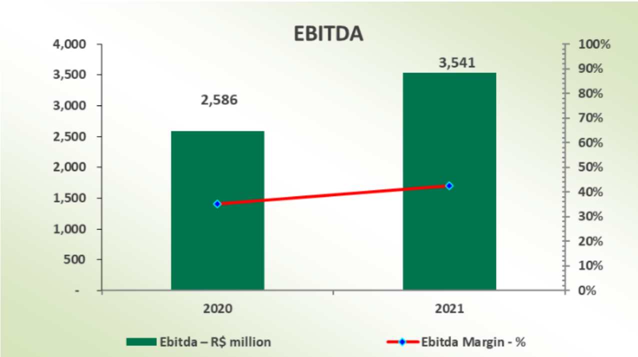
Ebitda (Earnings before interest, tax, depreciation and amortization)

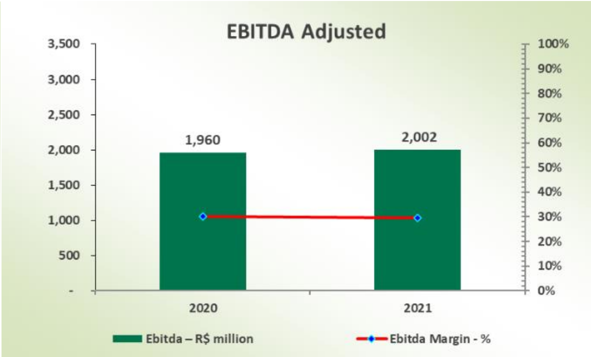
The Company's Ebitda, adjusted including the removal of non-recurrent items, increased in 2.14% in 2021 compared to the same period of 2020. The adjusted Ebitda margin increased from 26.64% in 2020 to 24.09% in 2021.

The Ebitda, measured according to CVM Instruction 527/2012, increased in 36.93% in 2021, compared to the same period of 2020. The Ebitda margin increased from 35.15% in 2020 to 42.61% for 2021.

Ebitda – R$'000000	2021	2020	Var %
Net income for the period	871	1,056	(17.52)
+ Current and deferred income tax and social contribution tax	250	424	(41.04)
+/- Net financial revenue (expenses)	2,161	894	141.72
+ Depreciation and amortization	259	212	22.17
= Ebitda according to "CVM Instruction 527" (1)	**3,541**	**2,586**	**36.93**
Non-recurrent items			
- Renegotiation of hydrological risk (Law 14,052/20), net (note 16)	(1,032)	-	-
- Renegotiation of hydrological risk (Law 14,052/20), investees (*)	(308)	-	-
- Advances for services provided, net (**)	(148)	-	-
- Periodic Tariff Review adjustments (note 14) / Standardization of accounting practices (***)	(215)	(621)	(65.38)
+/- Write-offs and impairments	51	(5)	-
+ Net adjustment for impairment of Investments (note 14)	204	-	-
- Write-down of balance of post-retirement life insurance obligation (Note 22)	(91)	-	-
= Ebitda Adjusted (2)	**2,002**	**1,960**	**2.14**

(*) On September 30, 2021 the jointly controlled subsidiaries Nesa and Aliança Energia, and the affiliated company Madeira, recognized amounts of R$30 million, R$149 million and R$129 million, respectively, arising from renegotiation of hydrological risk.
(**) 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.
(***) The amount for 2020 comprises R$429 million as a result of the effect of the Periodic Tariff Review, excluding the effect of the changes in accounting practices for the sector; and R$192 million arising from the standardization of the sector's accounting practices.





(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated financial statements in accordance with CVM Circular SNC/SEP n. 1/2007 and CVM Instruction n. 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 n. 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

	2021			2020		
	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh¹	MWh²	R$ (mn)	Average price/MWh billed – R$/MWh
Industrial	14,666,251	3,932	268.10	10,958,355	2,944	268.66
Commercial	4,190,978	901	214.99	4,187,321	905	216.11
Rural	30,986	9	290.45	16,814	5	297.37
Subtotal	**18,888,215**	**4,842**	**256.35**	**15,162,490**	**3,854**	**254.15**
Net unbilled retail supply	-	60	-	-	(5)	-
	18,888,215	**4,902**	**259.72**	**15,162,490**	**3,849**	**249.68**
Wholesale supply to other concession holders (3)	10,954,947	2,909	265.54	14,037,374	3,437	244.85
Wholesale supply unbilled, net	-	(140)	-	-	51	-
	29,843,162	**7,671**	**257.04**	**29,199,864**	**7,337**	**251.27**

(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.

The Company reports a revenue from supply of energy of R$7,671 million in 2021, compared to R$7,337 million in 2020, an increase of 4.55%. This variation is mainly due from the following factors:

- Consumption by industrial, commercial and rural Free Clients was 24.13% higher, mainly due to new contracts signed in /January 2021; and also, to the increase in consumption after the flexibilization of activities during the pandemic; and
- This increase was partially offset by a reduction of 21.93% 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 also variation in the contracted volume.

Transmission concession revenue

The transmission concession revenue of the Company and Centroeste comprises the sum of revenues recorded for construction, reinforcements, improvements, operation and maintenance, as specified in the transmission contracts. Under the concession contracts, Annual Permitted Revenues (RAPs) of the existing energy 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 indexes). Subsequently, all reinforcements and improvements 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$613 million in 2021, compared to R$511 million in 2020, 19.96% higher, mainly reflecting the annual increase as specified in the concession contracts;
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$252 million in 2021, compared to R$201 million in 2020, 25.37% higher. This mainly reflects a higher volume of realization in the portfolio of transmission investment projects, and resumption of works for which service contracts were suspended in 2020, in line with the corresponding increase in construction cost; and
- Revenues from financial remuneration of transmission contract assets were 53.16% higher, at R$631 million in 2021, compared to R$412 million in 2020 – mainly reflecting the higher IPCA inflation index (the basis for the remuneration of Contract 006/97) – which was 10.06% in 2021, compared to 4.52% in 2020. We also highlight the effects of Ratifying Resolution (ReH) 2,852/2021, which defined the financial components for Concession Contract 006/97. The debtor balance of this component was recalculated, including the remuneration of the cost of capital at the recognized rate of Cost of Own Capital, which replaced 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 Aneel Resolution.

More details in Note 13.

Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from transactions with energy on the CCEE (Power Trading Chamber) in 2021 was R$340 million, or 120.78% higher than in 2020 (R$154 million). This increase was mainly due to the energy surplus in 2021, when compared to 2020, due to the short-term bilateral sales were made in several different months that increased the Company's exposure on the CCEE in 2020 and also to the realization of new purchases in 2021.

Additionally, there was an increase of 57.99% in the average spot price (PLD) in the Southeast and Center-West regions, which was R$279.61/MWh in 2021, compared to R$176.98/MWh in 2020, due to the water scarcity.

Revenue arising from advances for services provided

Revenue in the amount of R$154 million 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 in 2021 were R$1,963 million, or 12.36% higher than in 2020 (R$1,747 million). This variation is mainly due from the following factors:

Proinfa – Alternative Power Source 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 in 2021 were R$66 million, or 69.23% higher than in 2020 (R$39 million), mainly reflecting the reduction of the quotas approved for the 2021 program, compared to 2020.

Royalties for use of water resources (CFURH)

The value of these royalties corresponds to 7% of the volume of energy (in MWh) generated from hydroelectric resources, multiplied by the Updated Reference Tariff (Tarifa Atualizada de Referências – DAR), which is set annually by Aneel.

This charge in 2021 was R$37 million, 40.32% lower than in 2020 (R$62 million), mainly due to the lower volume of generation in 2020 (7,098 GWh in 2021, compared to 11,878 GWh in 2020). This reduction volume of generation was due to the worst hydrological conditions in 2021 than in 2020.

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 in 2021 totaled R$5,970 million, 11.63% higher than in same period of 2020 (R$5,348 million).

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

Outsourced services

Outsourced services expenses in 2021 were R$180 million, 13.92% more than in the same period in 2020 (R$158 million), mainly due to the higher expenses on maintenance and conservation of electrical facilities and equipment 24.39% higher in 2021, at R$51 million, compared to R$41 million in the same period of 2020.

Energy *purchased* for resale

The expense on energy bought for resale in 2021 was R$4,495 million, compared to R$4,026 million in 2020, representing an increase of 11.65%. This variation is mainly due from the following factors:

- 18.78% higher on expense on purchase of energy in the Free Market, R$4,724 million in 2021 compared to R$3,977 in 2020, mainly associated with, new purchase contracts made to mitigate the exposure risk and the replenishment of incentive-bearing energy sources in energy balance; and
- the increase of energy purchase was offset due to a 50.57% lower expense in the spot market: R$218 million in 2021, compared to R$441 million in 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.

Post-employment obligations

The impact of the post-employment obligations of the Company on operational profit in 2021 was a recovery in the level of the expense, from an expense of R$94 million in 2020 to an expense of R$0.4 million in 2021. This variation is due to the changes made by the Company in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and ex-employees. The Company's understanding is that the post-employment benefit in question was canceled, in its entirety; and thus, it wrote off the balance of the obligation, with a counterpart in the Income Statement (more details in Note 22 to the financial statements).

Construction cost

Construction cost in 2021 was R$183 million – compared to R$147 million in 2020, an increase of 24.49%, due to the increase in the portfolio of transmission investment projects, in which a highlight was re-contracting and re-starting of works for which the service contracts were suspended over the year of 2020.

Operating provisions

Net operating provisions in 2021 was an expense of R$147 million, compared to an expense of R$98 million in 2020, an increase of 50%, arising mainly from the following factors:

- changes in SAAG´s option, which represented a provision of R$100 million in 2021, compared to provisions of R$53 million in 2020, an increase of 88.68%, mainly due to the negative effects on the fair value of MESA of the unfavorable decision given in the arbitration proceedings involving SAESA. More information on the option calculation methodology in Note 29; and
- increase of 18.18% in provisions for estimated losses for doubtful receivables in 2021, an expense of R$13 million, compared to expense of R$11 million in the same period of 2020– mainly due to the entry of a client in the Free Market in-court supervised reorganization.

More details on the components of Operating costs and expenses in Note 26c.

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

A net loss of R$306 million value of non-consolidated investees was posted by the equity method in 2021, which compares with a net loss of R$137 million in 2020. This arises mainly from the following factors:

- Losses 186% higher on the investee Santo Antônio Energia, which reported a loss, resulting in negative equity income of R$528 million in 2021, compared to negative equity income of R$184 million in 2020. This difference primarily reflects recognition of the effects of the judgments given in the arbitration proceedings in which SAE is a party partially offset by the positive effect related to the recognition of deferred tax assets. More details in Note 14; and
- the equity method loss (loss on earnings of unconsolidated investees) 46.60% lower in the investees Amazônia Energia and Aliança Norte (stockholders of Norte Energia S.A. – 'Nesa') at R$55 million in 2021, compared to R$103 million in 2020; and the equity gain in Aliança Geração being 124.72% higher in 2021, at R$200 million, compared to R$89 million in 2020). The improvement in the equity method result from these investees essentially arises from recognition of the effects of renegotiation of hydrological risk (GSF).

Note 14 gives the breakdown of equity method gains/losses, by investee.

Finance income (expenses)

The Company reports net financial expenses of R$2,161 million in 2021, compared to net financial expenses of R$894 million in 2020. This variation is mainly due to the following factors:

- Appreciation of the dollar against the real in 2020 of 7.39%, compared to appreciation, of 28.93%, in 2020 – generating a posting of expenses of R$354 million in 2021 vs. expenses, of R$1,749 million, in 2020; and
- The fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R$538 million in 2021, compared with a gain of R$1,753 million in 2020. This 2021 results mainly arises from an appreciation in curve of future interest rates; and

- Recognition of the premium on repurchase of debt securities in the amount of R$491 million as a result of the partial buyback of its Eurobonds – Tender Offer. More details in Note 20.

For a breakdown of financial income/expenses see Note 27.

Income tax and social contribution tax

For 2021, the expense on income tax and social contribution tax was R$250 million, on pre-tax gain of R$1,122 million – an effective rate of 22.28%. For 2020, the expense on income tax and social contribution tax was R$424 million, or an effective rate of 28.65% on the pre-tax gain of R$1,480.

These effective rates are reconciled with the nominal rates in Note 10d.

Liquidity and capital resources

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

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

Cash and cash equivalents

Cash and cash equivalents on December 31, 2021 totaled R$123 million, compared to R$384 million on December 31, 2020. No cash nor cash equivalents were held in any other currency than the Real. The main components of this variation are as follows:

Cash flow from operations

Consolidated net cash generated by operations in 2021 totaled R$2,134 million, which compares with consolidated net cash generated by operations in 2020 of R$2,565 million. In 2021, we highlight a higher volume of interest paid on loans, financing and debentures, with R$1,236 million in 2021 compared to R$795 million in 2020. In addition, R$1,022 million was received for liquidation of a swap related to the Eurobonds (that transaction replaced the effect of variation of the debt in US dollars, when expressed in Reais, with a liability related to the Brazilian CDI rate).

Cash flow from investment activities

Net cash generated by investment activities in 2021 was R$43 million, which compares with R$1,151 million generated investment activities in 2020. The difference is basically due to the higher volume of funds in securities redeemed in 2021 (net redemptions of R$249 million in 2021, compared to investments of R$1,013 million in 2020).

Cash flow in financing activities

Net cash consumed by financing activities totaled R$2,439 million in 2021, compared to R$1,241 million consumed on financing activities in 2020. This higher figure mainly results from greater amortization of loans in 2021 – a total of R$3,249 million, compared to a total of R$807 million in amortization of loans in 2020. Further, we highlight the advance against future capital increase, of R$1,350 million made by Cemig (Parent's Company).

Funding and debt management policy

The Company continued to show resilience, and strong liquidity, in 2021, despite the implementation of the Cash Tender for partial repurchase of the Eurobond, substantially due to the relevant cash generation in its operations and the advance for future capital increase. There was a strong recovery in the Free Market, and the Company also achieved strong control of losses and default.

The Company has not raised any funding in the last 2 years. On the contrary, it amortized debt totaling R$3,249 million in 2021.

In June 2021, taking advantage of the lowest US dollar exchange rate in a 12-month period – less than R$5.00/US$ – the Company, for prudent management of its liabilities, began its strategy of reduction of concentration of debt in 2024 and FX exposure, with partial buyback of the balance of its Eurobond issue. As well as locking in the exchange rate at the moment of announcing the buyback, by contracting a financial protection, part of the hedge transactions contracted was undone, in the amount of US$500 million. This resulted in a reported gain in favor of the Company of R$774 million. In August 2021 the Company settled the Tender Offer for US$500 million of debt securities in the external market, maturing in 2024, remunerated at 9.25% p.a.. More information in note n. 20.

Corroborating these improvements, the principal international risk rating agencies made further upgrades in their credit risk ratings for the Company, recognizing the success in implementing measures that improve its credit quality – improvement of the liquidity profile, sale of assets, refinancing of debts and greater operational efficiency and increase on Lajida, combined with a more prudent strategy for management of liabilities. In January 2021, Standard & Poor's raised its rating for the Company on the Brazilian scale to AA+, and on the global scale to BB-. In June 2021, the Mood's increased its ratings on the Brazilian scale to AA-, and on the global scale confirmed Ba3. In October 2021, the Fitch increased its ratings on the Brazilian scale to AA+ and on the global scale to BB.

This table shows how the Company's credit ratings have been changed, from December 2019 to December 2020:

Fitch		Investment Grade										Speculative Grade											
Brazilian	*Global*	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
December - 2020																							
December - 2021																							

Moodys		Investment Grade										Speculative Grade											
Brazilian	*Global*	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	
December - 2020																							
December - 2021																							

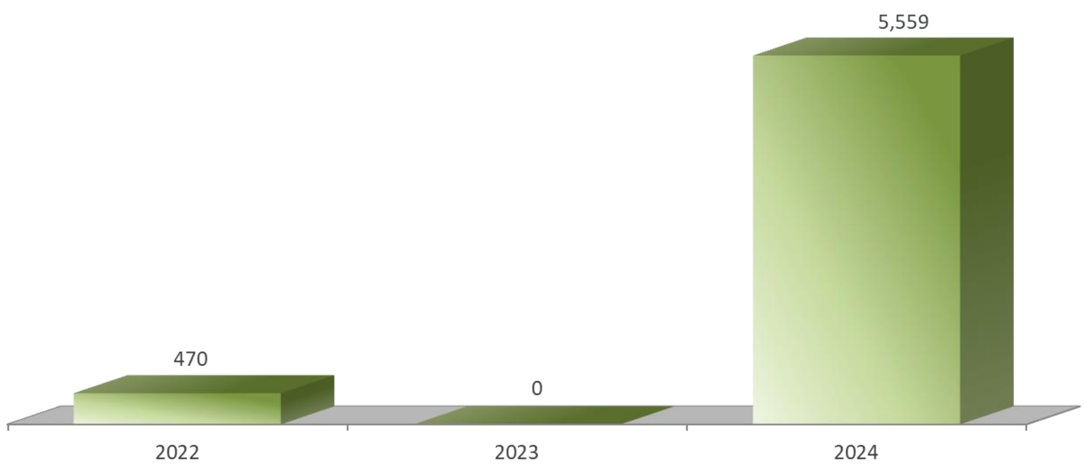
S&P		Investment Grade										Speculative Grade											
Brazilian	*Global*	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
December - 2020																							
December - 2021																							

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

The Company's debt on December 31, 2021, totaled R$6,029 million, with average tenor of 2.9 years. There are more details in Note 20 to the financial statements.

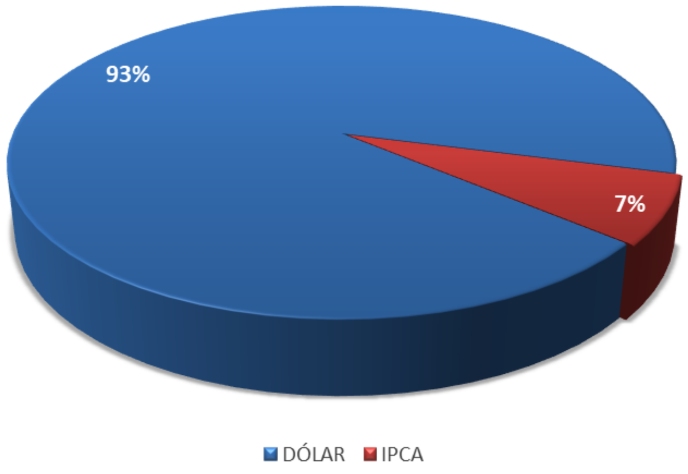
This chart shows the present amortization timetable:

Debt amortization timetable
Position at December 2021 – R$ million



The composition of the Company's debt is a reflection of the sources of funding available to it. Among these there is a significant proportion of debt in dollar. The latter is hedged against FX variation by an instrument which exchanges its cost in US dollars for local interest indexed to the CDI rate. The real cost of the Company's debt is 4.07% p.a. in real terms, and 14.42% p.a. nominal.

Debt breakdown



PROPOSAL FOR ALLOCATION OF NET INCOME

The Board of Directors decided to propose to the Annual General Meeting to be held on April 2022 that the income for 2021, of R$871 million, of realization of the deemed cost of PP&E, totaling R$9 million and adjustment of R$9 million to Retained Earnings, relating to post-employment benefits:

- R$44 million to the legal reserve;
- R$479 million for payment of dividends, as follows:
  - R$291 million in the form of Interest on Equity, as deliberate by the Board of Directors in 2021.
  - R$188 million mandatory minimum dividends;
- R$348 million to be held in Shareholders' Equity in the Retained earnings reserve, to guarantee execution of the Company's Investment Program.

The amount of R$223 million remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2020 and the new constitution in 2021, of the same amount.

Payment of the dividends will be made by December 30, 2022, in accordance with the availability of cash and at the decision of the Executive Board.

INVESTMENTS

Aliança Geração

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

- Central Eólica Gravier S.A. ('Gravier'): this is located in the municipality of Icapuí, in the State of Ceará. The enterprise began in January 2021, and full commercial operation is estimated to start in the first half of 2022. The project will have 17 wind tower generators, with capacity to provide 4.2 MW – total generation capacity of 71.4 MW and estimated average output of 32.43 MW.
- The Acauã wind farm complex: wind farms located in the municipalities of Tenente Laurentino Cruz, Lagoa Nova, Santana do Matos and São Vicente, in the State of Rio Grande do Norte. Building of the Acauã wind farm complex project began in March 2021, and full commercial operation is estimated to start in the second half of 2023. It will have 26 wind tower generators, with capacity of 4.2 MW – total generation capacity of 109.2 MW and estimated average output of 57.77 MW.

UFV Boa Esperança

Investment for construction of the Boa Esperança photovoltaic generation plant was authorized by the Company's Board of Directors in October 2021. The centralized plant has total capacity of 85 MW installed with inverter, in the municipality of Montes Claros, Minas Gerais. The planned construction period is 14 months, with first energization planned for the fourth quarter of 2022.

UFV Jusante

In December 2021 the Company's Board of Directors authorized investment to build the Jusante (Upstream) centralized photovoltaic plant, with 70 MW capacity with inverter, in the municipality of São Gonçalo do Abaeté, Minas Gerais. Construction is planned to take 15 months, with first energization planned for 2023.

Projeto Poço Fundo

The Poço Fundo Small Hydro Plant project: On February 13, 2019 Aneel, by its Authorizing Resolution 7,598, granted extension of the concession of the Poço Fundo Small Hydro Plant to May 2045, conditional upon amplification of the generator units.

On January 6, 2020 on expansion of the generation capacity of the *Poço Fundo* Small Hydro Plant (SHP), for planned cost of approximately R$150 million, aiming for full operation in the first semester of 2022.

Additionally, the transmission investments made by Cemig GT in 2021 were R$183 million.

CORPORATE GOVERNANCE

The Company's Board of Directors, according to Company's by-laws, comprises nine sitting members, eight nominated and elected by the shareholders, with the exception of one member elected by the employees. Under the by-laws, the period of office of all the members runs concurrently, for two years, and they may be re-elected a maximum of three times. In 2021, 26 meetings of the Board of Directors were held, to decide on a range of matters such as, among others, strategic and budgetary planning, investment projects and acquisitions.

The Audit Committee is an advisory committee linked to the Board of Directors with the functions of auditing and inspecting the quality and integrity of the financial statements, adherence to the legal and regulatory requirements; and effectiveness of the internal control systems and the internal and external auditing. It has four members, with term of office of three years, and one re-election is allowed. The Audit Committee held 39 meetings in 2021.

The *Audit Board* is established permanently, and has five members and their substitute members, elected for periods of office of two years – able to be renewed for two consecutive times. The Audit Board held 14 meetings in 2021.

RELATIONSHIP WITH EXTERNAL AUDITORS

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

Complying with the requirement of the CVM, a turnover system of external auditors is adopted, with a frequency of five years. As from the Interim Financial Statements of June 2017, our auditors of our Financial Statements are Ernst & Young Auditores Independentes S.S.. The services provided by the Company's external auditors have been as follows:

Service	2021	As % of audit fees	2020	As % of audit fees
Auditing services				
Auditing of Financial Statements	3,145	100.00	2,511	100.00
Additional services				
Auditing of the public digital bookkeeping system (SPED)	378	12.02	239	9.52
Total	**3,523**	**112.02**	**2,750**	**109.52**

The additional services were contracted jointly with the external audit services and basically refer to the review of tax procedures adopted by the Company. These do not represent any type of consultation, tax planning or conflict of interest.

It should be noted that any additional services to be provided by the external auditors, including that mentioned above, are subject to obligatory prior approval by the Executive Board and Board of Directors, taking account of any conflict of interest, loss of independence or objectivity of the auditors, in accordance with the terms specified in the Sarbanes-Oxley Law and CVM Instruction 381/2003.

INTERNAL AUDITING, MANAGEMENT OF RISKS AND INTERNAL CONTROLS

Maintaining a minimum frequency of a year for the updating procedure, the Executive Board and the Board of Directors approved, after consideration by the Audit Committee, Cemig's updated Corporate Top Risks and Compliance Risks Matrix for 2021–22. These risks, associated with execution of strategy and scenarios of the Company's exposure, conflicts of interest, fraud and corruption are under the responsibility of the members of the Executive Board, and are monitored and reported periodically to Senior Management. The Matrix is divided into separate risk components: Distribution, Generation, Trading, IT, Institutional Regulations, Agile Management with Safety, Corporate Enabling Factors, and Financial.

The matrix of internal controls is reassessed annually for sufficiency and compliance, with design tests, and support for remediations together with the processes and monitoring of these controls by the Company's Risk and Internal Controls Management Unit. The Executive Board issues periodic reports to the Board of Directors, the Audit Board, and the Audit Committee.

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

Anti-fraud Policy

The Company has a policy of prohibiting any type of gift, direct or indirect, or form of money or that can be estimated in terms of money, goods, or services, including in the form of publicity or advertising, that has a political objective of favoring any political party or its members, whether militantly active or not. This Policy applies to Cemig, and its wholly-owned and other subsidiaries, and is in line with the 'Elections Law' – Federal Law 9,504/1997 of September 30, 1997, as amended by Law 13,487 of October 6, 2017.

Cemig also has a '*Whistleblower Channel*', an Ombudsman, and an Ethics Committee. They deal with recording and treatment of any irregularities or ethical dilemmas affecting its operations. All reports are assessed, and when concluded, answers are made available the accusing parties. The 'Whistleblower Channel' preserves anonymity for those providing information.

TECHNOLOGICAL MANAGEMENT AND INNOVATION

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

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

- create new training for the new types of business emerging in the country and the world;
- build project bid documents to collect R&D proposals in digital technology to place the company in harmony with technological evolution and the major digital transformations; and
- create projects that can boost new business activities that create economic and social benefit for the Company.

Constant innovation is one of Cemig's major principles, and the process of becoming aware of new ideas for the sector is a part of this. For this purpose, the Cemig 2021 Innovation Challenge was launched in August 2021, to take place over a period of 18 months.

The challenge was opened to the general public, which will be invited to present proposals for formatting of new Research and Development projects, in accordance with the rules of Aneel. The projects will be assessed under the guidelines for innovation approved in the strategic planning for 2021–25 and, if approved, will be formalized with new draft contracts for development of the ideas that are approved.

The Cemig Challenge expects proposals on the following macro themes:

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

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

Research and Development program

The Company executed 30 R&D projects, for investment of R$15.9 million, on a range of themes, the following being highlights:

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

SOCIAL RESPONSIBILITY

The Cemig bases its relations with communities near its project sites on a sense of joint responsibility and on stimulus for local economic and social development.

The following are some of the highlights of 2021:

The Proximidade (Proximity) Program: created by Cemig to form a closer relationship with communities close to plants under Cemig's concessions, and, jointly with other programs of the Company, to take technical knowledge to them and promote their social development. Meetings are held in which specialists from the Company give technical and objective presentations to explain and clarify operational aspects of reservoirs and dams (operational and structural security), including dealing with and preparation of Emergency Action Plans (PAEs) of the dams, and give information on the social-environmental actions of the projects.

In 2021, still impacted by the health restrictions of Covid-19, meetings with communities were held online. Five webinars were held, focusing on "the Hydrological Crisis of 2021", for 5 generation plants: Nova Ponte, Emborcação, Irapé, Queimado and Rosal. The Proximidade (Proximity) Program was also present in the online meetings and workshops with municipal Civil Defense units for integration of the Dam Emergency Action Plans (PAEs) with the Municipal Contingency Plans (PlanCons).

Still in 2021, 40 Meeting were held with the Civil Defense Organizations (CompDecs) of 52 municipalities, with official delivery (or updating) of the PAEs of the dams, presenting Flood Reach Studies for scenarios of dam rupture and exceptional floods, with indications to determine meeting points and escape routes.

Sponsorship Program: In the Sponsorship Program, donations in favor of the institutions are raised from third parties (the 'Sponsors'), by additions to their energy bills which are then 100% passed on to the institution's bank account. A total of 174 institutions received approximately R$61 million in donations in 2021.

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

The 2021 AI6% Campaign involved the participation of 1,300 employees, who voluntarily allocated R$1 million to benefit approximately 20,000 children and teenagers in vulnerable situations, served by 157 institutions. The Company also allocated part of its income tax payable to the same FIA's. The amount invested by the Company was R$1.3 million. In total, R$2.3 million was donated to entities spread out over the 79 municipalities in the Company's area of influence.

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

The You Program (Programa Você) encompasses several actions to encourage and support employee involvement in voluntary activities. The Program is structured to maximize the potential of volunteers' ongoing actions – a path that migrates gradually from assistentialism to participative citizenship and social transformation. The Você program seeks to incentivate participation through transformative actions proposed by employees on the volunteering platform.

United by the Vaccine (Programa Unidos pela Vacina): this movement was created to make vaccination of all Brazilians against Covid-19 feasible by September 2021. Cemig joined and supported the movement, which comprises numerous companies, bodies and civil society entities, which adopt municipalities, giving support in the supply of inputs, logistics and materials to help in the process of vaccination. Among the actions carried out, Cemig made vehicles and personnel available to contribute to the initiative. A total of 329 volunteers gave 1,391 hours of their time in helping to accelerate progress with the vaccine.

As well as social assistance activities, we continue to invest in online actions of social transformation, objects that benefit young people from poor communities, pupils of public schools, and women in vulnerable social situations in Minas Gerais. These actions have included:

In 2021 Cemig's Volunteering Program reports a total of 28 actions including actions for social assistance, actions proposed by employees and social transformation actions. 513 employees took part as volunteers, with a total of 2,000 hours of work by members of the Cemig Group workforce.

Projects in culture, sport and health

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

Culture

Cemig the company that makes the largest investiment of culture in Minas Gerais. In 2021 Cemig GT invested R$2.6 million in four projects. As well as incentivating producers and artists, Cemig's support created direct benefits for the population, which gains access to cultural goods in a secure and democratic way.

Health

Cemig GT invested R$0.63 million in Apae, through health assistance projects for two years, including physiotherapy and continued assistance for members of the population with related disablement.

Due to the Covid-19 pandemic, Cemig joined the Unidos pela Vacina (‘United for the Vaccine’) program, a movement that brought together companies, associations, NGOs and civil society entities to help make vaccination of the entire Brazilian population feasible. In 424 cities and towns of Minas Gerais Cemig is donating inputs that help in organization of the immunization process, benefiting approximately 7 million people resident in these municipalities. The equipment donated includes cold chambers, frost free refrigerators, polyurethane heat insulation boxes and chest freezers, among other items.

Using the vehicles of Cemig, the volunteers also took health professionals from the prefectures to vaccinate old people confined to bed, and people in rural areas and/or places of difficult access.

Sport:

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

Cemig published one public requests for proposals in 2021, to select projects involving sport that qualify for Support Incentive funding under federal or state laws. A total of 173 projects were received (116 from the federal tender and 57 from the specific tender), and we allocated approximately R$2 million to the best-assessed projects.

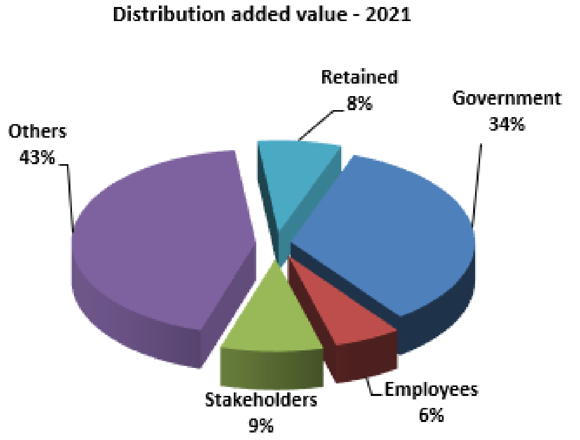
Fund for the elderly

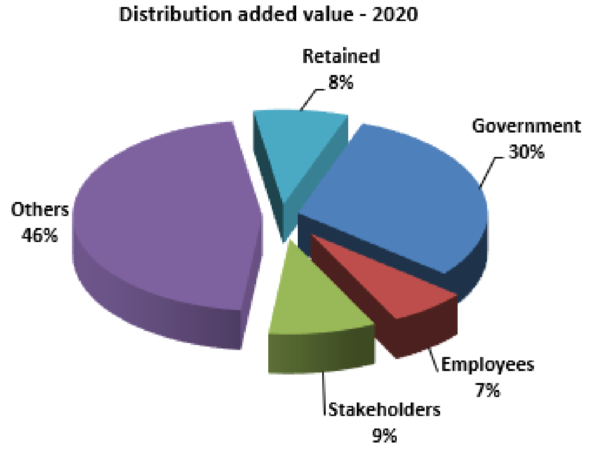
With people over the age of 60 enjoying longer lifetimes, and consequently becoming a larger proportion of the population, Cemig seeks, through allocation of incentive-bearing funds, to help with projects for protection of and service to the elderly in Minas Gerais state, with widening and improvement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

One Requests for Concepts from the public was launched in 2021 to select projects to support the elderly, aligned with the organizational guidelines. A total of 48 projects were received and approximately R$1.3 million was allocated to the best-assessed projects.

Value added

The Value-Added Statement (*Demonstração do Valor Adicionado*, or DVA) is an indicator of wealth creation and of the Company's importance for society in general: the added value created in 2021 was R$5,315 million, compared to R$6,107 million in 2020.



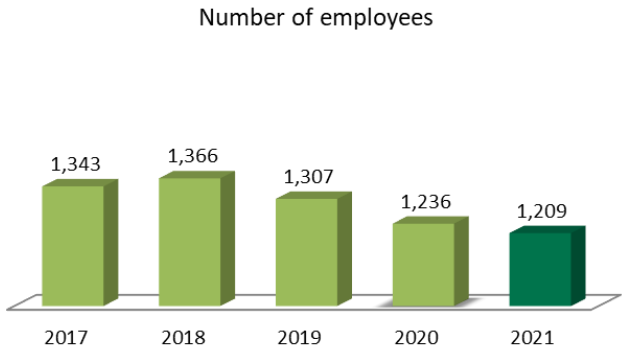


Human resources

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

<u>Number of employees</u>

In view of the reality imposed by the present conditions of regulation in the energy sector, the Company is working towards more efficiency and greater alignment with the sector benchmarks. The Company has shown a reduction of the number of employees in the last 5 years, from 1,343 in the end of 2017 to 1,209 in the end of 2021, as shown:



Cemig hired 37 people in 2021. These hirings were to fill vacancies at the technical, operational, administrative and university levels, replenishing the Company's team principally in essentially technical areas.

Admissions were also made to fill management positions in cases where an external recruiting process is more appropriate. We also approved a change in our personnel policy, to enable market professionals to be contracted for management positions in the company, with a limit of up to 40% of all management posts. It is important to note that the Company will continue to encourage and give priority to professional growth of its employees, valuing recognized technical capacity and commitment in its employees.

UniverCemig

Cemig invests continually in knowledge management due to the specificities of the energy power sector, also aiming to keep its workforce qualified and up to date.

In this context Cemig's corporate university (UniverCemig) is responsible for employees' skill acquisition and development, through construction of educational solutions, provision of its own training, hiring of outsourced training in Brazil and in the rest of the world, and management of postgraduate and language courses. It also operates in the market, offering training to other companies, principally companies providing services to Cemig D (distribution).

Organization climate and culture

In June and July 2021, Cemig held its Engagement and Atmosphere Survey, to ascertain aspects of link, connection and engagement with the Company, and objective information on the themes that might interfere with the organizational climate. 63% of the Company's employees took part, with 63.9% of those surveyed giving a favorable opinion. This indicates that there are important points that need to be worked on to improve the employees' perception.

To identify and promote a new culture, making it possible to meet needs and obtain organizational results, in June 2020 Cemig began its "New Energies" program to enhance the potential of the culture. This seeks to develop behaviors that are not yet fully in place, but which are fundamental for taking Cemig to a more up-to-date management model, with more sustainable and perennial results. In July 2020 we carried out our "Cultural Mapping", in which had the representative participation of employees. It made it possible to identify the Company's strong points, and the main challenges and targets to be set out for the coming years.

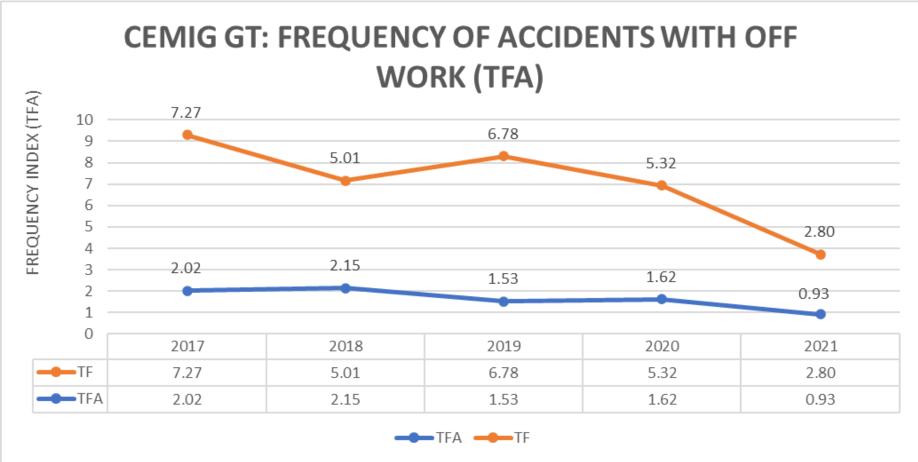
Based on this diagnosis, packages were designed with practices aiming to develop a series of processes related to management of people, to achieve enhanced results, aligned with strengthening of Cemig's company culture.

Health, Hygiene and Safety in the workplace

In 2021 health protocols were adopted, based on monitoring the development of Covid-19 throughout the country.

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

Our accident rates, measured as the Basic accident frequency rate (TF) and the Rate of Accidents with Time off Work (TFA), in 2021, we present the best indices of the last 5 years.



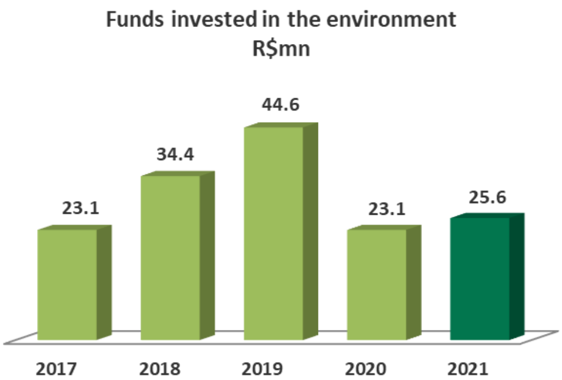
	2017	2018	2019	2020	2021
TF	7.27	5.01	6.78	5.32	2.80
TFA	2.02	2.15	1.53	1.62	0.93

The Company has been expanding its health and safety actions with a focus on prevention, and intensifying education campaigns to raise the awareness of the whole workforce.

Our employees' efforts have enabled the Company to bring these rates down to historic minima, demonstrating that although there is still much yet to be done, we are on the right track.

Environment

In 2021, Cemig invested approximately R$23.1 million in the environment, involving waste management, R&D projects and expenses related to compliance with environmental obligations and improvements. These investments were lower than historical averages due to the limitations on execution during the pandemic.



Water resources

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

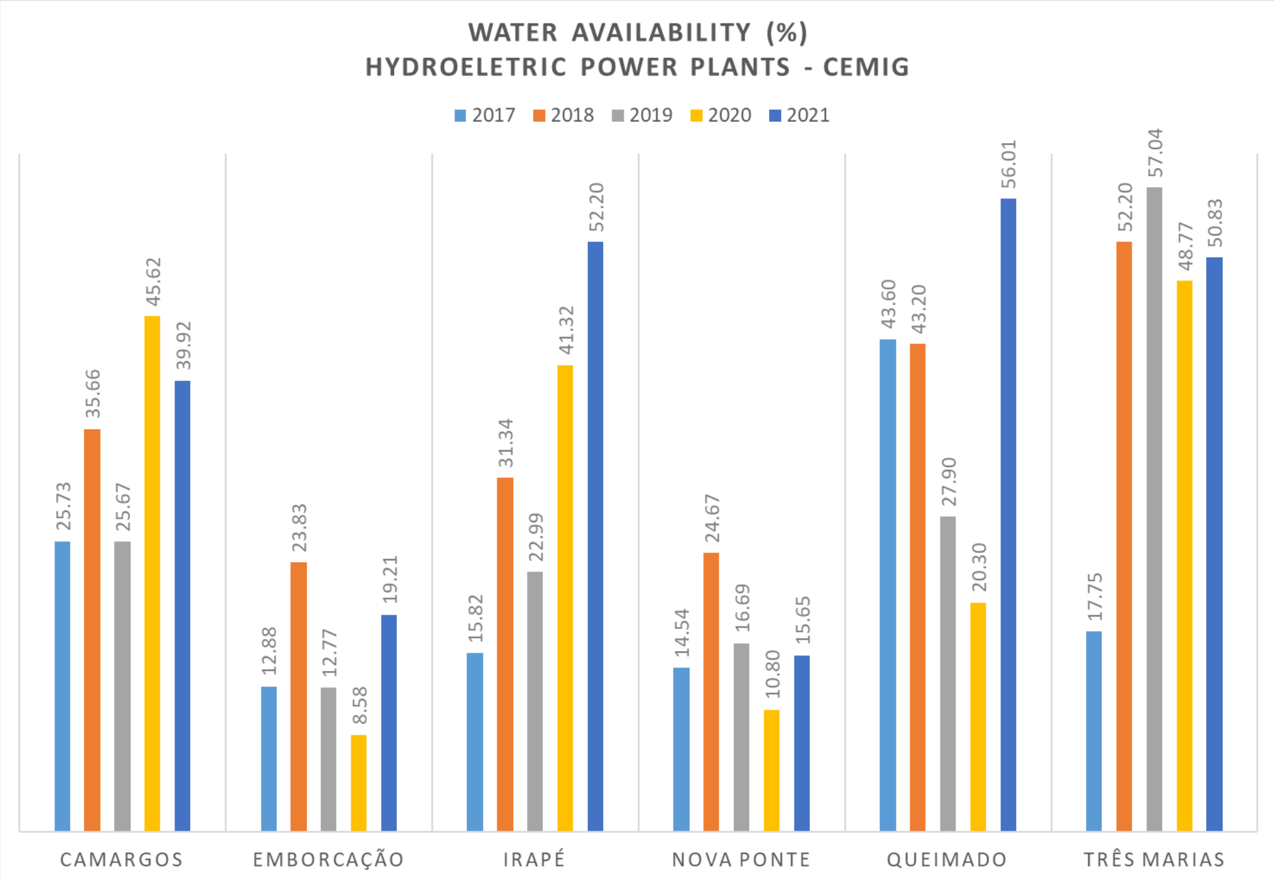
The body that decides to dispatch thermoelectric generation plants linked to Brazil's National Grid is the National System Operator (ONS), responsible for the coordination and control of operation of the energy generation and transmission facilities in the National Grid, under the inspection and regulation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

In periods of severe drought, like the one since 2013, monitoring and forecasting of the levels of reservoirs and constant dialogue with public authorities, civil society and users have been of primordial importance in ensuring generation of power, as well as for the other uses of this resource.

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

2021 was a year of hydrological crisis in the reservoirs of the large hydroelectric generation plants, located in the center-south regions of the country, and flows were down to record minimum levels during the drought, with a slight recovery in the fourth quarter of the year. This regime of scarcity resulted in depletion of various reservoirs of the Southeast, including, for Cemig, the reservoirs of the Emborcação and Nova Ponte plants. At the Nova Ponte Plant, it was necessary to intensify management of multiple uses – organized through: participation in public hearings held by the Legislative Assembly of Minas Gerais State, the National System Operator (ONS), and in-person meetings; and actions in the field for monitoring of fish populations.

The chart below shows the information on water storage levels in Cemig's principal reservoirs in December 2021, compared with the same time in previous years.



Dam safety

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

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

Cemig was the pioneer in Brazil in preparation of Emergency Plans ('PAEs') for dam rupture – it began studies on the subject in 2003. There are currently specific emergency plans available for each dam, covering the following items:

- Identification and analysis of possible emergency situations;
- Procedures to identify any malfunction or potential rupture conditions;
- Procedures for notification;
- Preventive and corrective procedures to be adopted in emergency situations;
- Responsibilities and contact list; and
- Dissemination, training and updating.

In 2021, in spite of the complications of the Covid-19 pandemic in 2021, Cemig maintained, minimally its policy of increasingly close relations with the public, focused on emergencies, the Emergency Action Plans - PAEs, through the Municipal Coordination Units for Protection and Civil Defense (‘COMPDECs’) - holding video meetings, and online training and workshops.

Working with the theme areas referred to by Law 12,334/2010, Law 14,066/2020 and Aneel Normative Resolution 696/2015, it prepared the strategy for alerts and alarms, and means of communication in dam rupture emergency situations, to be put in place with communities that might potentially be affected by such situations.

The PAEs aimed at the external public focus on presenting the risk, and also of possible dam rupture events and of flooding caused by ordinary floods. The intention is to build a culture of readiness for flood situations for the communities living along the rivers where Cemig’s plants are located.

In 2021, even with the difficulties caused by renewal of the teams of CompDecs (civil defense units) (in a post-electoral year), our activities with these bodies were decisive in the strategy of focusing on integrating the Emergency Action Plans (PAEs) of the Company’s 42 dams with the Municipal Contingency Plans (PlanCons) of the municipalities directly involved.

Also in 2021, we held approximately 50 online workshops to present and discuss the PAEs and use of PROX (the risk management App). The following actions were also discussed and executed with a focus on the Self-Rescue Zones (ZASs – Zonas de Auto-salvamento), the areas downstream from dams:

1. Registry of all buildings, dwellings, etc. of the permanent population for 61 municipalities.
2. Proposal for escape routes and meeting points for the 61 municipalities.
3. Warning signs put in place in 43 municipalities.

Cemig has also firmly continued the research project that focuses on development of the Individual Notification Device (DIN – Dispositivo Individual de Notificação), a small alert or alarm device to be placed individually in each home in the Self-Rescue Area, with long range, low energy consumption and able to emit individualized alerts in specific areas – assisting the population in being able to take joint responsibility and supporting a culture of resilience in preparation for emergency.

The Proximidade (Proximity) program has made the PROX mobile risk management app available for the relationship between the population and the civil defense units (CompDecs). This app provides hydrological and operational information about Cemig’s hydroelectric plants and serves as a risk management tool in which users register, and receive notifications and any alerts for dam emergencies.

In 2021 Cemig also entered a Technical Working Agreement for shared use of the PROX App with IBRAM, the Brazilian Mining Institute (Instituto Brasileiro de Mineração), and 11 associated mining companies, with a view to increasing the safety coverage of other populations that are subject to mining dam emergencies. This app is expected to increase safety coverage not only for dams but also for several other dangerous situations (for example floods, fires and landslides).

The major differential in the approach adopted by Cemig is presentation of the impacts caused by natural floods, giving greater security to populations living by rivers, and developing the resilience of towns and cities to flood events.

Management of waste

In 2021, 1,218 tons of industrial wastes were allocated for disposal: 95.86% of these wastes were sold or recycled, 1.34% were recovered, 2.81% were co-processed, sent for treatment or disposed of in industrial landfill.

Since the quantity of wastes that Cemig GT will generate is not predictable, because this is a consequence of the performance of the Energy System, the Company does not stipulate targets for reduction of wastes. Although state-of-the-art operation and maintenance techniques are used, aiming for the lowest possible generation of waste, even so it is not possible to state the exact moment of de-activation of some equipment or components, since their management involves optimized use, and a decision on its useful life takes into account innumerable variables that do not depend on human management.

As contributions to environmental improvement, we highlight the Company's actions in consolidating methods of recycling and reuse of these materials, and environmentally appropriate techniques for final disposal.

Programs for fish populations

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

Since its creation the program operates on two fronts:

(i) preservation of fish populations and support for research projects; and
(ii) formation of protection strategies to avoid and prevent fish deaths at Cemig's hydroelectric plants.

In 2021 five research projects were carried out using funding from the R&D program, and from the company itself; and 24 works (1 these, 4 dissertations, 2 monographs, 4 scientific abstracts and 13 scientific articles) were published related to the projects or actions of the *Peixe Vivo* program.

FINAL REMARKS – APPRECIATION

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

SOCIAL STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1 - Basis of calculations	2021 – Parent company			2020 – Parent company		
	Amount (R$ '000)			Amount (R$ '000)		
Net revenue (NR)	6,902,562			6,328,745		
Operational profit (OP)	3,007,476			2,202,401		
Gross payroll (GP)	291,204			287,008		
2) Internal social indicators	**Amount (R$ '000)**	**% of GP**	**% of NR**	**Amount (R$ '000)**	**% of GP**	**% of NR**
Food	19,278	6.62	0.28	17,988	6.27	0.28
Mandatory charges/costs on payroll	70,289	24.14	1.02	69,343	24.16	1.10
Private pension plan	21,125	7.25	0.31	20,306	7.08	0.32
Health	13,937	4.79	0.20	12,009	4.18	0.19
Safety and medicine in the workplace	4,800	1.65	0.07	4,882	1.70	0.08
Education	240	0.08	0.00	234	0.08	0.00
Training and professional development	6,594	2.26	0.10	6,222	2.17	0.10
Provision of or assistance for day-care centers	511	0.18	0.01	583	0.20	0.01
Profit sharing	34,448	11.83	0.50	35,648	12.42	0.56
Others	4,968	1.71	0.07	4,817	1.68	0.08
Internal social indicators – Total	**176,190**	**60.50**	**2.55**	**172,032**	**59.94**	**2.72**
3) External social indicators	**Amount (R$ '000)**	**% of OP**	**% of NR**	**Amount (R$ '000)**	**% of OP**	**% of NR**
Education	70	0.00	0.00	-	0.00	0.00
Culture	2,615	0.09	0.04	4,849	0.22	0.08
Health and water infrastructure	636	0.02	0.01	-	0.00	0.00
Sport	654	0.02	0.01	1,749	0.08	0.03
Other donations/subsidies / ASIN project	1,661	0.06	0.02	35	0.00	0.00
Total contributions to society	**5,636**	**0.19**	**0.08**	**6,633**	**0.30**	**0.10**
Taxes (excluding obligatory charges on payroll)	1,345,682	44.74	19.50	1,522,889	69.15	24.06
Internal social indicators – Total	**1,351,318**	**44.93**	**19.58**	**1,529,522**	**69.45**	**24.17**
4) Environmental indicators	**Amount (R$ '000)**	**% of OP**	**% of NR**	**Amount (R$ '000)**	**% of OP**	**% of NR**
Related to the company's operations	16,956	0.56	0.25	15,324	0.70	0.24
Total investment in the environment	**16,956**	0.56	0.25	**15,324**	**0.70**	**0.24**
As to annual targets to minimize toxic waste and consumption during operations, and increase efficacy of use of natural resources, the company:	(x) has no targets ( ) meets 0–50% of targets	( ) meets 51–75% of targets ( ) meets 76–100% of targets		(X) has no targets ( ) meets 0–50% of targets	( ) meets 51–75% of targets ( ) meets 76–100% of targets	
5) Workforce indicators						
Number of employees at end of business year	1,209			1,236		
Hirings during the business year	37			12		
Number of outsourced employees	14			22		
Number of interns	-					
Employees' levels of education						
- University and university extension	498			506		
- 2 Secondary	707			723		
- 1 Primary	4			6		
Number of employees over 45 years old	472			482		
Number of women employed	176			177		
% of supervisory positions held by women	15.38%			11.29%		
Number of African-Brazilian employees	56			54		
% of supervisory positions held by African-Brazilians	3.08%			1.61%		
Number of employees with disabilities	32			33		

6) Corporate citizenship	2021		
Ratio between highest and lowest compensation in the Company	25.43		
Total number of work accidents	3		
Who selects the company's social and environmental projects?	( ) senior management	(x) senior management and line managers	( ) all the employees
Who decides the company's work-environment health and safety standards?	( ) senior management and line managers	(x) all employees	( ) All + Accident Prevention Ctee.
In relation to labor union freedom, the right to collective bargaining, and/or internal employee representation, the company:	( ) does not get involved	( ) follows the ILO guidelines	(x) encourages and follows the ILO
The company pension plan covers	( ) senior management and line managers	( ) senior management and line managers	(x) all employees
The profit-sharing program covers:	( ) senior management and line managers	( ) senior management and line managers	(x) all employees
In selecting suppliers, the company's standards of ethics and social and environmental responsibility:	( ) are not considered	( ) are suggested	(x) are required
In relation to employee participation in volunteer work programs, the company:	( ) don't get involved	( ) supports	(x) organizes and encourages
Total number of customer complaints and criticisms:	Via Procon N.A.	Via Procon N.A.	In the courts 5
Total added value distributable (R$ '000)	In 2020: R$5,315,368		
Distribution of added value (DVA)	34.35% government 9.02% stockholders 5.91% employees	43.35% others 7.37% retained	

7) Other information	2021
Investments in environmental issues	R$21,448,833
Monitoring of reservoir water quality	43 reservoirs and 175 collection stations
Non-reusable wastes and materials	1,167 tons
Revenue from sales of waste	R$2,063,975.58

CEMIG GT IN NUMBERS

Item	2021 Parent company	2020 Parent company
Service		
Number of customers	3,124	2,336
Number of employees	1,209	1,236
Energy sold per employee – MWh	22,158	21,941
Market		
Own generation – GWh	3,880	7,155
Average sale price (excluding ICMS tax), R$/MWh – Industrial	234.56	235.51
Expenses		
Number of plants in operation	21	21
Installed capacity (MW)	2,303	2,303
Financial		
Net operational revenue, R$ mn	6,903	6,329
Operational margin, %	43.57%	34.80%
Ebitda, R$ mn	3,541	2,586
Profit, R$ mn	871	1,056
Earnings per share	0.30	0.36
Stockholders' equity – R$ mn	7,755	5,842
Book value per share	2.68	2.02
Return on equity, %	11.24%	18.07%
Debt / Stockholder's equity, %	143.74%	243.18%
Current liquidity ratio	1.00	1.38
General liquidity ratio	0.81	0.77

COMPOSITION OF BOARD OF DIRECTORS, AUDIT COMMITTEE AND EXECUTIVE BOARD

THE EXECUTIVE BOARD	
NAME	**POSITION**
Reynaldo Passanezi Filho	Chief Executive Officer
Dimas Costa	Chief Trading Officer
Leonardo George de Magalhães	Chief Finance and Investor Relations Officer
Thadeu Carneiro da Silva	Chief Generation and Transmission Officer
Maurício Dall'Agnese	Chief Officer Cemigpar
Marney Tadeu Antunes	Chief without portfolio
Eduardo Soares	Chief Regulation and legal

BOARD OF DIRECTORS
NAMES
Márcio Luiz Simões Utsch
Jaime Leôncio Singer
Marcus Leonardo Silberman
José Reinaldo Magalhães
Afonso Henriques Moreira Santos
José João Abdalla Filho
Marcelo Gasparino da Silva
Paulo César de Souza e Silva
Franklin Moreira Gonçalves

AUDIT BOARD	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Gustavo de Oliveira Barbosa	Igor Mascarenhas Eto
Fernando Scharlack Marcato	Julia Figueiredo Goytacaz Sant'Anna
Elizabeth Jucá e Mello Jacometti	Fernando Passalio de Avelar
Michele da Silva Gonsales Torres	Ronaldo Dias
Cláudio Morais Machado	Carlos Roberto de Albuquerque Sá

THE AUDIT COMMITTEE
NAMES
Pedro Carlos de Mello (Financial Specialist and Coordinator)
Márcio de Lima Leite
Roberto Tommasetti
Afonso Henriques Moreira Santos

INVESTOR RELATIONS

Investor Relations Office
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Fax: +5531 3506-5025 and 3506-5026

Website: www.cemig.com.br
e-mail: ri@cemig.com.br

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

	Note	Consolidated		Parent Company	
		2021	2020	2021	2020
CURRENT					
Cash and cash equivalents	6	123,071	384,397	86,064	290,995
Marketable securities	7	943,789	1,132,281	618,130	889,671
Receivables from customers and traders	8	681,255	910,455	534,579	797,580
Concession holders – transmission service	8	113,324	109,908	111,164	111,066
Recoverable taxes	9	31,874	347,801	27,921	339,018
Income tax and social contribution tax recoverable	10a	652,515	467,700	650,523	465,246
Dividends receivables	14	232,098	117,110	280,204	117,404
Concession financial assets	12	283,233	258,588	-	-
Contract assets	13	592,337	718,430	565,659	718,430
Derivative financial instruments	29	-	522,579	-	522,579
Others		79,924	134,942	75,529	104,781
TOTAL CURRENT		**3,733,420**	**5,104,191**	**2,949,773**	**4,356,770**
NON-CURRENT					
Marketable securities	7	194,110	254,481	127,128	199,928
Receivables from customers and traders	8	3,393	6,774	715	2,872
Deferred income tax and social contribution tax	10c	-	10,969	-	-
Recoverable taxes	9	71,546	54,760	27,614	23,851
Escrow deposits	11	161,820	160,321	152,759	151,838
Derivative financial instruments	29	1,219,176	2,426,351	1,219,176	2,426,351
Others		55,000	55,084	62,084	57,656
Concession financial assets	12	3,325,170	3,106,812	816,202	816,202
Contract assets	13	3,684,645	2,916,272	3,595,441	2,916,272
Investments	14	3,330,193	3,755,799	7,481,708	7,257,319
Property, plant and equipment	15	2,417,525	2,405,681	1,656,846	1,773,139
Intangible	16	1,112,912	156,486	773,405	26,724
Leasing – rights of use	17a	41,864	41,884	40,427	40,018
TOTAL NON-CURRENT		**15,617,354**	**15,351,674**	**15,953,505**	**15,692,170**
TOTAL ASSETS		**19,350,774**	**20,455,865**	**18,903,278**	**20,048,940**

The accompanying notes are an integral part of the Financial Statements.

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

(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2021	2020	2021	2020
CURRENT					
Loans, financings and debentures	20	470,536	764,810	470,536	733,520
Suppliers	18	383,786	465,939	334,379	392,574
Income tax and social contribution tax	10b	157,444	128,012	-	-
Taxes payable	19	144,387	165,241	123,747	149,775
Regulatory charges	21	111,160	172,619	100,052	160,872
Post-employment obligations	22	75,257	66,206	75,257	66,206
Interest on equity, and dividends, payable	24d	799,947	891,998	799,947	891,998
Payroll and related charges		58,625	52,106	57,655	51,150
Derivative financial instruments - Swaps	29	6,130	-	6,130	-
Put options SAAG	29	636,292	536,155	636,292	536,155
Leasing liabilities	17b	9,829	8,702	9,637	7,908
Others		326,500	172,668	325,574	161,472
TOTAL CURRENT		**3,179,893**	**3,424,456**	**2,939,206**	**3,151,630**
NON-CURRENT					
Loans, financings and debentures	20	5,558,924	8,120,901	5,558,924	8,120,901
Deferred income tax and social contribution tax	10c	678,897	773,560	593,588	754,603
Taxes payable	19	334,047	262,745	324,730	262,673
Regulatory charges	21	2,541	56,953	-	47,746
Post-employment obligations	22	1,231,957	1,391,479	1,231,957	1,391,479
Provisions	23	438,043	418,548	437,772	418,261
Leasing liabilities	17b	35,621	35,841	34,289	34,678
Others		135,397	129,211	27,358	24,798
TOTAL NON-CURRENT		**8,415,427**	**11,189,238**	**8,208,618**	**11,055,139**
TOTAL LIABILITIES		**11,595,320**	**14,613,694**	**11,147,824**	**14,206,769**
SHAREHOLDERS' EQUITY	**24**				
Share capital		4,123,724	4,000,000	4,123,724	4,000,000
Profit reserves		2,464,672	2,072,877	2,464,672	2,072,877
Equity valuation adjustments		(182,942)	(230,706)	(182,942)	(230,706)
Advance for future capital increase		1,350,000	-	1,350,000	-
TOTAL SHAREHOLDERS' EQUITY		**7,755,454**	**5,842,171**	**7,755,454**	**5,842,171**
TOTAL LIABILITIES AND EQUITY		**19,350,774**	**20,455,865**	**18,903,278**	**20,048,940**

The accompanying notes are an integral part of the Financial Statements.

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Brazilian Reais - except earnings per share)

	Note	Consolidated		Parent Company	
		2021	2020	2021	2020
NET REVENUE	**25**	**8,311,112**	**7,356,088**	**6,902,562**	**6,328,745**
OPERATING COSTS					
COST OF ENERGY	**26**				
Charges for use of the national grid		(214,987)	(199,246)	(156,264)	(146,371)
Energy bought for resale		(4,494,512)	(4,026,190)	(4,337,918)	(3,905,833)
		(4,709,499)	**(4,225,436)**	**(4,494,182)**	**(4,052,204)**
OTHER COSTS	**26**				
Personnel and managers		(273,787)	(257,605)	(250,291)	(238,078)
Materials		(25,722)	(15,326)	(12,587)	(8,518)
Outsourced services		(142,964)	(121,340)	(92,553)	(81,677)
Depreciation and amortization		(250,342)	(183,173)	(184,013)	(136,677)
Operating provisions, net	26c	(33,301)	(33,325)	(33,293)	(33,234)
Transmission infrastructure construction cost	26e	(183,386)	(146,652)	(183,386)	(146,652)
Other operating costs		(29,120)	(66,064)	(17,098)	(15,426)
		(938,622)	**(823,485)**	**(773,221)**	**(660,262)**
TOTAL COSTS		**(5,648,121)**	**(5,048,921)**	**(5,267,403)**	**(4,712,466)**
GROSS PROFIT		**2,662,991**	**2,307,167**	**1,635,159**	**1,616,279**
OPERATING EXPENSES					
Selling expenses	26c	(13,497)	(11,054)	(13,413)	(1,198)
General and administrative expenses		(107,367)	(109,480)	(107,193)	(104,982)
Operating provisions	26c	-	(258)	-	(258)
Other operating expenses		(200,800)	(178,446)	(198,274)	(177,326)
		(321,664)	**(299,238)**	**(318,880)**	**(283,764)**
Renegotiation of hydrological risk (Law 14,052/20), net	**16**	1,031,809	-	805,613	-
Periodic Tariff Review adjustments, net		214,955	502,108	214,955	502,108
Share of profit (loss) of associates and joint ventures, net	14	(305,756)	(136,548)	670,629	353,953
Adjustment for impairment of investments	14	-	-	-	13,825
Operating income before financial revenue (expenses) and taxes		**3,282,335**	**2,373,489**	**3,007,476**	**2,202,401**
Finance income	**27**	138,033	1,890,015	106,491	1,864,996
Finance expenses	27	(2,298,743)	(2,783,844)	(2,282,965)	(2,753,770)
Income before income tax and social contribution tax		**1,121,625**	**1,479,660**	**831,002**	**1,313,627**
Current income tax and social contribution tax	10d	(364,000)	(167,677)	(145,083)	4,747
Deferred income tax and social contribution tax	10d	113,809	(256,448)	185,515	(262,839)
NET INCOME FOR THE YEAR		**871,434**	**1,055,535**	**871,434**	**1,055,535**
Basic and diluted earnings per share –R$	**24**	**0.30**	**0.36**	**0.30**	**0.36**

The accompanying notes are an integral part of the Financial Statements.

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	2021	2020	2021	2020
NET INCOME FOR THE YEAR	**871,434**	**1,055,535**	**871,434**	**1,055,535**
Items not to be reclassified to profit or loss in subsequent years				
Re-measurement of defined-benefit plan obligations (Note 22)	72,061	520	72,061	520
Income tax and social contribution tax on remeasurement of defined benefit plans (Note 10c)	(24,500)	(177)	(24,500)	(177)
	47,561	343	47,561	343
COMPREHENSIVE INCOME FOR THE YEAR	**918,995**	**1,055,878**	**918,995**	**1,055,878**

The accompanying notes are an integral part of the Financial Statements.

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STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Brazilian Reais – except where otherwise stated)

	Share capital	Advance for future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity
Balances on January 1, 2019 (Restated)	**2,600,000**	**-**	**2,757,210**	**(221,009)**	**211,640**	**5,347,841**
Net income for the year	-	-	-	-	1,055,535	1,055,535
Other comprehensive income	-	-	-	-	-	-
Adjustment of actuarial liabilities – restatement of obligations of the defined benefit plans, net of taxes	-	-	-	343	-	343
Comprehensive income for the year	**-**	**-**	**-**	**343**	**1,055,535**	**1,055,878**
Capital increase	1,400,000	-	(1,400,000)	-	-	-
Appropriation of Net income for the year						
Tax incentive reserves (Note 24c)	-	-	877	-	(877)	-
Realization of PP&E deemed cost (Note 24f)	-	-	-	(10,040)	10,040	-
Legal reserve (Note 24c)	-	-	52,733	-	(52,733)	-
Interest on Equity (R$ 0.08 p/share) (Note 24d)	-	-	-	-	(225,200)	(225,200)
Dividends under the by-laws (R$ 0.12 per share) (Note 24d)	-	-	-	-	(336,348)	(336,348)
Unrealized profit reserve (Note 24c)	-	-	222,935	-	(222,935)	-
Retained earnings reserve (Note 24c)	-	-	439,122	-	(439,122)	-
Balances on December 31, 2020	**4,000,000**	**-**	**2,072,877**	**(230,706)**	**-**	**5,842,171**
Net income for the year	-	-	-	-	871,434	871,434
Other comprehensive income	-	-	-	-	-	-
Adjustment of actuarial liabilities – restatement of obligations of the defined benefit plans, net of taxes	-	-	-	47,561	-	47,561
Comprehensive income for the year	**-**	**-**	**-**	**47,561**	**871,434**	**918,995**
Actuarial losses reclassified (note 24f)	-	-	-	8,988	(8,988)	-
Advance for future capital increase (note 24a)	-	1,350,000	-	-	-	1,350,000
Capital increase (note 24a)	123,724	-	-	-	-	123,724
Appropriation of Net income for the year						
Realization of PP&E deemed cost (Note 24f)	-	-	-	(8,785)	8,785	-
Legal reserve (Note 24c)	-	-	43,572	-	(43,572)	-
Interest on Equity (R$0.10 p/share) (Note 24d)	-	-	-	-	(291,462)	(291,462)
Dividends under the by-laws (R$0.06 per share) (Note 24d)	-	-	-	-	(187,974)	(187,974)
Retained earnings reserve (Note 24c)	-	-	348,223	-	(348,223)	-
Balances on December 31, 2021	**4,123,724**	**1,350,000**	**2,464,672**	**(182,942)**	**-**	**7,755,454**

The accompanying notes are an integral part of the Financial Statements.

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2021	2020	2021	2020
CASH FLOW FROM OPERATIONS					
Net income for the year		871,434	1,055,535	871,434	1,055,535
Adjustments for:					
Expenses (revenues) not affecting cash and cash equivalents:					
Depreciation and amortization	26	259,454	211,514	193,621	152,358
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets		14,993	(7,688)	898	(12,621)
Renegotiation of hydrological risk (Law 14,052/20), net	16	(1,031,809)	-	(805,613)	-
Adjustment to expectation of cash flow from the concession financial and contract assets	12 and 13	(1,222,592)	(813,824)	(696,499)	(466,767)
Gain (loss) by equity method	14b	305,756	136,548	(670,629)	(353,953)
Adjustment for impairment of investments	14b	-	-	-	(13,825)
Provision for impairment of intangible assets		-	(13,825)	-	-
Discount and premium on repurchase of debt securities	20	491,037	-	491,037	-
Interest and monetary variation		849,935	967,648	848,344	959,225
Foreign exchange variations – loans and financings	20	353,950	1,749,000	353,950	1,749,000
Periodic Tariff Review adjustments	13	(236,627)	(551,852)	(236,627)	(551,852)
Amortization of transaction cost of loans and financings	20	16,359	12,095	16,359	12,095
Deferred income tax and social contribution tax	10c	(113,809)	256,448	(185,515)	262,839
Recognition of recovery of PIS/Pasep and Cofins taxes credits over ICMS		(4,512)	(11,497)	(2,504)	(11,019)
Provisions for operating losses, net	26c	46,798	44,637	46,706	34,690
Net gain on derivative instruments at fair value through profit or loss	29	537,976	(1,752,688)	537,976	(1,752,688)
Variation in fair value of derivative financial instruments (Put options)	29	100,137	53,314	100,137	53,314
Post-employment obligations	22	16,115	105,802	16,115	105,802
Others		71,298	58,469	71,614	58,466
		1,325,893	**1,499,636**	**950,804**	**1,280,599**
Increase (decrease) in assets					
Receivables from customers and traders		221,628	110,940	251,745	111,238
Recoverable taxes		(7,074)	7,419	(953)	11,034
Income tax and social contribution tax recoverable		32,436	(53,305)	46,872	(21,479)
Power transport concession holders		(3,416)	(14,093)	(98)	(15,168)
Escrow deposits		2,631	207,829	2,762	201,981
Dividends received		159,096	153,732	699,131	603,979
Concession financial assets and Contract assets	12 and 13	691,188	725,550	406,728	459,475
Others		66,540	28,216	35,548	61,017
		1,163,029	**1,166,288**	**1,441,735**	**1,412,077**
Increase (decrease) in liabilities					
Suppliers		(82,333)	43,627	(58,195)	(3,743)
Taxes		184,723	214,842	171,475	211,820
Income tax and social contribution tax		364,000	167,677	145,083	(4,747)
Payroll and related charges		6,519	1,086	6,505	1,102
Regulatory charges		(116,508)	15,489	(108,566)	10,997
Post-employment obligations	22	(94,525)	(82,484)	(94,525)	(82,484)
Others		(22,559)	59,417	(6,640)	(21,604)
		239,317	**419,654**	**55,137**	**111,341**
Cash from operations activities		**2,728,239**	**3,085,578**	**2,447,676**	**2,804,017**
Income tax and social contribution tax paid		(378,639)	(144,328)	(201,100)	-
Interest paid on loans, financings and debentures	20	(1,236,454)	(794,600)	(1,235,630)	(793,214)
Settlement of derivative financial instruments (swap)	29	1,021,776	418,731	1,021,776	418,731
Interest paid on leasing contracts	17	(542)	(736)	(493)	(723)
NET CASH FROM OPERATING ACTIVITIES		**2,134,380**	**2,564,645**	**2,032,229**	**2,428,811**

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	Note	Consolidated		Parent Company	
		2021	2020	2021	2020
CASH FLOW IN INVESTMENT ACTIVITIES					
Funding of investments	14b	(41,505)	(1,776)	(101,755)	(151,826)
Property, plant and equipment	15	(181,713)	(133,045)	(68,432)	(74,685)
Intangible assets	16	(5,473)	(3,043)	(5,460)	(3,043)
Marketable securities		248,863	(1,013,168)	344,341	(961,109)
Cash arising from shareholding reorganization	14d	22,693	-	-	-
NET CASH FROM (USED IN) INVESTMENT ACTIVITIES		**42,865**	**(1,151,032)**	**168,694**	**(1,190,663)**
CASH FLOW IN FINANCING ACTIVITIES					
Interest on equity, and dividends		(527,768)	(417,539)	(527,768)	(417,539)
Payments of loans, financings and debentures	20	(3,249,192)	(806,791)	(3,217,280)	(650,098)
Leasing payments	17	(11,611)	(16,494)	(10,806)	(15,724)
Advance for future capital increase	24	1,350,000	-	1,350,000	-
NET CASH (USED IN) FINANCIAL ACTIVITIES		**(2,438,571)**	**(1,240,824)**	**(2,405,854)**	**(1,083,361)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(261,326)**	**172,789**	**(204,931)**	**154,787**
Cash and cash equivalents at start of year	**6**	**384,397**	**211,608**	**290,995**	**136,208**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**123,071**	**384,397**	**86,064**	**290,995**

The accompanying notes are an integral part of the Financial Statements.

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STATEMENTS OF ADDED VALUE
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In thousands of Brazilian Reais)

	Consolidated				Parent Company			
	2021		2020		2021		2020	
REVENUES								
Sales of energy and services	8,868,386		8,142,884		7,783,849		7,283,206	
Construction revenue	251,973		201,451		251,973		201,451	
Interest revenue arising from the financing component in the transmission contract asset	630,900		411,968		627,912		411,968	
Gain on financial updating of the concession grant fee	523,105		347,057		-		-	
Periodic Tariff Review adjustments	236,627		551,852		236,627		551,852	
Investments in property, plant and equipment	83,541		69,645		83,541		69,645	
Provision for doubtful receivables	(13,497)		(11,054)		(13,413)		(1,198)	
Other revenues, net	327		2,584		327		2,584	
	10,581,362		**9,716,387**		**8,970,816**		**8,519,508**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Energy bought for resale	(4,941,722)		(4,417,425)		(4,774,636)		(4,289,008)	
Charges for use of national grid	(234,686)		(217,558)		(172,117)		(161,239)	
Outsourced services	(273,543)		(265,255)		(223,112)		(225,569)	
Materials	(179,846)		(114,255)		(166,710)		(107,447)	
Paid concession	(3,456)		(2,801)		(3,446)		(2,791)	
Other operating costs	(237,373)		(134,218)		(226,888)		(92,698)	
	(5,870,626)		**(5,151,512)**		**(5,566,909)**		**(4,878,752)**	
GROSS VALUE ADDED	**4,710,736**		**4,564,875**		**3,403,907**		**3,640,756**	
RETENTIONS								
Depreciation and amortization	(259,454)		(211,514)		(193,621)		(152,358)	
NET VALUE ADDED	**4,451,282**		**4,353,361**		**3,210,286**		**3,488,398**	
ADDED VALUE RECEIVED BY TRANSFER								
Renegotiation of hydrological risk (Law 14,052/20), net	1,031,809		-		805,613		-	
Share of (losses) profit, net, of associates and joint ventures	(305,756)		(136,548)		670,629		353,953	
Finance income	138,033		1,890,015		106,491		1,864,996	
Adjustment for impairment of investments	-		-		-		13,825	
	864,086		**1,753,467**		**1,582,733**		**2,232,774**	
ADDED VALUE TO BE DISTRIBUTED	**5,315,368**		**6,106,828**		**4,793,019**		**5,721,172**	
DISTRIBUTION OF ADDED VALUE								
		%		%		%		%
Employees	**314,246**	**5.91**	**404,155**	**6.62**	**291,152**	**6.07**	**385,004**	**6.74**
Direct remuneration	249,937	4.70	243,177	3.98	227,641	4.75	224,717	3.93
Post-employment and other Benefits	41,994	0.79	134,735	2.21	41,364	0.86	134,197	2.35
FGTS fund	16,147	0.30	14,895	0.24	15,979	0.33	14,742	0.26
Programmed voluntary retirement plan	6,168	0.12	11,348	0.19	6,168	0.13	11,348	0.20
Taxes	**1,825,653**	**34.35**	**1,857,884**	**30.42**	**1,345,682**	**28.08**	**1,522,889**	**26.63**
Federal	1,104,027	20.77	1,272,649	20.84	695,867	14.52	998,203	17.45
State	711,748	13.39	579,231	9.48	645,244	13.46	522,091	9.13
Municipal	9,878	0.19	6,004	0.10	4,571	0.10	2,595	0.05
Remuneration of external capital	**2,304,035**	**43.35**	**2,789,254**	**45.68**	**2,284,751**	**47.67**	**2,757,744**	**48.18**
Interest	2,298,743	43.25	2,783,844	45.59	2,282,965	47.63	2,753,770	48.13
Rentals	5,292	0.10	5,410	0.09	1,786	0.04	3,974	0.05
Remuneration of own capital	**871,434**	**16.39**	**1,055,535**	**17.28**	**871,434**	**18.18**	**1,055,535**	**18.45**
Interest on equity	291,462	5.48	225,200	3.68	291,462	6.08	225,200	3.94
Dividends	187,974	3.54	336,348	5.51	187,974	3.92	336,348	5.88
Retained earnings	391,998	7.37	493,987	8.09	391,998	8.18	493,987	8.63
	5,315,368	**100.00**	**6,106,828**	**100.00**	**4,793,019**	**100.00**	**5,721,172**	**100.00**

The accompanying notes are an integral part of the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED AS OF DECEMBER 31, 2021 AND 2020

(In thousands of Brazilian Reais, except where otherwise indicated)

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. Since the third quarter of 2021, the Company has begun to segregate its business activity of power sale, partially transferring from the Cemig GT to Cemig (Parent's Company), aligned with its corporate business strategy.

The Company hold equity interests in the following subsidiaries, jointly controlled entities and affiliates, all of which principal activities are: construction and operation of systems for generation and sale of energy (information in MW not examined by the external auditors):

Investments	Classification	Description
JOINTLY CONTROLLED		
Hidrelétrica Cachoeirão S.A. ('Cachoeirão')	Jointly controlled	Production and sale of energy as an independent power producer, through the Cachoeirão hydroelectric power plant located at Pocrane, in the State of Minas Gerais.
Baguari Energia S.A. ('Baguari Energia')	Jointly controlled	Construction, operation, maintenance and commercial operation of the Baguari Hydroelectric Plant, through participation in the UHE Baguari Consortium (Baguari Energia 49.00% and Baguari I - wholly-owned subsidiary of Neoenergia 51.00%), located on the Doce River in Governador Valadares, Minas Gerais State.
Hidrelétrica Pipoca S.A. ('Pipoca')	Jointly controlled	Independent production of energy, through construction and commercial operation of the Pipoca Small Hydro Plant (SHP, or Pequena Central Hidrelétrica – PCH), on the Manhuaçu River, in the municipalities of Caratinga and Ipanema, in the State of Minas Gerais.
LightGer S.A. ('LightGer') (1)	Jointly controlled	Independent power production through building and commercial operation of the hydroelectric potential referred to as the Paracambi Small Hydro Plant (or PCH) on the Ribeirão das Lages river in the county of Paracambi, in the State of Rio de Janeiro.
Retiro Baixo Energética S.A. ('RBE')	Jointly controlled	RBE holds the concession to operate the Retiro Baixo hydroelectric plant, on the Paraopeba River, in the São Francisco river basin, in the municipalities of Curvelo and Pompeu, in Minas Gerais State.
Aliança Norte Energia Participações S.A. ('Aliança Norte')	Jointly controlled	This is a special-purpose company (SPC) created by Cemig GT (49.00% ownership) and Vale S.A. (51.00%), for acquisition of an interest of 9.00% in Norte Energia S.A. ('Nesa'), the company holding the concession for the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará.
Amazônia Energia Participações S.A ('Amazônia Energia')	Jointly controlled	This is a special-purpose company created by Cemig GT (74.50% ownership) and Light (25.50%), for acquisition of an interest of 9.77% in Norte Energia S.A. ('Nesa'), the company holding the concession for the Belo Monte Hydroelectric Plant, on the Xingu River, in the Brazilian State of Pará.

Classificação: Uso interno

Investments	Classification	Description
Aliança Geração de Energia S.A. ('Aliança')	Jointly controlled	Unlisted corporation created by the Company and Vale S.A. to become a platform for consolidation of generation assets held by the two parties in generation consortia, and investments in future generation projects. The two parties subscribed their shares in the company by transfer of their interests in the following generation assets: Porto Estrela, Igarapava, Funil, Capim Branco I, Capim Branco II, Aimorés, and Candonga. Subsequently, Santo Inácio Wind farm was added to the portfolio, which went in operation in December, 2017. With these assets Aliança has total installed generation capacity, of 1,158.34 MW (physical offtake guarantee 660.94 MW average) and a total installed wind generation of 98.70 MW (physical offtake guarantee 46.00 MW average). Vale holds 55.00% of the total capital, and Cemig GT 45.00%.
Usina Hidrelétrica Itaocara S.A. ('UHE Itaocara')	Jointly controlled	The UHE Itaocara consortium is a jointly controlled corporation – formed by the Company and Itaocara Energia (of the Light group). It is responsible for construction of the Itaocara I Hydroelectric Plant.
Guanhães Energia S.A. ('Guanhães Energia') (1)	Jointly controlled	Production and sale of energy through building and commercial operation of the following Small Hydro Plants: Dores de Guanhães, Senhora do Porto and Jacaré, in the county of Dores de Guanhães; and Fortuna II, in the county of Virginópolis, in Minas Gerais.
AFFILIATED COMPANY		
Madeira Energia S.A. ('Madeira')	Affiliated Company	Construction and commercial operation of the Santo Antônio hydroelectric plant, through its subsidiary Santo Antônio Energia S.A., in the basin of the Madeira river, in the State of Rondônia.
SUBSIDIARIES		
Cemig Geração Três Marias S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Três Marias Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 396 MW (*), and guaranteed offtake level of 239 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Salto Grande S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Salto Grande Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 102 MW (*), guaranteed offtake 75 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Camargos S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Camargos Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 46 MW (*), guaranteed offtake 21 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Itutinga S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Itutinga Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 52 MW (*), guaranteed offtake 28 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Leste S.A	Subsidiary	Corporation wholly owned by the Company. Its objects are production and sale of energy as public concession holder, by operation of the Dona Rita, Sinceridade, Neblina, Ervália, Tronqueiras and Peti Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity of these plants is 35.16 MW (*); average offtake guarantee is 18.64 MW (*), of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Oeste S.A	Subsidiary	Corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Gafanhoto, Cajuru and Martins Small Hydroelectric Plants, and sale and trading of energy in the Free Market. It has aggregate installed capacity of 28.90 MW (*), and aggregate offtake guarantee of 11.21 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Sul S.A	Subsidiary	Corporation wholly owned by the Company. Its objects are production and sale of energy as public concession holder, by commercial operation of the Coronel Domiciano, Marmelos, Joasal, Paciência and Piau Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity of these plants is 39.53 MW (*); average offtake guarantee is 27.42 MW (*),of which 70% is sold through the quota regime and 30% is free for trading.
Central Eólica Praias de Parajuru S.A. ('Central Eólica Praias de Parajuru')	Subsidiary	Production and sale of energy through a wind farm in the county of Beberibe in the State of Ceará, Northern Brazil.
Central Eólica Volta do Rio S.A. ('Central Eólica Volta do Rio')	Subsidiary	Production and sale of energy from a wind farm in Acaraú, in the State of Ceará, Northern Brazil.
Sá Carvalho S.A. ('Sá Carvalho')	Subsidiary	Production and sale of energy, as a public energy service concession holder, through the Sá Carvalho hydroelectric power plant.
Horizontes Energia S.A. ('Horizontes')	Subsidiary	Independent power producer operating the Machado Mineiro and Salto do Paraopeba Hydroelectric Plants in Minas Gerais; and the Salto Voltão and Salto do Passo Velho Hydroelectric Plants, in the state of Santa Catarina, in addition to the commercialization of energy in the Electric Energy Trading Chamber ("CCEE").
Rosal Energia S.A. ('Rosal')	Subsidiary	Production and sale of energy, as a public energy service concession holder, through the Rosal hydroelectric power plant located on the border between the States of Rio de Janeiro and Espírito Santo.
Cemig PCH S.A. ('PCH')	Subsidiary	Production and sale of energy as an independent power producer, through the Pai Joaquim hydroelectric power plant.
Empresa de Serviços e Comercialização de Energia Elétrica S.A.	Subsidiary	Production and sale of energy as an independent power producer, in future projects.
Cemig Geração Poço Fundo S.A. ('Poço Fundo')	Subsidiary	Corporation engaged in the production and sale of energy, as an independent producer, through construction and operation of the hydroelectric power plant Poço Fundo, located in Machado river, in the State of Minas Gerais. In 2021 works were begun on expansion of the plant's generation capacity to 30MW, with two generating units planned to start operation by April 2022.
Cemig Trading S.A. ('Cemig Trading')	Subsidiary	Trading and intermediation in supply of energy.
Cemig Baguari Energia S.A. ('Cemig Baguari')	Subsidiary	Production and sale of energy as an independent and participation in other companies or consortia the objectives of which are production and commercial operation of energy, in future projects.

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Investments	Classification	Description
Companhia de Transmissão Centroeste de Minas (“Centroeste”) (2)	Subsidiary	Corporation engaged in the construction, operation and maintenance of the Furnas-Pimenta transmission line – part of the national grid.
Affiliated Company held for sale:		
Renova Energia S.A. (‘Renova Energia’) – court supervised reorganization (3)	Affiliated Company	Listed company operating in development, construction and operation of plants generating power from renewable sources – wind power, small hydro plants (SHPs), solar energy, trading of energy, and related activities. This jointly controlled investee is currently under court supervised reorganization.

(*) information not audited by the external auditors.

(1) On December 9, 2021, Light disclosed to the market that it had signed a share purchase agreement with Brasal Energia S.A. for sale of its equity interest in Guanhães and LightGer, subject to the conditions precedent that are usual in this type of transaction. Brasal Energia S.A will join the existing stockholders' agreements of these investees, complying fully with their terms.

(2) On November 24, 2021, a Cemig GT Extraordinary General Meeting of approved an increase in its share capital through its Parent Company subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in note n. 14.

(3) On November 11, 2021, the Company signed a Share Purchase Agreement to the sale of the whole equity interest held in Renova S.A and the assignment, for consideration, of all credits owed to the Company by Renova Comercializadora de Energia S.A.. Thus the investment was classified as a non-current asset held for sale. More details in note n. 30.

Based on the facts and circumstances at this date, management has assessed the Company's capacity to continue as a going consern, and believes firmly that its operations will generate sufficient future cash flows to enable continuity of its business. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue as a going concern. Therefore, this financial statements has been prepared on a going concern basis.

b) Covid-19

<u>General Context</u>

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, demanding the developing of 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.

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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, which are gradually returning to work in-person until January, 2022, 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.

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 energy suppliers to defer payments, ensuring the preservation of the Company's liquidity.

Impact of Covid-19 on Financial Statements

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 dissemination.

Facing great challenges because of the pandemic, Cemig has shown operational resilience and sustainability, enabling quality energy supply to society, ensuring the provision of uninterrupted service to hospitals and other public services. As an integrated Company, coordinated by diversified business in the energy generation, transmission, sale and distribution sectors, Cemig maintains its solidity, with stable financial performance, allowing for risk reduction in negative scenarios.

As of December 31, 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 follows:

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- 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 debt and 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 exposure to the exchange variation of the debt principal and 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, resulting in a net loss of R$892 million in the year of 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. Seeking to diligent managing its liabilities and reducing its liquidity risk and exposure to the US dollar. On August 05, 2021, the Company settled a 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. Additionally, 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 29 (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;
- 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 assessed 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 29.

The impacts of the Covid-19 pandemic disclosed in these financial statements were based on the Company's best estimates and significant long-term effects are not expected.

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2. BASIS OF PREPARATION

2.1 Statement of compliance

The individual and consolidated financial statements of the Company have been prepared in accordance with accounting practices adopted in Brazil, which comprise: the rules issued by the Brazilian Securities Commission (CVM), and the pronouncements made by the Accounting Pronouncements Committee (CPC), and in accordance with the international financial reporting standards (IFRS) issued by IASB.

Presentation of the Added Value Statements (Demonstrações do Valor Adicionado – DVA) is required by the Brazilian corporate law, and by the accounting practices adopted in Brazil for listed companies (CPC 09 – Added Value Statements). IFRS does not require presentation of this statement. As a result, under IFRS this statement is presented as supplementary information, without prejudice to the financial statements as a whole.

The accounting practices adopted in Brazil applied to the individual financial statements, as from 2014, do not differ from those of IFRS applicable to the separate financial statements, since this rule permitted application of the equity method of accounting in subsidiaries, affiliated companies and joint ventures. Thus, these individual financial statements, which are presented jointly with the consolidated financial statements, are also in accordance with International Financial Reporting standards (IFRS).

All relevant information in the financial statements is being disclosed, which is used by management in its administration of the Company.

The Company's Board of Directors authorized the issuance of this financial statements on March 29, 2022.

2.2 Basis of measurement

The consolidated and individual financial statements were prepared on a historical cost basis, except in the case of certain financial instruments and assets as held for sale which are measured at fair value and fair value less costs to sell, in accordance with the standards applicable, as detailed in Note 29 and 30, respectively.

2.3 Functional currency and presentation currency

These individual and consolidated financial statements are presented in Reais – R$, which is the functional currency of the Company and its subsidiaries. The information is expressed in thousands of Reais, except where otherwise indicated.

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

2.4 Use of estimates and judgments

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

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

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

- Adjustments for loss on doubtful accounts – Note 8.
- Deferred income tax and social contribution tax – Note 10.
- Concession financial assets – Note 12.
- Concession contract assets – Note 13.
- Investments – Note 14.
- Property, plant and equipment ('PP&E') and useful life of assets – Note 15.
- Intangible assets and useful life of assets – Note 16.
- Leasing transactions – Note 17.
- Employee post-employment obligations – Note 22.
- Provisions – Note 23.
- Unbilled revenue – Note 25.
- Financial instruments measurement and fair value measurement – Note 29.
- Assets held for sale measurement – Note 30.

The settlement of the transactions involving those estimates may result in amounts that are significantly different from those recorded in the Financial Statements due to the uncertainty inherent to the estimation process. The Company and its subsidiaries reviews its significant estimates at least annually.

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2.5 Regulatory accounting statements

Under the Electricity Sector Accounting Manual (MSCE), the Company is obliged to publish Regulatory Accounting Statements (Demonstrações Contábeis Regulatórias, or DCRs), presented independently from the corporate financial statements, and made available on the regulator's website and that of the Company by April 30 of the following year.

2.6 New accounting standards, interpretation or revisions of accounting standards, applied for the first time in 2021

The Company and its subsidiaries have applied, for the first time, new accounting standards that became effective for annual periods beginning January 1, 2021 or later, which provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic, when certain conditions are met, as a practical expedient.

These amendments had no impact on the individual and consolidated financial statements of the Company.

2.7 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are disclosed below:

IAS 1 – Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: (i) what is meant by a right to defer settlement; (ii) that a right to defer must exist at the end of the reporting period; (iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; (iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company and its subsidiaries do not expect material impacts from this amendment.

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IAS 16 - Property, Plant and Equipment – Proceeds before intended use: In May 2020, the IASB issued amendments to IAS 16 which prohibits entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, these proceeds from the selling such items and the costs of producing those items must be recognized in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Company and its subsidiaries do not expect material impacts from this amendment.

IFRS 3 – Business Combinations – Amendment to 'Reference to the Conceptual Framework': As well as the changes related to the reference to the Conceptual Framework, which did not significantly alter the standards required, the Board added an exception to the recognition principle in IFRS 3, aiming to avoid the issue of potential "Day 2" gains and losses arising from such liabilities and contingent liabilities as are within the scope of IAS 37 or IFRIC 21, if incurred separately. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Company and its subsidiaries do not expect material impacts from this amendment.

IAS 37 – Provisions, Contingent liabilities and Contingent assets – Onerous Contracts: The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. It applies a "directly-related cost approach": Costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the terms of the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and its application is prospective. The Company do not expect any impacts arising from this amendment, which will be applied to contracts whose obligations have not been fulfilled at the beginning of the annual period in which they are first adopted.

IFRS 9 - Financial Instruments – Comissions and fees in the '10 per cent' test for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, and applies prospectively. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The Company and its subsidiaries do not expect material impacts from this amendment.

IAS 08 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors: The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Company and its subsidiaries do not expect material impacts from this amendment.

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IAS 01 and *IFRS Practice Statement 2 – Making Materiality Judgements* – Disclosure of accounting policies: These amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. These amendments are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for this amendment is not necessary. Company is assessing the effects of these alterations on its disclosure of accounting policies.

The Accounting Announcements Committee (CPC) also issued Revision No. 19/2021, on October 25, 2021, creating alterations in the pronouncements CPC 37 (R1) – Adoption of IFRS, CPC 48 – Financial Instruments, CPC 29 Biological asset, CPC 27 – Property, Plant and Equipment, CPC 25 – Provisions, Contingent liabilities and Contingent assets and CPC 15 (R1) – Business Combinations, as a result of the annual alterations relating to the cycle of improvements for 2018–20, reflecting the changes made in international accounting rules.

2.8 Significant accounting policies

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

The accounting policies relating to the present operations of the Company and its subsidiaries that require judgment and the use of specific valuation criteria are the following:

a) Financial instruments

Financial instruments are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, depending on the financial asset's contractual cash flow characteristics and the Company's and its subsidiaries business model for managing them.

Fair value through profit or loss – In this category are: Cash equivalents; marketable securities not classified at amortized cost; Derivative financial instruments; and Indemnities receivable from generation assets.

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term highly liquid deposits, subject to an insignificant risk of changes in value, maintained to carry out the Company's and its subsidiaries cash management.

The disclosures about the main assumptions used in fair value measurement are summarized in the respective notes.

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Derivatives financial instruments (Swap transactions and call spread) – The Company holds derivative hedge instruments to regulate its exposures to risks of variation in foreign exchange rates that are recognized initially at their fair value. The related transaction costs are recognized in the statements of income when they are incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are recorded in the statements of income.

Derivative financial instruments (Put options) – The options to sell units of FIP Melbourne and FIP Malbec funds ('the SAAG PUT') were measured at fair value using the Black-Scholes-Merton (BSM) method until the exercising date of the options, that occurred in 2020.

Amortized cost – In this category are: Receivables from customers, traders, and energy transport concession holders; Restricted cash; Court escrow deposits; Securities for which there is a positive intention to hold them to maturity or the terms of their contracts originate known cash flows that constitute exclusively payments of principal and interest; Concession financial assets related to the concession grant fee for energy generation contracts; Receivables from related parties; Suppliers; Loans, financings and debentures; Debt agreed with the pension fund (Forluz); Concessions payable; and Other credits.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in the Income statement when an asset is settled, modified or impaired.

Additional information of financial instruments is presented in Note 29. Information of expected credit losses is presented in Note 8.

b) Customers, traders and concession holders

Accounts receivable from customers, traders and concession holders are initially recognized at the sales value and subsequently measured at amortized cost. Includes any direct taxes for which the company and its subsidiaries has the tax responsibility, less taxes withheld at source, which are considered to be tax credits.

The adjust for doubtful receivables is recorded based on estimates by management. The main criteria set by the company and its subsidiaries are: (i) For customers with significant balances, the balance receivable is analyzed in the light of the history of the debt, negotiations in progress, and asset guarantees; and (ii) for large customers, an individual analysis of the debtors and the initiatives in progress for receipt of the credits due.

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The Annual Permitted Revenue (‘*Receita Anual Permitida’* - RAP) is the consideration received as revenue from the investment in the national grid as well as the construction or upgrades, operation and maintenance services. The revenues from the energy transmission concession contracts are recognized when the performance obligation is satisfied. The contract asset is transferred to the financial asset, falling within the scope of IFRS 9, after the issuance of the credit notice, monthly issued by ONS, authorizing RAP billing, which is when the right to consideration is unconditional. The revenues are recognized at the transaction price and the assets are subsequently measured at amortized cost, using the effective interest method, adjusted by impairment losses, when applicable, and recognizing the deferred taxes. As required by IFRS 9 – Financial Instruments, the financial asset carrying amount is analyzed and, when applicable, a loss allowance for expected credit losses is recognized.

c) Investments

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

The difference between the amount paid and the amount of the shareholders’ equity acquired is recognized in Investments as:

(i) added value, when the economic basis is substantially related to the fair value of the net assets of the subsidiary acquired; and
(ii) goodwill premium, when the amount paid is higher than the fair value of the net assets, and this difference represents the expectation of generation of future value.

The goodwill premium arising from the acquisition is tested annually for impairment.

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

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

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

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d) Concession assets

Transmission segment: When construction of transmission infrastructure is concluded, the assets related to the transmission infrastructure remains classified as contract assets, considering the existence of performance obligations during the concession period, represented by the network construction, operation and maintenance, as there is no unconditional right to receive the consideration for the construction service unless the company operates and maintains the infrastructure. The contract assets is reclassified as a financial assets (accounts receivable) only after the performance obligation to operate and maintain the infrastructure is satisfied, since from that point nothing more than the passage of time is necessary for the consideration to be received. The costs related to the infrastructure construction are recognized as incurred in the statement of income. The construction or upgrade services revenues are recognized in accordance with the stage of completion of the construction service, based on the costs actually incurred, including construction margin.

The margin added to the performance obligation related to the construction and improvements is based on Company's expectations regarding its project's profitability.

When adjusting the promised amount of consideration for the concession contract asset financing component, the Company uses the discount rate which reflects the Company's estimation of the financing of the transmission infrastructure investments. This reflects the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. The interest rates implicit in the contract are defined at the beginning of the investments and take into account the credit risk of the counterparties.

When the tariff set is changed at the time of the periodic tariff reviews, the contract asset is remeasured, discounting the future revenue (RAPs) using the contract original discount rate, implicit in the contract. The amount remeasured is confronted to the carrying amount and the difference is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (the adjustment to revenue is made on a cumulative catch-up basis).

Of the amounts of Permitted Annual Transmission Revenue (RAP), invoiced by the transmission concession, the portion relating to the fair value of the operation and maintenance of the assets is recorded in the income statement and the portion relating to the construction revenue, originally recognized at the time of the formation of the assets, is used to write down the contract asset. Additions for expansion and improvements generate additional cash flow, and hence this new cash flow is capitalized into the asset balance of the contract.

Financial portion of the transmission concession contracts renewed in accordance with Law 12,783/2013: corresponding to the financial portion of remuneration for the assets related to the Existing Basic System Network (RBSE), that represents the amount payable from the date of the extension of the concessions until it was incorporated into the tariff (January 1, 2013 until June 30, 2017), to be collected over a period of eight years.

Classificação: Uso interno

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

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

For the extension of the concession of the hydroelectric plants participating in the MRE, relating to the compensation for non-hydrological risks specified in Law 14,052/2020, an intangible asset was recognized, considering the nature of the right, which enables, by provision of law, the plants to be used for a period longer than the one specified in their original contracts, during the contract extension, the Company is entitled to sell the energy generated without constraint. The asset was measured at fair value in the initial recognition. The asset is amortized by the straight-line method for the new remaining period of the concession. More details in note n. 16.

e) Intangible assets

Intangible assets comprise, mainly, the assets related to concession contracts for services described above and software. Intangible assets are stated at cost, less amortization, and any accumulated impairments when applicable. Amortization rates are shown in Note 16.

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

f) Property, plant and equipment

These are valued at the cost incurred on the date of their acquisition or formation, including deemed cost, decommissioning costs and capitalized borrowing costs, less accumulated depreciation and impairment, if there is.

Depreciation is calculated on the balance of property, plant and equipment in service and investments in consortia, by the straight-line method, using the rates that reflect the estimated useful life of the assets, for assets related to the energy activities, limited in certain circumstances to the periods of the related concession contracts. The main rates are shown in Note 15.

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

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g) Impairment

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

Additionally, management revises, annually, the carrying amount of non-financial assets, for the purpose of assessing if there is any indication, such as events or changes in the economic, operational or technological conditions that an asset may be impaired. If any indication exists and the asset carrying amount exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher between its value in use and its fair value less costs to sell. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount.

h) Employee benefits

The liability recorded in the statements of financial position related to retirement benefit pension plan obligations, is the greater of: (a) the amount to be paid in accordance with the terms of the pension plan for amortization of the actuarial obligations, and (b) the present value of the actuarial obligation, as calculated by a qualified actuary, less the fair value of the plan's assets, and adjusted for unrecognized actuarial gains and losses. The actuarial valuation involves use of assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future increases in retirement and pension benefits. The assumptions are reviewed at each base-date. More details in Note 22.

Expenses related to the debt agreed upon with the pension trust fund were recorded in finance income (expenses), because they represent financial interest and inflation adjustment. Other expenses related to the pension fund were recorded as operating expenses.

Actuarial gains and losses arising as a result of changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to income statement in a subsequent period.

The past service cost, due change or withdrawal of the defined benefit plan, and the gain or loss on settlement of obligations, are determined by remeasurement of the net present value of the obligation, using the revised actuarial assumptions, and is recognized directly in the income statement for the year in which the change, withdrawal or settlement is made.

Short-term benefits to employees: Employees' profit sharing as determined in the Company's by-laws are recorded in accordance with the collective agreement established with the employees' union and recorded in employees' and managers' profit sharing in the Statement of income.

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i) Income tax and social contribution tax

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

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

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

Current

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

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

Deferred

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

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

- When the deferred tax (asset or liability) arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

j) Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

The Company has ventures in an area incentivized by Sudene, which result in the recognition of its right to a 75% reduction in income tax, including the additional. Such tax incentives, in the form of exemption or reduction of income tax, comply with the concept of government grants and are recognized by recording the total tax in the income statement as if due, and the equivalent grant income, shown as a deduction from income tax expense.

Given the legal restriction on the distribution of net income corresponding to the tax incentive, the Company maintains the amount related to the incentive granted in the tax incentive reserve.

In addition, the Company receives amounts from the Energy Development Account (EDA) as reimbursement for subsidies on tariffs granted to users of the public energy distribution service – TUSD and EUST (charges for use of the transmission system). These amounts are recognized as revenue in the income statement in a monthly basis, at the moment that the Company acquire the right of receive them.

k) Non-current assets classified as held for sale and discontinued operations

The Company classify non-current assets as held for sale when their carrying amount will be recovered, principally, through a sale transaction rather than through continuous use. Assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance expenses and income tax expenses. Assets and liabilities classified as held for sale are presented separately as current items in the Statement of financial position.

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Fixed assets (PP&E) and Intangible assets are not depreciated or amortized as long as they are classified as held for sale. Dividends received from jointly controlled undertakings and affiliated companies classified as held for sale are recognized in the Income statement, in view of the discontinuation of measurement by the equity method, under CPC 31 / IFRS 05.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the reported profit from continuing operations, and are presented as a single amount, after taxes, based on discontinued operations, in the statement of income.

Additional disclosures are presented in Note 29. All the other notes to the financial statements include amounts for continuing operations, except when otherwise stated

l) Revenue recognition

In general, for the business of the Company and its subsidiaries in the energy sector, revenues are recognized when a performance obligation is satisfied, at the value that is expected to be received in exchange for the goods or services transferred, this value being allocated to that performance obligation. The Entity records the revenue only when it is probable that it will receive the consideration in exchange for the goods or services transferred, taking into account the client's capacity and intention to comply with the payment obligation.

Revenues from the sale of energy are recorded based on the energy supplied and the tariffs specified in the terms of the contract or in effect in the market. Revenues from retail supply of energy to final customers are recorded monthly basis, when the energy is supplied, based on measured and invoiced energy. In addition, the Company recognizes the unbilled retail supply of energy, from the period between the last billing and the end of each month, is estimated based on the supply contracted. Historically, the differences between the estimated amounts and the actual revenues recognized are not significant.

Historically, the differences between the estimated amounts and the actual revenues recognized are not significant.

- Construction revenue corresponds to the performance obligation to build the transmission infrastructure. Are recognized based on the satisfaction of obligation performance over time (construction phase). 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.

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- Operation and maintenance revenue corresponds to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and 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 services provided include charges for connection and other related services; the revenues are accounted when the services are provided.

The profit margin on operation and maintenance of transmission infrastructure is determined based on the individual sale price of the service, based on available information and the costs incurred for the provision of services of operation and maintenance on the value of the consideration that the entity expects to have the right, and the value of the consideration that the entity expects to have the right to, in exchange for the services promised to the client, in cases where the Company's transmission subsidiaries have the right, separately, to the remuneration for the activity of operation and maintenance, as per CPC 47/IFRS 15 – Revenue from contracts with clients.

The Resolution Aneel 729/2016 regulates the Variable Portion ('Parcela Variável' or 'PV'), which is the pecuniary penalty applied by the grantor as a result of any unavailability's or operational restrictions on facilities that are part of the National Grid and the surcharge corresponding to the pecuniary bonuses provided to concessionaries as an incentive to improve the transmissions facilities availability. The Company assessed the PV effects, based on historical data, and concluded that recognizing the occasional variable consideration arising from the PV estimated would not result in relevant account information. Therefore, for both situations described, it is recognized as an adjustment to revenue, either as an increase in or a reduction of operation and maintenance revenue, when it occurs.

m) Sales tax

Expenses and non-current assets acquired are recognized net of the amount of sales taxes when they are recoverable from the taxation authority.

n) Finance income and expenses

Financial revenues refer principally to the revenue from cash investments, late fees on energy invoices to customers, updating of tax credits, updating of concession financial assets, updating of Court escrow deposits, and change in the fair value of, or interest on, other financial assets. Interest income is recognized in the income using the effective interest method.

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Finance expenses include: interest expense on borrowings, and foreign exchange and monetary adjustments on borrowing costs of debt, financings, debentures and other financial liabilities. They also include the negative variation of the fair value on other financial assets and liabilities. Interest expense on the Company's borrowings that is not capitalized is recognized in the Statements of income using the effective interest method.

o) Cash dividends

A liability to pay a dividend is recognized when the distribution is authorized or is enforced by law. The Brazilian law requires the payment of a minimum dividend, and, thus, it is considered a present obligation at the end of the fiscal year, being recognized as an entity's liability.

p) Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire concession financial assets, intangible assets, concession contract assets and property, plant and equipment.

In 2021, due to the way in which management monitors the composition of its business segments, the Company has reassessed its operational segments and now discloses the segments of Trading, Holdings and Inter-segment Transactions separately. To maintain comparability, the information for 2020 is restated using the same criterion. More details in note n. 5.

q) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The contracts that contain a lease component are described in Note 17.

At the date of start of the leasing operation, the lessee recognizes a liability to make the payments (a leasing liability) and an asset, representing the right to use the subject asset during the period of the leasing (an asset of right to use).

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Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as described in Note 17.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognize separately the expenses of interest on the leasing liability and the expense of depreciation of the asset of the right to use.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

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3. PRINCIPLES OF CONSOLIDATION

The reporting dates of financial statements of the subsidiaries used for the purposes of calculation of consolidation and jointly controlled entities and affiliates used for calculation of this equity method contribution are prepared 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	December 31, 2021		December 31, 2020	
	Valuation method	Direct stake, %	Valuation method	Direct stake, %
Cemig Baguari Energia S.A.	Consolidation	100	Consolidation	100
Cemig Geração Três Marias S.A.	Consolidation	100	Consolidation	100
Cemig Geração Salto Grande S.A.	Consolidation	100	Consolidation	100
Cemig Geração Itutinga S.A.	Consolidation	100	Consolidation	100
Cemig Geração Camargos S.A.	Consolidation	100	Consolidation	100
Cemig Geração Sul S.A.	Consolidation	100	Consolidation	100
Cemig Geração Leste S.A.	Consolidation	100	Consolidation	100
Cemig Geração Oeste S.A.	Consolidation	100	Consolidation	100
Sá Carvalho S.A.	Consolidation	100	Consolidation	100
Horizontes Energia S.A.	Consolidation	100	Consolidation	100
Rosal Energia S.A.	Consolidation	100	Consolidation	100
Cemig PCH S.A.	Consolidation	100	Consolidation	100
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	Consolidation	100	Consolidation	100
Cemig Geração Poço Fundo S.A.	Consolidation	100	Consolidation	100
Cemig Trading S.A.	Consolidation	100	Consolidation	100
Central Eólica Praias de Parajuru S.A.	Consolidation	100	Consolidation	100
Central Eólica Volta do Rio S.A.	Consolidation	100	Consolidation	100
Companhia de Transmissão Centroeste de Minas (1)	Consolidation	100	-	-

(1) On November 24, 2021, an Extraordinary General Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in note n. 14. Thus, this invested was consolidated directly by the Company from these financial statements.

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4. CONCESSIONS AND AUTHORIZATIONS

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

	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) (6)	Cemig Geração Poço Fundo	01/2021	Aug. 2045
São Bernardo (1)	Cemig GT	02/2013	Aug. 2025
Rosal (1)	Rosal Energia	01/1997	May 2032
Machado Mineiro (1)	Horizontes Energia	Resolution 331/2002	Jul. 2025
Salto Voltão (1)	Horizontes Energia	Resolution 331/2002	Oct. 2030
Salto Paraopeba (1)	Horizontes Energia	Resolution 331/2002	Oct. 2030
Salto do Passo Velho (1)	Horizontes Energia	Resolution 331/2002	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
Wind power plants			
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
Linha de transmissão Furnas – Pimenta (5)	Centroeste	004/2005	Mar.2035

* The concession contract that were eligible for extension of the concession grant as a result of the renegotiation of hydrological risk (GSF) await a call from Aneel for signature of the amendment; and the eligible plants for which the grants were given by authorizing resolution await reformulation of those acts to contain the new dates. More details in note n. 16.

(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 energy 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 financial statements 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) By its Authorizing Resolution 9,735 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.

On December 6, 2019, Aneel suspended Igarapé Plant commercial operation upon 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 statements 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.

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Generation concessions

In the generation business, the Company sells energy:

(1) Through auctions, to distributors to meet the demands of their captive markets; and
(2) To free customers in the free market (*Ambiente de Contratação Livre*, or ACL).

In the free market, energy is traded by the generation concession holders, small hydro plants (PCHs, or SHPs), self-producers, traders, and importers of energy.

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

Transmission concessions

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

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

Onerous concessions

When obtaining the concessions for construction of certain generation projects, the Company and its subsidiaries is required to make payments to the regulator, over the period of the contract or for up to 5 years upon signature of the concession contract, for plants with installed capacity between 1 and 50 MW, as compensation for the right to operate them. The information on the concessions and the amounts to be paid are as follows:

Project	Nominal value in 2021	Present value in 2021	Period of the concession	Updating indexer
Irapé	41,752	21,165	Mar. 2006 to Feb. 2035	IGPM
Queimado (Consortium)	12,071	5,635	Jan. 2004 to Dec. 2032	IGPM

(1) Under Aneel Resolution 467/2011 the power plants with total installed generation capacity of 1 to 50 MW must pay Aneel for five years, starting on the date that the concession contract is signed.

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The contracts for three Small Hydro Plants (SHPs) – Luiz Dias, Salto Morais and Xicão – with installed capacity of 1,620kW, 2,394kW and 1,808kW, respectively, were extinguished by Aneel at Company's request, by authorizing resolutions of October 13, 2020, without reversion of assets, for further register as small hydropower plant with intalled capacity lower than 5MW (so-called 'Central Geradora Hidrelétrica – CGH' under Brazillian law), under the legislation and regulations. The Company continues to operate these plants. The concession for the Salto Morais Plant was terminated in July 2020, and since its power is lower than 5 MW, its commercial operation rights were converted into registration, which does not require a concession grant or authorization.

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

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

The amounts paid to the grantor in 2021, the nominal value and the present value of the amounts to be paid in the next 12 months, are as follows:

Project	Stake, %	Amounts paid in 2021	Nominal value of amounts to be paid in 12 months	Present value of amounts to be paid in 12 months
Irapé	100.00	2,734	3,119	2,936
Queimado (Consortium)	82.50	777	915	862

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

5. 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.

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In 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 increased 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 energy 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, in 2021, the segment information is disclosed separately into the following 4 reportable segments:

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

- Transmission: comprise construction, operation and maintenance of transmission lines and substations;
- Trading: comprise commercialization of energy and provision of related services. As per Note 25(d), in the third quarter of 2021 the Company began the process of segregation of the commercializations business, with partial transfer from Cemig GT to the Cemig (Parent's Company). There was no change in the Cemig's corporate strategy of serving the market with the purpose of energy delivery to its clients; 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 energy generated, and costs for purchase of energy to be traded – these are measured at sale prices estimated in accordance with criteria based on the Company's model for management of these businesses, using market prices as a reference.

In 2021, due to the way in which management monitors the composition of the segments, the Company has reassessed its operational segments and now discloses the segments of Trading, Holdings and Inter-segment Transactions separately. To maintain comparability, the information for 2020 is restated using the same criterion.

Classificação: Uso interno

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INFORMATION BY SEGMENT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**2,921,309**	**1,063,484**	**5,957,295**	**-**	**9,942,088**	**(1,575,031)**	**(55,945)**	**8,311,112**
COST OF ENERGY	**(794,537)**	**(29)**	**(5,495,452)**	**-**	**(6,290,018)**	**1,575,031**	**5,488**	**(4,709,499)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(148,818)	(114,625)	(20,778)	(30,479)	(314,700)	-	-	(314,700)
Employees' and managers' profit sharing	(14,406)	(14,023)	(2,558)	(3,635)	(34,622)	-	-	(34,622)
Post-employment obligations	(5,174)	2,769	(803)	2,844	(364)	-	-	(364)
Materials, outsourced services and others expenses (revenues)	(209,439)	(80,454)	(13,745)	(67,644)	(371,282)	-	50,457	(320,825)
Depreciation and amortization	(254,638)	(3,481)	(525)	(810)	(259,454)	-	-	(259,454)
Operating provisions (reversals)	(19,616)	(11,427)	(14,110)	(101,782)	(146,935)	-	-	(146,935)
Construction costs	-	(183,386)	-	-	(183,386)	-	-	(183,386)
Total cost of operation	**(652,091)**	**(404,627)**	**(52,519)**	**(201,506)**	**(1,310,743)**	**-**	**50,457**	**(1,260,286)**
OPERATING COSTS AND EXPENSES	**(1,446,628)**	**(404,656)**	**(5,547,971)**	**(201,506)**	**(7,600,761)**	**1,575,031**	**55,945**	**(5,969,785)**
Renegotiation of hydrological risk (Law 14,052/20), net	1,031,809	-	-	-	1,031,809	-	-	1,031,809
Periodic tariff review, net	-	214,955	-	-	214,955	-	-	214,955
Equity in earnings of unconsolidated investees, net	56,181	-	-	(361,937)	(305,756)	-	-	(305,756)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,562,671**	**873,783**	**409,324**	**(563,443)**	**3,282,335**			**3,282,335**
Finance income	(758,151)	(395,288)	15,056	(1,022,327)	(2,160,710)	-	-	(2,160,710)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,804,520**	**478,495**	**424,380**	**(1,585,770)**	**1,121,625**	**-**	**-**	**1,121,625**
Income tax and social contribution tax	(409,269)	(75,727)	(144,810)	379,615	(250,191)	-	-	(250,191)
NET INCOME (LOSS) FOR THE YEAR	**1,395,251**	**402,768**	**279,570**	**(1,206,155)**	**871,434**	**-**	**-**	**871,434**

(1) The only inter-segment transactions between generation and 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 YEAR ENDED DECEMBER 31, 2020 (Restated)								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2)(3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**2,589,093**	**758,573**	**5,382,327**	**-**	**8,729,993**	**(1,323,959)**	**(49,946)**	**7,356,088**
COST OF ENERGY	**(528,505)**	**-**	**(5,026,868)**	**-**	**(5,555,373)**	**1,323,959**	**5,978**	**(4,225,436)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(168,921)	(102,879)	(15,708)	(19,027)	(306,535)	-	-	(306,535)
Employees' and managers' profit sharing	(16,888)	(14,082)	(2,240)	(2,586)	(35,796)	-	-	(35,796)
Post-employment obligations	(42,735)	(38,382)	(5,770)	(6,995)	(93,882)	-	-	(93,882)
Materials, outsourced services and others expenses	(165,067)	(62,622)	(11,182)	(35,490)	(274,361)	-	43,968	(230,393)
Depreciation and amortization	(205,164)	(4,732)	(705)	(913)	(211,514)	-	-	(211,514)
Operating provisions	(32,479)	4,118	(1,390)	(68,200)	(97,951)	-	-	(97,951)
Construction costs	-	(146,652)	-	-	(146,652)	-	-	(146,652)
Total cost of operation	**(631,254)**	**(365,231)**	**(36,995)**	**(133,211)**	**(1,166,691)**	**-**	**43,968**	**(1,122,723)**
OPERATING COSTS AND EXPENSES	**(1,159,759)**	**(365,231)**	**(5,063,863)**	**(133,211)**	**(6,722,064)**	**1,323,959**	**49,946**	**(5,348,159)**
Periodic tariff review, net	-	502,108	-	-	502,108	-	-	502,108
Equity in earnings of unconsolidated investees, net	13,341	-	-	(149,889)	(136,548)	-	-	(136,548)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,442,675**	**895,450**	**318,464**	**(283,100)**	**2,373,489**	**-**	**-**	**2,373,489**
Financial result	(322,485)	(150,697)	20,201	(440,848)	(893,829)	-	-	(893,829)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,120,190**	**744,753**	**338,665**	**(723,948)**	**1,479,660**	**-**	**-**	**1,479,660**
Income tax and social contribution tax	(307,584)	(218,990)	(80,712)	183,161	(424,125)	-	-	(424,125)
NET INCOME (LOSS) FOR THE YEAR	**812,606**	**525,763**	**257,953**	**(540,787)**	**1,055,535**	**-**	**-**	**1,055,535**

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

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

Classificação: Uso interno

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6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	2021	2020	2021	2020
Bank accounts	5,917	9,919	3,772	1,118
Cash equivalents:				
Bank certificates of deposit (CDBs) (1)	70,251	316,680	50,846	244,469
Overnight (2)	44,789	57,798	29,334	45,408
Others	2,114	-	2,112	-
	117,154	**374,478**	**82,292**	**289,877**
	123,071	**384,397**	**86,064**	**290,995**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 90.00% and 106.60% of the CDI Rate on December 31, 2021 (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) (80.00% and 107.00% on December 31, 2020). For these CDBs, the Company and its subsidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.

(2) Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate that varies between 8.87% p.a. to 9.14% p.a. p.a. on December 31, 2021 (1.89% p.a. on December 31, 2020). Their purpose is to settle the short-term obligations of the Company, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 29 provides information in relation to the exposure of the Company and its subsidiaries to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

7. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	2021	2020	2021	2020
Current				
Bank certificates of deposit (CDBs) (1)	55,290	183,930	36,211	144,501
Financial Notes (LFs) – Banks (2)	779,375	699,325	510,436	549,412
Treasury Financial Notes (LFTs) (3)	98,108	246,471	64,254	193,636
Debentures (4)	10,975	2,011	7,188	1,580
Others	41	544	41	542
	943,789	**1,132,281**	**618,130**	**889,671**
Non-current				
Financial Notes (LFs) – Banks (2)	191,430	246,121	125,373	193,360
Debentures (4)	2,680	8,360	1,755	6,568
	194,110	**254,481**	**127,128**	**199,928**
	1,137,899	**1,386,762**	**745,258**	**1,089,599**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest of 107.24% on December 31, 2021 (106.00% and 110.00% on December 31, 2020) (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip).

(2) *Bank Financial Notes* (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration at rates between 105.00% and 130.00% of the CDI rate on December 31, 2021 (99.50% and 130.00% on December 31, 2020).

(3) Treasury Financial Notes (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity. The LFTs had remuneration at rates between 9.12% to 9.50% p.a. on December 31, 2021 (1.86% to 1.90% p.a. on December 31, 2020).

(4) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from TR + 1.00% to 109.00% of the CDI rate on December 31, 2021 and on December 31, 2020.

The classification of these securities and the investments of related parties are shown in notes 28 and 29, respectively.

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8. CUSTOMERS, TRADERS AND CONCESSION HOLDERS – TRANSMISSION SERVICE

	Balances not yet due		Past due			Consolidated	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	2021	2020
Industrial	9,039	271,669	9,840	6,424	33,610	330,582	340,268
Commercial, services and others	510	84,671	1,476	5,188	4,818	96,663	102,839
Wholesale supply to other concession holders	8,598	201,451	30,153	922	902	242,026	319,274
Concession holders – transmission service	11,484	96,706	-	158	4,976	113,324	109,908
CCEE (Power Trading Chamber)	21,450	2,093	19,836	-	-	43,379	189,627
Provision for doubtful receivables	-	-	-	(11,241)	(16,761)	(28,002)	(34,779)
	51,081	**656,590**	**61,305**	**1,451**	**27,545**	**797,972**	**1,027,137**
Current assets						**794,579**	**1,020,363**
Customers and traders						681,255	910,455
Concession holders – transmission service						113,324	109,908
Non-current assets						**3,393**	**6,774**
Customers and traders						3,393	6,774

	Balances not yet due		Past due			Parent Company	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	2021	2020
Industrial	1,737	243,332	4,103	6,424	25,523	281,119	265,425
Commercial, services and others	510	84,671	1,476	5,188	4,818	96,663	102,839
Wholesale supply to other concession holders	5,097	115,552	18,345	906	902	140,802	260,965
Concession holders – transmission service	11,697	94,333	-	158	4,976	111,164	111,066
CCEE (Power Trading Chamber)	21,450	-	19,836	-	-	41,286	189,477
Provision for doubtful receivables	-	-	-	(11,241)	(13,335)	(24,576)	(18,254)
	40,491	**537,888**	**43,760**	**1,435**	**22,884**	**646,458**	**911,518**
Current assets						**645,743**	**908,646**
Customers and traders						534,579	797,580
Concession holders – transmission service						111,164	111,066
Non-current assets						**715**	**2,872**
Customers and traders						715	2,872

The exposure of the Company and its subsidiaries to credit risk related to Customers and traders is provided in Note 29.

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, 2019	**48,432**	**17,601**
Additions, net (Note 26c)	11,054	1,198
Settled	(24,707)	(545)
Balance on December 31, 2020	**34,779**	**18,254**
Additions, net (Note 26c)	13,497	13,413
Settled	(20,274)	(7,091)
Balance on December 31, 2021	**28,002**	**24,576**

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9. RECOVERABLE TAXES

	Consolidated		Parent Company	
	2021	2020	2021	2020
Current				
ICMS tax recoverable	6,419	12,325	5,513	6,809
Cofins (a) (b)	5,975	259,102	3,510	256,627
PIS/Pasep (a) (b)	1,526	56,682	947	55,893
Social security contributions	17,145	14,698	17,145	14,698
Others	809	4,994	806	4,991
	31,874	**347,801**	**27,921**	**339,018**
Non-current				
ICMS tax recoverable (b)	28,551	23,850	27,614	23,851
Cofins (a)	35,265	24,983	-	-
PIS/Pasep (a)	7,730	5,496	-	-
Others	-	431	-	-
	71,546	**54,760**	**27,614**	**23,851**
	103,420	**402,561**	**55,535**	**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. As a result, the Company has made monthly offsetting of these tax credits against the amounts of taxes payable, from May 2020 to September 2021. PIS/Pasep and Cofins taxes credits over ICMS were offset against federal taxes in the amount of R$310,792 during 2021 (vs. R$328,750 during 2020).

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On May 13, 2021 the Brazilian Federal Supreme Court ruled on the motion for clarification filed by the federal government, modulating the effects of the decision that ICMS tax (paid or payable) is not part of the base amount for calculation of the PIS/Pasep and Cofins taxes. The court ruled that only those who filed legal actions claiming this judgment on or before March 15, 2017 (date on which the argument was established) should have the right to reimbursement of the tax unduly paid, excluding legal and administrative actions filed after that date and before the date on which the judgment was given. Thus the changes made by the Supreme Court in the effects of the judgment do not affect the credits recognized by the Company. Further, the new ruling decided that the amounts of ICMS tax to be excluded from the basis for calculation of PIS/Pasep and Cofins taxes should be the ICMS tax stated on invoices this is in agreement with the criterion adopted by the Company for the actions which there is no further appeal.

Considering the modulation of effects derived from STF decision, the wholly-owned subsidiaries of Lot D, recognized, in 2021, PIS/Pasep and Cofins taxes credits over ICMS in the amount of R$8,935 related the periods included in the legal action on that matter.

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).

b) Other recoverable taxes

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

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

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10. INCOME TAX AND SOCIAL CONTRIBUTION TAX RECOVERABLE

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	
	2021	2020	2021	2020
Current				
Income tax	503,437	342,199	501,836	340,293
Social contribution tax	149,078	125,501	148,687	124,953
	652,515	**467,700**	**650,523**	**465,246**

On September 24, 2021, the Brazilian Federal Supreme Court decided, unanimously, that the incidence of income tax and social contribution tax on the indexation charges applying Selic interest rate over undue paid taxes is unconstitutional. Since this is a constitutional decision with general repercussion, the Company and its subsidiaries await the final judgment, which is pending any motions for clarification, and the result of any modulation, before assessing and recognizing the potential effects of the decision, since there is no legal action on this subject.

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 or balance sheet reduction, and also by the subsidiaries that have opted for the Presumed Profit method, in which payments are made quarterly.

	Consolidated	
	2021	2020
Current		
Income tax	116,340	92,948
Social contribution tax	41,104	35,064
	157,444	**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:

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	Consolidated		Parent Company	
	2021	2020	2021	2020
Deferred tax assets				
Tax loss carryforwards	218,104	284,526	218,104	284,526
Post-employment obligations	414,995	459,381	414,995	459,381
Estimated losses on doubtful receivables	8,924	11,169	8,356	6,206
Provisions for contingencies	120,289	114,343	120,234	114,288
Provision for SAAG put option	216,339	182,293	216,339	182,293
Provisions for losses on investments	244,132	256,835	244,132	256,835
Other provisions	48,923	41,301	48,923	41,301
Paid concession	11,274	9,707	11,274	9,707
Others	21,369	19,625	15,190	13,464
	1,304,349	**1,379,180**	**1,297,547**	**1,368,001**
Deferred tax liabilities				
Fair Value as cost attributed on IFRS adoption	(219,067)	(224,610)	(201,878)	(206,408)
Adjustment of contract assets	(895,223)	(768,126)	(891,654)	(768,126)
Fair value of equity holdings	(129,641)	(138,247)	(129,641)	(138,247)
Derivative financial instruments (Swap)	(412,436)	(1,002,636)	(412,436)	(1,002,636)
Reimbursement of costs – GSF	(319,210)	-	(253,901)	-
Others	(7,669)	(8,152)	(1,625)	(7,187)
	(1,983,246)	**(2,141,771)**	**(1,891,135)**	**(2,122,604)**
Net total	**(678,897)**	**(762,591)**	**(593,588)**	**(754,603)**
Total assets	-	**10,969**	-	-
Total liabilities	**(678,897)**	**(773,560)**	**(593,588)**	**(754,603)**

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

	Consolidated	Parent Company
Balance on December 31, 2019	**(507,035)**	**(491,587)**
Effects allocated to income statement	(256,448)	(262,839)
Effects allocated to comprehensive income	(177)	(177)
Others	1,069	-
Balance on December 31, 2020	**(762,591)**	**(754,603)**
Effects allocated to income statement	113,809	185,515
Effects allocated to comprehensive income	(24,500)	(24,500)
Others	(3,809)	-
Deferred taxes arising from shareholding reorganization	(1,806)	-
Balance on December 31, 2021	**(678,897)**	**(593,588)**

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

The Company and its subsidiaries estimated that the balance of deferred tax asset as of December 31, 2020 will be realized, as follows:

	Consolidated	Parent Company
2022	210,971	209,597
2023	218,850	217,494
2024	315,927	314,571
2025	172,306	170,949
2026 to 2028	257,903	256,544
2029 to 2031	128,392	128,392
	1,304,349	**1,297,547**

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:

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	Consolidated		Parent Company	
	2021	2020	2021	2020
Profit before income tax and social contribution tax	**1,121,625**	**1,479,660**	**831,002**	**1,313,627**
Income tax and social contribution tax – nominal expense (34%)	(381,353)	(503,084)	(282,541)	(446,633)
Tax effects applicable to:				
Interest on equity	99,097	76,568	99,097	76,568
Tax incentives	12,420	3,730	7,961	-
Share of profit (loss) of associates and joint ventures, net	(116,368)	(77,247)	220,135	110,027
Non-deductible penalties	(1,714)	(2,583)	(1,714)	(2,583)
Difference between presumed profit and real profit methods	141,504	74,953	-	-
Others	(3,777)	3,538	(2,506)	4,529
Income tax and social contribution tax – effective revenue (expense)	**(250,191)**	**(424,125)**	**40,432**	**(258,092)**
Current tax	(364,000)	(167,677)	(145,083)	4,747
Deferred tax	113,809	(256,448)	185,515	(262,839)
	(250,191)	**(424,125)**	**40,432**	**(258,092)**
Effective rate	**22.31%**	**28.66%**	**(4.87%)**	**19.65%**

11. ESCROW DEPOSITS

	Consolidated		Parent Company	
	2021	2020	2021	2020
Labor claims	**24,153**	**25,653**	**23,502**	**25,075**
Tax issues				
Income tax on interest on equity	17,760	17,473	16,444	16,157
Pasep and Cofins taxes (1)	6,343	6,300	-	-
Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2)	68,399	67,371	68,399	67,371
Urban property tax (IPTU)	13,272	12,852	13,270	12,850
Social contribution tax (3)	18,062	18,062	18,062	18,062
Others	4,615	3,549	4,010	3,332
	128,451	**125,607**	**120,185**	**117,772**
Others				
Court embargo	929	1,357	896	1,325
Regulatory	3,279	2,931	3,279	2,931
Others	5,008	4,773	4,897	4,735
	9,216	**9,061**	**9,072**	**8,991**
	161,820	**160,321**	**152,759**	**151,838**

(1) This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied.
(2) More details in Note 23 – 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.

12. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	2021	2020	2021	2020
Generation – Indemnity receivable (12.1)	816,202	816,202	816,202	816,202
Generation – Concession grant fee (12.2)	2,792,201	2,549,198	-	-
	3,608,403	**3,365,400**	**816,202**	**816,202**
Current	**283,233**	**258,588**	-	-
Non-current	**3,325,170**	**3,106,812**	**816,202**	**816,202**

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

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	Consolidated	Parent Company
Balance on December 31, 2019	3,284,418	816,202
Inflation adjustment	347,057	-
Amounts received	(266,075)	-
Balance on December 31, 2020	**3,365,400**	**816,202**
Inflation adjustment	523,105	-
Amounts received	(280,102)	-
Balance on December 31, 2021	**3,608,403**	**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 December 31, 2021 and December 31, 2020.

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

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

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

Classificação: Uso interno

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 n. 942, by Aneel.

Under Normative Resolution n. 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 Grantor's rules, the evaluation report must be prepared by a company accredited by Aneel, to be hired by the concession holder. Additionaly, the concession holders should required to state interest in receipt of the complementary amount until August 20, 2021. The Company complied with this requirement within the specified period.

Appendix I of the above-mentioned 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.

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.

On August 9, 2021, the Company stated its interest in receiving the complementary amount related to the portions of the investments linked to revertible assets that had not yet been modernized or depreciated, and have not been indemnified.

The Company hired the valuation specialist service provider accredited by Aneel, and expects to meet the requirements of Normative Resolution (ReN) 942/2021, proving the realization of related investments linked to revertible assets through a valuation report, within the stipulated deadline.

11.2 Generation - Concession grant fee

The concession grant fee paid to Company 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.

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The changes in concession financial assets are as follows:

SPC	Plants	Dec. 31, 2020	Monetary updating	Amounts received	Dec. 31, 2021
Cemig Geração Três Marias S.A.	Três Marias	1,447,210	287,009	(150,499)	1,583,720
Cemig Geração Salto Grande S.A.	Salto Grande	454,256	90,360	(47,462)	497,154
Cemig Geração Itutinga S.A.	Itutinga	170,460	36,723	(20,179)	187,004
Cemig Geração Camargos S.A.	Camargos	127,814	27,409	(15,022)	140,201
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	167,206	37,565	(21,136)	183,635
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	113,807	27,429	(16,049)	125,187
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	68,445	16,610	(9,755)	75,300
		2,549,198	**523,105**	**(280,102)**	**2,792,201**

SPC	Plants	Dec. 31, 2019	Monetary updating	Amounts received	Dec. 31, 2020
Cemig Geração Três Marias S.A.	Três Marias	1,402,425	187,746	(142,961)	1,447,210
Cemig Geração Salto Grande S.A.	Salto Grande	440,158	59,183	(45,085)	454,256
Cemig Geração Itutinga S.A.	Itutinga	164,799	24,829	(19,168)	170,460
Cemig Geração Camargos S.A.	Camargos	123,585	18,499	(14,270)	127,814
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	161,490	25,794	(20,078)	167,206
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	109,757	19,295	(15,245)	113,807
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	66,002	11,711	(9,268)	68,445
		2,468,216	**347,057**	**(266,075)**	**2,549,198**

Of the energy produced by these plants, since January 2017, 70% is sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

13. CONCESSION CONTRACT ASSETS

Under IFRS 15/CPC 47 – *Revenue from contracts with customers*, concession infrastructure assets recognized during the period of construction 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 December, 31, 2021 were as follows:

	Consolidated		Parent Company	
	2021	2020	2021	2020
National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13	2,011,576	1,895,854	2,011,576	1,895,854
Transmission – Assets remunerated by tariff	2,265,406	1,738,848	2,149,524	1,738,848
	4,276,982	**3,634,702**	**4,161,100**	**3,634,702**
Current	**592,337**	**718,430**	**565,659**	**718,430**
Non-current	**3,684,645**	**2,916,272**	**3,595,441**	**2,916,272**

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The changes in contract assets are as follows:

	Consolidated	Parent Company
Balance on December 31, 2019	**3,075,558**	**3,075,558**
Additions	201,451	201,451
Inflation adjustment	411,968	411,968
Results of the Periodic Tariff Revision	551,852	551,852
Amounts received	(606,127)	(606,127)
Balance on December 31, 2020	**3,634,702**	**3,634,702**
Incorporation Concession contract - 004/05	117,252	-
Additions	251,973	251,973
Inflation adjustment	630,900	627,912
Results of the Periodic Tariff Revision	236,627	236,627
Amounts received	(594,472)	(590,114)
Balance on December 31, 2021	**4,276,982**	**4,161,100**

The consideration to be paid to the Company arises from the concession contracts N° 006/97, Nº 079/00 and N° 004/05, as follows:

	Consolidated		Parent Company	
	2021	2020	2021	2020
Current				
Concession contract - 079/00 (a)	38,782	28,600	38,782	28,600
Concession contract - 006/97 (b)				
National Grid ('BNES' - Basic Network of the Existing System)	317,692	533,430	317,692	533,430
National Grid - new facilities (RBNI)	209,185	156,400	209,185	156,400
Concession contract – 004/05 (1) (c)	26,678	-	-	-
	592,337	**718,430**	**565,659**	**718,430**
Non-current				
Concession contract - 079/00 (a)	151,858	132,589	151,858	132,589
Concession contract - 006/97 (b)				
National Grid ('BNES' - Basic Network of the Existing System)	1,693,884	1,362,424	1,693,884	1,362,424
National Grid - new facilities (RBNI)	1,749,699	1,421,259	1,749,699	1,421,259
Concession contract – 004/05 (1) (c)	89,204	-	-	-
	3,684,645	**2,916,272**	**3,595,441**	**2,916,272**
	4,276,982	**3,634,702**	**4,161,100**	**3,634,702**

(1) On November 24, 2021, an Extraordinary Stockholders' Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More detils in note n. 14.

a) Concession contract n. 006/97

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

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

On April 22, 2021, Resolution n. 2,852 ammended the repositioning of the RAP set by Resolution n. 2,712/2020, retrospectively effect from 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.

Classificação: Uso interno

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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*’).

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

In 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 Silício Metálico*) obtained the preliminary injunction 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 2020, the injunctions were revoked and 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.

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

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

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

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

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In the proposed profile the minimum payment is made in the 2021-2022 cycle, with zero amortization of the debt portion of the balance; in the 2022-2023 cycle there is amortization at a rate of 3.0%, so as to amortize part of the debt and keep the level of payments stable; and there are then constant payments over the cycles of 2023-2024 to 2027-2028, with amortization rates of 16.11% per year. 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$268,759, which was reclassified to long-term.

The Company recognized the effects of the decision by Aneel put into effect by Resolution 2,852/2021, in the second quarter of 2021, amounting to R$211,246, based on recalculation of the financial component including the remuneration of capital at the rate of cost of 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.

b) Concession contract n. 079/00

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

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

On March 30, 2021, the Resolution nº 2,839 updated the amounts of the RAPs and the adjustment portions for this contract, resulting in R$3,708 in contract assets amount.

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.

c) Concession contract nº. 004/2005

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

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

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On July 13, 2021, Aneel established the RAP (Annual Permitted Revenue) for the 2021–22 cycle, by Ratifying Resolution 2,895, which was amended by Ratifying Resolution 2,959 on October 5, 2021, due to applications for reconsideration filed by the transmission concession agents, including the Company.

The financial effects of the RAPs established, comparing these amounts with the contract projections on financial modeling, and were not expect significant variations, considering that there were no significant changes in the assumptions applied.

14. INVESTMENTS

	Consolidated		Parent Company	
	2021	2020	2021	2020
Affiliated companies				
Madeira Energia (*Santo Antônio* Plant)	-	209,374	-	209,374
FIP Melbourne (*Santo Antônio* Plant)	-	157,476	-	157,476
Jointly controlled entities				
Hidrelétrica Cachoeirão	59,014	53,215	59,013	53,215
Guanhães Energia	125,172	131,391	125,172	131,391
Hidrelétrica Pipoca	46,722	35,552	46,722	35,552
LightGer	47,787	51,805	47,787	51,805
Baguari Energia	168,429	159,029	168,429	159,029
Aliança Norte (*Belo Monte* plant)	609,154	631,227	609,154	631,227
Amazônia Energia (*Belo Monte* plant)	932,600	965,255	932,600	965,255
Aliança Geração	1,140,930	1,166,240	1,140,930	1,166,240
Retiro Baixo	200,385	195,235	200,385	195,235
Subsidiaries				
Cemig Baguari	-	-	88	55
Cemig Geração Três Marias S.A.	-	-	1,652,343	1,452,217
Cemig Geração Salto Grande S.A.	-	-	526,776	455,480
Cemig Geração Itutinga S.A.	-	-	211,956	179,745
Cemig Geração Camargos S.A.	-	-	165,369	143,704
Cemig Geração Sul S.A.	-	-	214,845	174,005
Cemig Geração Leste S.A.	-	-	147,702	127,128
Cemig Geração Oeste S.A.	-	-	105,990	83,870
Rosal Energia S.A.	-	-	114,751	127,020
Sá Carvalho S.A.	-	-	134,209	115,486
Horizontes Energia S.A.	-	-	59,575	55,461
Cemig PCH S.A.	-	-	90,117	89,898
Cemig Geração Poço Fundo S.A.	-	-	144,129	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	7,734	56,838
Cemig Trading S.A.	-	-	2,158	30,315
Central Eólica Praias de Parajuru S.A.	-	-	177,707	161,061
Central Eólica Volta do Rio S.A.	-	-	273,988	245,436
Companhia de Transmissão Centroeste de Minas (1)	-	-	122,079	-
Total of investments	**3,330,193**	**3,755,799**	**7,481,708**	**7,257,319**
Usina Hidrelétrica Itaocara – equity deficit (2)	(20,767)	(29,615)	(20,767)	(29,615)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (3)	(161,648)	-	(161,648)	-
Total	**3,147,778**	**3,726,184**	**7,299,293**	**7,227,704**

(1) On November 24, 2021, an Extraordinary Stockholders' Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in this note.

(2) 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 December 31, 2021 is R$20,767 (R$29,615 on December 31, 2020). The loss is recorded in the balance sheet in Other obligations. Additionally, on December 1, 2021, the Company injected capital into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber, in the amount of R$40,071. This amount is proportional to its shareholding interest in the investee of 49% and was recognized under Other expenses in the Company's income statement.

(3) A loss was recognized to the extent that the Company has incurred obligations on behalf of the investee and the other shareholders. On December 31, 2021 this amount was R$161,648. See further information in this note.

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For the year ended of December 31, 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 expectation of assets long-term realization underwent no change. Thus, the reported assets net carrying amount is recoverable, and therefore the Company has not recognized any impairment loss related to its investments, except for the investment held in MESA, as disclosed in more detail in this Note.

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.

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$49,241 (R$53,858 on December 31, 2020) and R$67,205 (R$73,983 on December 31, 2020), respectively, are included in the financial statements 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 16.

The changes in these assets are as follows:

Consolidated	Balance at Dec. 31, 2019	Amortization	Balance at Dec. 31, 2020	Amortization	Settled (1)	Balance at Dec. 31, 2021
Retiro Baixo	30,576	(1,390)	29,186	(1,390)	-	27,796
Madeira Energia (*Santo Antônio* plant)	17,263	(737)	16,526	(738)	(15,788)	-
Aliança Geração	352,225	(25,310)	326,915	(25,310)	-	301,605
Aliança Norte (*Belo Monte* plant)	50,603	(1,971)	48,632	(1,972)	-	46,660
	450,667	**(29,408)**	**421,259**	**(29,410)**	**(15,788)**	**376,061**

(1) The Company's investment in Madeira Energia S.A. was written down to zero, as a result of the judgment given in the arbitration proceedings. There is more information below in this note.

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Parent Company	Balance at Dec, 31, 2019	Amortization	Impairment (1)	Balance at Dec, 31, 2020	Amortization	Settled (2)	Balance at Dec. 31, 2021
Retiro Baixo	30,576	(1,390)	-	29,186	(1,390)	-	27,796
Central Eólica Praias de Parajuru	60,072	(6,214)	-	53,858	(4,617)	-	49,241
Central Eólica Volta do Rio	66,606	(6,448)	13,825	73,983	(6,778)	-	67,205
Madeira Energia (*Santo Antônio* plant)	17,263	(737)	-	16,526	(738)	(15,788)	-
Aliança Geração	352,225	(25,310)	-	326,915	(25,310)	-	301,605
Aliança Norte (*Belo Monte* plant)	50,603	(1,971)	-	48,632	(1,972)	-	46,660
	577,345	**(42,070)**	**13,825**	**549,100**	**(40,805)**	**(15,788)**	**492,507**

(1) Due to the result of the analysis of, and realization of the test for, impairment, the Company reversed the provision for impairment of the rights of authorization to generate wind energy of Volta do Rio, on December 31, 2020.

(2) The Company's investment in Madeira Energia S.A. was written down to zero, as a result of the judgment given in the arbitration proceedings. There is more information below in this note.

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

Consolidated	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Losses on investments (1)	Dividends	Balance at Dec. 31, 2021
Hidrelétrica Cachoeirão	53,215	14,130	-	-	(8,331)	59,014
Guanhães Energia	131,391	(6,219)	-	-	-	125,172
Hidrelétrica Pipoca	35,552	11,170	-	-	-	46,722
Madeira Energia (*Santo Antônio* Plant) (1)	209,374	(209,374)	-	-	-	-
FIP Melbourne (*Santo Antônio* Plant) (1)	157,476	(157,476)	-	-	-	-
Baguari Energia	159,029	31,071	-	-	(21,671)	168,429
Lightger	51,805	7,966	-	-	(11,984)	47,787
Amazônia Energia (*Belo Monte* Plant)	965,255	(32,730)	75	-	-	932,600
Aliança Norte (*Belo Monte* Plant)	631,227	(22,073)	-	-	-	609,154
Aliança Geração	1,166,240	199,586	-	-	(224,896)	1,140,930
Retiro Baixo	195,235	12,352	-	-	(7,202)	200,385
Total of investments	**3,755,799**	**(151,597)**	**75**	**-**	**(274,084)**	**3,330,193**
Itaocara – equity deficit (2)	(29,615)	7,489	41,430	(40,071)	-	(20,767)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (1)	-	(161,648)	-	-	-	(161,648)
Total	**3,726,184**	**(305,756)**	**41,505**	**(40,071)**	**(274,084)**	**3,147,778**

(1) In December 2021, the Company reduced to zero the balance of the investment held in Madeira Energia S.A. and recognized a liability corresponding to its interest in this investee, as a result of the judgments given in the arbitration proceedings to which SAESA is a party. There is more information below in this note.

(2) On December 1, 2021, the Company injected capital, in the amount of R$40,071, into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber, in the amount of R$40,071. This amount is proportional to its shareholding interest in the investee, of 49%, and was recognized in Other expenses in the Company's income statement. Further, R$1,359 was injected to cover the expenses specified in the 2021 budget of the investee.

Consolidated	Balance at Dec. 31, 2019	Gain (loss) by equity method	Additions	Dividends	Balance at Dec. 31, 2020
Hidrelétrica Cachoeirão	53,728	9,200	-	(9,713)	53,215
Guanhães Energia	131,076	315	-	-	131,391
Hidrelétrica Pipoca	30,730	11,285	-	(6,463)	35,552
Madeira Energia (*Santo Antônio* Plant)	166,617	42,757	-	-	209,374
FIP Melbourne (*Santo Antônio* Plant)	384,809	(227,333)	-	-	157,476
Baguari Energia	157,499	22,810	-	(21,280)	159,029
Lightger	46,487	12,231	-	(6,913)	51,805
Amazônia Energia (*Belo Monte* Plant)	1,027,860	(62,754)	149	-	965,255
Aliança Norte (*Belo Monte* Plant)	671,166	(40,377)	438	-	631,227
Aliança Geração	1,191,550	89,120	-	(114,430)	1,166,240
Retiro Baixo	180,043	15,192	-	-	195,235
Total of investments	**4,041,565**	**(127,554)**	**587**	**(158,799)**	**3,755,799**
Itaocara – equity deficit	(21,810)	(8,994)	1,189	-	(29,615)
Total	**4,019,755**	**(136,548)**	**1,776**	**(158,799)**	**3,726,184**

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Parent Company	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Corporate restructuring	Losses on investments	Dividends	Balance at Dec. 31, 2021
Hidrelétrica Cachoeirão	53,215	14,129	-	-	-	(8,331)	59,013
Guanhães Energia	131,391	(6,219)	-	-	-	-	125,172
Hidrelétrica Pipoca	35,552	11,170	-	-	-	-	46,722
Madeira Energia (*Santo Antônio* Plant) (3)	209,374	(209,374)	-	-	-	-	-
FIP Melbourne (*Santo Antônio* Plant) (3)	157,476	(157,476)	-	-	-	-	-
Baguari Energia	159,029	31,071	-	-	-	(21,671)	168,429
Central Eólica Praias Parajuru	161,061	18,959	-	-	-	(2,313)	177,707
Central Eólica Volta do Rio	245,436	28,552	-	-	-	-	273,988
Lightger	51,805	7,966	-	-	-	(11,984)	47,787
Amazônia Energia (*Belo Monte* Plant)	965,255	(32,730)	75	-	-	-	932,600
Aliança Norte (*Belo Monte* Plant)	631,227	(22,073)	-	-	-	-	609,154
Aliança Geração	1,166,240	199,586	-	-	-	(224,896)	1,140,930
Retiro Baixo	195,235	12,352	-	-	-	(7,202)	200,385
Cemig Baguari	55	(17)	50	-	-	-	88
Cemig Ger.Três Marias S.A.	1,452,217	318,791	-	-	-	(118,665)	1,652,343
Cemig Ger.Salto Grande S.A.	455,480	106,881	-	-	-	(35,585)	526,776
Cemig Ger. Itutinga S.A.	179,745	60,397	-	-	-	(28,186)	211,956
Cemig Geração Camargos S.A.	143,704	51,136	-	-	-	(29,471)	165,369
Cemig Geração Sul S.A.	174,005	55,604	-	-	-	(14,764)	214,845
Cemig Geração Leste S.A.	127,128	40,696	-	-	-	(20,122)	147,702
Cemig Geração Oeste S.A.	83,870	22,120	-	-	-	-	105,990
Rosal Energia S.A.	127,020	26,056	-	-	-	(38,325)	114,751
Sá Carvalho S.A.	115,486	59,676	-	-	-	(40,953)	134,209
Horizontes Energia S.A.	55,461	18,532	-	-	-	(14,418)	59,575
Cemig PCH S.A.	89,898	30,857	-	-	-	(30,638)	90,117
Cemig Geração Poço Fundo S.A. (1)	3,801	2,645	137,683	-	-	-	144,129
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	56,838	132,150	-	-	-	(181,254)	7,734
Cemig Trading S.A.	30,315	958	-	-	-	(29,115)	2,158
Companhia de Transmissão Centroeste de Minas (2)	-	2,393	-	123,724	-	(4,038)	122,079
Total of investments	**7,257,319**	**824,788**	**137,808**	**123,724**	**-**	**(861,931)**	**7,481,708**
Itaocara – equity deficit (4)	(29,615)	7,489	41,430	-	(40,071)	-	(20,767)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (3)		(161,648)	-	-	-	-	(161,648)
Total	**7,227,704**	**670,629**	**179,238**	**123,724**	**(40,071)**	**(861,931)**	**7,299,293**

(1) On February 23, 2021 Aneel authorized through Resolution 9,735 the Company, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, Nº. 01/2021, on April 16, 2021. In the third quarter of 2021 the Company transferred to this investee, as an advance against future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash. The transfer of the assets related to Poço Fundo, in the amount of R$77,483, did not involve cash, and consequently is not reflected in the Statements of cash flow. In the fourth quarter of 2021 the Company made a further injection, of R$40,000, into this investee, in cash.

(2) On November 24, 2021, an Extraordinary General Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in this note.

(3) In December 2021, the Company reduced to zero the balance of the investment held in Madeira Energia S.A. and recognized a liability corresponding to its interest in this investee, as a result of the judgments given in the arbitration proceedings to which SAESA is a party. There is more information below in this note.

(4) On December 1, 2021, the Company injected capital, in the amount of R$40,071, into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber – this being the amount proportional to its shareholding interest in the investee, of 49%. This amount was recognized in Other expenses in the Company's income statement. Further, R$1,359 was injected to cover the expenses specified in the 2021 budget of the investee.

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Parent Company	Balance at Dec. 31, 2019	Gain (loss) by equity method	Additions	Dividends	Others	Balance at Dec. 31, 2020
Hidrelétrica Cachoeirão	53,728	9,200	-	(9,713)	-	53,215
Guanhães Energia	131,076	315	-	-	-	131,391
Hidrelétrica Pipoca	30,730	11,285	-	(6,463)	-	35,552
Madeira Energia (*Santo Antônio* Plant)	166,617	42,757	-	-	-	209,374
FIP Melbourne (*Santo Antônio* Plant)	384,809	(227,333)	-	-	-	157,476
Baguari Energia	157,499	22,810	-	(21,280)	-	159,029
Central Eólica Praias Parajuru	149,260	(2,199)	14,000	-	-	161,061
Central Eólica Volta do Rio	124,507	(28,896)	136,000	-	13,825	245,436
Lightger	46,487	12,231	-	(6,913)	-	51,805
Amazônia Energia (*Belo Monte* Plant)	1,027,860	(62,754)	149	-	-	965,255
Aliança Norte (*Belo Monte* Plant)	671,166	(40,377)	438	-	-	631,227
Aliança Geração	1,191,550	89,120	-	(114,430)	-	1,166,240
Retiro Baixo	180,043	15,192	-	-	-	195,235
Cemig Baguari	19	(14)	50	-	-	55
Cemig Ger.Três Marias S.A.	1,407,996	177,542	-	(133,321)	-	1,452,217
Cemig Ger.Salto Grande S.A.	446,318	58,511	-	(49,349)	-	455,480
Cemig Ger. Itutinga S.A.	183,617	21,775	-	(25,647)	-	179,745
Cemig Geração Camargos S.A.	136,140	24,706	-	(17,142)	-	143,704
Cemig Geração Sul S.A.	179,275	19,225	-	(24,495)	-	174,005
Cemig Geração Leste S.A.	126,802	21,181	-	(20,855)	-	127,128
Cemig Geração Oeste S.A.	72,648	12,125	-	(903)	-	83,870
Rosal Energia S.A.	127,994	28,097	-	(29,071)	-	127,020
Sá Carvalho S.A.	123,929	33,405	-	(41,848)	-	115,486
Horizontes Energia S.A.	57,397	16,622	-	(18,558)	-	55,461
Cemig PCH S.A.	97,731	22,138	-	(29,971)	-	89,898
Cemig Geração Poço Fundo S.A.	3,638	163	-	-	-	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	28,263	56,254	-	(27,679)	-	56,838
Cemig Comercializadora de Energia Incentivada S.A.	3,359	751	-	(1,581)	(2,529)	-
Cemig Trading S.A.	31,027	29,115	-	(29,827)	-	30,315
Total of investments	**7,341,485**	**362,947**	**150,637**	**(609,046)**	**11,296**	**7,257,319**
Itaocara – equity deficit	(21,810)	(8,994)	1,189	-	-	(29,615)
Total	**7,319,675**	**353,953**	**151,826**	**(609,046)**	**11,296**	**7,227,704**

(1) Due to the result of the analysis of, and realization of the test for, impairment, the Company reversed the provision for impairment of the rights of authorization to generate wind energy of Volta do Rio, on December 31, 2020.
(2) On October 1, 2020, Cemig GT completed the merger of its subsidiary Cemig Comercializadora de Energia Incentivada S.A., at book value, with consequent extinction of this investee, and the Cemig GT becoming its successor in all its assets, rights and obligations.

Changes in dividends receivable are as follows:

	Consolidated		Parent Company	
	2021	2020	2021	2020
Opening balances	**117,110**	**112,043**	**117,404**	**112,337**
Investees' dividends proposed	274,084	158,799	861,931	609,046
Amounts received	(159,096)	(153,732)	(699,131)	(603,979)
Ending balances	**232,098**	**117,110**	**280,204**	**117,404**

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Geração e Transmissão S.A.

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

Company	Number of shares	December 31, 2021			December 31, 2020		
		Equity interest (%)	Share capital	Equity	Equity interest (%)	Share capital	Equity
Affiliated companies							
Madeira Energia (*Santo Antônio* plant) (5)	12,034,025,147	15.51	10,619,786	1,492,037	15.51	10,619,786	2,259,093
Jointly controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	120,436	49.00	35,000	108,602
Guanhães Energia (3)	548,626,000	49.00	548,626	255,453	49.00	548,626	268,144
Hidrelétrica Pipoca	41,360,000	49.00	41,360	93,390	49.00	41,360	72,554
Baguari Energia (1)	26,157,300,278	69.39	186,573	242,736	69.39	186,573	229,189
Lightger (3)	79,078,937	49.00	79,232	97,525	49.00	79,232	105,724
Aliança Norte (*Belo Monte* plant)	41,923,360,811	49.00	1,209,043	1,147,947	49.00	1,209,043	1,188,963
Amazônia Energia (*Belo Monte* plant) (1)	1,322,697,723	74.50	1,322,698	1,251,811	74.50	1,322,698	1,295,644
Aliança Geração	1,291,582,500	45.00	1,291,488	1,857,905	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	345,868	49.90	225,350	324,810
Usina Hidrelétrica Itaocara S.A.	156,259,500	49.00	156,259	(42,381)	49.00	71,709	(60,438)
Subsidiaries							
Cemig Baguari	406,000	100.00	406	88	100.00	356	55
Cemig Ger.Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,652,343	100.00	1,291,423	1,452,217
Cemig Ger.Salto Grande S.A.	405,267,607	100.00	405,268	526,776	100.00	405,268	455,480
Cemig Ger. Itutinga S.A.	151,309,332	100.00	151,309	211,956	100.00	151,309	179,745
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	165,369	100.00	113,499	143,704
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	214,845	100.00	148,147	174,006
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	147,702	100.00	100,569	127,128
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	105,990	100.00	60,595	83,870
Rosal Energia S.A.	46,944,467	100.00	46,944	114,751	100.00	46,944	127,019
Sá Carvalho S.A.	361,200,000	100.00	36,833	134,209	100.00	36,833	115,486
Horizontes Energia S.A.	39,257,563	100.00	39,258	59,575	100.00	39,258	55,461
Cemig PCH S.A.	45,952,000	100.00	45,952	90,117	100.00	45,952	89,898
Cemig Geração Poço Fundo S.A. (3)	97,161,578	100.00	97,162	144,128	100.00	1,402	3,801
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	7,734	100.00	486	56,838
Cemig Trading S.A.	1,000,000	100.00	1,000	2,158	100.00	1,000	30,315
Central Eólica Praias de Parajuru S.A.	85,834,843	100.00	85,835	128,466	100.00	70,560	107,204
Central Eólica Volta do Rio S.A.	274,867,441	100.00	274,867	206,783	100.00	117,230	171,453
Companhia de Transmissão Centroeste de Minas (4)	28,000,000	100.00	28,000	122,079	100.00	28,000	118,217

* On November 11, 2021, Cemig GT signed a Contract for Share Purchase and Assignment of Credits for Consideration, for disposal of its entire equity interest in Renova Energia S.A., and for assignment, for consideration, of the totality of its credits held against that investee. Thus the investment was classified as a non-current asset held for sale. For more information, see Note 30.

(1) Control shared under a shareholders' agreement.
(2) By its Authorizing Resolution 9,735 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. In the third quarter, the Company transferred to this investee, as an advance against future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash. In the fourth quarter of 2021 the Company made a further injection, of R$40,000, into this investee, in cash.
(3) On December 9, 2021, Light disclosed to the market that it had signed a share purchase agreement with Brasal Energia S.A. for sale of its equity interest in Guanhães and LightGer, subject to the conditions precedent that are usual in this type of transaction. Brasal Energia S.A will join the existing stockholders' agreements of these investees, complying fully with their terms.
(4) On November 24, 2021, an Extraordinary General Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in this note.
(5) The total of Shareholders' equity originally disclosed by the investee was adjusted by the Company for the purposes of posting equity income (change in the value of equity in non-consolidated investees), to take into account the modifying subsequent events resulting from the judgments given in the arbitration proceedings to which Saesa is a party. There is more information below in this note

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The main balances for the affiliated companies and jointly controlled entities, at December 31, 2021 and 2020, are as follows:

2021	Hidrelétrica Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia (1)	Hidrelétrica Pipoca	LightGer
Assets						
Current	29,407	71,753	15,605	927,739	17,532	35,465
Cash and cash equivalents	25,397	3,245	5,205	179,644	11,968	29,382
Non-current	92,761	218,200	391,787	23,286,096	101,264	119,645
Total assets	**122,168**	**289,953**	**407,392**	**24,213,835**	**118,796**	**155,110**
Liabilities						
Current	867	21,346	41,255	2,309,383	9,551	11,375
Loans and financings	-	-	11,951	116,120	6,543	8,573
Non-current	865	25,870	110,684	20,412,415	13,860	46,210
Loans and financings	-	-	92,680	12,827,607	13,497	46,211
Stockholders' equity	120,436	242,737	255,453	1,492,037	95,385	97,525
Total liabilities and equity	**122,168**	**289,953**	**407,392**	**24,213,835**	**118,796**	**155,110**
Statement of income						
Net sales revenue	37,282	76,527	51,536	3,757,969	38,739	54,232
Operating costs	(8,002)	(9,041)	(54,595)	(2,291,671)	(11,356)	(25,917)
Depreciation	(3,088)	(11,094)	(18,009)	(869,997)	(3,205)	(10,587)
Gross income	**29,280**	**67,486**	**(3,059)**	**1,466,298**	**27,383**	**28,315**
General and administrative expenses	-	(78)	-	(80,547)	(1,978)	(1,645)
Finance income	1,271	3,978	473	265,048	346	2,433
Finance expenses	(10)	(3,577)	(8,445)	(3,475,505)	(1,712)	(11,073)
	30,541	**67,809**	**(11,031)**	**(1,824,706)**	**24,039**	**18,030**
Operational income						
Income tax and social contribution tax	(1,707)	(23,031)	(1,660)	1,812,320	(1,142)	(2,554)
Net income (loss) for the period	**28,834**	**44,778**	**(12,691)**	**(12,386)**	**22,897**	**15,476**
Comprehensive income for the period	-	-	-	-	-	-
Net income (loss) for the period	28,834	44,778	(12,691)	(12,386)	22,897	15,476
Comprehensive income for the period	**28,834**	**44,778**	**(12,691)**	**(12,386)**	**22,897**	**15,476**

(1) The total of Shareholders' equity originally disclosed by the investee was adjusted by the Company for the purposes of posting equity income (change in the value of equity in non-consolidated investees), to take into account the modifying subsequent events resulting from the judgments given in the arbitration proceedings to which Saesa is a party. There is more information below in this note

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2021	Amazônia Energy	Retiro Baixo	Aliança Geração	Aliança Norte	Itaocara
Assets					
Current	101	111,093	727,760	97	4,618
Cash and cash equivalents	101	98,593	378,108	88	4,513
Non-current	1,253,799	321,788	3,364,245	1,149,638	11,292
Total assets	**1,253,900**	**432,881**	**4,092,005**	**1,149,735**	**15,910**
Liabilities					
Current	2,090	37,780	761,742	234	58,291
Loans and financings	-	13,705	101,316	-	-
Non-current	-	49,234	1,472,358	1,554	-
Loans and financings	-	41,086	700,351	-	-
Stockholders' equity (negative)	1,251,810	345,867	1,857,905	1,147,947	(42,381)
Total liabilities and equity (negative)	**1,253,900**	**432,881**	**4,092,005**	**1,149,735**	**15,910**
Statement of income					
Net sales revenue	-	70,221	1,095,636	-	-
Operating costs	(1,647)	(25,532)	(101,761)	(481)	(36,070)
Depreciation	-	(8,848)	(156,802)	-	-
Gross income (loss)	**(1,647)**	**44,689**	**993,875**	**(481)**	**(36,070)**
General and administrative expenses	-	(2,854)	(44,315)	(1,584)	-
Finance income	-	4,332	41,720	8	133
Finance expenses	(1)	(4,777)	(233,424)	(7)	(30,556)
Operational income	**(1,648)**	**41,390**	**757,856**	**(2,064)**	**(66,493)**
Share of (loss) profit, net, of associates and joint ventures	(42,286)	-	-	(38,953)	-
Income tax and Social Contribution tax	-	(13,775)	(252,020)	-	-
Net income (loss) for the period	**(43,934)**	**27,615**	**505,836**	**(41,017)**	**(66,493)**
Comprehensive income for the period					
Net income (loss) for the period	(43,934)	27,615	505,836	(41,017)	(66,493)
Comprehensive income for the period	**(43,934)**	**27,615**	**505,836**	**(41,017)**	**(66,493)**

2020	Hidrelétrica Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia	Hidrelétrica Pipoca	LightGer
Assets						
Current	29,758	63,452	13,299	945,143	21,114	103,508
Cash and cash equivalents	26,073	10,425	5,939	262,620	8,466	80,173
Non-current	80,499	208,577	404,588	21,369,986	88,642	128,937
Total assets	**110,257**	**272,029**	**417,887**	**22,315,129**	**109,756**	**232,445**
Liabilities						
Current	1,655	22,259	26,664	1,149,935	16,817	72,086
Loans and financings	-	-	11,606	107,579	6,555	8,579
Non-current	-	20,581	123,079	18,906,101	20,385	54,635
Loans and financings	-	-	105,515	4,902,313	19,975	54,613
Stockholders' equity	108,602	229,189	268,144	2,259,093	72,554	105,724
Total liabilities and equity	**110,257**	**272,029**	**417,887**	**22,315,129**	**109,756**	**232,445**
Statement of income						
Net sales revenue	33,739	73,595	49,008	3,200,238	33,550	51,938
Operating costs	(14,547)	(30,192)	(36,173)	(2,719,799)	(6,296)	(9,077)
Depreciation	(2,786)	(11,026)	(17,085)	(868,594)	(3,194)	(10,584)
Gross income	**19,192**	**43,403**	**12,835**	**480,439**	**27,254**	**42,861**
General and administrative expenses	-	5,154	-	(82,383)	(1,472)	(1,297)
Finance income	1,022	2,168	333	258,775	303	2,029
Finance expenses	(6)	(952)	(10,207)	(2,112,254)	(1,519)	(16,201)
	20,208	**49,773**	**2,961**	**(1,455,423)**	**24,566**	**27,392**
Operational income						
Income tax and social contribution tax	(1,432)	(16,899)	(1,567)	9,756	(1,535)	(2,430)
Net income (loss) for the period	**18,776**	**32,874**	**1,394**	**(1,445,667)**	**23,031**	**24,962**
Comprehensive income for the period	-	-	-	-	-	-
Net income (loss) for the period	18,776	32,874	1,394	(1,445,667)	23,031	24,962
Comprehensive income for the period	**18,776**	**32,874**	**1,394**	**(1,445,667)**	**23,031**	**24,962**

2020	Amazônia Energy	Retiro Baixo	Aliança Geração	Aliança Norte	Itaocara
Assets					
Current	116	86,830	805,696	597	2,649
Cash and cash equivalents	101	74,234	385,220	572	2,465
Non-current	1,296,085	331,496	2,460,761	1,188,588	10,429
Total assets	**1,296,201**	**418,326**	**3,266,457**	**1,189,185**	**13,078**
Liabilities					
Current	557	29,623	503,049	222	73,516
Loans and financings	-	13,700	19,328	-	-
Non-current	-	63,893	905,503	-	-
Loans and financings	-	54,764	261,024	-	-
Stockholders' equity (negative)	1,295,644	324,810	1,857,905	1,188,963	(60,438)
Total liabilities and equity (negative)	**1,296,201**	**418,326**	**3,266,457**	**1,189,185**	**13,078**
Statement of income					
Net sales revenue	-	73,240	1,042,130	-	-
Operating costs	(173)	(29,230)	(580,208)	-	(12,990)
Depreciation	-	(10,526)	(153,517)	-	(44)
Gross income (loss)	**(173)**	**44,010**	**461,922**	**-**	**(12,990)**
General and administrative expenses	-	(3,839)	(46,537)	(976)	-
Finance income	1	1,853	28,160	28	71
Finance expenses	(2)	(5,839)	(62,522)	(2)	(5,437)
Operational income	**(174)**	**36,185**	**381,023**	**(950)**	**(18,356)**
Share of (loss) profit, net, of associates and joint ventures	(84,060)	-	-	(77,435)	-
Income tax and Social Contribution tax	-	(3,034)	(126,735)	-	-
Net income (loss) for the period	**(84,234)**	**33,151**	**254,288**	**(78,385)**	**(18,356)**
Comprehensive income for the period					
Net income (loss) for the period	(84,234)	33,151	254,288	(78,385)	(18,356)
Comprehensive income for the period	**(84,234)**	**33,151**	**254,288**	**(78,385)**	**(18,356)**

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

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

On December 31, 2021, MESA reported a negative net working capital. Hydroelectric plants project finances structurally present negative net working capital in the first years of operation, because they are built using high levels of financial leverage. On the other hand, they have firm long term contracts for energy supply as support and guarantee of payment of their debts.

To balance the situation of negative working capital, in addition to its long-term sale contracts that ensure regularity in its operational cash flow, MESA benefits from its debt reprofiling, which adjusted its debt repayments flow to its cash generation capacity.

Arbitration proceeding 115/2018 – Madeira Energia S.A.

In 2018 SAAG and Cemig GT filed Arbitration Proceeding 115/2018, seeking to annul the capital increase, approved by MESA Extraordinary General Meeting held on August 28, 2018, through capitalization of the credits arising from the annulment of the capital increase made in 2014 , which had been annulled in a previous arbitration proceeding.

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On December 13, 2021 was published the arbitration decision released annulling the capital increase part of the arbitration procedding, as well as on March 16, 2022, the Market Arbitration Chamber published a decision on a motion for clarification, in which was determined the revert of the increase of capital made by the shareholders in this investee.

As a consequence of the arbitration decision, Cemig GT's direct and idirect equity holding in Mesa is increased from 8.54% to 9.86%, and 6.97% to 8.05%, respectively, resulting in a consolidated ownership increase from 15.51% to 17.91%.

Based on the opinion of its legal advisers, the Company believes that the modification on the arbitration decision effects is remote, and awaits fulfilment with it.

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

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

i. Liability of CCSA for reimbursement of the costs of replenishing the collateral, and use of the contractual limitation clause, specified in contract.
ii. Liability of SAE relating to the increase in costs incurred by CCSA arising, mainly, from strikes and work stoppages occured from 2009 to 2013.

The result of this arbitration, made available by the International Arbitration Court of the International Chamber of Commerce on February 7, 2022, indicates that part of the claims of Saesa were accepted, as well as some of the claims of CCSA and where applicable of its co-consortium members against SAESA. Also, the arbitration decision initially declared as being without effect the instrument entitled "Terms and Conditions", which was the basis for recognition by the Company of the "Reimbursable Expenditures", as set out in an explanatory note to the financial statements of Saesa.

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

Under the financing contracts signed with the National Bank for Economic and Social Development ('BNDES') and financing contracts under on lending from the BNDES, any amounts that SAESA is ordered to pay will be paid in accordance with procedures determined in the respective contracts.

On March 9, 2022, SAESA filed a motion for clarification on certain matters of the final decision, including pecuniary aspects, and believes that only after evaluation of this claim and any other motions for clarification that may be requested by the other parties involved, the decision will become definitive and able to produce effects, with effective decision on any amounts that may eventually be payable by SAESA.

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SAESA also reiterated that the arbitration proceedings are in progress, still treated with confidentiality.

Investment in Madeira Energia S.A.

The arbitration decision against the claims of SAE, is an event after the reporting period of these financial statements, with a adjusting effect and reflects the preliminary results of the arbitration decision, since it is about conditions that existed on December 31, 2021, as per the provisions of CPC 24/ IAS 10 –Events After the Reporting Period.

As a result of the above mentioned arbitration decicions, the Company recognized a impairment of R$366,850, which results in reduction of the investment carrying amount to zero and, in accordance with CPC 18 – Investments in Associates and Joint Ventures, has constituted a liability of R$161,648 for the obligations assumed on behalf of investee in equity support and guarantee agreements.

The liability was estimated applying of the Company's direct percentage shareholding in Mesa, currently 9.86%, applied to the expected cash outflow to settle the debt arising from the arbitration judgment. Considering that there are specific circumstances established in shareholders' agreements, and in the share purchase agreement of SAAG, and in the guarantees themselves provided by SAAG to Saesa, the Company believes that it does not have a responsibility in relation to its indirect shareholding in Mesa, currently of 8.05%, since it did not assume the obligations which were contracted by SAAG to Saesa before it entered the business; therefore, the other shareholder, the former holder of 100% of the equity (AG Participações), remains as guarantor of all the related obligations to that investee.

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 December 31, 2021 NESA had negative net working capital of R$189,028 (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.

The Company evaluated the recoverability amoynt of its investment in NESA, based on its value in use, in accordance with CPC 01/ IAS 36 – Impairment of Assets, and by CPC 46/ IFRS 13 – Fair Value Measurement, and has concluded that the recoverable amount of the investment is higher than its carrying amout at December 31, 2021.

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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 December 31, 2021 to R$2,832,000 (R$2,407,000 on December 31, 2020).

d) Shareholding restructuring of the wholly-owned transmission - Centroeste

On November 24, 2021, an Extraordinary General Meeting of the Company approved an increase in its share capital, made by Cemig (Parent's Company) through subscription of the investment held in Centroeste, thus completing the shareholding restructuring authorized by the Cemig's Board of Directors on February 12, 2021. Because it involved entities under common control, this restructuring is outside the scope of IFRS 3 / CPC 15 (R1).

This transfer, which had the prior consent of Aneel, was recorded in amount of R$123,724, supported with valation report measured at book value on October 31, 2021.

The net assets and liabilities of Centroeste described in the valuation opinions are as follows:

	Centroeste
CURRENT	
Cash and cash equivalents	22,693
Concession holders – transmission service	2,544
Recoverable taxes	64
Income tax and social contribution tax recoverable	391
Contract assets	26,528
Others	387
TOTAL CURRENT	**52,607**
NON-CURRENT	
Escrow deposits	389
Contract assets	90,724
Property, plant and equipment	199
Others	18
Leasing – rights of use	79
TOTAL NON-CURRENT	**91,409**
TOTAL ASSETS	**144,016**
CURRENT	
Suppliers	180
Taxes payable	1,176
Regulatory charges	637
Dividends payable	11,039
Leasing liabilities	10
TOTAL CURRENT	**13,042**
NON-CURRENT	
Suppliers	19
Deferred taxes	3,343
Income tax and social contribution tax	3,815
Leasing liabilities	73
TOTAL NON-CURRENT	**7,250**
TOTAL LIABILITIES	**20,292**
SHAREHOLDERS' EQUITY	
Share capital	28,000
Profit reserves	95,724
TOTAL SHAREHOLDERS' EQUITY	**123,724**
TOTAL LIABILITIES AND EQUITY	**144,016**

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e) 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, further to the write-downs of infrastructure assets in the amount of R$183,000 recorded at NESA in 2015, based on the results of the independent internal investigation conducted by NESA and its other shareholders, the results of which were reflected in the Company through the equity method in that same year.

On March 9, 2018 '*Operação Fortuna*' started, as a 49th phase of 'Operation Lava Jato' ('Operation Carwash'). 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 financial statements. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's financial statements.

Madeira Energia S.A. ('MESA')

There are ongoing 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.

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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 financial statements. The effects of any future changes in the existing scenario will be reflected appropriately in the Company's financial statements.

Other investigations

In addition to the cases above, there are investigations being conducted by the Public Attorneys' Office of the State of Minas Gerais ('MPMG') 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, since 2017 Renova, whose equity interest held by the Company was classified in Non-current assets held for sale in 2021, is part of an investigation conducted by the Civil Police of Minas Gerais State and other public authorities related to certain injections of capital made by the controlling shareholders, including the Company and its Parent Company (Cemig), and injections made in prior years by Renova in certain projects under development.

The police investigations of the inquiries referred to as "Operation Gone with the Wind" and of the Minas Gerais Civil Police have not yet been completed, but no results are expected from these investigations with effects that could significantly impact the Company's financial statements, even if there may be any which were not recorded by Renova, since no contractual or constructive obligations to the investee were assumed either by the Company nor by any of its subsidiaries.

Considering the share purchase agreement signed for disposal of the investment held in Renova, as reported in Note 30 to the financial statements, also no effects are expected after the conclusion of the sale transaction, considering that the share purchase instrument does not specify any right of indemnity against the Company in relation to any act, fact, event, action or omission which took place before and/or after the date of its signature, except to the extent that they may constitute a violation or inexactitude of any of the declarations or warranties given by the Company. In the contract, the parties expressly recognized the "closed door" nature of the transaction.

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

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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 financial statements for the year ended in December 31, 2021 and 2020 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 in September 2021, Company signed tooling agreements extension for more twelve months. Cemig has complied with the requests and intends to continue contributing to the SEC and the DOJ, in accordance with any demands presented.

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 accompanied by a new commission, with support from specialized advisers.

The independent internal investigation begun in 2020 has been concluded, and its final report has been delivered and was approved by the Investigation Committee on November 24, 2021: no matters was identified that might present a significant impact on the financial statements at December 31, 2021 or on financial statements for prior business years. However, the Company awaits completion of the investigations by the Public Attorneys' Office of Minas Gerais State (MPMG) that are still ongoing, and the Brazilian and international authorities, to which the reports were presented statements of position, to confirm whether any additional procedure will be necessary.

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

Classificação: Uso interno

15. PROPERTY, PLANT AND EQUIPMENT

Consolidated	December 31, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**7,328,985**	**(5,216,046)**	**2,112,939**	**7,321,663**	**(5,091,975)**	**2,229,688**
Land	246,523	(25,822)	220,701	246,775	(22,624)	224,151
Reservoirs, dams and watercourses	3,295,828	(2,352,006)	943,822	3,299,589	(2,279,878)	1,019,711
Buildings, works and improvements	1,085,888	(837,918)	247,970	1,100,414	(835,826)	264,588
Machinery and equipment	2,667,242	(1,970,649)	696,593	2,641,324	(1,924,711)	716,613
Vehicles	20,602	(19,230)	1,372	20,602	(18,756)	1,846
Furniture and utensils	12,902	(10,421)	2,481	12,959	(10,180)	2,779
Under construction	**304,586**	**-**	**304,586**	**175,993**	**-**	**175,993**
Assets in progress	304,586	-	304,586	175,993	-	175,993
Net PP&E	**7,633,571**	**(5,216,046)**	**2,417,525**	**7,497,656**	**(5,091,975)**	**2,405,681**

Parent Company	December 31, 2021			December 31, 2020		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,155,957**	**(4,609,197)**	**1,546,760**	**6,182,139**	**(4,523,568)**	**1,658,571**
Land	241,900	(25,418)	216,482	242,176	(22,261)	219,915
Reservoirs, dams, watercourses	3,013,067	(2,204,303)	808,764	3,021,850	(2,141,101)	880,749
Buildings, works and improvements	997,133	(795,789)	201,344	1,013,858	(797,915)	215,943
Machinery and equipment	1,870,814	(1,554,440)	316,374	1,871,166	(1,533,759)	337,407
Vehicles	20,384	(19,012)	1,372	20,388	(18,542)	1,846
Furniture and utensils	12,659	(10,235)	2,424	12,701	(9,990)	2,711
Under construction	**110,086**	**-**	**110,086**	**114,568**	**-**	**114,568**
Assets in progress	110,086	-	110,086	114,568	-	114,568
Net PP&E	**6,266,043**	**(4,609,197)**	**1,656,846**	**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	Reversal of provision (2)	Corporate restructuring	Transfer (3)	Settled	Depreciation	Balance at Dec. 31, 2021
In service	**2,229,688**	**-**	**-**	**-**	**69,212**	**(14,842)**	**(171,119)**	**2,112,939**
Land (1)	224,151	-	-	-	-	(620)	(2,830)	220,701
Reservoirs, dams, watercourses	1,019,711	-	-	-	4,767	-	(80,656)	943,822
Buildings, works and improvements	264,588	-	-	-	826	(25)	(17,419)	247,970
Machinery and equipment	716,613	-	-	-	63,619	(14,195)	(69,444)	696,593
Vehicles	1,846	-	-	-	-	-	(474)	1,372
Furniture and utensils	2,779	-	-	-	-	(2)	(296)	2,481
Under construction	**175,993**	**181,713**	**15,893**	**199**	**(69,212)**	**-**	**-**	**304,586**
Net PP&E	**2,405,681**	**181,713**	**15,893**	**199**	**-**	**(14,842)**	**(171,119)**	**2,417,525**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession;
(2) Reversal of a provision previously recognized for impairment of works in progress assets with expectation of partial or total cancellation, due to the Company's withdrawn of a previously agreed consortium.
(3) Balance relating to transfers from Assets in progress to Assets in service.

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Consolidated	Balance at Dec. 31, 2019	Addition	Transfer (2)	Settled (3)	Depreciation	Balance at Dec. 31, 2020
In service	**2,315,384**	**20,560**	**78,906**	**(3,126)**	**(182,036)**	**2,229,688**
Land (1)	228,275	340	-	(660)	(3,804)	224,151
Reservoirs, dams, watercourses	1,080,125	-	19,870	(51)	(80,233)	1,019,711
Buildings, works and improvements	273,485	-	9,434	(319)	(18,012)	264,588
Machinery and equipment	727,488	20,204	49,580	(2,091)	(78,568)	716,613
Vehicles	2,929	-	-	-	(1,083)	1,846
Furniture and utensils	3,082	16	22	(5)	(336)	2,779
Under construction	**133,103**	**112,485**	**(80,409)**	**10,814**	**-**	**175,993**
Net PP&E	**2,448,487**	**133,045**	**(1,503)**	**7,688**	**(182,036)**	**2,405,681**

(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 and to Intangible (see Note 16);
(3) Includes the impairment loss recognized for assets in progress.

Parent Company	Balance at Dec. 31, 2020	Addition	Reversal of provision (2)	Contribution (3)	Transfer (4)	Settled	Depreciation	Balance at Dec. 31, 2021
In service	**1,658,571**	**-**	**-**	**(1,443)**	**14,862**	**(747)**	**(124,483)**	**1,546,760**
Land (1)	219,915	-	-	(24)	-	(620)	(2,789)	216,482
Reservoirs, dams, watercourses	880,749	-	-	(83)	651	-	(72,553)	808,764
Buildings, works and improvements	215,943	-	-	(8)	65	(25)	(14,631)	201,344
Machinery and equipment	337,407	-	-	(1,328)	14,146	(100)	(33,751)	316,374
Vehicles	1,846	-	-	-	-	-	(474)	1,372
Furniture and utensils	2,711	-	-	-	-	(2)	(285)	2,424
Under construction	**114,568**	**68,432**	**15,893**	**(73,945)**	**(14,862)**	**-**	**-**	**110,086**
Net PP&E	**1,773,139**	**68,432**	**15,893**	**(75,388)**	**-**	**(747)**	**(124,483)**	**1,656,846**

(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) Reversal of a provision previously recognized for impairment of works in progress assets with expectation of partial or total cancellation, due to the Company's withdrawn of a previously agreed consortium
(3) By its Authorizing Resolution 9,735 of February 23, 2021, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, Nº. 01/2021, on April 16, 2021. In 3Q21 the Company transferred to this investee, as an advance against future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash.
(4) Balance relating to transfers from Assets in progress to Assets in service;

Parent Company	Balance at Dec. 31, 2019	Addition	Transfer (2)	Settled (3)	Depreciation	Balance at Dec. 31, 2020
In service	**1,749,912**	**6,839**	**39,615**	**(1,437)**	**(136,358)**	**1,658,571**
Land (1)	224,327	-	-	(660)	(3,752)	219,915
Reservoirs, dams, watercourses	933,523	-	18,776	-	(71,550)	880,749
Buildings, works and improvements	230,612	-	926	(56)	(15,539)	215,943
Machinery and equipment	355,526	6,823	19,905	(716)	(44,131)	337,407
Vehicles	2,928	-	-	-	(1,082)	1,846
Furniture and utensils	2,996	16	8	(5)	(304)	2,711
Under construction	**72,279**	**67,846**	**(39,615)**	**14,058**	**-**	**114,568**
Net PP&E	**1,822,191**	**74,685**	**-**	**12,621**	**(136,358)**	**1,773,139**

(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;
(3) Includes the impairment loss recognized for assets in progress.

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The average annual depreciation rate for the Company and its subsidiaries is 3.05%. Depreciation rates, which take into consideration the expected useful life of the assets, are revised annually by Management and are as follows:

Generation	(%)	Administration	(%)
Reservoirs, dams and watercourses	2.00	Vehicles	14.29
Buildings – Machine room	2.00	IT equipment in general	16.67
Buildings – Other	3.33	General equipment	6.25
Generator	3.33	Buildings – Other	3.33
Water turbine	2.50		
Pressure tunnel	3.13		
Command station, panel and cubicle	3.57		
Town planning and improvements	3.33		

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

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

Consortium

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

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Consolidated and Parent Company	Stake in power output, %	Average annual depreciation rate %	December 31, 2021	December 31, 2020
In service				
Queimado Power Plant	82.50	3.94	220,009	218,111
Depreciation			(126,583)	(117,271)
Total in service			**93,426**	**100,840**
In progress				
Queimado Power Plant	82.50	-	43	1,580
Total in progress			**43**	**1,580**
Total			**93,469**	**102,420**

16. INTANGIBLE ASSETS

Consolidated	December 31, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**1,326,989**	**(226,203)**	**1,100,786**	**298,944**	**(150,917)**	**148,027**
Temporary easements	14,692	(4,726)	9,966	13,217	(4,045)	9,172
Paid concession	13,599	(8,491)	5,108	19,169	(13,288)	5,881
Assets of the concession (1)	202,338	(85,892)	116,446	202,338	(74,497)	127,841
Assets of the concession - GSF	1,031,809	(65,744)	966,065			
Others	64,551	(61,350)	3,201	64,220	(59,087)	5,133
Under construction	**12,126**	**-**	**12,126**	**8,459**	**-**	**8,459**
Assets in progress	12,126	-	12,126	8,459	-	8,459
Net intangible assets	**1,339,115**	**(226,203)**	**1,112,912**	**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$116,446, are considered as investments in the financial statements 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	December 31, 2021			December 31, 2020		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**892,909**	**(131,617)**	**761,292**	**94,430**	**(76,149)**	**18,281**
Temporary easements	11,451	(4,481)	6,970	11,451	(3,923)	7,528
Paid concession	11,720	(7,171)	4,549	19,169	(13,288)	5,881
Assets of the concession - GSF	805,613	(58,845)	746,768			
Others	64,125	(61,120)	3,005	63,810	(58,938)	4,872
Under construction	**12,113**	**-**	**12,113**	**8,443**	**-**	**8,443**
Assets in progress	12,113	-	12,113	8,443	-	8,443
Net intangible assets	**905,022**	**(131,617)**	**773,405**	**102,873**	**(76,149)**	**26,724**

Changes in intangible assets are as follow:

Consolidated	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance at December 31, 2021
In service	**148,027**	**1,031,809**	**1,806**	**(151)**	**(80,705)**	**1,100,786**
Temporary easements	9,172	-	1,475	-	(681)	9,966
Paid concessions	5,881	-	-	(151)	(622)	5,108
Assets of the concession	127,841	-	-	-	(11,395)	116,446
Assets of the concession - GSF		1,031,809	-	-	(65,744)	966,065
Others	5,133	-	331	-	(2,263)	3,201
Under construction	**8,459**	**5,473**	**(1,806)**	**-**	**-**	**12,126**
Assets in progress	8,459	5,473	(1,806)	-	-	12,126
Total	**156,486**	**1,037,282**	**-**	**(151)**	**(80,705)**	**1,112,912**

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

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Consolidated	Balance at Dec. 31, 2019	Addition	Impairment (1)	Capitalization / Transfer (2)	Amortization	Balance at December 31, 2020
In service	**148,218**	**-**	**13,825**	**3,456**	**(17,472)**	**148,027**
Temporary easements	8,457	-	-	1,468	(753)	9,172
Paid concessions	6,560	-	-	-	(679)	5,881
Assets of the concession	126,678	-	13,825	-	(12,662)	127,841
Others	6,523	-	-	1,988	(3,378)	5,133
Under construction	**7,369**	**3,043**	**-**	**(1,953)**	**-**	**8,459**
Assets in progress	7,369	3,043	-	(1,953)	-	8,459
Total	**155,587**	**3,043**	**13,825**	**1,503**	**(17,472)**	**156,486**

(1) This includes the impairment reversal, in the amount of R$13,825 recognized in the Income Statement under "Other revenues", as a result of the test of impairment of intangible assets, relating to the authorization for wind power generation granted to Volta do Rio, on December 31, 2020. There is more information below in this note.
(2) Balance relating to transfers to Property, plant and equipment (see Note 15) and from Assets in progress to Assets in service.

Parent Company	Balance at December 31, 2020	Addition	Contribution (1)	Capitalization / Transfer (2)	Settled	Amortization	Balance at December 31, 2021
In service	**18,281**	**805,613**	**(2,095)**	**1,790**	**(151)**	**(62,146)**	**761,292**
Temporary easements	7,528	-	(1,475)	1,475	-	(558)	6,970
Paid concessions	5,881	-	(620)	-	(151)	(561)	4,549
Assets of the concession - GSF		805,613	-	-	-	(58,845)	746,768
Others	4,872	-	-	315	-	(2,182)	3,005
Under construction	**8,443**	**5,460**	**-**	**(1,790)**	**-**	**-**	**12,113**
Assets in progress	8,443	5,460	-	(1,790)	-	-	12,113
Total	**26,724**	**811,073**	**(2,095)**	**-**	**(151)**	**(62,146)**	**773,405**

(1) By its Authorizing Resolution 9,735 of February 23, 2021, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, Nº. 01/2021, on April 16, 2021. In 3Q21 the Company transferred to this investee, as an advance fot future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash.
(2) Balance relating to transfers from Assets in progress to Assets in service.

Parent Company	Balance at Dec. 31, 2019	Addition	Capitalization / Transfer (1)	Amortization	Balance at December 31, 2020
In service	**20,918**	**-**	**1,942**	**(4,579)**	**18,281**
Temporary easements	8,159	-	-	(631)	7,528
Paid concessions	6,560	-	-	(679)	5,881
Others	6,199	-	1,942	(3,269)	4,872
Under construction	**7,342**	**3,043**	**(1,942)**	**-**	**8,443**
Assets in progress	7,342	3,043	(1,942)	-	8,443
Total	**28,260**	**3,043**	**-**	**(4,579)**	**26,724**

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

Taking into account the useful life of the related assets, the average annual amortization rate of the Company and its subsidiares is 11.79%.

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

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

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

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

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

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

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

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

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

On August 03, 2021, Aneel ratified, through the Resolution n. 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 n. 684/2015 and were not covered by the Resolution n. 2,919/2021. The values ratified are aligned with the Company estimations, based on the Resolution Aneel n. 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, on the second quarter of 2021, an intangible asset relating to the right to the extension of concessions, with counterpart in "Renegotiation of hydrological risk – Law 14,052/20", in the amount of R$909,601 for the consolidated and R$683,405 for the individual financial statements.

On September 14, 2021 Aneel ratified the grant extension of the hydroelectric plants participating in the MRE, through Resolution (ReH) 2,932/2021, including Irapé and Queimado, for which the extension were under discussion with the Grator, and, therefore, were not included in ReH 2,919/2021. Thus, in the third quarter of 2021, there was a recognition of an increase of R$122,208 in Intangible asset, due to the concessions extension of those plants. As a result, the total of Intangible assets was increased to R$1,031,809 for the consolidated and R$805,613 for the individual financial statements, which is recognized with a counterpart in “Renegotiation of hydrological risk – Law 14,052/20”.

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

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 Três 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**
Sá Carvalho	**39,690**	**December 01, 2024**	**1.7**	**August 27, 2026**
Total subsidiaries	**226,196**			
Nova Ponte	254,956	July 23, 2025	2.1	August 11, 2027
Irapé	105,010	February 28, 2035	2.6	September 18, 2037
Queimado	19,326	December 18, 2032	1.8	June 26, 2034
São Bernardo (Cemig)	649	August 19, 2025	1.9	June 27, 2027
Emborcação	425,672	July 23,2025	1.8	May 26, 2027
Total Cemig GT	**805,613**			
Total (R$)	**1,031,809**			

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The Resolution n. 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 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	Amount
São Simão	783,004
Miranda	145,528
Jaguara	237,218
Volta Grande	156,688
Total	**1,322,438**

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 listed in the table above have not been recognized.

17. 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 has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the income statement on the straight-line basis, over the period of the leasing. Their effects on net income in 2021 were immaterial.

The discount rates were obtained by reference to the Company's incremental borrowing rate. In August 2021 the Company reviewed the methodology for discount rates estimation, which is now based on the risk-free rate adjusted to the reality of the Company, in order to reflect more appropriately its credit risk, and the economic conditions on the date of the agreement, as follows:

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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 at 2021		
Up to three years	6.87	0.56
Three to four years	7.33	0.59
Four to twenty years	8.08	0.65
Contracts entered from August to December/2021 (1)		
Up to five years	5.81	0.47
Six to ten years	5.89	0.48
Eleven to fifteen years	5.95	0.49
Sixteen to thirty years	5.95	0.49

(1) Each month the Company calculates the addition to the rate to be applied to the new contracts. For the purposes of publication, these are presented at the average rates used.

a) Right of use

The right of use assets were valued at cost, corresponding to the amount of the initial measurement of the lease liabilities adjusted by its remeasurements and amortized on 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, 2019	**42,260**	**10,724**	**52,984**
Settled (closed contracts)	(1,002)	-	(1,002)
Addition	1,415	-	1,415
Amortization (1)	(6,494)	(6,086)	(12,580)
Remeasurement (2)	1,545	(478)	1,067
Balances on December 31, 2020	**37,724**	**4,160**	**41,884**
Settled (closed contracts)	(700)	-	(700)
Addition	54	-	54
Right of use received in corporate restructuring	79	-	79
Amortization (1)	(1,509)	(6,229)	(7,738)
Remeasurement (2)	1,362	6,923	8,285
Balances on December 31, 2021	**37,010**	**4,854**	**41,864**

Parent Company	Real estate property	Vehicles	Total
Balances on December 31, 2019	**41,903**	**9,678**	**51,581**
Settled (closed contracts)	(692)	-	(692)
Addition	146	-	146
Amortization (1)	(6,435)	(5,558)	(11,993)
Remeasurement (2)	1,510	(534)	976
Balances on December 31, 2020	**36,432**	**3,586**	**40,018**
Settled (closed contracts)	(700)	-	(700)
Addition	54	-	54
Amortization (1)	(1,448)	(5,650)	(7,098)
Remeasurement (2)	1,237	6,916	8,153
Balances on December 31, 2021	**35,575**	**4,852**	**40,427**

(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$108, for the consolidated and R$106 for the financial statements (R$572 and R$573 on December 31, 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.

Classificação: Uso interno

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 on December 31, 2019	**55,059**	**53,599**
Settled (closed contracts)	(1,502)	(1,196)
Addition	1,415	146
Accrued interest (1)	5,734	5,508
Payment of principal portion of lease liability	(16,494)	(15,724)
Payment of interest	(736)	(723)
Remeasurement (2)	1,067	976
Balances on December 31, 2020	**44,543**	**42,586**
Settled (closed contracts)	(572)	(572)
Addition	54	54
Lease liabilities received in corporate restructuring	83	-
Accrued interest (1)	5,210	5,004
Payment of principal portion of lease liability	(11,611)	(10,806)
Payment of interest	(542)	(493)
Remeasurement (2)	8,285	8,153
Balances on December 31, 2021	**45,450**	**43,926**
Current liabilities	**9,829**	**9,637**
Non-current liabilities	**35,621**	**34,289**

(1) Financial revenues recognized in the financial statements are net of incorporation of the credits for PIS, Pasep and Cofins taxes on payments of rentals, in the amounts of R$354 and R$351, for the consolidated and financial statements information (R$392 and R$388 on December 31, 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.

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	133,392	45,450	128,648	43,926
Potential PIS/Pasep and Cofins (9.25%)	11,559	3,666	11,438	3,627

For lease liability and right of use measuring and remeasuring, the Company used the technique of discounted cash flow, without considering projected future inflation in the flows to be discounted, as per the prohibition imposed by CPC 06 (R2).

The cash flows of the 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)
2022	10,300	10,095
2023	5,382	5,180
2024	5,366	5,167
2025	5,359	5,160
2026	5,359	5,160
2027 a 2045	101,626	97,886
Undiscounted values	**133,392**	**128,648**
Embedded interest	(87,942)	(84,722)
Lease liabilities	**45,450**	**43,926**

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18. SUPPLIERS

	Consolidated		Parent Company	
	2021	2020	2021	2020
Wholesale supply, and transport of supply	288,869	394,406	283,389	340,010
Materials and services	94,917	71,533	50,990	52,564
	383,786	**465,939**	**334,379**	**392,574**

19. TAXES PAYABLE

	Consolidated		Parent Company	
	2021	2020	2021	2020
Current				
ICMS (value added) tax	22,797	20,597	17,910	15,663
Pasep tax (1)	14,336	17,339	12,242	15,618
Cofins tax (1)	64,946	78,801	56,360	72,018
Social security contributions	10,337	7,066	6,497	5,662
ISS tax on services	2,439	2,145	1,857	1,756
Others (2)	29,532	39,293	28,881	39,058
	144,387	**165,241**	**123,747**	**149,775**
Non-current				
Pasep tax (1)	59,582	46,867	57,923	46,854
Cofins tax (1)	274,465	215,878	266,807	215,819
	334,047	**262,745**	**324,730**	**262,673**
	478,434	**427,986**	**448,477**	**412,448**

(1) Includes PIS/Pasep and Cofins 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. More information in Note 12.
(2) This includes the withholding income tax on Interest on equity

20. LOANS, FINANCING AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – December 31, 2021			Consolidated – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds (5)	2024	9.25%	USD	42,173	5,580,500	5,622,673	7,853,959
(–) Transaction costs				-	(8,220)	(8,220)	(15,664)
(+/–) Funds advanced (1)				-	(13,356)	(13,356)	(25,314)
Debt in foreign currency				**42,173**	**5,558,924**	**5,601,097**	**7,812,981**
BRAZILIAN CURRENCY							
Caixa Econômica Federal (2)	2021	TJLP + 2.50%	R$	-	-	-	17,204
Caixa Econômica Federal (3)	2022	TJLP + 2.50%	R$	-	-	-	14,086
Debt in Brazilian currency				**-**	**-**	**-**	**31,290**
Total of loans and financings				**42,173**	**5,558,924**	**5,601,097**	**7,844,271**
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	428,367	-	428,367	761,520
Debentures – 7th Issue, Single series (4)	2021	140.00% of CDI	R$	-	-	-	288,839
(-) Transaction costs				(4)	-	(4)	(8,919)
Total, debentures				**428,363**	**-**	**428,363**	**1,041,440**
Overall total				**470,536**	**5,558,924**	**6,029,460**	**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, , in compliance with the provided for in Clause 6.3 of the Indenture of its 7th Issuance of Debentures, with 20% discount of the funds obtained by the sale of the Cemig's (Parent's Company) interest in Light.
(5) In August 2021, the Company carried out a partial buyback of its Eurobonds issue, in the principal amount of US$500 million. There are more details on this transaction later in this Note

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Financing source	Principal maturity	Annual financing cost	Currency	Parent Company – December 31, 2021			Parent Company – December 31, 2020
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds (3)	2024	9.25%	USD	42,173	5,580,500	5,622,673	7,853,959
(–) Transaction costs				-	(8,220)	(8,220)	(15,664)
(+/–) Funds advanced (1)				-	(13,356)	(13,356)	(25,314)
Debt in foreign currency				**42,173**	**5,558,924**	**5,601,097**	**7,812,981**
				42,173	**5,558,924**	**5,601,097**	**7,812,981**
BRAZILIAN CURRENCY							
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	428,367	-	428,367	761,520
Debentures – 7th Issue, Single series (2)	2021	140.00% of CDI	R$	-	-	-	288,839
(–) Transaction costs				(4)	-	(4)	(8,919)
Total, debentures				**428,363**	**-**	**428,363**	**1,041,440**
Overall total				**470,536**	**5,558,924**	**6,029,460**	**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, , in compliance with the provided for in Clause 6.3 of the Indenture of its 7th Issuance of Debentures, with 20% discount of the funds obtained by the sale of the Cemig's (Parent's Company) interest in Light.
(3) In August 2021, the Company carried out a partial buyback, of US$500 million of the principal amount, of its Eurobond issue. There are more details on this transaction later in this Note.

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

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, the Company 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 were closed date in 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		**604,965**	**3,107,708**
Partial disposal of hedge		-	(774,409)
NDF positive adjustment (*)		-	(23,699)
Total		**604,965**	**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 December 31, 2021 were as follows:

Consolidated	December 31, 2021
Surety guarantees	6,029,460

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

Consolidated and Parent Company	2022	2023	2024	Total
Currency				
US dollar	42,173	-	5,580,500	5,622,673
Total, currency-denominated	**42,173**	**-**	**5,580,500**	**5,622,673**
Indexers				
IPCA (1)	428,367	-	-	428,367
Total, governed by indexers	**428,367**	**-**	**-**	**428,367**
(–) Transaction costs	(4)	-	(8,220)	(8,224)
(+/-) Funds advanced	-	-	(13,356)	(13,356)
Overall total	**470,536**	**-**	**5,558,924**	**6,029,460**

(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 2021 (%)	Accumulated change on 2020 (%)	Indexer	Accumulated change on 2021 (%)	Accumulated change on 2020 (%)
US dollar	7.39	28.93	IPCA	10.06	4.52
			CDI	4.39	2.77
			TJLP	16.92	(18.31)

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

	Consolidated	Parent Company
Balances on December 31, 2019	**7,886,783**	**7,708,557**
Monetary variation	43,337	35,134
Exchange rate variations	1,749,000	1,749,000
Financial charges provisioned	926,183	923,243
Amortization of transaction cost	12,095	12,095
Financial charges paid (1)	(924,896)	(923,510)
Amortization of financing	(806,791)	(650,098)
Balances on December 31, 2020	**8,885,711**	**8,854,421**
Monetary variation	44,757	43,637
Exchange rate variations	353,950	353,950
Financial charges provisioned	803,935	803,609
Discount and premium on repurchase of debt securities (*Eurobonds*)	491,037	491,037
Amortization of transaction cost	16,359	16,359
Financial charges paid (1)	(1,317,097)	(1,316,273)
Amortization of financing	(3,249,192)	(3,217,280)
Balances on December 31, 2021	**6,029,460**	**6,029,460**

(1) The amount of income tax at source related to the premium on the buyback of the Eurobonds, and on provisioned interest, was offset with credits of PIS/Pasep and Cofins taxes, in the amounts of R$130,296 in 2020 and R$80,643 in 2021.

Restrictive covenants

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").

The Company and its subsidiaries have contracts with 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: 2.5 on/after Dec. 31, 2021	Ratio to be the following, or less: 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% or more (Parajuru); 20.63% (Volta do Rio) 20.61% or more (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 income; 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.

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On December 31, 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 29.

21. REGULATORY CHARGES

	Consolidated		Parent Company	
	2021	2020	2021	2020
Liabilities				
Global reversion reserve (RGR)	3,529	2,805	-	-
Royalties for use of water resources (CFURH)	5,374	12,976	2,227	9,004
Energy development account (CDE)	63,060	64,179	63,060	64,179
Electricity services inspection charge (TFSEE)	717	1,511	641	721
Alternative power source program (Proinfa)	16,623	7,435	16,623	7,435
National scientific and technological development fund (FNDCT)	1,120	1,980	577	1,329
Research and development (R&D)	22,103	137,557	16,166	125,146
Energy system expansion research	699	1,129	428	804
Energy development account (CDE) on Research and development (R&D)	476	-	330	-
	113,701	**229,572**	**100,052**	**208,618**
Current liabilities	**111,160**	**172,619**	**100,052**	**160,872**
Non-current liabilities	**2,541**	**56,953**	**-**	**47,746**

22. POST-EMPLOYMENT OBLIGATIONS

The Forluz Pension plan (a supplementary retirement pension plan)

The Company is one of the sponsors of the Forluminas Social Security Foundation (Forluz), a non-profit legal entity whose object is to provide its associates and participants and their dependents with a finance income to complement retirement and pension in accordance with the pension plan that they are subscribed in.

Forluz provides the following supplementary pension benefit plans available to its participants:

<u>Mixed Benefit Plan ('Plan B'):</u> This plan operates as a defined-contribution plan in the fund accumulation phase for retirement benefits for normal time of service, and as a defined-benefit plan for disability or death of participants still in active employment, and for receipt of benefits for time of contribution. The Sponsors match the basic monthly contributions of the participants. This is the only plan open for joining by new participants. The actuarial risks related to Plan B occur only as from the option for the lifetime benefit at the moment of the participant's retirement. In this specific case the responsibility for the risk of insufficiency of reserves for coverage of the benefits (deficits) is in parity between sponsors and participants.

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Pension Benefits Balances Plan ('Plan A'): This plan includes all currently employed and assisted participants who opted to migrate from the Company's previously sponsored defined benefit plan, and are entitled to a benefit proportional to those balances. For participants who are still working, this benefit has been deferred to the retirement date. The benefit balances of Plan A have the characteristic of lifetime payment, and the responsibility for the risk of insufficiency of reserves to cover the benefits (deficits) is exclusively that of the sponsors.

Independently of the plans made available by Forluz, the Company maintains contributes to a health plan and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

Life insurance

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

However, as a result of the ammendment made in the Collective Work Agreement for 2021/2023, in relation to offer and payment of life insurance for the employees and former employees, the Company wrote off the balance of the obligation, remeasured using the revised actuarial assumptions, recognized in the income statement and Shareholders' equity, in the amounts of R$91,290, and R$13,618.

On February 2, 2022 the Association of Retired Electricity Workers and Pension Holders of Cemig and its Subsidiaries ('*Associação dos Eletricitários Aposentados e Pensionistas da Cemig e Subsidiárias – AEA/MG*') filed an injunction ordering the Company to comply with and maintain in full the same terms relating to coverage of the life insurance premium as were previously practiced. However, on February 11, 2022, the Regional Employment Law Appeal Court of the 3rd Region refused this application, on the grounds that this had been validly decided in the collective agreement.

Actuarial obligations and recognition in the financial statements

On this Note the Company discloses its obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and the Life Insurance Plan in accordance with terms of IAS 19 – *Employee Benefits* (*Benefícios a Empregados*), and the independent actuarial opinion issued as of December 31, 2021.

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Debt with the pension fund (Forluz)

On December 31, 2021 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$87,015 (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 December 31, 2021 the total amount payable by the Company was R$121,961 (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$79,979, and up to 2033 for the 2017 deficit, in the amount of R$41,982. 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.

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 recognized the legal obligation in relation to the deficit of Plan A, corresponding to 50% of the minimum amount, and, thus, obeying the contribution parity rule, made the payments of R$1,535 in consignment, corresponding to April to December of 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.

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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. Also, the application by Forluz for emergency writ was refused.

Actuarial information

2021	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total (consolidated)
Present value of the obligations	2,669,508	744,895	14,207	-	3,428,610
Fair value of plan assets	(2,127,603)	-	-	-	(2,127,603)
Initial net liabilities	**541,905**	**744,895**	**14,207**	**-**	**1,301,007**
Adjustment to asset ceiling	6,207	-	-	-	6,207
Net liabilities in the statement of financial position	**548,112**	**744,895**	**14,207**	**-**	**1,307,214**

2020	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total (consolidated)
Present value of the obligations	2,980,490	717,713	13,891	120,823	3,832,917
Fair value of plan assets	(2,380,823)	-	-	-	(2,380,823)
Initial net liabilities	**599,667**	**717,713**	**13,891**	**120,823**	**1,452,094**
Adjustment to asset ceiling	5,591	-	-	-	5,591
Net liabilities in the statement of financial position	**605,258**	**717,713**	**13,891**	**120,823**	**1,457,685**

The asset ceiling is the present value of any economic benefits available in the form of restitutions coming from the plan or reductions in future contributions to the plan.

The present value of the liabilities of the pension plan is adjusted to the asset ceiling, which corresponds to the surplus result of Plan B, which has a specific destination allocation under the regulations of the National Private Pension Plans Council (CNPC).

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The changes in the present value of the defined benefit obligation are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Defined-benefit obligation at December 31, 2019	**2,976,005**	**672,996**	**12,850**	**125,801**	**3,787,652**
Cost of current service	481	5,010	121	897	6,509
Interest on the actuarial obligation	199,016	46,644	895	8,915	255,470
Actuarial losses (gains):					
Due to changes in demographic assumptions	30,166	88,204	895	-	119,265
Due to changes in financial assumptions	(87,302)	(32,490)	(835)	(7,382)	(128,009)
Due to adjustments based on experience	60,503	(30,905)	592	(5,061)	25,129
	3,367	**24,809**	**652**	**(12,443)**	**16,385**
Benefits paid	(198,379)	(31,746)	(627)	(2,347)	(233,099)
Defined-benefit obligation at December 31, 2020	**2,980,490**	**717,713**	**13,891**	**120,823**	**3,832,917**
Cost of current service	523	5,063	128	797	6,511
Past service cost (1)	-	-	-	(91,290)	(91,290)
Interest on the actuarial obligation	198,471	49,945	984	8,610	258,010
Actuarial losses (gains):					
Due to changes in demographic assumptions	87,395	26,382	237	(3,456)	110,558
Due to changes in financial assumptions	(545,827)	(52,058)	(978)	(27,351)	(626,214)
Due to adjustments based on experience	160,152	35,993	600	(5,759)	190,986
	(298,280)	**10,317**	**(141)**	**(36,566)**	**(324,670)**
Benefits paid	(211,696)	(38,143)	(655)	(2,374)	(252,868)
Defined-benefit obligation at December 31, 2021	**2,669,508**	**744,895**	**14,207**	**-**	**3,428,610**

(1) Due to the alterations made in the Collective Work Agreement for 2021–23, for offer and payment of life insurance for the employees and former employees, the post-employment benefit was entirely canceled, and, in this way, the Company wrote off the balance of the obligation.

Changes in the fair values of the plan assets are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans
Fair value of the plan assets at December 31, 2019	**2,367,313**
Real return on the investments	164,125
Contributions from the employer	47,764
Benefits paid	(198,379)
Fair value of the plan assets at December 31, 2020	**2,380,823**
Real return on the investments	(94,877)
Contributions from the employer	53,353
Benefits paid	(211,696)
Fair value of the plan assets at December 31, 2021	**2,127,603**

The amounts recognized in the 2021 and 2020 Statement of income are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	523	5,063	128	797	6,511
Past service cost	-	-	-	(91,290)	(91,290)
Interest on the actuarial obligation	198,471	49,945	984	8,610	258,010
Return on the assets of the plan	(157,116)	-	-	-	(157,116)
Total expense in 2021 according to actuarial calculation	**41,878**	**55,008**	**1,112**	**(81,883)**	**16,115**

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	481	5,010	121	897	6,509
Interest on the actuarial obligation	199,016	46,644	895	8,915	255,470
Return on the assets of the plan	(156,177)	-	-	-	(156,177)
Total expense in 2020 according to actuarial calculation	**43,320**	**51,654**	**1,016**	**9,812**	**105,802**

Changes in net liabilities were as follows:

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Consolidated and Parent Company	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2019	**623,240**	**672,996**	**12,850**	**125,801**	**1,434,887**
Expense recognized in Statement of income	43,320	51,654	1,016	9,812	105,802
Contributions paid	(47,764)	(31,746)	(627)	(2,347)	(82,484)
Actuarial gains (losses) (1)	(13,538)	24,809	652	(12,443)	(520)
Net liabilities at December 31, 2020	**605,258**	**717,713**	**13,891**	**120,823**	**1,457,685**
Expense recognized in Statement of income	41,878	55,008	1,112	9,407	107,405
Past service cost	-	-	-	(91,290)	(91,290)
Contributions paid	(53,353)	(38,143)	(655)	(2,374)	(94,525)
Actuarial gains (losses) (1)	(45,671)	10,317	(141)	(36,566)	(72,061)
Net liabilities at December 31, 2021	**548,112**	**744,895**	**14,207**	**-**	**1,307,214**

				2021	**2020**
Current liabilities				**75,257**	**66,206**
Non-current liabilities				**1,231,957**	**1,391,479**

(1) Recognized directly in the comprehensive income.

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, that include the past service cost arising from the cancellation of the post-retirement life insurance obligation, totaling R$364 for the year ended December 31, 2021 (R$93,882 for the year ended December 31, 2020), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$15,751 for the year ended December 31, 2021 (R$11,920 for year ended December 31, 2020).

The independent actuary's estimation for the expense to be recognized for 2022 is as follows:

Consolidated	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	465	3,762	94	-	4,321
Interest on the actuarial obligation	272,283	77,750	1,483	-	351,516
Expected return on the assets of the Plan	(214,204)	-	-	-	(214,204)
Estimate of total expense in 2022 as per actuarial calculation report	**58,544**	**81,512**	**1,577**	**-**	**141,633**

The expectation for payment of benefits for 2022 is as follows:

Consolidated	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Estimate of payment of benefits	**230,442**	**44,986**	**794**	**-**	**276,222**

The Company has expectation of contribution to the pension fund in 2022 of R$55,680 for amortization of the deficit in Plan A, and of R$23,491 to the Defined Contribution plan (recorded directly in the Statements of income for the year).

The average maturity periods of the obligations of the benefit plans, in years, are as follows:

Pension plans and retirement supplement plans		Health Plan	Dental Plan	Life insurance
Plan A	Plan B			
10.04	12.86	14.44	15.47	-

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The main categories plans' assets, as a percentage of total plans' assets are as follows:

	2021 Consolidated	2020 Consolidated
Shares	7.77%	9.25%
Fixed income securities	73.95%	72.18%
Real estate property	5.04%	3.71%
Others	13.24%	14.86%
Total	**100.00%**	**100.00%**

The following assets of the pension plan, measured at fair value, are related to the Company:

	2021 Consolidated	2020 Consolidated
Non-convertible debentures issued by the Company	76,419	135,321
Real estate properties of Forluz, occupied by the Company	59,640	61,344
	136,059	**196,665**

This table provides the main actuarial assumptions:

	2021			2020		
	Pension plans and retirement supplement plans	Health Plan and Dental Plan	Life insurance	Pension plans and retirement supplement plans	Health Plan and Dental Plan	Life insurance
Annual discount rate for present value of the actuarial obligation	10.60%	10.75%	10.73%	6.83%	7.14%	7.25%
Annual expected return on plan assets	10.60%	Not applicable	Not applicable	6.83%	Not applicable	Not applicable
Long-term annual inflation rate	5.03%	5.03%	5.03%	3.32%	3.32%	3.32%
Estimated future annual salary increases	5.03%	Not applicable	6.29%	3.32%	Not applicable	4.56%
General mortality rate table	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 M&F S10% D20%	AT-2000 M S10% D10%	AT-2000 M S10% D20%	AT-2000 M S10% D20%
Disability rate	Not applicable	Tasa 1927 agravo de 100%	Tasa 1927 agravo de 100%	Not applicable	Álvaro Vindas D30%	Álvaro Vindas D30%
Disabled mortality rate	AT-83 IAM Male	MI-85 Female	MI-85 Female	AT-49 Male	MI-85 Female	MI-85 Female
Real growth of contributions above inflation (1)	-	1.00%	-	-	1.00%	-

(1) Starting in 2018, the assumption was adopted that real growth of the contributions above inflation would be 1.00% p.a.

Sensitivity of changes in main actuarial assumptions used to determine the defined-benefit obligation, on December 31, 2021:

Effects on the defined-benefit obligation	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total (Consolidated)
Reduction of one year in the mortality table	55,779	12,816	(228)	-	**68,367**
Increase of one year in the mortality table	(56,834)	(13,081)	223	-	**(69,692)**
Reduction of 1.00% in the discount rate	255,174	101,297	2,009	-	**358,480**

In the presentation of the sensitivity analysis, the present value of the defined-benefit obligation was calculated using the Unit Projected Credit method, the same method used to calculate the defined-benefit obligation recognized in the Statements of financial position.

The Company has not made changes in the methods used to calculate its post-retirement obligations for the years ending December 31, 2021 and December 31, 2020.

23. PROVISIONS

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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	Reversals	Settled	Dec. 31, 2021
Employment-law cases	58,714	7,225	(4)	(5,978)	59,957
Civil cases	200	126	(200)	(126)	-
Tax	307,052	10,536	-	(262)	317,326
Regulatory	3,426	1,538	-	(833)	4,131
Others	49,156	15,749	(1,669)	(6,607)	56,629
Total	**418,548**	**35,174**	**(1,873)**	**(13,806)**	**438,043**

Consolidated	Dec. 31, 2019	Additions	Reversals	Settled	Dec. 31, 2020
Employment-law cases	69,043	12,431	(9,322)	(13,438)	58,714
Civil cases	182	18	-	-	200
Tax	285,940	21,858	(8)	(738)	307,052
Regulatory	3,004	1,172	(14)	(736)	3,426
Others	42,288	7,295	(105)	(322)	49,156
Total	**400,457**	**42,774**	**(9,449)**	**(15,234)**	**418,548**

Parent Company	Dec, 31, 2020	Additions	Reversals	Settled	Dec. 31, 2021
Employment-law cases	58,687	7,225	-	(5,955)	59,957
Civil cases	200	126	(200)	(126)	-
Tax	307,014	10,534	-	(261)	317,287
Regulatory	3,426	1,538	-	(833)	4,131
Others	48,934	15,739	(1,669)	(6,607)	56,397
Total	**418,261**	**35,162**	**(1,869)**	**(13,782)**	**437,772**

Parent Company	Dec. 31, 2019	Additions	Reversals	Settled	Dec. 31, 2020
Employment-law cases	69,044	12,358	(9,322)	(13,393)	58,687
Civil cases	182	18	-	-	200
Tax	285,903	21,846	(8)	(727)	307,014
Regulatory	3,004	1,172	(14)	(736)	3,426
Others	42,072	7,184	-	(322)	48,934
Total	**400,205**	**42,578**	**(9,344)**	**(15,178)**	**418,261**

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

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

Labor claims

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

The aggregate amount of the contingency is approximately R$152,180 (R$140,378 at December 31, 2020), of which R$59,957 (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 Brazilian Federal Supreme Court gave partial judgment in favor of two actions for declaration of constitutionality, and ruled that monetary adjustment applied to employment-law liabilities should be by the IPCA-E index until the stage of service of notice in a legal action, and thereafter by application of the Selic rate, and the Reference Rate (TR) is not applicable to any employment-law obligations as well. The effects of this decision were modulated as follows:

- Payments already made in due time and in the appropriate manner, using application of the TR, the IPCA-E or any other indexer, will remain valid and may not be the subject of any further contestation;
- Actions in progress that are at the discovery phase, should be subject to backdated application of the Selic rate, on penalty of future allegation of non-demand ability 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 indexes and interest rates; and this also applies to cases of express omission, and cases where the legal criteria were simply not taken into consideration.

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Tax

Social Security contributions on profit sharing payments

The Brazilian tax authority (*Receita Federal*) has filed administrative and court proceedings against the Company, relating to social security contributions on the payment of profit shares to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10,101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the chances of loss from 'possible' to 'probable' for some portions paid as profit-sharing amounts, maintaining the classification of the chance of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation.

The amount of the contingencies is approximately R$376,009 (R$363,833 on December 31, 2020), of which R$314,056 (R$304,022 on December 31, 2020) has been provisioned, this being the estimate of the probable amount of funds, on December 31, 2021, to settle these disputes.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS/Pasep and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company is contesting the non-homologation of the amounts offset. The amount of the contingency is R$70,618 (R$77,538 at December 31, 2020), of which R$1,152 (R$1,130 on December 31, 2020) has been recorded, since the relevant requirements of the National Tax Code (CTN) have been complied with.

Other tax actions

The Company are involved in numerous administrative and judicial claims relating to taxes, including, among other matters, subjects relating to the Social Integration Program (*Programa de Integração Social*, or PIS), the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins), Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ), the Social contribution tax on Net income (*Contribuição Social sobre o Lucro Líquido*, or CSLL), and motions to stay tax enforcement. The aggregate amount of these contingencies is approximately R$103,841 (R$71,018 on December 31, 2020), of which R$2,118 (R$1,900 on December 31, 2020) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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Regulatory

The Company and it´s subsidiaries are defendant in court and administrative proceedings challenging, especially: reduction of an energy supply contract, limitation on a procedure for operation of the sluice dam of a hydroelectric plant, a claim of infringement arising from an inspection by the grantor, and other matters. The amount of the contingency is approximately R$47,915 (R$48,213 on December 31, 2020), of which R$4,131 (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$201,064 (R$237,534 on December 31, 2020), of which R$56,629 (R$49,356 on December 31, 2020) has been recorded. Management believes that it has appropriate defense for these actions and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit. The main subjects related to these contingencies concern: (i) services of cleaning of power line pathways and fire breaks; and (ii) customer relations.

Contingent liabilities – loss assessed as 'possible'

Taxes

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

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

In 2006 the Company paid an indemnity to its employees, totaling R$41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax and Social Security contributions on these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company obtained an injection, which permitted to make an escrow deposit of R$28,716 which updated now represents the amount of R$68,399 (R$67,371 on December 31, 2020). The updated amount of the contingency is R$71,097 (R$69,439 on December 31, 2020) and, based on the arguments above, management has classified the chance of loss as 'possible'.

Classificação: Uso interno

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Social Security contributions

The Brazilian tax authority (*Receita Federal do Brasil*) 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$18,655 (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$88,424 (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.

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$436,835 (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$123,098 (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$72,557 (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$86,256 at December 31, 2021 (R$76,055 at December 31, 2020). The chances of loss have been assessed as 'possible'.

24. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On December 31, 2021 the Company's issued and outstanding share capital is R$4,123,724 (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).

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 20.

Capital increase

On November 24, 2021, an Extraordinary Stockholders' Meeting of the Company approved an increase in its share capital, in the amount of R$123,724, carried out by Cemig (Parent's Company) by subscription of the investment held in Centroeste, thus implementing the stockholding restructuring authorized by the Company's Board of Directors on February 12, 2021. More details in Note n. 14.

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:

	2021	2020
Number of shares	2,896,785,358	2,896,785,358
Earnings for the period, R$'000	871,434	1,055,535
Earnings per share – Basic and diluted – in R$	**0.30**	**0.36**

The put option of investments in SAAG, issued by the Company, 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) Reserves

Profit reserves

The composition of the profit reserves account is as follows:

	2021	2020
Profit reserves		
Legal reserve	308,328	264,756
Tax Incentives reserve – Sudene	44,727	44,727
Unrealized earnings reserve	222,935	222,935
Retained earnings reserve	1,888,682	1,540,459
	2,464,672	**2,072,877**

Legal reserve

Constitution of the Legal reserve is mandatory, up to the limits established by law. The purpose of the reserve is to ensure security of the share capital, its use being allowed only for offsetting of losses or increase in the share capital. This reserve constitution corresponds to 5% of the net income for the year, less the amount allocated to incentive tax reserve.

Appropriation of retained earnings to profit reserves

This refers to profits not distributed in prior years, to guarantee execution of the Company's Investment Program, and amortizations of loans and financings. The retentions are supported by capital budgets approved by the Board of Directors in the year in question.

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Unrealized earnings reserve

Article 197 of the Brazilian corporate law nº 6,404/76 allows the Company to pay the mandatory dividend, calculated as required by the Bylaws, up to the amounts of the realized portion of the net income for the year.

The Company's by-laws establish that, as well as the payment of the mandatory minimum dividend corresponding to 50% of the net income for the year, the balance after retention of the amount specified for investments in a capital budget will be distributed as dividends or Interest on Equity, subject to the availability of cash.

In 2021, the Company presented a net income of R$871,434, and the positive result of the hydrological risk renegotiation (GSF) in the amount of R$805,613 could be considered as an unrealized portion of the net income for the year, in accordance with the Law.

The outstanding balance of the Unrealized Earnings Reserve will remain R$222,935, considering the reversal of the reserve recorded in 2020 and the creation of a new one in 2021, in the same amount.

The unrealized earnings reserve amounts can only be used to pay mandatory dividends. Hence, when the Company realizes such profits in cash, it must distribute the corresponding dividend in the subsequent period, after offsetting of any losses in subsequent years.

Incentives tax reserve

The Company's has a right to 75% reduction in income tax, including the tax paid at the additional rate, calculated on the basis of the operating profit, when earned in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. The amount of the Tax incentives reserve on December 31, 2021 was R$44,727 (R$44,727 at December 31, 2020).

d) Remuneration to shareholders

The Company's by-laws state that 50% of the net income in each business period must be allocated to payment of mandatory dividends to the Company's sole shareholder.

Dividends declared, whether mandatory or extraordinary, are paid in 2 (two) equal installments, by June 30 and December 31 of the year following the generation of the profit. The Executive Board decides the location and processes of payment, subject to these periods.

Article 9 of Law 9,249 of December 26, 1995, allows Interest on Equity paid to shareholders to be deductible from taxable profit for the purposes of income and the social contribution taxes. In the case of the Company, Interest on Equity is calculated as shareholders' equity multiplied by the TJLP long-term interest rate.

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On June 29, 2021 and December 10, 2021 the Board of Directors approved the payment of Interest on Equity in the amounts of R$135,134 and R$156,328 respectively, on account of the minimum mandatory dividend for the 2021 – income tax at 15% being deducted at source, unless the stockholder is exempt under current legislation. The tax benefit arising from the payments was R$99,097. This is recognized in the Income statement for 2021.

The calculation of the dividends for the 2021 and 2020 business years and as follows:

	2021	2020
Mandatory dividend		
Net income for the year	871,434	1,055,535
Mandatory dividend – 50% of Net income	435,717	527,768
Income tax withheld at source on Interest on Equity	43,719	33,780
	479,436	**561,548**
Dividends declared		
Interest on capital	291,462	225,200
Dividends under the by-laws	187,974	336,348
	479,436	**561,548**
Dividends and interest on capital per share		
Mandatory minimum dividend (in R$)	0.06	0.12
Juros sobre capital próprio (in R$)	0.10	0.08

This table provides the changes on dividends and interest on capital payable:

	Consolidated	Parent Company
Balance at December 31, 2019	**781,769**	**781,769**
Dividends proposed	336,348	336,348
Interest on Equity declared	225,200	225,200
Income tax on Interest on Equity	(33,780)	(33,780)
Payment	(417,539)	(417,539)
Balance at December 31, 2020	**891,998**	**891,998**
Dividends proposed	187,974	187,974
Interest on Equity declared	291,462	291,462
Income tax on Interest on Equity	(43,719)	(43,719)
Payment	(527,768)	(527,768)
Balance at December 31, 2021	**799,947**	**799,947**

e) Allocation of net income for 2020 – Management's proposal

The Board of Directors decided to propose to the Annual General Meeting to be held in April, 2022 that the income for 2021, in the amount of R$871,434, the realization of the deemed cost of PP&E of R$8,785 and adjustment of R$8,988 million to retained earnings, relating to post-employment benefits:

- R$43,572 to be allocated to the Legal Reserve;
- R$479,436 for payment of dividends, as follows:
  - R$291,462 in the form of Interest on Equity, declared on June 29, 2021 and December 10, 2021;
  - R$187,974 as mandatory minimum dividends;
- R$348,223 to be held in Shareholders' Equity in the Retained Earnings Reserve, to guarantee execution of the Company's Investment Program.

The amount of R$222,935 remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2020 and the new constitution in 2021, of the same amount.

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Payment of the dividends will be made by December 30, 2022, in accordance with the availability of cash and at the decision of the Executive Board.

f) Equity valuation adjustments

	2021	2020
Adjustments to actuarial liabilities – Employee benefits	(570,774)	(627,323)
Deemed cost of PP&E	387,832	396,617
Equity valuation adjustment	**(182,942)**	**(230,706)**

The adjustments to post-employment benefit obligations comprise gains or losses resulting from re-measurements of the net defined-benefit obligation, in accordance with the actuarial report. The Company has reclassified the accumulated balance of actuarial losses related to life insurance to Retained Earnings, in the amount of R$8,988, net of taxes, due to the cancellation of this post-employment benefit, with write-off of the obligation the balance (more details are available in Note 22).

The amounts recorded as deemed cost of the generation assets represents its fair value determined using the replacement cost at initial adoption of IFRS on January 1, 2009. The valuation of the generation assets resulted in an increase in their book value, recorded in a specific line in Equity, net of the tax effects. These values are being realized based on the depreciation of the assets.

25. 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 occur: (i) Rights and obligations of the contract with the customer are identified; (ii) the performance obligation of the contract is identified; (iii) the price for each transaction has been determined; (iv) the transaction price has been allocated to the performance obligations defined in the contract; and (v) the performance obligations have been complied.

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

	Consolidated		Parent Company	
	2021	2020	2021	2020
Total revenue from supply of energy – with taxes (a)	7,670,542	7,337,485	6,752,684	6,579,404
Transmission revenue (b)				
Transmission operation and maintenance revenue	612,898	511,366	618,122	516,487
Transmission construction revenue (Note 13)	251,973	201,451	251,973	201,451
Interest revenue arising from the financing component in the transmission contract asset (Note 13)	630,900	411,968	627,912	411,968
Revenue from updating of the concession grant fee (c)	523,105	347,057	-	-
Transactions on CCEE (d)	339,739	153,762	278,347	105,327
Advances for services provided (e)	153,970	-	-	-
Other operating revenues (f)	91,237	140,271	134,696	81,988
Sector / regulatory charges – Deductions from revenue (g)	(1,963,252)	(1,747,272)	(1,761,172)	(1,567,880)
	8,311,112	**7,356,088**	**6,902,562**	**6,328,745**

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(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Parent Company			
	2021		2020		2021		2020	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	14,666,251	3,932,400	10,958,355	2,944,091	13,581,506	3,680,888	10,217,317	2,760,372
Commercial	4,190,978	901,221	4,187,321	904,927	4,158,849	898,860	4,174,499	897,680
Rural	30,986	8,597	16,814	4,577	30,986	8,597	16,814	4,577
Subtotal	**18,888,215**	**4,842,218**	**15,162,490**	**3,853,595**	**17,771,341**	**4,588,345**	**14,408,630**	**3,662,629**
Net unbilled retail supply	-	59,570	-	(4,254)	-	47,367	-	(13,364)
	18,888,215	**4,901,788**	**15,162,490**	**3,849,341**	**17,771,341**	**4,635,712**	**14,408,630**	**3,649,265**
Wholesale supply to other concession holders (2)	10,954,947	2,909,407	14,037,374	3,437,077	9,018,040	2,239,601	12,710,409	2,866,257
Wholesale supply unbilled, net	-	(140,653)	-	51,067	-	(122,629)	-	63,882
	29,843,162	**7,670,542**	**29,199,864**	**7,337,485**	**26,789,381**	**6,752,684**	**27,119,039**	**6,579,404**

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

(b) Transmission concession revenue

- Construction revenue corresponds to the performance obligation to build the transmission infrastructure, recognized based on the satisfaction of obligation performance over time. They are measured based on the cost incurred, including PIS/Pasep and Cofins taxes over the total revenues and the profit margin of the project. For more information, see Note 13;
- Operation and maintenance revenue corresponds to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and 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.

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

	Consolidated	
	2021	2020
Construction and upgrades revenue	251,973	201,451
Construction and upgrades costs	(183,386)	(146,652)
Margin	68,587	54,799
Mark-up (%)	**37.40%**	**37.37%**
Operation and maintenance revenue	612,898	511,366
Operation and maintenance cost	(260,037)	(221,628)
Margin	352,861	289,738
Mark-up (%)	**135.70%**	**130.73%**

(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 12.

(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.

In the third quarter of 2021, part of the energy purchase contracts of the Company were transferred to the Cemig (Parent's Company), beginning the process of segregation of the commercialization business, in order to provide a more accurate view of this business segment results. Segregation of the commercialization business does not affect the Cemig's corporate strategy, of serving the market, with the purpose of delivery of energy to its clients.

(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) Other operating revenues

	Consolidated		Parent Company	
	2021	2020	2021	2020
Charged service	28,539	117,766	72,313	59,483
Subsidies	23,273	21,193	23,273	21,193
Rental and leasing	1,165	1,141	1,165	1,141
Others	38,260	171	37,945	171
	91,237	**140,271**	**134,696**	**81,988**

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(g) Deductions on revenue

	Consolidated		Parent Company	
	2021	2020	2021	2020
Taxes on revenue				
ICMS tax	705,972	578,566	640,178	521,669
Cofins tax	693,363	627,861	612,682	561,031
PIS and Pasep taxes	150,522	136,531	133,016	121,802
ISS tax on services	8,877	5,158	3,804	2,000
	1,558,734	**1,348,116**	**1,389,680**	**1,206,502**
Charges to the customer				
Global Reversion Reserve (RGR)	14,673	15,275	12,210	13,000
Energy Development Account (CDE)	242,683	233,998	242,683	233,998
CDE on P&D	4,933	-	3,777	-
Proinfa Program	65,733	38,532	65,733	38,532
Research and Development (P&D)	7,543	13,651	5,341	10,568
National Scientific and Technological Development Fund (FNDCT)	12,477	13,651	9,118	10,568
Energy System Expansion Research (EPE)	6,238	6,825	4,559	5,284
Electricity Services Inspection Charge (TFSEE)	13,407	14,761	8,241	8,882
Royalties for use of water resources (CFURH)	36,831	62,463	19,830	40,546
	404,518	**399,156**	**371,492**	**361,378**
	1,963,252	**1,747,272**	**1,761,172**	**1,567,880**

26. OPERATING COSTS AND EXPENSES

	Consolidated		Parent Company	
	2021	2020	2021	2020
Personnel (a)	314,700	306,535	291,204	287,008
Employee profit shares	34,622	35,796	34,448	35,648
Post-employment obligation (Note 22) (1)	364	93,882	364	93,882
Materials	26,859	16,759	13,723	9,951
Outsourced services (b)	179,436	157,568	129,025	117,903
Depreciation and amortization (2)	259,454	211,514	193,621	152,358
Provisions (c)	146,935	97,951	146,843	88,004
Charges for use of the national grid	214,987	199,246	156,264	146,371
Energy bought for resale (d)	4,494,512	4,026,190	4,337,918	3,905,833
Transmission infrastructure construction cost (e)	183,386	146,652	183,386	146,652
Other operating expenses, net (f)	114,530	56,066	99,487	12,620
	5,969,785	**5,348,159**	**5,586,283**	**4,996,230**

(1) Due to the changes made in the Collective Work Agreement for 2021–23, for offer and payment of life insurance for the employees and former employees, the Company believes that the post-retirement benefit in question had been canceled, in its entirety, and as a result wrote down the balance of the obligation, remeasured using the revised actuarial assumptions, with a counterpart in the income statement. More details in Note n. 22.

(2) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$108 in the consolidated statements and R$106 in the Parent company statements (R$572 and R$573 on December 31, 2020 for the consolidated statement and parent company statement, respectively)

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.

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The total amount of R$6,168 has been recorded as expense related to this program, corresponding to enrollment of 53 employees.

b) Outsourced services

	Consolidated		Parent Company	
	2021	2020	2021	2020
Communication	4,108	2,960	3,747	2,560
Maintenance and conservation of electrical facilities and equipment	50,682	40,826	21,825	19,629
Building conservation and cleaning	25,369	25,006	20,382	20,316
Contracted labor	3,467	2,663	4,416	2,631
Freight and airfares	545	560	545	559
Accommodation and meals	3,371	1,970	3,364	1,932
Security services	7,887	8,676	4,794	5,674
Consultancy	10,579	8,519	8,894	8,056
Information technology	19,040	18,427	16,254	15,424
Energy	3,803	4,112	3,177	3,458
Environment services	10,965	7,726	7,215	6,345
Cleaning of power line pathways	8,844	5,117	8,549	5,117
Printing and images	1,885	1,868	953	1,147
Legal services and procedural costs	4,681	3,888	4,681	3,652
Others	24,210	25,250	20,229	21,403
	179,436	**157,568**	**129,025**	**117,903**

c) Provisions

	Consolidated		Parent Company	
	2021	2020	2021	2020
Provision for doubtful receivables (Note 8) (1)	13,497	11,054	13,413	1,198
Estimated losses on other accounts receivables (2)	-	258	-	258
Contingency provisions (reversals) (Note 23) (2)				
Employment-law cases	7,221	3,109	7,225	3,036
Civil cases	(74)	18	(74)	18
Tax	10,536	21,850	10,534	21,838
Regulatory	1,538	1,158	1,538	1,158
Others	14,080	7,190	14,070	7,184
	33,301	**33,325**	**33,293**	**33,234**
	46,798	**44,637**	**46,706**	**34,690**
Change in fair value of derivative instruments				
Put option – SAAG (Note 29)	100,137	53,314	100,137	53,314
	146,935	**97,951**	**146,843**	**88,004**

(1) The expected losses on receivables are presented as selling expenses in the Statement of Income.
(2) The estimated losses on other accounts receivable are presented in the consolidated Statement of income as operating expenses.
(3) The provisions for contingencies are presented in the Statement of Income for the year as operating expenses.

d) Energy bought for resale

	Consolidated		Parent Company	
	2021	2020	2021	2020
Spot market – CCEE	218,085	440,519	175,603	338,982
Acquired in free market	4,723,637	3,976,906	4,599,033	3,950,026
PIS/Pasep and Cofins credits	(447,210)	(391,235)	(436,718)	(383,175)
	4,494,512	**4,026,190**	**4,337,918**	**3,905,833**

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e) Transmission infrastructure construction cost

	Consolidated		Parent Company	
	2021	2020	2021	2020
Personnel	9,362	8,370	9,362	8,370
Materials	123,952	90,176	123,952	90,176
Outsourced services	50,304	48,153	50,304	48,153
Other (recovery of expenses)	(232)	(47)	(232)	(47)
	183,386	**146,652**	**183,386**	**146,652**

f) Other operating expenses

	Consolidated		Parent Company	
	2021	2020	2021	2020
Leasing and rentals (1)	4,695	4,194	1,195	2,747
Advertising	2,243	1,640	2,217	1,571
Subsidies and donations	11,481	4,257	6,047	163
Paid concessions	3,456	2,801	3,446	2,791
Taxes (IPTU, IPVA and others)	6,946	1,684	5,903	1,135
CCEE annual charge	2,595	2,565	2,594	2,543
Insurance	13,953	12,514	11,910	10,465
Net loss (gain) on deactivation and disposal of assets	(11,679)	(28,082)	(11,679)	(28,098)
Forluz – Administrative running cost	6,954	6,618	6,952	6,617
Obligations deriving from investment contracts (2)	11,121	9,289	11,121	9,289
Losses (gains) on investments (3)	40,071	(13,825)	40,071	-
Other	22,694	52,411	19,710	3,397
	114,530	**56,066**	**99,487**	**12,620**

(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$149 million at December 31, 2021 (R$119 million at Dec ember 31, 2020, of which Cemig GT's portion is R$52 million (R$41 million on December, 31, 2020).

(3) The Company injected capital into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber, in the amount of R$40,071. This amount is proportional to its shareholding interest in the investee of 49% and was recognized under Other expenses in the Company's income statement.

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27. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	2021	2020	2021	2020
FINANCE INCOME				
Income from cash investments	74,798	33,268	51,350	21,613
Arrears fees on sale of energy	7,558	8,928	5,184	4,456
Monetary updating	25,605	16,953	22,808	14,185
Monetary updating on escrow deposits	3,741	3,873	3,683	3,768
Gains on financial instruments – swap (Note 29)	-	1,752,688	-	1,752,688
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS	4,512	11,497	2,504	11,019
Others	27,472	66,769	26,154	62,609
Pasep and Cofins taxes on financial revenues	(5,653)	(3,961)	(5,192)	(5,342)
	138,033	**1,890,015**	**106,491**	**1,864,996**
DESPESAS FINANCEIRAS				
Costs of loans, financings and debentures (Note 20)	(803,935)	(926,183)	(803,609)	(923,243)
Amortization of transaction cost (Note 20)	(16,359)	(12,095)	(16,359)	(12,095)
Monetary updating – Forluz	(15,751)	(11,920)	(15,751)	(11,920)
Inflation adjustment – Loans, financings and debentures (Note 20)	(44,757)	(43,337)	(43,637)	(35,134)
Monetary updating	(18,131)	(29,618)	(9,199)	(16,108)
FX variation from loans and financings (Note 20)	(353,950)	(1,749,000)	(353,950)	(1,749,000)
Discount and premium on repurchase of debt securities (*Eurobonds*) (Note 20)	(491,037)	-	(491,037)	-
Losses on financial instruments – swap (Note 29)	(537,976)	-	(537,976)	-
Leasing – Monetary variation (Note 17)	(4,856)	(5,342)	(4,653)	(5,120)
Others	(11,991)	(6,349)	(6,794)	(1,150)
	(2,298,743)	**(2,783,844)**	**(2,282,965)**	**(2,753,770)**
NET FINANCE EXPENSES	**(2,160,710)**	**(893,829)**	**(2,176,474)**	**(888,774)**

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28. RELATED PARTY TRANSACTIONS

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

COMPANY	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	2021	2020	2021	2020	2021	2020	2021	2020
CEMIG								
Current								
Interest on Equity, and dividends	-	-	799,947	891,998	-	-	-	-
Other credits	4,038	-	-	-	-	-	-	-
Affiliated (1)								
Madeira Energia								
Current								
Transactions in energy (2)	7,533	2,173	106,975	69,386	94,883	34,803	(1,518,678)	(996,819)
Adjustment for losses (3)	-	-	161,648	-	-	-	(161,648)	-
Jointly controlled entity (1)								
Aliança Geração								
Current								
Transactions in energy (2)	-	-	6,928	6,260	545	542	(90,630)	(86,953)
Provision of service	512	313	-	-	4,693	4,371	-	-
Contingencies (4)	-	-	52,497	41,376	-	-	(11,121)	(9,289)
Norte Energia								
Current								
Transactions in energy (2)	2,338	130	-	-	26,363	28,113	(66,485)	(40,081)
Baguari Energia								
Current								
Provision of service (5)	211	211	-	-	691	775	-	-
Interest on Equity, and dividends	-	-	-	-	-	-	-	-
Lightger								
Current								
Transactions in energy (2)	-	-	2,160	1,646	-	-	(27,885)	(22,521)
Retiro Baixo								
Current								
Interest on Equity, and dividends	7,202	-	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in energy (2)	-	-	3,153	2,728	-	-	(37,063)	(25,777)
Interest on Equity, and dividends	-	2,680	-	-	-	-	-	-
Taesa								
Current								
Transactions in energy (2)	-	-	1,488	940	252	164	(13,288)	(11,299)
Provision of service (5)	150	289	-	-	1,242	979	-	-
Hidrelétrica Itaocara								
Current								
Adjustment for losses (6)	-	-	20,767	29,615	-	-	-	-
Cemig Geração Poço Fundo								
Current								
Interest on Equity, and dividends	-	294	-	-	-	-	-	-
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (7)	2,362	1,707	-	-	4,826	5,700	-	-
Transactions in energy (2)	33,647	29,268	1,927	1,016	337,480	300,410	(28,784)	(27,194)
FIC Pampulha								
Current								
Cash and cash equivalents	44,789	57,797	-	-	-	-	-	-
Marketable securities	943,747	1,131,739	-	-	16,545	11,006	-	-
Non-current								
Marketable Securities	194,110	254,481	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (8)	-	-	40,878	35,907	-	-	(41,878)	(43,320)
Supplementary pension contributions – Defined contribution plan (9)	-	-	-	-	-	-	(21,148)	(20,390)
Administrative running costs (10)	-	-	-	-	-	-	(6,952)	(6,617)
Operating leasing (11)	36,900	37,062	4,983	4,824	-	-	(6,316)	(10,922)
Non-current								
Post-employment obligations (8)	-	-	507,234	569,351	-	-	-	-
Operating leasing (11)	-	-	35,534	34,639	-	-	-	-

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COMPANY	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	2021	2020	2021	2020	2021	2020	2021	2020
Cemig Saúde								
Current								
Health Plan and Dental Plan (12)	-	-	38,807	32,380	-	-	(56,120)	(52,670)
Non-current	-	-						
Health Plan and Dental Plan (12)	-	-	720,295	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 14 – 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) A loss was recognized for extension of the contractual obligations which the Company had assumed to the investee and the other stockholders. On December 31, 2021 this amount was R$161,648. More details in note n.14.
(4) 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$149 million (R$119 million at December 31, 2020), of which Cemig's portion is R$52 million (R$41 million on December, 31, 2020).
(5) Refers to a contract to provide plant operation and maintenance services.
(6) A liability was recognized corresponding to the Company's interest in the share capital of Hidrelétrica Itaocara, due to its negative equity (more details in Note 14).
(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 22).
(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 September 20, 2021 the rental contract was adjusted upward by 9.68%, corresponding to accumulated IPCA inflation over the prior 12 months. On April, 27, Cemig signed with Forluz a contract amendment due to the transfer of Cemig Sim and 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 22).

Dividends receivables

	Consolidated		Parent Company	
	2021	2020	2021	2020
Cemig Geração Três Marias S.A.	-	-	28,000	-
Cemig Geração Salto Grande S.A.	-	-	17,793	-
Cemig Geração Poço Fundo S.A.	-	-	-	294
Aliança Geração de Energia S.A.	224,896	114,430	224,896	114,430
Others (1)	7,202	2,680	9,515	2,680
	232,098	**117,110**	**280,204**	**117,404**

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

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Purchase of energy guarantee

In the Financing Instruments of Santo Antônio Energia S.A., the Company granted a guarantee of trading of this investee's production, until 57.42 MWaverage per year, for a minimum annual revenue of R$66,114, with base date December 31, 2007, adjusted by the IPCA inflation index, during the period from May 1, 2027 until conclusion of settlement of the obligations arising from those Financing Instruments. Additionally, a guarantee was given for trading of the Assured Energy of this investee, 6.04 MW average, for the period from January 1, 2030 up to completion of settlement of the obligations arising from those financing instruments.

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 December 31, 2021 are reported in Marketable Securities in current or non-current assets, in proportion to the interests held by the Company in the fund, 53.20% on December 31, 2021 (33.32% on December 31, 2020).

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 financial statements of the period ended December 31, 2021 and December 31, 2020, are as follows:

	2021	2020
Remuneration	4,192	3,451
Profit shares	670	1,149
Private pension	315	249
Health and dental plans	36	30
Life Insurance	2	-
Total (1)	**5,215**	**4,879**

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

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29. 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	2021		2020	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities	2	597,205	597,205	465,128	465,128
Customers and traders concession holders (transmission service)	2	797,972	797,972	1,027,137	1,027,137
Restricted cash	2	17,063	17,063	53,565	53,565
Escrow deposits	2	161,820	161,820	160,321	160,321
Concession grant fee – Generation concessions	3	2,792,201	2,792,201	2,549,198	2,549,198
		4,366,261	**4,366,261**	**4,255,349**	**4,255,349**
Fair value through income or loss					
Cash equivalents – Investments		117,154	117,154	374,478	374,478
Marketable securities					
Bank certificates of deposit (CDBs)	1	55,290	55,290	123,738	123,738
Financial notes (LF's) – Banks	2	387,296	387,296	551,425	551,425
Treasury financial notes (LFT's)	1	98,108	98,108	246,471	246,471
		657,848	**657,848**	**1,296,112**	**1,296,112**
Derivative financial instruments (swaps)	3	1,219,176	1,219,176	2,948,930	2,948,930
Reimbursements receivable – Generation	3	816,202	816,202	816,202	816,202
		2,035,378	**2,035,378**	**3,765,132**	**3,765,132**
		7,059,487	**7,059,487**	**9,316,593**	**9,316,593**
Financial Liabilities					
Amortized cost (1)					
Loans, financing and debentures	2	(6,029,460)	(6,029,460)	(8,885,711)	(8,885,711)
Debt with pension fund (Forluz)	2	(87,015)	(87,015)	(106,940)	(106,940)
Deficit of pension fund (Forluz)	2	(121,961)	(121,961)	(122,234)	(122,234)
Concessions payable	3	(26,813)	(26,813)	(23,476)	(23,476)
Suppliers	2	(383,786)	(383,786)	(465,939)	(465,939)
Leasing transactions	2	(45,450)	(45,450)	(44,543)	(44,543)
		(6,694,485)	**(6,694,485)**	**(9,648,843)**	**(9,648,843)**
Fair value through income or loss					
Derivative financial instruments Swap transactions	3	(6,130)	(6,130)	-	-
SAAG Put options	3	(636,292)	(636,292)	(536,155)	(536,155)
		(7,336,907)	**(7,336,907)**	**(10,184,998)**	**(10,184,998)**

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

At initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting standards currently in effect. *Fair value* is a measurement based on assumptions that market participants would use in pricing an asset or liability, assuming that market participants act in their economic best interest. The information applied in the fair value valuation techniques is classified in three levels of fair value hierarchy, as follows:

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

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

- Level 3. No active market – Valuation techniques: Fair value is determined based on generally accepted valuation techniques, such as on discounted cash flow analysis or other valuation techniques such as, including non-observable data, such as the measurement at new replacement value (Valor novo de reposição, or VNR). Non-observable data should be used to measure fair value where significant observable data is not available, admitting situations in which there is little or no market activity at the measurement date. Non-observable data are developed using the best possible information available in the circumstances, which may include the entity's own data.

The fair value hierarchy prioritizes information (inputs) from valuation techniques, and not the valuation techniques used for measurement of fair value. In some cases information is used from different hierarchy levels in measurement of fair value, and this is classified entirely in the same level of the fair value hierarchy applicable to the significant information of a lower level. For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

Indemnifiable receivable – Generation: Measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession. More details in note n. 12.1.

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

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

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

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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 + 2.34% to 4.62%.

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$636,292 was recorded in the Company's financial statements for the difference between the exercise price and the estimated fair value of the assets. Considering the early liquidation of Funds, and early maturity of put option, this amount was classified as current liabilities.

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

	Consolidated and Parent
Balance at December 31, 2019	**482,841**
Adjustment to fair value	53,314
Balance at December 31, 2020	**536,155**
Adjustment to fair value	100,137
Balance at December 31, 2021	**636,292**

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.

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As established by contract, funds liquidation is one of the events that would result in 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.

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 prerogative contained in the option instruments, the Company invoked the contractual mechanism of Amicable Resolution for the contractual terms negotiation with the private pension plan entities. Since the amicable negotiation failed, the Company invoked the arbitration clause for resolution of conflict between the parties, which awaits the decision of the Brazil Canada Chamber of Commerce of the State of São Paulo.

The Company recorded the accounting effects of this contract in accordance with the contract's 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 currency options) 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 20.

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The half-yearly settlements of interest in the swap took place on June 7, 2021 and December 6, 2021, with a positive effect of R$399,799, resulting in a net cash inflow to the Company of R$339,829. The total amount of hedge settlement until December 31, 2021 was R$1,174,207, with net cash inflow of R$998,075. The results from the settlement of the NDF was R$23,700, with net cash inflow of R$23,699.

Assets (1)	Liability (1)	Maturity period	Trade market	Notional amount (2)	Realized gain (loss) in 2021	Realized gain (loss) In 2020
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$ 151.99% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$1,000,000	1,018,638	328,817
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$ 125.52% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$500,000	155,569	165,884
US$ exchange variation higher R$5.0984	US$ exchange variation lower R$5.0954	August 3, 2021	Over the counter	US$600,000	23,700	-
					1.197.907	**494,701**

The notional amount of derivative transactions are not presented in the statement of financial position, since they refer to transactions that do not require cash as only the gains or losses actually incurred are recorded. The net result of those transactions on December 31, 2021 was a negative adjustment of R$537,976 (positive adjustment of R$1,752,688 on December 31, 2020), which was posted in finance income (expenses).

The counterparties of the derivative transactions are the banks Bradesco, Itaú, Goldman Sachs and BTG Pactual. Cemig is guarantor of the derivative financial instruments contracted by the Company. The counterparts of the NDF were Deutsche Bank, Bradesco, XP Inc. and Goldman Sachs.

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

Assets	Liability	Maturity period	Trade market	Notional amount (2)	Unrealized gain (loss)		Unrealized gain (loss)	
					Carrying amount In 2021	Fair value in 2021	Carrying amount In 2020	Fair value in 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$500,000	873,095	706,401	1,772,477	2,110,490
US$ 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	577,565	506,645	587,945	838,440
					1,450,660	**1,213,046**	**2,360,422**	**2,948,930**
Current assets						-		**522,579**
Non-current assets						**1,219,176**		**2,426,351**
Current liabilities						**(6,130)**		

(1) For the US$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R$3.25/US$ and ceiling at R$5.00/US$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. 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 up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate.

(2) In millions of US$.

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

The fair value at December 31, 2021 was R$1,213,046 (R$2,948,930 on December 31, 2020), which would be the reference if the Company would liquidate the financial instrument on that date, but the swap contracts protect the Company's cash flow up to the maturity of the bonds in 2024 and they have carrying amount of R$1,450,660 at December 31, 2021 (R$2,360,422 on December 31, 2020).

The Company is exposed to market risk due to having contracted this hedge, the principal potential impact being a change in future interest rates and/or the future exchange rates. Based on the futures curves for interest rates and dollar, the Company prepare a sensitivity analyses and estimates that in a probable scenario, its results would be positively affected by the swap and call spread, on December 31, 2022 in the amount of R$132,632. The fair value of the financial instrument was estimated in R$1,345,678, in which R$1,148,708 refers to the option (call spread) and R$196,971 refers to the swap.

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

Parent Company and Consolidated	Base scenario 2021	'Probable' scenario 2022	'Possible' scenario: exchange rate depreciation and interest rate increase 25%	'Remote' scenario: exchange rate depreciation and interest rate increase 50%
Swap, asset	**4,157,204**	**4,036,301**	**3,605,368**	**3,199,211**
Swap, liability	(3,942,500)	(3,839,331)	(3,902,419)	(3,962,727)
Option / Call spread	998,342	1,148,708	812,680	295,808
Derivative hedge instrument	**1,213,046**	**1,345,678**	**515,629**	**(467,708)**

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

c) Financial risk management

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

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

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

Exchange rate risk

For the debt denominated in foreign 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			
	2021		2020	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financings (Note 20)	(1,007,557)	(5,622,673)	(1,511,336)	(7,853,959)
Net (liabilities) exposed		**(5,622,673)**		**(7,853,959)**

<u>Sensitivity analysis</u>

The Company estimates, based on finance information from its financial consultants, that in a probable scenario, on December 31, 2022 the exchange rates of foreign currencies in relation to the Real will be as follows: depreciation of the dollar exchange rate by 8.61%, to R$5.10/US$. The

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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	2021	2022		
	Book value	'Probable' scenario Dollar 5.10	'Possible' scenario + 25% Dollar 6.38	Remote' scenario + 25% Dollar 7.65
US dollar				
Loans and financings (Note 20)	(5,622,673)	(5,138,542)	(6,428,215)	(7,707,813)
Net liabilities exposed	**(5,622,673)**	**(5,138,542)**	**(6,428,215)**	**(7,707,813)**
Net effect of exchange rate variation		**484,131**	**(805,542)**	**(2,085,140)**

Interest rate risk

This risk arises from the effect of variations in Brazilian interest rates on the net financial result composed of 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	
	2021	2020	2021	2020
Assets				
Cash equivalents (Note 6) – CDI rate	117,154	374,478	82,292	289,877
Securities (Note 7) – CDI and Selic rates	1,137,899	1,386,762	745,258	1,089,599
Restricted cash – CDI	17,063	53,565	5,843	18,351
	1,272,116	**1,814,805**	**833,393**	**1,397,827**
Liabilities				
Loans, financings and debentures – CDI rate (Note 20)	-	(288,839)	-	(288,839)
Loans, financings and debentures – TJLP Rate (Note 20)	-	(31,290)	-	-
	-	**(320,129)**	-	**(288,839)**
Net assets exposed	**1,272,116**	**1,494,676**	**833,393**	**1,108,988**

<u>Sensitivity analysis</u>

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on December 31, 2022 will be 13%. 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.

Risk: Reduction in Brazilian interest rates – Consolidated	2021	2022		
	Amount Book value	'Probable' scenario: Selic 13.00%	'Possible' scenario -25% Selic 9.75%	Remote' scenario -50% Selic 6.50%
Assets				
Cash equivalents – Cash investments (Note 6)	117,154	132,384	128,577	124,769
Marketable securities (Note 7)	1,137,899	1,285,826	1,248,844	1,211,862
Restricted cash	17,063	19,281	18,727	18,172
Net assets	**1,272,116**	**1,437,491**	**1,396,148**	**1,354,803**
Net effect of variation in interest rates		**165,375**	**124,032**	**82,687**

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Inflation risk

The Company and its subsidiaries are exposed to the risk of reduction in inflation index on December 31, 2021 . A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues related to the contract 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	
	2021	2020	2021	2020
Assets				
Generation – Concession grant fee – IPCA (Note 12)	2,792,201	2,549,198	-	-
Liabilities				
Loans, financings and debentures – IPCA (Note 20)	(428,367)	(761,520)	(428,367)	(761,520)
Debt agreed with pension fund (Forluz) – (Note 22)	(87,015)	(106,940)	(87,015)	(106,940)
Solution for Forluz pension fund deficit (Note 22)	(121,961)	(122,234)	(121,961)	(122,234)
	(637,343)	**(990,694)**	**(637,343)**	**(990,694)**
Net assets (liabilities) exposed	**2,154,858**	**1,558,504**	**(637,343)**	**(990,694)**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on December 31, 2022 will be 6.68%. 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	2021	2022		
	Book value	'Probable' scenario: IPCA 6.68%	'Possible' scenario - 25% IPCA 5.01%	Remote' scenario - 50% IPCA 3.34%
Assets				
Generation – Concession Grant Fee – IPCA (Note 12)	2,792,201	2,978,720	2,932,090	2,885,461
Liabilities				
Loans, financings and debentures – IPCA (Note 20)	(428,367)	(456,982)	(449,828)	(442,674)
Debt agreed with pension fund (Forluz) (Note 22)	(87,015)	(92,828)	(91,374)	(89,921)
Solution for Forluz pension fund deficit (Note 22)	(121,961)	(130,108)	(128,071)	(126,034)
	(637,343)	**(679,918)**	**(669,273)**	**(658,629)**
Net assets exposed	**2,154,858**	**2,298,802**	**2,262,817**	**2,226,832**
Net effect of variation in inflation		**143,944**	**107,959**	**71,974**

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, budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected, over 180 days.

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Short-term investments must comply with investing principles established in the Company's Cash Investment Policy. These include applying its resources in private credit investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

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

Any reduction in the Company'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	-	437,653	505,242	5,981,798	-	6,924,693
Onerous concessions	310	640	2,849	12,753	15,305	31,857
Debt agreed with pension fund (Forluz)	3,137	6,336	29,130	60,902	-	99,505
Solution for deficit of pension fund (Forluz)	1,386	2,797	12,895	74,814	109,052	200,944
	4,833	**447,426**	**550,116**	**6,130,267**	**124,357**	**7,256,999**
Fixed rate						
Suppliers	382,758	1,028	-	-	-	383,786
	387,591	**448,454**	**550,116**	**6,130,267**	**124,357**	**7,640,785**

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	-	437,653	505,242	5,981,798	-	6,924,693
Onerous concessions	310	640	2,849	12,753	15,305	31,857
Debt agreed with pension fund (Forluz)	3,137	6,336	29,130	60,902	-	99,505
Solution for deficit of pension fund (Forluz)	1,386	2,797	12,895	74,814	109,052	200,944
	4,833	**447,426**	**550,116**	**6,130,267**	**124,357**	**7,256,999**
Fixed rate						
Suppliers	333,988	391	-	-	-	334,379
	338,821	**447,817**	**550,116**	**6,130,267**	**124,357**	**7,591,378**

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.

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The provision for doubtful debtors constituted on December 31, 2021, considered to be adequate in relation to the credits receivable and in arrears, was R$28,002.

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, and may be of public or private capital as well as financial or non-financial entities. The Company does not carry out any transactions in variable income securities or that would bring volatility risk into its financial statements.

As a management instrument, the Company divide the investment of its funds into direct purchases of securities (own portfolio) and investment funds. The investment funds invest the funds exclusively in fixed income products, having companies of the Group as the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

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

1. Minimum Brazilian long-term rating of 'BBB'(bra), 'brBBB' or 'Baa2' by any of the agencies: Fitch Ratings, Moody's or Standard & Poor's;
2. Equity greater than R$800 million;
3. Basel ratio one percentage point above the minimum set by the Brazilian Central Bank.

The quality of the financial institutions' credit portfolio is another indicator that is monitored, and may result in reduction of the institution's limit.

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

Group	Equity	Limit per bank (% of equity) (1) (2)			
		AAA	AA	A	BBB
Federal Risk	-	10%	10%	10%	10%
A1	Equal or over R$10 billion	9%	8%	7%	6%
A2	Between R$5 billion and R$10 billion	8%	7%	6%	5%
A3	Between R$2 billion and R$5 billion	7%	6%	5%	4%
A4	Between R$800 million and R$2 billion	6%	5%	4%	-

(1) The percentage assigned to each bank depends on an individual assessment of indicators such as liquidity and quality of the credit portfolio.
(2) When the institution has different ratings from different risk rating agencies, the rating that is most favorable for the institution is taken into account.

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The Company also sets two concentration limits:

1. No bank may have more than 30% of the Cemig group's portfolio;
2. The banks in the 'Federal risk', 'A1' and 'A2' groups must concentrate at least 50% of the total of the funds available, comprising investments held in the Investment Funds and in the own portfolio, excluding public securities.

The Company only permits investments in securities of non-financial companies that have a rating equal to or higher than the most recent rating of the Cemig holding company published by the risk rating agencies Fitch Rating, Moody's or Standard & Poor's.

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 1b..

Hydrological risk

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

The Company continuously monitors the position of its energy balance and the risk position of power purchase contracting, in order to ensure that transactions are consistent with its objectives and corporate strategy.

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. Non-compliance with these covenants could result in earlier maturity of debts.

On December 31, 2021 the Company and its subsidiaries were compliant with all the financial covenants requiring half-yearly, annual and permanent compliance. More details in Note 20.

d) Capital management

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

	Consolidated		Parent Company	
	2021	2020	2021	2020
Total liabilities	11,595,320	14,613,694	11,147,824	14,206,769
Cash and cash equivalents (Note 6)	(123,071)	(384,397)	(86,064)	(290,995)
Marketable securities (Note 7)	(943,789)	(1,132,281)	(618,130)	(889,671)
Net liabilities	10,528,460	13,097,016	10,443,630	13,026,103
Total equity	7,755,454	5,842,171	7,755,454	5,842,171
Net liabilities / equity	1.36	2.24	1.35	2.23

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30. ASSETS AS HELD FOR SALE

Cemig GT’s interest in Renova disposal process

On November 11, 2021, the Company signed a Share Purchase Agreement with AP Energias Renováveis Fundo de Investimento em Participações Multiestratégia, an Angra Partners’ investment vehicle, administered and managed by Mantiq Investimentos Ltda, including the sale of the whole equity interest of 13.80% held in Renova S.A – In-Court Supervised Reorganization (“Renova”) and the assignment, for consideration, of all credits owned to the Company by Renova Comercializadora de Energia S.A. – In-Court Supervised Reorganization, for total consideration of R$60 million. The contract establishes the Company right to an earn-out, depending on certain future events.

The agreement specifies others terms and conditions for the closing of the transaction, and is subject to compliance with certain precedent conditions that are usual in similar transactions, including prior approval by the grantor authorities, the creditors holding asset guarantees listed in Renova’s Court-Supervised Reorganization Plan and the counterparties in certain commercial contracts. In the event of the Transaction being completed, there will be potential for the Company to benefit from certain tax credits. The final date for implementation of Closure of the Transaction is 180 calendar days from the date of signature of the Angra Agreement.

The equity interest held in Renova, which carrying amount is zero since December 31, 2018, was classified as an asset held for sale, according to IFRS 5/CPC 31 – *Non-current Asset held for Sale and Discontinued Operation*, at the forth quarter of 2021, in view of the high probability of conclusion of its plan for sale, especially after the approval by the competent governance body, which the signature of the instrument.

Renova for in-court supervised reorganization

On December 31, 2021, Renova had net working capital of R$6,974, accumulated losses of R$3,959,358, negative shareholders’ equity (uncovered equity) of R$651,178 and net income, in the year, of R$34,829.

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

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 year ended on December 31, 2021 does not have any additional impact on its financial statements and does not affect the sale’s plan of its equity interest in the investee.

The principal events in Renova’s in Court-supervised reorganization have been as follows:

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- On October 25, 2019 Cemig (Parent's Company) signed Debtor in Possession (DIP) loan agreements in the total amount of R$36.5 million. The funds of these loans were guaranteed by fiduciary assignment of the equity interests held in a company holding wind generation project assets owned by Renova, with approximate value of R$60 million. On June 30, 2020 Cemig recognized an impairment of the loan granted, in the amount of R$37.4 million. Under the agreement for purchase of shares in Renova, the Company assumed an obligation not to execute the amount under this loan, made after the proceedings of in court supervised reorganization had begun, until disposal of the Independent Productive Unit (UPI) SF 120, the company owning the Mina de Ouro project.

- 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.
- On December 18, 2020, the in court-supervised reorganization Plans filed by Renova were approved by the General Meeting of Creditors (AGC) and ratified by the recovery court on the same day.
- On May 06, 2021 and August 23, 2021, the first and second capital increase of Renova were approved, corresponding to the capitalization of credits, in accordance with the terms of the court supervised reorganization plan, not accompanied by the Company, which also did not request the conversion of its credits into equity. On November 11, 2021 the third 'window' agreed for increase in Renova's Capital, specified in the in court supervised reorganization Plan, terminated. This resulted in aggregate credits of not more than R$15 million. Because of this events the equity interest held by the Company in the common shares of Renova reduced from 36.23%, on March 31, 2021 to 13.80% on December 31, 2021.
- On November 24, 2021 the competitive proceeding for disposal of the UPI Enerbrás was ratified, with Vinci Energia Fundo de Investimentos em Participações em Infraestrutura being declared the winner, through its subsidiary V2i Energia S.A, for the amount of R$265.8 million, with completion subject to precedent conditions that are usual in the market.
- On December 1, 2021, sale of Renova's entire equity interest in the UPI Brasil PCH to the other shareholders of Brasil PCH S.A. (BSB Energética S.A and Eletroriver S.A, exercising their right of first refusal under the Shareholders' Agreement) was concluded, in the terms specified in the Tender Offer and in the in court-supervised reorganziation Plan of the Renova Group. The funds received in the transaction, in the amount of R$1,100,000, were used for early settlement of the Debtor in Possession (DIP) loan contracted by its subsidiary Chipley SP Participação S.A., with co-obligation by Renova and Renova Participações S.A., with Quadra Gestão de Recursos S.A.

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- On January 27, 2022, Renova accepted the proposal presented by AES GF1 HOLDING S.A., under a share purchase agreement for sale of certain assets and rights of the Cordilheira dos Ventos complex, comprising the projects Facheiro II, Facheiro III and Labocó, in the State of Rio Grande do Norte, with potential for development of wind generation capacity of 305 MW. The agreement included the right to an earn-out if the generation capacity built in the areas comprising the project turns out to be higher than 305 MW. The transaction is subject to certain conditions precedent, including holding of a competitive proceeding for the disposal of the Cordilheira dos Ventos UPI, under the in court supervised reorganization. Proceedings, with AES as First Proposer (i.e. of a 'Stalking Horse' offer), with the right to match any offer made by third parties interested in the acquisition. On March 15, 2022, this process was ratified by the Judge of the second Bankruptcies and Supervised Reorganization Court of the Central legal district of São Paulo, with AES GF1, Holding S.A. being declared the winner, for the amount of R$42 million.

31. INSURANCE

The Company maintains insurance policies to cover damages on certain assets, in accordance with orientation by specialists, as listed below, taking into account the nature and the degree of risk, for amounts considered sufficient to cover any significant losses related to its assets and responsibilities. The risk assumptions adopted, due to their nature, are not part of the scope of an audit of the financial statements, and consequently were not examined by the external auditors.

Assets	Cover	Dates of cover	Amount insured (1)	Annual premium (1)
Air transport – Aircraft	Fuselage	May 27, 2021 to May 27, 2022	US$1,500	
	Third party	May 27, 2021 to May 27, 2022	US$4,000	US$55
Warehouse stores	Fire	Nov. 2, 2021 to Nov. 2, 2022	R$21,119	R$35
Facilities in buildings	Fire	Jan. 8, 2022 to Jan. 8, 2023	R$220,822	R$68
Telecoms equipment	Fire	September 30, 2021 to September 30, 2022	R$29,302	R$32
Operational risk – generators, rotors, and power equipment above R$1 million	(2)	Dec, 7, 2021 to Dec. 7, 2022	R$757,263	R$1,269

(1) Amounts expressed in thousands of Reais or dollars.
(2) The maximum indemnity limit (MIL) is R$269,785.

Except for air travel and aircraft insurance, the Company does not have third party accident liability insurance, and is not seeking proposals for this type of insurance. Additionally, the Company have not sought proposals for and do not have current policies for insurance against events that could affect their facilities such as earthquakes, floods, systemic failures or business interruption. The Company has not suffered significant losses arising from these risks.

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32. COMMITMENTS

The Company has contractual obligations and commitments, including purchase of energy and operational leasing, as follows:

	2022	2023	2024	2025	2026	2027 onwards	Total
Purchase of energy	4,785,984	3,911,220	3,592,817	3,502,277	3,490,504	27,831,580	47,114,382

33. 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 the CPI. The CPI was entitled to investigate the facts underlying the application for its creation, for 120 calendar days from appointment of its Chair and Vice-chair. This period was extended, on October 26, 2021, for 60 days.

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 had complied with the requests, into deadlines. Additionally, in relation to the processes of contracting, the Company carries out regular audits. At present there is an examination in progress in one of these: based on the results identified to date, no material impacts have been identified on the financial statements for the year ending December 31, 2021, nor for prior business years. The Company expects that the procedures will be concluded in the second quarter of 2022.

On February 18, 2022 the CPI approved its final report, to be submitted to the Public Attorneys' Office of Minas Gerais State, and other public control bodies, for assessment of what further submissions of it should be made. So far there are not known to be any potential accusations that might take place by reason of the results indicated by the CPI.

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The Company reaffirm, that all the actions taken by the present management aimed to preserve the shareholders' equity of the Company and ensure improvement in the offer of energy services to its clients, rigorously following the relevant legislation.

****

(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

José Guilherme Grigolli Martins
Accounting Manager
Accountant – CRC-1SP/242451-O4

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

Independent auditor's report on individual and consolidated financial statements

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

Opinion

We have audited the individual and consolidated financial statements of Cemig Geração e Transmissão S.A. (the "Company"), identified as individual and consolidated, respectively, which comprise the statements of financial position as at December 31, 2021, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Cemig Geração e Transmissão S.A. as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Restatement of disclosure of operating segments

As described in Note 5, as a result of the change in the operating segments structure, the Company adjusted the disclosure of operating segments for year ended December 31, 2020, as provided for in NBC TG 22 – Information per Segment (IFRS 8 – Operating Segments). Our opinion is not modified in respect to this matter.

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

As described in Note 30 to the individual and consolidated financial statements, jointly-controlled entity Renova Energia S.A., currently classified as a non-current asset held for sale, has been undergoing an in-court supervised process since 2020. Additionally, as described in Note 14 to the individual and consolidated financial statements, affiliate Madeira Energia S.A. presents a negative net working capital, and circumstances were identified that demonstrate the need for third parties, the Company and/or other shareholders of this company to provide financial support, and specific circumstances in which shareholders' obligations are established in shareholders' agreements. These events or conditions, together with other matters described in the referred Notes, indicate the existence of material uncertainty that may raise significant doubt as to the ability of Renova Energia S.A. and Madeira Energia S.A. to continue as a going concern. Our opinion is not modified in respect to these matters.

Risks relating to compliance with laws and regulations

As mentioned in Notes 14 and 33 to the individual and consolidated financial statements, the Company, its parent Companhia Energética de Minas Gerais – Cemig and certain investees are being investigated by public authorities and include some of their other shareholders and certain executives of the Company and of these other shareholders. We are currently unable to foresee future developments or potential impacts of these investigation processes conducted by the public authorities on the financial statements of the Company and its subsidiaries. Our opinion is not modified in respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Concession's infrastructure

As disclosed in Notes 12, 13 and 16 to the individual and consolidated financial statements, as at December 31, 2021, the Company and its subsidiaries recorded concession financial assets, contract assets and intangible assets amounted to R$ 3,608,403 thousand, R$4,276,982 thousand and R$ 1.112.912 thousand, respectively, which represent the concession infrastructure.

For generation, the concession financial assets is represented by indemnifiable receivable for hydroelectric power generation plants that were included in Lot D in 2016 and the amount invested by the Company that was not fully amortized at the end of the concession period and will be indemnified by the grantor, amounted to R$ 816,202 thousand. Generation intangible assets are mainly represented by the fair value of hydroelectric power plants' grant rights recorded in 2021 due to repactuation of hydrologic risk (Generation Scaling Factor-GSF), which resulted in extension of the concession period, amounted to R$ 966,065 thousand.

Determination of the expenditures that qualify as investments on concession infrastructure and are subject to indemnification has a direct impact on evaluation of to generation concession financial assets.

Recognizing concession assets and revenue from transmission infrastructure requires the use of estimations and judgment by the Executive Board on: (i) the moment when control over an asset is obtained; (ii) the efforts or inputs necessary to satisfy the performance obligations; (iii) profit margins expected in each performance obligation; (iv) the expected revenue; and (v) the discount rate that represents the financial component embedded in the future inflows.

Due to the high relevance of the amounts and the significant degree of judgment involved, we considered measurement of the concesson's intangible assets, indemnifiable financial assets and contract assets a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others: (i) evaluating the design and operating effectiveness of the Company's and subsidiaries' internal controls over accounting for infrastructure, including the allocation of indirect costs, comparing costs with historical data and observable industry standards, measuring the indemnifiable financial assets relating to generation concessions and to revenues from contracts with customers in the transmission segment, including the controls over Executive Board's review of the significant assumptions underlying the measurement and accounting of these assets; (ii) analyzing the determination of the margin on projects under construction and projects of enhancements and upgrades of the existing transmission infrastructure, by verifying the methodology and assumptions adopted by the Company, to estimate the total construction cost, and present value of future cash flows, discounted at the implicit interest rate that represents the financial component embedded in the cash flow; (iii) involving our internal specialists, in evaluating the significant assumptions used in financial model, analyzing the methodology and calculations to determine the implicit discount rate used, as well as in reviewing significant assumptions used for forecasting the costs of projects under construction; (iv) analyzing the impacts from the new Annual Permitted Revenue (RAP);

(v) assessing historical construction costs of the generation financial assets, analyzing regulatory standards for their indemnification and monitoring public hearing and discussions between the Company and the grantor authority on the matter; (vi) analyzing the financial model and methodology used for measuring generation intangible assets related to the repactuation of hydrological risk , and whether this repactuation is in compliance with the grantor authority determination; and (vii) assessing significant assumptions and the extension period of hydroelectric power plants determined through resolutions issued by the grantor authority. Additionally, we analyzed adequacy of Company's disclosures on these matters.

Based on the result of the audit procedures performed, which are consistent with the Executive Board's assessment, we considered that the estimates prepared by Executive Board to be acceptable, as well as respective disclosures in Notes 12, 13 and 16, in the context of the individual and consolidated financial statements taken as a whole.

Impairment of investments in affiliates and jointly-controlled entities

As described in Notes 14 and 30 to the individual and consolidated financial statements, the Company and its subsidiaries have significant amounts in investments in affiliates and jointly-controlled entities, which are recorded under the equity method or classified as assets held for sale, and determine annually, or whenever applicable, the need to recognize a provision for impairment of these investments. Additionally, for cases in which the net book value of these investments are reduced to zero, a provision for additional losses is recorded based on contractual obligations assumed by the Company with these investees, other shareholders and/or creditors.

This matter was considered significant for our audit, considering the relevance of Company's and its subsidiaries's assets account balances, especially related to investments accounted for under the equity method, subjectivity of Executive Board's fair value estimates, that are based on assumptions affected by future market and economic conditions, and to the existence of certain specific circumstances relating to arbitration decisions issued, certain investees and jointly controlled investees' delayed operations startup and going concern risks.

How our audit addressed this matter

Our audit procedures included, among others: (i) evaluating process and controls implemented by Executive board to identify impairment indications on investments and to estimate their net recoverable amount, as applicable; including controls over Executive board's review of the significant assumptions underlying the fair value determination; (ii) evaluating the significant assumptions used to estimate fair value; comparing the significant assumptions used to estimate cash flows to current industry and economic trends; comparing relevant inputs to Company's operating data and performing sensitivity analysis to evaluate the fair value; (iii) involving our valuation specialists to assist in evaluating the discount rate used in the fair value calculation; and (iv) assessing the need for and measuring provision for additional losses based on the contractual obligations assumed by the Company for investments in affiliates and jointly-controlled entities whose equity interest's net book balance value is reduced to zero; and

(v) involving more experienced audit professionals in defining the test strategy, assessing supporting audit documentation and in oversee the audit procedures performed. Additionally, we analyzed adequacy of Company's disclosures on this matter.

Based on the result of the audit procedures performed on the investments in affiliates and jointly controlled entities, which are consistent with the Executive Board's assessment, we considered that the criteria and assumptions relating to the impairment of investments adopted by the Executive Board, as well as respective disclosures in Notes 14 and 30, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Risks relating to compliance with laws and regulations

As mentioned in Notes 14 and 33 to the individual and consolidated financial statements, the Company, its parent Companhia Energética de Minas Gerais – Cemig and certain investees are being investigated by public authorities. At the end of 2020, the parent company's professionals responsible for governance authorized a specialized company to be engaged in order to analyze the internal procedures and investigate the allegations received by the state of Minas Gerais Prosecution Office (MPMG) concerning irregularities in purchase bidding processes. In addition, on February 18, 2022, the final report issued by the inquiry commission (CPI) established by the state of Minas Gerais Legislative Assembly (ALMG) was approved and submitted to the public authorities.

This matter was considered significant for our audit due to the level of judgment and complexity inherent in these internal investigation processes and those conducted by public authorities.

How our audit addressed this matter

Our audit procedures included, among others: (i) analyzing the process and controls implemented by the Company for identifying non-compliance with laws and regulations; (ii) reviewing the independent internal investigation report issued by a specialized company engaged by the Company; (iii) obtaining an understanding on and assessing the main actions of the Executive Board and governance areas relating to these allegations; (iv) holding discussions on the matter with the Audit Committee, members of the Investigation Committee (CEI), as well as with the Compliance and Internal Audit area; (v) conducting tests on unusual transactions; (vi) involving our forensics professionals to assist in our assessment of the internal investigation's procedures and conclusions; and (vii) involving more experienced audit professionals in defining the test strategy, assessing supporting audit documentation and in oversee the audit procedures performed. Additionally, we analyzed adequacy of Company's disclosures on this matter.

Based on the result of the audit procedures performed on risks relating to non-compliance with laws and regulations, which are consistent with the Executive Board's assessment, we believe that the procedures adopted and assessment made by the Executive Board, as well as respective disclosures in Notes 14 and 33, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2021, prepared under the responsibility of Executive Board, and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and whether their form and content comply with the criteria defined in accounting pronouncement NBC TG 09 – Statements of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria defined in above mentioned accounting pronouncement and are consistent with the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

The Company's Executive Board is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluded on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 29, 2022.

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

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

OPINION OF THE AUDIT BOARD

CEMIG
Geração e Transmissão S.A.

The members of the Audit Board of Cemig Geração e Transmissão S.A., undersigned, in performance of their function under the law and the Company's by-laws, have examined the financial statements for the business year ended December 31, 2021 and the related complementary documents, approved by the Company's Board of Directors, on March 29, 2022. After verifying these documents, and considering the examinations carried out by this Board and the explanations provided by the Company's Management in relation to acts of management and the related records in the 2021 financial year, and also based on the unqualified Opinion of Ernst & Young Auditores Independentes (EY) issued on March 29, 2022, hereby express the following favorable opinion, namely that these statements are adequately presented in all material aspects, and thus merit approval by the stockholders in the Annual General Meeting to be held in 2022.

Belo Horizonte, March 29, 2022.

(Signed by:)

Gustavo de Oliveira Barbosa

Cláudio Morais Machado

Elizabeth Jucá e Mello Jacometti

Fernando Scharlack Marcato

Michele da Silva Gonsales Torres

DIRECTORS' STATEMENT OF REVIEW OF THE FINANCIAL STATEMENTS

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., held on March 28, 2022, we approved the conclusion, on that date, of the Company's financial statements for the business year 2021; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2021 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the said Financial Statements.

Belo Horizonte, March 28, 2022.

(Signed by:)

aa.) Reynaldo Passanezi Filho – Chief Executive Officer
Dimas Costa – Chief Trading Officer
Leonardo George de Magalhães – Chief Finance and Investor Relations Officer
Marney Thadeu Antunes – Chief Distribution and Sales Officer
Maurício Dall'Agnese – Chief Officer Cemigpar
Thadeu Carneiro da Silva – Chief Generation and Transmission Officer

DIRECTORS' STATEMENT OF REVIEW OF THE REPORT BY THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A), held on March 28, 2022, we approved the conclusion, on that date, of the Company's financial statements for the business year 2021; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2021 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the opinions expressed by the representatives of the Independent External Auditors.

Belo Horizonte, March 29, 2022.

(Signed by:)

aa.) Reynaldo Passanezi Filho – Chief Executive Officer
Dimas Costa – Chief Trading Officer
Leonardo George de Magalhães – Chief Finance and Investor Relations Officer
Marney Thadeu Antunes – Chief Distribution and Sales Officer
Maurício Dall'Agnese – Chief Officer Cemigpar
Thadeu Carneiro da Silva – Chief Generation and Transmission Officer

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE – March 29, 2022

INTRODUCTION

The purpose of the Audit Committee, a statutory body of Companhia Energética de Minas Gerais (‘Cemig’), Cemig Distribuição S.A. (‘Cemig D’), Cemig Geração e Transmissão S.A. (‘Cemig GT’) and their related subsidiaries, is to advise the Board of Directors on the exercise of its functions of audit and inspection, and, among other duties specified in its Internal Regulations, evaluate and state opinions on: the quality and integrity of the accounting statements; adherence to the rules of law, the bylaws and regulations; and the effectiveness of the systems of internal control, and of independent and external auditing. The assessments made by the Committee are based (i) on information received from Management, from the external auditors, from internal audits, and from those responsible for management of risk and internal controls; and (ii) on its own analyses arising from direct observation. It is a function of the Committee, with the technical and operational support of the Company’s Compliance area, to carry out analysis of the appropriateness of nominations to the post of Manager or member of the Audit Board by carrying out background checks of integrity and compliance.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises: Mr. Pedro Carlos de Mello, Coordinator of the Committee and elected on June 06, 2018; and the committee members Mr. Afonso Henriques Moreira Santos, elected on September 14, 2020, Mr. Márcio de Lima Leite elected on May 21, 2020 and Mr. Roberto Tommasetti elected on May 15, 2019.

ACTIVITIES CARRIED OUT IN THE SCOPE OF ITS DUTIES IN YEAR OF 2021

In 2021 the Committee met 39 times. At the beginning of the first half of 2022 it has met 7 times. It has taken part in meetings of the Board of Directors 13 times in 2021 and four in the first half of 2022. Four meetings were held jointly with the Audit Board in 2021, and two so far in the first half of 2022. The Committee has maintained permanent contact with the managers of the various areas of the Company, aiming to accompany the work carried out, and obtain input information on which to base its assessments. 21 meetings were held with participation by the external auditors, Ernst and Young Auditores Independentes, to become aware of methodology, planning and results of the work, with a view to preparation of the Financial Statements at December, 31, 2021. The Committee met with members of the Executive Board of the Company to deal with subjects related to general aspects of the management of the institution, in particular those relating to accounting, internal controls, internal auditing, management of capital, financial management and management of risks. The Committee has presented recommendations for enhancement of processes, and accompanied the implementations of improvements that it has recommended, and also recommendations in relation to internal and external audits, indicated in the course of its work. The Committee has maintained regular contacts with the Company’s Board of Directors, and has also issued opinions of aspects related to its duties under regulations, and provided information to that Board on its activities.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The work carried out by Deputy Director of Compliance, Corporative Risks and Internal Controls, were the subject of accompaniment by the Committee. The Audit Committee considers that the activity of the Company's management in ensuring the effectiveness of the institution's systems of internal controls and risk management is positive (although in its opinion some points require more attention).

INTERNAL AUDITING

Several meetings have been held with the General Manager and the Managers of Internal Auditing (AI), with a view to accompanying the work carried out by these units. The Committee has made an assessment of the scope and quality of the audits carried out, and the level of independence of the area – assessing it to be positive. In the work carried out by internal auditing, no failures to comply with the legislation in effect and/or the internal rules were found of which the degree of severity could put the solidity and continuity of the Company at risk.

EXTERNAL AUDITING

The Committee met with the external auditors, Ernst and Young Auditores Independentes S.S., to ascertain the principal events in the works carried out in the preparation of the financial statements for 2021, and in their assessment of the Company's present internal controls. The Committee considers the work carried out to be satisfactory, and has not identified any situations that could affect the objectivity and independence of the external auditors.

THE FINANCIAL STATEMENTS

The Committee has accompanied the process of preparation of the financial statements for 2021, examining trial balances, balance sheets and accompanying notes, and has considered the financial statements, the Report of Management, the Report of the External Auditors and other documents destined for publication. It has taken cognizance of the accounting practices used in the preparation of the financial statements, which are aligned with the fundamental principles of accounting and with Brazilian corporate legislation, and which adequately portray the institution's equity situation.

CONCLUSION

By the closing date of this report the Audit Committee had not received any reports of any accusation of non-compliance with rules, or absence of controls, or any act or omission by the Company's Management, that might indicate the existence of fraud, failings or errors that might put at risk the continuity of the institution or the fidelity of its accounting statements. Based on the considerations above, the Audit Committee, having duly weighed and considered its responsibilities and the natural limitations arising from the scope of its activity, recommends to the Board of Directors that the Financial Statements of Cemig, Cemig D and Cemig GT for 2021 should be approved.

Belo Horizonte, March 29, 2022.

The Audit Committee

PEDRO CARLOS DE MELLO – Coordinator

AFONSO HENRIQUES MOREIRA SANTOS – Member

MÁRCIO DE LIMA LEITE – Member

ROBERTO TOMMASETTI – Member

CAPITAL BUDGET

In accordance with Clause 196 of the Corporate Law and Article 25, § 1, Sub-item IV of CVM ('*Comissão de Valores Mobiliários*') Instruction 480, we present for analysis and subsequent approval of submission to the Ordinary General Meeting of Shareholders to be held on April, 2021, the proposal for the consolidated Capital Budget for the 2022 business year. The planned amount of capital budget will be achieved exclusively by allocating resources from Company's operations, through the retained earnings for the period of 2020, of R$348,223.

Investments planned for 2022	
Energy generation system	16,802
Energy transmission system	288,584
Infrastructure and others	947,782
Total	**1,253,168**