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STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2023 AND DECEMBER 31, 2022

ASSETS

(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
CURRENT					
Cash and cash equivalents	5	325,711	292,980	232,145	194,482
Marketable securities	6	1,290,745	1,352,359	765,258	788,368
Receivables from customers and traders	7	859,249	982,643	689,455	812,592
Concession holders - transmission service	7	104,797	112,706	102,106	110,007
Recoverable taxes	8	40,715	51,896	29,329	28,375
Income tax and social contribution tax recoverable	9a	742,261	774,649	742,063	772,564
Dividends receivables	27	151,829	140,250	433,751	259,106
Concession financial assets	11	314,504	309,347	-	-
Contract assets	12	750,951	720,032	724,534	691,153
Other		302,682	260,733	292,319	255,951
		4,883,444	4,997,595	4,010,960	3,912,598
Assets classified as held for sale	30	7,212	-	-	-
TOTAL CURRENT		4,890,656	4,997,595	4,010,960	3,912,598
NON-CURRENT					
Marketable securities	6	6,073	5,105	3,600	2,976
Receivables from customers and traders	7	4,017	63	22	47
Recoverable taxes	8	45,050	47,280	27,152	28,545
Escrow deposits	10	176,160	174,461	169,861	168,183
Derivative financial instruments	28	709,067	702,734	709,067	702,734
Other		53,133	61,895	54,109	69,556
Concession financial assets	11	3,403,127	3,332,528	713,937	691,460
Contract assets	12	3,940,259	3,924,195	3,859,879	3,842,796
Investments	13	3,383,432	3,355,051	7,827,508	7,845,778
Property, plant and equipment	14	2,353,568	2,356,699	1,536,243	1,556,915
Intangible	15	935,900	974,169	628,194	660,093
Right of use	16a	63,469	57,219	59,736	55,493
TOTAL NON-CURRENT		15,073,255	14,991,399	15,589,308	15,624,576
TOTAL ASSETS		19,963,911	19,988,994	19,600,268	19,537,174

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2023 AND DECEMBER 31, 2022

LIABILITIES (In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
CURRENT					
Loans and debentures	19	168,382	33,707	168,382	33,707
Suppliers	17	353,747	503,110	325,427	448,621
Income tax and social contribution tax	9b	63,498	109,881	-	-
Taxes payable	18	172,213	176,252	145,255	131,435
Regulatory charges	20	108,196	116,248	94,662	104,357
Post-employment obligations	21	86,750	84,377	86,750	84,377
Interest on equity, and dividends, payable		1,045,725	1,406,958	1,045,725	1,406,958
Payroll and related charges		60,968	68,283	60,060	67,301
Derivative financial instruments	28	109,584	90,526	109,584	90,526
Financial instruments - Option SAAG	28	705,171	672,416	705,171	672,416
Lease liabilities	16b	11,786	9,893	11,002	9,592
Other		196,009	179,448	189,987	177,552
TOTAL CURRENT		3,082,029	3,451,099	2,942,005	3,226,842
NON-CURRENT					
Loans and debentures	19	4,833,118	4,925,359	4,833,118	4,925,359
Deferred income tax and social contribution tax	9c	650,051	646,368	562,901	557,634
Taxes payable	18	361,382	361,301	350,411	348,573
Regulatory charges	20	4,893	5,299	-	-
Post-employment obligations	21	1,084,530	1,112,069	1,084,530	1,112,069
Provisions	22	397,885	397,040	396,941	396,537
Lease liabilities	16b	57,301	52,474	54,196	50,909
Other		145,030	145,175	28,474	26,441
TOTAL NON-CURRENT		7,534,190	7,645,085	7,310,571	7,417,522
TOTAL LIABILITIES		10,616,219	11,096,184	10,252,576	10,644,364
SHAREHOLDERS' EQUITY	23				
Share capital		5,473,724	5,473,724	5,473,724	5,473,724
Profit reserves		3,628,085	3,628,085	3,628,085	3,628,085
Valuation adjustments		(202,077)	(208,999)	(202,077)	(208,999)
Retained earnings		447,960	-	447,960	-
TOTAL SHAREHOLDERS' EQUITY		9,347,692	8,892,810	9,347,692	8,892,810
TOTAL LIABILITIES AND EQUITY		19,963,911	19,988,994	19,600,268	19,537,174

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF INCOME

FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian Reais - except earnings per share)

	Note	Consolidated		Parent Company	
		Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
NET REVENUE	24	1,756,040	2,124,164	1,422,375	1,826,492
OPERATING COSTS	25				
Cost of energy		(745,522)	(964,732)	(726,904)	(944,030)
Transmission infrastructure construction cost		(26,833)	(50,696)	(26,833)	(50,696)
Operating costs		(208,742)	(198,456)	(166,525)	(160,066)
		(981,097)	(1,213,884)	(920,262)	(1,154,792)
GROSS PROFIT		774,943	910,280	502,113	671,700
OPERATING EXPENSES	25				
Expected credit losses		75	1,173	(288)	957
General and administrative expenses		(29,569)	(32,666)	(29,570)	(32,666)
Other operating expenses, net		(77,203)	(72,199)	(77,195)	(72,168)
		(106,697)	(103,692)	(107,053)	(103,877)
Share of profit (loss), net, of affiliates and jointly controlled entities	13	69,506	56,080	295,813	243,449
Operating income before financial revenue (expenses) and taxes		737,752	862,668	690,873	811,272
Finance income	26	173,259	897,909	147,493	882,358
Finance expenses	26	(167,447)	(601,028)	(166,838)	(595,080)
Income before income tax and social contribution tax		743,564	1,159,549	671,528	1,098,550
Current income tax and social contribution tax	9d	(129,177)	(369,268)	(57,845)	(309,250)
Deferred income tax and social contribution tax	9d	(4,884)	23,233	(4,180)	24,214
NET INCOME FOR THE PERIOD		609,503	813,514	609,503	813,514
Basic and diluted earnings per share - R\$	23	0.21	0.28	-	-

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
NET INCOME FOR THE PERIOD	609,503	813,514	609,503	813,514
Items not to be reclassified to profit or loss in subsequent years				
Re-measurement of defined-benefit plan obligations (Note 21)	13,083	-	13,083	-
Income tax and social contribution tax on remeasurement of defined benefit plans (Note 9c)	(4,448)	-	(4,448)	-
	8,635	-	8,635	-
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	618,138	813,514	618,138	813,514

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

(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 December 31, 2021	4,123,724	1,350,000	2,464,672	(182,942)	-	7,755,454
Net income for the period	-	-	-	-	813,514	813,514
Realization of deemed cost	-	-	-	(1,822)	1,822	-
Balances on March 31, 2022	4,123,724	1,350,000	2,464,672	(184,764)	815,336	8,568,968
Balances on December 31, 2022	5,473,724	-	3,628,085	(208,999)	-	8,892,810
Net income for the period	-	-	-	-	609,503	609,503
Other comprehensive income						
Adjustment of actuarial liabilities - restatement of obligations of the defined benefit plans, net of taxes	-	-	-	8,635	-	8,635
Comprehensive income for the period	-	-	-	8,635	609,503	618,138
Realization of deemed cost	-	-	-	(1,713)	1,713	-
Interest on equity (note 23c)	-	-	-	-	(163,256)	(163,256)
Balances on March 31, 2023	5,473,724	-	3,628,085	(202,077)	447,960	9,347,692

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
CASH FLOW FROM OPERATIONS					
Net income for the period		609,503	813,514	609,503	813,514
ADJUSTMENTS:					
Depreciation and amortization	25	81,145	81,877	62,566	63,358
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets		3,722	54	3,688	6
Adjustment to expectation of cash flow from the concession financial and contract assets	11 and 12	(344,687)	(337,836)	(206,112)	(196,053)
Share of profit (loss), net, of affiliates and jointly controlled entities	13b	(69,506)	(56,080)	(295,813)	(243,449)
Impairment on investments	13b	30,086	-	30,086	-
Impairment on PP&E	25	46,126	-	46,126	-
Interest and monetary variation		143,809	129,016	143,765	128,995
Exchange variation on loans and debentures	19	(103,814)	(842,700)	(103,814)	(842,700)
Gains arising from the sale of investment	13	(30,487)	-	(30,487)	-
Amortization of transaction cost of loans	19	2,107	605	2,107	605
Deferred income tax and social contribution tax	9c	4,884	(23,233)	4,180	(24,214)
Provisions for operating losses, net	25b	9,300	15,212	9,215	14,330
Variation in fair value of derivative financial instruments	28	12,725	456,647	12,725	456,647
Variation in fair value of financial instruments - Put option	28	32,755	27,427	32,755	27,427
Post-employment obligations	21	14,634	35,408	14,634	35,408
Other		3,552	(11,313)	4,169	(10,738)
		445,854	288,598	339,293	223,136
(Increase) decrease in assets					
Receivables from customers and traders		119,515	(190,118)	122,874	(183,649)
Recoverable taxes		11,568	1,153	439	2,605
Income tax and social contribution tax recoverable		7,285	(241,443)	14,791	(81,014)
Power transport concession holders		7,909	20,051	7,901	20,289
Escrow deposits		221	(36,434)	221	(39,319)
Dividends received		-	-	142,288	-
Concession financial assets and Contract assets	12 and 11	221,948	153,935	133,171	74,567
Other		(32,781)	(17,303)	(20,515)	(10,651)
		335,665	(310,159)	401,170	(217,172)
Increase (decrease) in liabilities					
Suppliers		(149,363)	(17,252)	(123,194)	8,804
Taxes		(30,943)	(8,851)	(13,632)	(11,207)
Income tax and social contribution tax		129,177	369,268	57,845	309,250
Payroll and related charges		(7,315)	(4,738)	(7,241)	(4,727)
Regulatory charges		(8,458)	(6,660)	(9,695)	(8,825)
Post-employment obligations	21	(26,717)	(24,804)	(26,717)	(24,804)
Other		1,626	56,756	1,879	53,343
		(91,993)	363,719	(120,755)	321,834
Cash from operations activities		689,526	342,158	619,708	327,798
Income tax and social contribution tax paid		(150,457)	(2,613)	(42,135)	-
Interest paid on loans and debentures	19	-	(25,390)	-	(25,390)
Interest paid on lease contracts	16	(106)	(57)	(41)	(53)
NET CASH GENERATED OPERATING ACTIVITIES		538,963	314,098	577,532	302,355

	Note	Consolidated		Parent Company	
		Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
CASH FLOW IN INVESTMENT ACTIVITIES					
Funding of investments	13b	(540)	-	(32,936)	-
Gains arising from the sale of investment	13	30,487	-	30,487	-
Property, plant and equipment	14	(91,106)	(12,180)	(54,303)	(9,139)
Intangible assets	15	(3,010)	(440)	(2,998)	(440)
Marketable securities		60,646	330,504	22,486	289,322
NET CASH GENERATED (USED) IN INVESTMENT ACTIVITIES		(3,523)	317,884	(37,264)	279,743
CASH FLOW IN FINANCING ACTIVITIES					
Interest on equity, and dividends		(500,000)	-	(500,000)	-
Payments of loans and debentures	19	-	(409,512)	-	(409,512)
Lease payments	16	(2,709)	(3,071)	(2,605)	(2,881)
NET CASH (USED) IN FINANCIAL ACTIVITIES		(502,709)	(412,583)	(502,605)	(412,393)
NET CHANGE IN CASH AND CASH EQUIVALENTS		32,731	219,399	37,663	169,705
Cash and cash equivalents at start of year	5	292,980	123,071	194,482	86,064
CASH AND CASH EQUIVALENTS AT END OF PERIOD		325,711	342,470	232,145	255,769

The Explanatory Notes are an integral part of the Interim Financial Information.

STATEMENTS OF ADDED VALUE
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
REVENUES				
Sales of energy and services	1,803,900	2,228,391	1,549,988	2,021,930
Construction revenue	39,404	68,395	39,404	68,395
Interest revenue arising from the financing component in the transmission contract asset	174,875	188,542	171,064	178,354
Investments in property, plant and equipment	56,128	23,819	56,128	23,819
Expected credit losses (reversals) of accounts receivable	75	1,173	(288)	957
Gains arising from the sale of investment	30,487	-	30,487	-
	2,104,869	2,510,320	1,846,783	2,293,455
INPUTS ACQUIRED FROM THIRD PARTIES				
Energy purchase for resale	(751,611)	(998,460)	(750,194)	(994,152)
Charges for use of national grid	(69,186)	(63,103)	(50,414)	(45,414)
Outsourced services	(108,878)	(62,842)	(92,567)	(50,938)
Materials	(29,136)	(57,878)	(28,131)	(56,813)
Paid concession	(1,061)	(959)	(1,059)	(957)
Other operating costs	(96,244)	(45,927)	(95,425)	(44,388)
	(1,056,116)	(1,229,169)	(1,017,790)	(1,192,662)
GROSS VALUE ADDED	1,048,753	1,281,151	828,993	1,100,793
RETENTIONS				
Depreciation and amortization	(81,145)	(81,877)	(62,566)	(63,358)
NET VALUE ADDED	967,608	1,199,274	766,427	1,037,435
ADDED VALUE RECEIVED BY TRANSFER				
Share of profit (loss), net, of affiliates and jointly controlled entities	69,506	56,080	295,813	243,449
Finance income	175,952	900,112	149,623	884,257
Generation indemnity revenue	22,477	-	22,477	-
Interest revenue arising from the financing component in the transmission contract asset	134,764	131,595	-	-
	402,699	1,087,787	467,913	1,127,706
ADDED VALUE TO BE DISTRIBUTED	1,370,307	2,287,061	1,234,340	2,165,141
DISTRIBUTION OF ADDED VALUE				
Employees	96,654	113,452	92,444	109,438
Direct remuneration	69,683	66,772	65,660	62,943
Post-employment and other Benefits	22,412	42,314	22,262	42,166
FGTS fund	4,559	4,366	4,522	4,329
Taxes	495,087	757,609	364,787	646,740
Federal	366,318	584,647	257,025	490,902
State	127,486	171,259	106,701	154,190
Municipal	1,283	1,703	1,061	1,648
Remuneration of external capital	169,063	602,486	167,606	595,449
Interest	167,447	601,028	166,838	595,080
Rentals	1,616	1,458	768	369
Remuneration of own capital	609,503	813,514	609,503	813,514
Interest on equity	163,256	-	163,256	-
Retained earnings	446,247	813,514	446,247	813,514
	1,370,307	2,287,061	1,234,340	2,165,141

The Explanatory Notes are an integral part of the Interim Financial Information.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2023 AND 2022

(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.

The Company has interests in 67 power plants – of these 59 are hydroelectric, 7 are wind power plants, and one is solar – and 73 transmission lines associated of the Brazilian national generation and transmission grid system, with installed capacity for 5,248 MW.

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

b) Absorption of the wholly-owned subsidiaries Cemig Geração Três Marias S.A. and Cemig Geração Salto Grande S.A.

On January 24, 2023 Aneel approved transfer of the concessions of the Três Marias and Salto Grande hydroelectric plants to Cemig GT. The Audit Board approved the absorption on February 10, 2023, and it will be submitted to the Extraordinary General Meeting of Stockholders to be held in May 2023.

c) Auction 02/2022

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

On April 13, 2023 the Board of Directors approved transfer of funds totaling R\$221,519 by the Company into the investee Centroeste over the period March 2023 to June 2026, depending on the needs and cash generation of Centroeste. The objective is construction of the 230 kV Governador Valadares 6 – Verona transmission line, which will be operated by Centroeste.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The individual and consolidated interim financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Technical Pronouncement 21 (R1) – ‘CPC 21’, which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), applicable to preparation of Quarterly Information (Informações Trimestrais, or ITR).

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.

Except for new rules, or amendments, effective from January 1, 2023, this interim financial information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the financial statements, of December 31, 2022.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on March 25, 2023.

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

The Company's Board of Directors authorized the issuance of this interim financial information on May 4, 2023.

2.2 Correlation between the explanatory notes published in the Financial Statements and those in the Interim Financial Information

Number of the note		Title of the note
Dec. 31, 2022	Mar. 30, 2022	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	29	Operational segments
6	5	Cash and cash equivalents
7	6	Marketable securities
8	7	Customers and traders
9	8	Recoverable taxes
10	9	Income tax and social contribution tax
11	10	Escrow deposits
12	11	Concession financial assets
13	12	Contract assets
14	13	Investments
15	14	Property, plant and equipment
16	15	Intangible assets
17	16	Leasing
18	17	Suppliers
19	18	Taxes
22	19	Loans, financings and debentures
21	20	Regulatory charges
22	21	Post-employment obligations
23	22	Provisions
24	23	Equity and remuneration to shareholders
25	24	Revenues
26	25	Operating costs and expenses
27	26	Financial revenue and expenses
28	27	Related party transactions
29	28	Financial instruments and risk management
30	30	Assets classified as held for sale
33	31	Parliamentary Committee of Inquiry ('CPI')
34	32	Subsequent events

The explanatory notes of financial statements ended December 31, 2022 that have not been included in this consolidated interim financial information because they had no material changes, and/or were not applicable to the interim financial information, are as follows:

Number of the note	Title of the note
31	Insurance
32	Commitments

2.3 New pronouncements, or revisions of pronouncements, applied for the first time in 2023

The alterations to CPC 23 / IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, CPC 26 / IAS 1– Presentation of Financial Statements, and CPC 32 / IAS 12 – Income taxes, and the application of CPC 50 / IFRS 17 – Insurance Contracts, which come into effect for years starting on or after January 1, 2023, have had no impact on the Company's individual and consolidated interim financial information.

2.4 Regrouping of items in the Income statement

As of the third quarter of 2022, the Company made some adjustments in the classification of expenses in its Profit and loss account (Income statement), so as to group certain items more accurately in accordance with their function. The description of the nature of each type of expense continues to be presented in the Explanatory Notes, without alteration. These adjustments do not affect margins, or indicators, and are merely improvements proposed by the Company's management.

To maintain comparability, the corresponding information for the 1Q2022 is being presented using the same criteria. The Company considers these adjustments not to be material.

3. PRINCIPLES OF CONSOLIDATION

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

The direct equity investments of the Company are as follows:

Subsidiaries	Valuation method	Mar. 31, 2023	Dec. 31, 2022
		Direct stake, %	Direct stake, %
Cemig Baguari Energia S.A. ("Cemig Baguari")	Consolidation	100	100
Cemig Geração Três Marias S.A. ("Cemig Geração Três Marias") (1)	Consolidation	100	100
Cemig Geração Salto Grande S.A. ("Cemig Geração Salto Grande") (1)	Consolidation	100	100
Cemig Geração Itutinga S.A. ("Cemig Geração Itutinga")	Consolidation	100	100
Cemig Geração Camargos S.A. ("Cemig Geração Camargos")	Consolidation	100	100
Cemig Geração Sul S.A. ("Cemig Geração Sul")	Consolidation	100	100
Cemig Geração Leste S.A. ("Cemig Geração Leste")	Consolidation	100	100
Cemig Geração Oeste S.A. ("Cemig Geração Oeste")	Consolidation	100	100
Sá Carvalho S.A. ("Sá Carvalho")	Consolidation	100	100
Horizontes Energia S.A. ("Horizontes")	Consolidation	100	100
Rosal Energia S.A. ("Rosal Energia")	Consolidation	100	100
Cemig PCH S.A. ("Cemig PCH")	Consolidation	100	100
Empresa de Serviços de Comercialização de Energia Elétrica S.A. ("ESCEE")	Consolidation	100	100
Cemig Geração Poço Fundo S.A. ("Poço Fundo")	Consolidation	100	100
Cemig Trading S.A. ("Cemig Trading")	Consolidation	100	100
Central Eólica Praias de Parajuru S.A. ("Parajuru")	Consolidation	100	100
Central Eólica Volta do Rio S.A. ("Volta do Rio")	Consolidation	100	100
Companhia de Transmissão Centroeste de Minas S.A. ("Centroeste")	Consolidation	100	100
UFV Três Marias S.A. ("UFV Três Marias")	Consolidation	100	100

- (1) On January 24, 2023 Aneel approved transfer of the concessions of the Três Marias and Salto Grande hydroelectric plants to Cemig GT. The Company's Audit Board approved the absorption on February 10, 2023, and it will be submitted to the Extraordinary General Meeting of Stockholders to be held in May 2023.

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			
Theodomiro Carneiro Santiago (formerly Emborcação) (2)	Cemig GT	07/1997	May 2027
Nova Ponte	Cemig GT	07/1997	Aug. 2027
Santa Luzia (3)	Cemig GT	07/1997	Feb. 2026
Irapé	Cemig GT	14/2000	Sep. 2037
Queimado (Consortium)	Cemig GT	06/1997	Jun. 2034
Rio de Pedras (3)	Cemig GT	02/2013	Dec. 2025
Poço Fundo	Cemig Geração Poço Fundo	01/2021	May 2052
São Bernardo	Cemig GT	02/2013	Jun. 2027
Rosal	Rosal Energia	01/1997	Dec. 2035
Machado Mineiro			May 2027
Salto Voltão (3)			Jun. 2033
Salto Paraopeba (3)	Horizontes Energia	Resolution 331/2002	Oct. 2030
Salto do Passo Velho (3)			Mar. 2031
Pai Joaquim	Cemig PCH	Authorizative Resolution 377/2005	Apr. 2032
Sá Carvalho (1)	Sá Carvalho	01/2004	Aug. 2026
Três Marias	Cemig Geração Três Marias	08/2016	Jan. 2053
Salto Grande	Cemig Geração Salto Grande	09/2016	Jan. 2053
Itutinga	Cemig Geração Itutinga	10/2016	Jan. 2053
Camargos	Cemig Geração Camargos	11/2016	Jan. 2053
Coronel Domiciano			Apr. 2047
Joasal, Marmelos, Paciência e Piau	Cemig Geração Sul	12/2016 e 13/2016	Jan. 2053
Dona Rita			Jul. 2050
Ervália e Neblina			Apr. 2047
Petí	Cemig Geração Leste	14/2016 e 15/2016	Jan. 2053
Sinceridade			Mar. 2047
Tronqueiras			Dec. 2046
Cajuru, Gafanhoto e Martins	Cemig Geração Oeste	16/2016	Jan. 2053
Photovoltaic plants			
UFV Boa Esperança	Cemig GT	Resolution 12.321/2022	Aug.2057
UFV Jusante	Cemig GT	REAs 13.656/2023 to 13.662/2023	Feb.2058
Wind power plants			
Central Geradora Eólica Praias de Parajuru	Parajuru	Resolution 526/2002	Sep. 2032
Central Geradora Eólica Volta do Rio	Volta do Rio	Resolution 660/2001	Jan. 2031
POWER TRANSMISSION			
Rede Básica	Cemig GT	006/1997	Jan. 2043
Subestação – SE Itajubá	Cemig GT	79/2000	Oct. 2030
Linha de transmissão Furnas – Pimenta	Centroeste	004/2005	Mar.2035

- (1) In February 2023, to guarantee its right to apply for a new grant of concession, the Company registered its interest in extension of the concession for the Sá Carvalho hydroelectric plant, through transfer of the stockholding control of its wholly-owned subsidiary Sá Carvalho. The Company reiterates that the sole objective of this statement of interest is to ensure its right to a potential extension of Concession Contract 01/2004, for 30 years, at the option of the concession-granting power, in accordance with the legislation, which still contains some matters of condition yet to be decided by the Mining and Energy Ministry.
- (2) On March 17, 2023 Aneel published Dispatch 738, registering the change of name of the Emborcação hydroelectric plant to the Theodomiro Carneiro Santiago hydroelectric plant.
- (3) On March 17, 2023 the invitation and tender were published for a public auction to sell 15 small hydroelectric generation plants and units (PCHs and CGHs), 12 owned by Cemig GT and 3 by its wholly-owned subsidiary Horizontes. The minimum price for the single lot of these assets is R\$ 48.2 million. The auction is scheduled for August 10, 2023. There are more details in Note 30.

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Bank accounts	1,934	5,773	537	3,749
Cash equivalents:				
Bank certificates of deposit (CDBs) (1)	101,004	57,079	99,555	55,662
Automatic applications - Overnight (2)	222,773	227,884	132,053	132,827
Others	-	2,244	-	2,244
	323,777	287,207	231,608	190,733
	325,711	292,980	232,145	194,482

- (1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 98.5% to 108.5% of the CDI Rate on March 31, 2023 (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) (97.5% to 105% on December 31, 2022). 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 13.38% a.a. p.a. to 13.87% p.a. on March 31, 2022 (13.62% p.a. to 13.64% p.a. on December 31, 2022). Their purpose is to settle the short-term obligations of the Company, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 28 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.

6. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Current				
Bank certificates of deposit (CDBs) (1)	16,552	148,466	9,811	86,537
Financial Notes (LFs) - Banks (2)	1,080,996	884,202	640,779	515,375
Treasury Financial Notes (LFTs) (3)	183,814	311,663	108,959	181,659
Debentures (4)	9,022	7,744	5,348	4,514
Others	361	284	361	283
	1,290,745	1,352,359	765,258	788,368
Non-current				
Debentures (4)	6,073	5,105	3,600	2,976
	6,073	5,105	3,600	2,976
	1,296,818	1,357,464	768,858	791,344

- (1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest which 103% on March 31, 2023 (range of 103% to 104.4% on December 31, 2022) (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip).
- (2) *Bank Financial Notes (Letras Financeiras, or LFs)* are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration at rates between 103.3% and 110.26% of the CDI rate on March 31, 2023 (103.3% and 110.26% on December 31, 2022).
- (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 13.65% to 13.88% p.a. on March 31, 2023 (13.65% to 13.88% p.a. on December 31, 2022).
- (4) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from TR + 1% to 114.29% of the CDI rate on March 31, 2023 (TR + 1% to 114.29% of the CDI rate on December 31, 2022).

Cash investments in securities of related parties are shown in Note 28.

The returns on these securities are duly demonstrated in the Statements of cash flows within the investment activity.

7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

	Balances not yet due		Past due			Consolidated	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	Mar. 31, 2023	Dec. 31, 2022
Industrial	14,384	282,336	139,979	2,032	33,755	472,486	550,253
Commercial, services and others	3,401	64,123	21,840	437	9,248	99,049	100,358
Wholesale supply to other concession holders	34,568	187,003	40,231	4,648	97	266,547	269,601
Concession holders - transmission service	2,582	92,274	1,067	3,467	5,407	104,797	112,706
CCEE (Power Trading Chamber)	924	3,047	51,552	-	-	55,523	92,908
Expected credit losses	-	-	(62)	(937)	(29,340)	(30,339)	(30,414)
	55,859	628,783	254,607	9,647	19,167	968,063	1,095,412
Current assets						964,046	1,095,349
Customers and traders						859,249	982,643
Concession holders - transmission service						104,797	112,706
Non-current assets						4,017	63
Customers and traders						4,017	63

	Balances not yet due		Past due			Parent Company	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	Mar. 31, 2023	Dec. 31, 2022
Industrial	917	244,052	133,305	2,032	30,208	410,514	496,188
Commercial, services and others	3,401	64,123	21,840	437	9,248	99,049	100,358
Wholesale supply to other concession holders	26,343	109,846	21,506	-	96	157,791	153,084
Concession holders - transmission service	2,487	89,859	908	3,467	5,385	102,106	110,007
CCEE (Power Trading Chamber)	-	-	50,170	-	-	50,170	90,768
Expected credit losses	-	-	(62)	(937)	(27,048)	(28,047)	(27,759)
	33,148	507,880	227,667	4,999	17,889	791,583	922,646
Current assets						791,561	922,599
Customers and traders						689,455	812,592
Concession holders - transmission service						102,106	110,007
Non-current assets						22	47
Customers and traders						22	47

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

The expected credit losses are considered sufficient to cover any potential losses in the realization of accounts receivables as follows:

	Consolidated	Parent Company
Balance on December 31, 2022	30,414	27,759
Additions (reversals), net (Note 25c)	(75)	288
Balance on March 31, 2023	30,339	28,047

8. RECOVERABLE TAXES

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Current				
ICMS tax recoverable	11,112	10,037	10,507	9,271
Cofins	9,074	18,936	161	195
PIS/Pasep	1,880	4,032	16	23
Social security contributions	18,513	18,764	18,513	18,764
Others	136	127	132	122
	40,715	51,896	29,329	28,375
Non-current				
ICMS tax recoverable	28,361	29,754	27,152	28,545
Cofins	13,665	14,402	-	-
PIS/Pasep	3,024	3,124	-	-
	45,050	47,280	27,152	28,545
	85,765	99,176	56,481	56,920

9. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Current				
Income tax	531,520	546,961	531,104	544,657
Social contribution tax	210,741	227,688	210,959	227,907
	742,261	774,649	742,063	772,564

b) Income tax and social contribution tax payable

	Consolidated	
	Mar. 31, 2023	Dec. 31, 2022
Current		
Income tax	46,303	79,909
Social contribution tax	17,195	29,972
	63,498	109,881

The Company has some uncertainties relating to the treatments of certain taxes on profit, and management has concluded that it is more probable than not that the tax authority will accept the Company's conclusions. The effects of the potential contingencies are stated in Note 22.

c) Deferred income tax and social contribution tax

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Deferred tax assets				
Tax loss carryforwards	180,424	209,041	180,424	209,041
Post-employment obligations	381,802	387,576	381,802	387,576
Expected credit losses	10,104	10,006	9,536	9,438
Provisions for contingencies	110,739	111,081	110,735	111,077
Provision for SAAG put option	239,758	228,621	239,758	228,621
Provisions for losses on investments	56,300	56,398	56,300	56,398
Other provisions	63,110	48,620	63,110	48,620
Paid concession	12,310	11,579	12,310	11,579
Other	27,071	24,256	20,752	17,387
	1,081,618	1,087,178	1,074,727	1,079,737
Deferred tax liabilities				
Fair value as deemed cost upon initial adoption of international standards	(151,386)	(155,882)	(135,463)	(139,706)
Adjustment of contract assets	(954,167)	(940,026)	(950,878)	(936,629)
Fair value of equity holdings	(118,885)	(121,036)	(118,885)	(121,036)
Adjustment to fair value	(205,512)	(209,600)	(203,824)	(208,151)
Reimbursement of costs - GSF	(262,743)	(274,036)	(202,784)	(213,008)
Other	(38,976)	(32,966)	(25,794)	(18,841)
	(1,731,669)	(1,733,546)	(1,637,628)	(1,637,371)
Net total	(650,051)	(646,368)	(562,901)	(557,634)
Total liabilities	(650,051)	(646,368)	(562,901)	(557,634)

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

	Consolidated	Parent Company
Balance on December 31, 2022	(646,368)	(557,634)
Effects allocated to income statement	(4,884)	(4,180)
Effects allocated to comprehensive income	(4,448)	(4,448)
Other	5,649	3,361
Balance on March 31, 2023	(650,051)	(562,901)

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

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Profit before income tax and social contribution tax	743,564	1,159,549	671,528	1,098,550
Income tax and social contribution tax - nominal expense (34%)	(252,812)	(394,247)	(228,320)	(373,507)
Tax effects applicable to:				
Interest on equity	55,507	-	55,507	-
Tax incentives	9,227	8,125	8,924	8,121
Share of profit (loss) of affiliate and joint controlled entities, net	24,589	16,219	102,390	80,803
Non-deductible penalties	(480)	(425)	(480)	(425)
Difference between presumed profit and real profit methods	29,431	24,221	-	-
Others	477	72	(46)	(28)
Income tax and social contribution tax - effective revenue (expense)	(134,061)	(346,035)	(62,025)	(285,036)
Current income tax and social contribution tax	(129,177)	(369,268)	(57,845)	(309,250)
Deferred income tax and social contribution tax	(4,884)	23,233	(4,180)	24,214
	(134,061)	(346,035)	(62,025)	(285,036)
Effective rate	18.03%	29.84%	9.24%	25.95%

10. ESCROW DEPOSITS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Labor claims	24,152	24,115	23,496	23,453
Tax issues				
Income tax on interest on equity	18,925	18,762	17,610	17,446
Pasep and Cofins taxes (1)	3,502	3,475	-	-
Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2)	72,574	71,988	72,574	71,988
Urban property tax (IPTU)	15,354	15,265	15,352	15,263
Social contribution tax (3)	19,706	19,706	19,706	19,706
Others	7,772	7,373	7,094	6,695
	137,833	136,569	132,336	131,098
Others				
Court embargo	1,818	1,790	1,786	1,757
Regulatory	5,057	4,903	5,057	4,903
Others	7,300	7,084	7,186	6,972
	14,175	13,777	14,029	13,632
	176,160	174,461	169,861	168,183

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

(2) More details in Note 22 - Provisions (*Indemnity of employees' future benefit - the 'Anuênio'*).

(3) Escrow deposit in the legal action challenging an infringement claim relating to application of Social Contribution tax to amounts of cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with liability suspended.

11. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Generation - Indemnity receivable (11.1)	713,937	691,460	713,937	691,460
Generation - Concession grant fee (11.2)	3,003,694	2,950,415	-	-
	3,717,631	3,641,875	713,937	691,460
Current	314,504	309,347	-	-
Non-current	3,403,127	3,332,528	713,937	691,460

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

	Consolidated	Parent Company
Balance on December 31, 2022	3,641,875	691,460
Inflation adjustment	157,241	22,477
Amounts received	(81,485)	-
Balance on March 31, 2023	3,717,631	713,937

11.1 Generation - Indemnity receivable

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

On July 28, 2022 Aneel revoked Normative Resolution (ReN) 942, by publication of ReN 1027, establishing the general methodology and criteria for calculation - to be based on New Replacement Value, which is calculated, as first priority, based on the reference database of prices - then as second priority by the concession holder's own prices database, then, as the last alternative, by the updated inspected accounting cost.

The Valuation Report was concluded, with the following results:

Generation plant	Concession expiration date	Installed capacity (MW) (1)	Net balance of assets on December 31, 2022	Financial Update	Net balance of assets on March 31, 2023
Lot D					
UHE Três Marias	July 2015	396.00	179,083	5,822	184,905
UHE Salto Grande	July 2015	102.00	91,874	2,986	94,860
UHE Itutinga	July 2015	52.00	10,825	352	11,177
UHE Camargos	July 2015	46.00	21,042	684	21,726
PCH Piau	July 2015	18.01	4,695	153	4,848
PCH Gafanhoto	July 2015	14.00	5,630	183	5,813
PCH Peti	July 2015	9.40	6,498	211	6,709
PCH Dona Rita	Sep. 2013	2.41	1,683	55	1,738
PCH Tronqueiras	July 2015	8.50	9,063	264	9,327
PCH Joasal	July 2015	8.40	6,727	218	6,945
PCH Martins	July 2015	7.70	4,776	155	4,931
PCH Cajuru	July 2015	7.20	20,238	659	20,897
PCH Paciência	July 2015	4.08	4,449	144	4,593
PCH Marmelos	July 2015	4.00	2,585	84	2,669
Others					
UHE Volta Grande	Feb. 2017	380.00	387	13	400
UHE Miranda	Dec. 2016	408.00	97,493	3,169	100,662
UHE Jaguará	Aug. 2013	424.00	147,788	4,834	152,622
UHE São Simão	Jan. 2015	1,710.00	76,624	2,491	79,115
		3,601.70	691,460	22,477	713,937

(1) Information not audited by independent auditors.

The remaining balance of R\$713,937 represents management's best estimate for the plants reimbursement, based on the evaluation criteria set by Aneel and the financial update.

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

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

11.2 Generation - Concession grant fee

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

The changes in concession financial assets are as follows:

SPC	Plants	Dec. 31, 2022	Monetary updating	Amounts received	Mar. 31, 2023
Cemig Geração Três Marias S.A.	Três Marias	1,671,515	73,552	(43,783)	1,701,284
Cemig Geração Salto Grande S.A.	Salto Grande	524,778	23,168	(13,808)	534,138
Cemig Geração Itutinga S.A.	Itutinga	197,983	9,529	(5,870)	201,642
Cemig Geração Camargos S.A.	Camargos	148,407	7,108	(4,370)	151,145
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	194,694	9,805	(6,149)	198,350
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	133,014	7,225	(4,670)	135,569
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	80,024	4,377	(2,835)	81,566
		2,950,415	134,764	(81,485)	3,003,694

12. CONCESSION CONTRACT ASSETS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13	1,907,414	1,927,040	1,907,414	1,927,040
Transmission - Assets remunerated by tariff	2,783,796	2,717,187	2,676,999	2,606,909
	4,691,210	4,644,227	4,584,413	4,533,949
Current	750,951	720,032	724,534	691,153
Non-current	3,940,259	3,924,195	3,859,879	3,842,796

The changes in contract assets are as follows:

	Consolidated	Parent Company
Balance on December 31, 2022	4,644,227	4,533,949
Additions	39,404	39,404
Inflation adjustment	174,875	171,064
Amounts received	(167,296)	(160,004)
Balance on March 31, 2023	4,691,210	4,584,413

The consideration to be paid to the Company arises from the concession contracts as follows:

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Current				
Concession contract - 006/97				
National Grid ('BNES' - Basic Network of the Existing System)	433,533	408,395	433,533	408,395
National Grid - new facilities (RBNI)	244,412	236,073	244,412	236,073
Concession contract - 079/00	46,589	46,685	46,589	46,685
Concession contract - 004/05	26,417	28,879	-	-
	750,951	720,032	724,534	691,153
Non-current				
Concession contract - 006/97				
National Grid ('BNES' - Basic Network of the Existing System)	1,473,881	1,518,645	1,473,881	1,518,645
National Grid - new facilities (RBNI)	2,248,112	2,181,638	2,248,112	2,181,638
Concession contract - 079/00	137,886	142,513	137,886	142,513
Concession contract - 004/05	80,380	81,399	-	-
	3,940,259	3,924,195	3,859,879	3,842,796
	4,691,210	4,644,227	4,584,413	4,533,949

13. INVESTMENTS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Affiliated companies				
Madeira Energia S.A. ("MESA") (1) (5)	-	9,500	-	9,500
Fundo de Investimento em Participações Melbourne Multiestratégia ("FIP Melbourne") (1) (5)	-	7,760	-	7,760
Jointly controlled entities				
Hidrelétrica Cachoeirão S.A. ("Hidrelétrica Cachoeirão")	50,400	47,096	50,400	47,096
Guanhães Energia S.A. ("Guanhães Energia")	199,274	182,579	199,274	182,579
Hidrelétrica Pipoca S.A. ("Hidrelétrica Pipoca")	54,232	46,744	54,232	46,744
Paracambi Energética S.A. ("Paracambi") (formerly Lightger) (3)	60,719	60,438	60,719	60,438
Baguari Energia S.A. ("Baguari Energia") (7)	158,171	160,324	158,171	160,324
Aliança Norte Participações S.A. ("Aliança Norte") (2)	570,031	575,745	570,031	575,745
Amazônia Energia Participações S.A. ("Amazônia Energia") (2)	872,001	885,529	872,001	885,529
Aliança Geração de Energia S.A. ("Aliança Geração")	1,229,006	1,193,841	1,229,006	1,193,841
Retiro Baixo Energética S.A. ("Retiro Baixo") (7)	189,598	185,495	189,598	185,495
Subsidiaries				
Cemig Baguari Energia S.A.	-	-	55	67
Cemig Geração Três Marias S.A. (4)	-	-	1,751,790	1,727,594
Cemig Geração Salto Grande S.A. (4)	-	-	549,771	562,308
Cemig Geração Itutinga S.A.	-	-	199,197	231,057
Cemig Geração Camargos S.A.	-	-	174,090	182,960
Cemig Geração Sul S.A.	-	-	229,627	251,765
Cemig Geração Leste S.A.	-	-	142,465	167,959
Cemig Geração Oeste S.A.	-	-	131,548	125,521
Rosal Energia S.A.	-	-	117,599	123,305
Sá Carvalho S.A.	-	-	124,552	138,259
Horizontes Energia S.A.	-	-	57,662	60,535
Cemig PCH S.A.	-	-	92,432	98,917
Cemig Geração Poço Fundo S.A.	-	-	180,041	171,954
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	14,548	11,004
Cemig Trading S.A.	-	-	5,431	5,639
Central Eólica Praias de Parajuru S.A.	-	-	204,914	203,107
Central Eólica Volta do Rio S.A.	-	-	312,519	308,603
Companhia de Transmissão Centroeste de Minas	-	-	123,409	120,173
UFV Três Marias (6)	-	-	32,426	-
Total	3,383,432	3,355,051	7,827,508	7,845,778

- (1) Indirect interest in the Santo Antônio plant through these investees.
- (2) Indirect interest in the Belo Monte plant through these investees.
- (3) On November 8, 2022, the investee's Extraordinary General Meeting approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A."
- (4) On January 24, 2023 Aneel approved transfer of the concessions of the Três Marias and Salto Grande hydroelectric plants to Cemig GT. The Company's Audit Board approved the absorption on February 10, 2023, and it will be submitted to the Extraordinary General Meeting of Stockholders to be held in May 2023.
- (5) On March 20, 2023 Cemig completed sale of its direct and indirect stockholding interests in the share capital of Mesa to Furnas Centrais Elétricas S.A. (Furnas). There are more details in this note.
- (6) In 1Q23 the Company transferred capital in the amount of R\$32,396 to UFV Três Marias, as Advance against Future Capital Increase, for construction of the new 78 MW Três Marias floating photovoltaic distributed generation plants complex ('the Três Marias UFV').
- (7) On April 14, 2023, share purchase contracts were signed for sale to Furnas Centrais Elétricas of the Company's entire stockholding in the jointly-controlled subsidiaries Retiro Baixo and Baguari Energia. More details in Note 31.

For the period ended March 31, 2023, the Company concluded that there were no indications of possible impairment of its investments, as required by CPC 01/IAS 36 - Impairment of Assets.

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.

Changes in the right to exploitation of the regulated activity

Consolidated	Balance on Dec. 31, 2022	Amortization	Balance on Mar. 31, 2023
Retiro Baixo	26,407	(346)	26,061
Aliança Geração	276,296	(6,328)	269,968
Aliança Norte	44,688	(493)	44,195
	347,391	(7,167)	340,224

Parent Company	Balance on Dec. 31, 2022	Amortization	Balance on Mar. 31, 2023
Retiro Baixo	26,407	(346)	26,061
Parajuru	44,625	(1,155)	43,470
Volta do Rio	60,430	(1,695)	58,735
Aliança Geração	276,296	(6,328)	269,968
Aliança Norte	44,688	(493)	44,195
	452,446	(10,017)	442,429

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

Consolidated	Balance on Dec. 31, 2022	Gain (loss) by equity method	Addition	Dividends	Settled	Balance on Mar. 31, 2023
Hidrelétrica Cachoeirão	47,096	3,304	-	-	-	50,400
Guanhães Energia	182,579	16,695	-	-	-	199,274
Hidrelétrica Pipoca	46,744	7,488	-	-	-	54,232
MESA (Santo Antônio Plant) (1)	9,500	(9,500)	-	-	-	-
FIP Melbourne (Santo Antônio Plant) (1)	7,760	22,326	-	-	(30,086)	-
Baguari Energia	160,324	9,426	-	(11,579)	-	158,171
Paracambi (formerly Lightger)	60,438	281	-	-	-	60,719
Amazônia Energia (Belo Monte Plant)	885,529	(13,736)	208	-	-	872,001
Aliança Norte (Belo Monte Plant)	575,745	(6,046)	332	-	-	570,031
Aliança Geração	1,193,841	35,165	-	-	-	1,229,006
Retiro Baixo	185,495	4,103	-	-	-	189,598
Total	3,355,051	69,506	540	(11,579)	(30,086)	3,383,432

- (1) On March 20, 2023 the Company completed sale of its direct and indirect stockholding interests in the share capital of MESA to Furnas Centrais Elétricas S.A. (Furnas). There is more information below in this note.

Parent Company	Balance on Dec. 31, 2022	Gain (loss) by equity method	Addition	Dividends	Settled	Balance on Mar. 31, 2023
Hidrelétrica Cachoeirão	47,096	3,304	-	-	-	50,400
Guanhães Energia	182,579	16,695	-	-	-	199,274
Hidrelétrica Pipoca	46,744	7,488	-	-	-	54,232
MESA (Santo Antônio Plant) (1)	9,500	(9,500)	-	-	-	-
FIP Melbourne (Santo Antônio Plant) (1)	7,760	22,326	-	-	(30,086)	-
Baguari Energia	160,324	9,426	-	(11,579)	-	158,171
Central Eólica Praias Parajuru S.A.	203,107	10,112	-	(8,305)	-	204,914
Central Eólica Volta do Rio S.A.	308,603	3,916	-	-	-	312,519
Paracambi (formerly Lightger)	60,438	281	-	-	-	60,719
Amazônia Energia (Belo Monte Plant)	885,529	(13,736)	208	-	-	872,001
Aliança Norte (Belo Monte Plant)	575,745	(6,046)	332	-	-	570,031
Aliança Geração	1,193,841	35,165	-	-	-	1,229,006
Retiro Baixo Energia S.A.	185,495	4,103	-	-	-	189,598
Cemig Baguari Energia S.A.	67	(12)	-	-	-	55
Cemig Geração Três Marias S.A.	1,727,594	78,789	-	(54,593)	-	1,751,790
Cemig Geração Salto Grande S.A.	562,308	22,360	-	(34,897)	-	549,771
Cemig Geração Itutinga S.A.	231,057	13,440	-	(45,300)	-	199,197
Cemig Geração Camargos S.A.	182,960	12,310	-	(21,180)	-	174,090
Cemig Geração Sul S.A.	251,765	15,211	-	(37,349)	-	229,627
Cemig Geração Leste S.A.	167,959	12,641	-	(38,135)	-	142,465
Cemig Geração Oeste S.A.	125,521	6,027	-	-	-	131,548
Rosal Energia S.A.	123,305	7,073	-	(12,779)	-	117,599
Sá Carvalho S.A.	138,259	17,216	-	(30,923)	-	124,552
Horizontes Energia S.A.	60,535	3,840	-	(6,713)	-	57,662
Cemig PCH S.A.	98,917	5,088	-	(11,573)	-	92,432
Cemig Geração Poço Fundo S.A.	171,954	8,087	-	-	-	180,041
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	11,004	5,171	-	(1,627)	-	14,548
Cemig Trading S.A.	5,639	1,772	-	(1,980)	-	5,431
Companhia de Transmissão Centroeste de Minas	120,173	3,236	-	-	-	123,409
UFV Três Marias (2)	-	30	32,396	-	-	32,426
Total	7,845,778	295,813	32,936	(316,933)	(30,086)	7,827,508

- (1) On March 20, 2023 the Company completed sale of its direct and indirect stockholding interests in the share capital of MESA to Furnas Centrais Elétricas S.A. (Furnas). There is more information below in this note.
- (2) In 1Q23 the Company transferred capital in the amount of R\$32,396 to Ufv Três Marias, as Advance against Future Capital Increase, for construction of the new 78 MW Três Marias floating photovoltaic distributed generation plants complex ('the Três Marias UFVF').

Disposal of stockholding interest - Mesa

On March 20, 2023 the Company completed sale to Furnas Centrais Elétricas S.A of the whole of its direct and indirect stockholding interests in Mesa, equivalent to 7.53% of the share capital of that investee, which is the controlling stockholder of Santo Antônio Energia S.A. (SAE), for R\$55,390.

With the conclusion of the sale, Furnas undertook to assume the guarantees given by Cemig and Cemig GT to the Brazilian Development Bank (BNDES) and other creditors, under agreements for financing of SAE, and to hold Cemig and Cemig GT harmless from any obligation relating to these guarantees, up to the time when these obligations are effectively assumed by Furnas.

As a result of the sale a capital gain was recognized in March 2023, as follows:

Parent Company and Consolidated	
Direct stake, %	4.1422%
Indirect stake, %	3.3837%
Sale price:	
Direct stake, %	736,000
Indirect stake, %	30,487
	24,904
	55,391
Cost of the investment (1):	-

(1) In the calculation the balance of the investment on February 28, 2023 was used, from the last interim balance sheet raised for the investee before the sale (the same as is used for accounting via the equity method). The balance of the investment is zero, so that writing it down did not generate any effects in net profit, for the purposes of calculation of capital gain on the sale.

The capital gain relating to the direct stockholding was recognized in the income statement for the period, with counterpart in Cash and cash equivalents. The taxes on this amount were R\$10,365, representing 34% (25% corporate income tax and 9% Social Contribution tax on Net Profit).

The capital gain on the indirect stockholding was recognized by the equity method, because of its origin in realization of the equity interest held by Fundo Melbourne in SAAG. Due to the sale of the equity interest by the investment fund, which subsists only for operational reasons necessary for its liquidation, the balance receivable from the funds was recognized in the Statement of financial position as a financial instrument in the 'Other assets' group, considering the imminence of receipt of the proceeds.

This disposal is part of the execution of Cemig's disinvestment program, with the aim of redirecting management efforts and allocation of capital to the State of Minas Gerais.

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

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

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

Considering Cemig GT's participation in FIP Melbourne, the Company has a receivable recorded in the amount of R\$165,826, in the statement of financial position under "Other Assets".

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, on the Xingu River, located in the State of Pará. Through the jointly controlled entities referred to above, the Company owns an indirect equity interest in NESA of 11.69%.

On March 31, 2023 NESA presents negative net working capital of R\$447,437 (R\$494,493 on December 31, 2022). According to the estimates and projections, the negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations and/or raising of bank loans.

On September 21, 2015, NESA was awarded a preliminary injunction ordering the grantor to abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an the grantor (Aneel) Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME for the Belo Monte Hydroelectric Plant'. The legal advisors of NESA have classified the probability of loss as 'possible' and estimated the potential loss on March 31, 2023 to R\$2,977 million (R\$2,972 million on December 31, 2022). The potential impact to the Company is limited to its NESA investment.

UFV Três Marias S.A.

The investee UFV Três Marias S.A. will operate the Três Marias fotovoltaic solar plant, in the municipality of Três Marias, which will have installed generation capacity of 1.5 MW.

On March 2 and April 27, 2023 the Company transferred assets, comprising R\$32,396 in cash and R\$6,886 in the form of operational assets for the Três Marias fotovoltaic plant, as definitive Advances against Future Capital Increases for the purpose of enabling the investee's operations.

14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	March 31, 2023			December 31, 2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	7,250,498	(5,324,740)	1,925,758	7,393,963	(5,398,094)	1,995,869
Land	245,718	(29,589)	216,129	246,946	(29,140)	217,806
Reservoirs, dams and watercourses	3,238,648	(2,411,046)	827,602	3,302,646	(2,432,974)	869,672
Buildings, works and improvements	1,084,792	(845,591)	239,201	1,092,172	(858,980)	233,192
Machinery and equipment	2,652,365	(2,014,501)	637,864	2,724,327	(2,053,238)	671,089
Vehicles	16,054	(13,228)	2,826	14,970	(13,050)	1,920
Furniture and utensils	12,921	(10,785)	2,136	12,902	(10,712)	2,190
Under construction	427,810	-	427,810	360,830	-	360,830
Assets in progress	427,810	-	427,810	360,830	-	360,830
Net PP&E	7,678,308	(5,324,740)	2,353,568	7,754,793	(5,398,094)	2,356,699

Parent Company	March 31, 2023			December 31, 2022		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	6,061,560	(4,668,851)	1,392,709	6,194,255	(4,743,558)	1,450,697
Land	241,213	(29,197)	212,016	242,323	(28,696)	213,627
Reservoirs, dams, watercourses	2,960,973	(2,256,830)	704,143	3,019,053	(2,277,133)	741,920
Buildings, works and improvements	995,573	(800,481)	195,092	1,002,659	(814,033)	188,626
Machinery and equipment	1,835,287	(1,558,746)	276,541	1,902,809	(1,600,347)	302,462
Vehicles	15,836	(13,010)	2,826	14,752	(12,832)	1,920
Furniture and utensils	12,678	(10,587)	2,091	12,659	(10,517)	2,142
Under construction	143,534	-	143,534	106,218	-	106,218
Assets in progress	143,534	-	143,534	106,218	-	106,218
Net PP&E	6,205,094	(4,668,851)	1,536,243	6,300,473	(4,743,558)	1,556,915

Changes in Property, plant and equipment were as follows:

Consolidated	Balance on Dec. 31, 2022	Addition	Transfer (2)	Settled (3)	Depreciation	Balance on Mar. 31, 2022
In service	1,995,869	-	22,286	(50,142)	(42,255)	1,925,758
Land (1)	217,806	-	-	(848)	(829)	216,129
Reservoirs, dams, watercourses	869,672	-	-	(21,710)	(20,360)	827,602
Buildings, works and improvements	233,192	-	14,230	(3,891)	(4,330)	239,201
Machinery and equipment	671,089	-	6,953	(23,693)	(16,485)	637,864
Vehicles	1,920	-	1,084	-	(178)	2,826
Furniture and utensils	2,190	-	19	-	(73)	2,136
Under construction	360,830	91,106	(22,286)	(1,840)	-	427,810
Net PP&E	2,356,699	91,106	-	(51,982)	(42,255)	2,353,568

- (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.

Parent Company	Balance on Dec. 31, 2022	Addition	Transfer (2)	Settled (3)	Depreciation	Balance on Mar. 31, 2023
In service	1,450,697	-	15,497	(43,307)	(30,178)	1,392,709
Land (1)	213,627	-	-	(792)	(819)	212,016
Reservoirs, dams, watercourses	741,920	-	-	(19,436)	(18,341)	704,143
Buildings, works and improvements	188,626	-	13,045	(2,982)	(3,597)	195,092
Machinery and equipment	302,462	-	1,349	(20,097)	(7,173)	276,541
Vehicles	1,920	-	1,084	-	(178)	2,826
Furniture and utensils	2,142	-	19	-	(70)	2,091
Under construction	106,218	54,303	(15,497)	(1,490)	-	143,534
Net PP&E	1,556,915	54,303	-	(44,797)	(30,178)	1,536,243

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

Consortium

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

Consolidated and Parent Company	Stake in power output, %	Average annual depreciation rate %	March 31, 2023	December 31, 2022
In service				
Queimado Power Plant	82.50	3.94	220,096	220,096
Depreciation			(136,498)	(134,524)
Total in service			83,598	85,572
In progress				
Queimado Power Plant	82.50	-	1,966	1,962
Total in progress			1,966	1,962
Total			85,564	87,534

15. INTANGIBLE ASSETS

Consolidated	March 31, 2023			December 31, 2022		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	1,334,184	(412,232)	921,952	1,327,508	(375,092)	952,416
Temporary easements	14,689	(5,574)	9,115	14,692	(5,405)	9,287
Paid concession	13,599	(9,272)	4,327	13,599	(9,116)	4,483
Assets of the concession (1)	202,337	(100,132)	102,205	202,337	(97,283)	105,054
Assets of the concession - GSF	1,031,161	(233,139)	798,022	1,031,810	(199,809)	832,001
Others	72,398	(64,115)	8,283	65,070	(63,479)	1,591
Under construction	13,948	-	13,948	21,753	-	21,753
Assets in progress	13,948	-	13,948	21,753	-	21,753
Net intangible assets	1,348,132	(412,232)	935,900	1,349,261	(375,092)	974,169

(1) The rights of authorization to generate wind energy granted to the Parajuru and Volta do Rio, in the amount of R\$102,205, are recognized as investments in the interim financial information of the parent company and are classified under intangible assets in the statement of financial position, as per Technical Interpretation ICPC 09. These concession assets are amortized by the straight-line method, during the period of the concession.

Parent Company	March 31, 2023			December 31, 2022		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	900,091	(285,730)	614,361	893,415	(254,972)	638,443
Temporary easements	11,448	(5,177)	6,271	11,451	(5,038)	6,413
Paid concession	11,720	(7,760)	3,960	11,720	(7,642)	4,078
Assets of the concession - GSF	804,964	(209,002)	595,962	805,613	(179,120)	626,493
Others	71,959	(63,791)	8,168	64,631	(63,172)	1,459
Under construction	13,833	-	13,833	21,650	-	21,650
Assets in progress	13,833	-	13,833	21,650	-	21,650
Net intangible assets	913,924	(285,730)	628,194	915,065	(254,972)	660,093

Changes in intangible assets are as follow:

Consolidated	Balance on Dec. 31, 2022	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance on Mar. 31, 2023
In service	952,416	-	7,334	(475)	(37,323)	921,952
Temporary easements	9,287	-	-	(3)	(169)	9,115
Paid concessions	4,483	-	-	-	(156)	4,327
Assets of the concession	105,054	-	-	-	(2,849)	102,205
Assets of the concession - GSF	832,001	-	-	(472)	(33,507)	798,022
Others	1,591	-	7,334	-	(642)	8,283
Under construction	21,753	3,010	(7,334)	(3,481)	-	13,948
Assets in progress	21,753	3,010	(7,334)	(3,481)	-	13,948
Total	974,169	3,010	-	(3,956)	(37,323)	935,900

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

Parent Company	Balance on Dec. 31, 2022	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance on Mar 31, 2023
In service	638,443	-	7,334	(475)	(30,941)	614,361
Temporary easements	6,413	-	-	(3)	(139)	6,271
Paid concessions	4,078	-	-	-	(118)	3,960
Assets of the concession - GSF	626,493	-	-	(472)	(30,059)	595,962
Others	1,459	-	7,334	-	(625)	8,168
Under construction	21,650	2,998	(7,334)	(3,481)	-	13,833
Assets in progress	21,650	2,998	(7,334)	(3,481)	-	13,833
Total	660,093	2,998	-	(3,956)	(30,941)	628,194

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

16. LEASING

a) Changes in right of use

Consolidated	Real estate property	Vehicles	Total
Balances at December 31, 2022	38,941	18,278	57,219
Addition	-	2,126	2,126
Amortization (1)	(433)	(1,164)	(1,597)
Remeasurement (2)	-	5,721	5,721
Balances at March 31, 2023	38,508	24,961	63,469

Parent Company	Real estate property	Vehicles	Total
Balances at December 31, 2022	37,438	18,055	55,493
Amortization (1)	(414)	(1,064)	(1,478)
Remeasurement (2)	-	5,721	5,721
Balances at March 31, 2023	37,024	22,712	59,736

- 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\$30, for the consolidated and R\$31 for the individual interim financial information, for the first quarter of 2023 (R\$28 for the consolidated and R\$28 for the individual interim financial information, for the first quarter of 2022).
- The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The lease liabilities are restated with adjustment to the asset of Right of Use.

b) Changes in lease liabilities

	Consolidated	Parent Company
Balances on December 31, 2022	62,367	60,501
Addition	2,126	-
Accrued interest (1)	1,688	1,622
Payment of principal portion of lease liability	(2,709)	(2,605)
Payment of interest	(106)	(41)
Remeasurement (2)	5,721	5,721
Balances on March 31, 2023	69,087	65,198
Current liabilities	11,786	11,002
Non-current liabilities	57,301	54,196

- 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\$100 and R\$99, for the first quarter of 2023, for the consolidated and individual interim financial information, respectively (R\$92 and R\$91 for the first quarter of 2022, for the consolidated and individual interim financial information respectively).
- The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The lease 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	160,897	69,087	153,402	65,198
Potential PIS/Pasep and Cofins (9.25%)	11,918	3,977	11,742	3,892

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) / IFRS 16.

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)
2024	9,281	8,666
2025	12,357	11,539
2026	12,350	11,532
2027	12,350	11,532
2028	10,290	9,719
2029 a 2045	104,269	100,414
Undiscounted values	160,897	153,402
Embedded interest	(91,810)	(88,204)
Lease liabilities	69,087	65,198

17. SUPPLIERS

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Wholesale supply, and transport of supply	292,155	387,125	284,458	378,857
Materials and services	61,592	115,985	40,969	69,764
	353,747	503,110	325,427	448,621

18. TAXES PAYABLE

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Current				
ICMS (value added) tax	21,243	18,939	14,937	13,890
Pasep tax (1)	18,792	20,122	16,202	17,992
Cofins tax (1)	85,839	91,834	74,672	82,938
Social security contributions	12,444	13,417	7,865	8,212
ISS tax on services	3,820	4,254	2,079	2,596
Others (2)	30,075	27,686	29,500	5,807
	172,213	176,252	145,255	131,435
Non-current				
Pasep tax (1)	64,523	64,476	62,504	62,176
Cofins tax (1)	296,859	296,825	287,907	286,397
	361,382	361,301	350,411	348,573
	533,595	537,553	495,666	480,008

- (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) Includes the withholding income tax on Interest on equity declared on March 22, 2023, and paid in April 2023.

19. LOANS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated and Parent Company - March 31, 2023			Consolidated and Parent Company - December 31, 2022
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds	2024	9.25%	USD	133,537	3,841,342	3,974,879	3,974,971
(-) Transaction costs				-	(3,917)	(3,917)	(5,743)
(+/-) Funds advanced (1)				-	(6,442)	(6,442)	(9,423)
Total of loans				133,537	3,830,983	3,964,520	3,959,805
Domestic CURRENCY							
Debentures - 9rd Issue, 1rd Series	2027	CDI + 1.33%	R\$	28,402	700,000	728,402	703,185
Debentures - 9rd Issue, 2rd Series	2029	IPCA + 7.6245%	R\$	6,443	308,032	314,475	302,216
(-) Transaction costs				-	(5,897)	(5,897)	(6,140)
Total, debentures				34,845	1,002,135	1,036,980	999,261
Overall total				168,382	4,833,118	5,001,500	4,959,066

(1) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.

The debentures issued by the Company are of the "simple" type, not convertible into shares, with no renegotiation clauses and no debentures in treasury.

Guarantees

The Company's debtor balances on loans and debentures guaranteed by the parent company, Cemig on March 31, 2023 were as follows:

Consolidated	March 31, 2023
Surety guarantees	3,964,520
Fiança	1,036,980
Total	5,001,500

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

Consolidated and Parent Company	2023	2024	2025	2026	2027	2028 onwards	Total
Currency							
US dollar	133,537	3,841,342	-	-	-	-	3,974,879
Total, currency-denominated	133,537	3,841,342	-	-	-	-	3,974,879
IPCA (1)	6,443	-	-	-	-	308,032	314,475
CDI (2)	28,402	-	233,334	233,333	233,333	-	728,402
Total by indexers	34,845	-	233,334	233,333	233,333	308,032	1,042,877
(-) Transaction costs	-	(3,917)	(1,369)	(1,369)	(1,369)	(1,790)	(9,814)
(+/-) Funds advanced	-	(6,442)	-	-	-	-	(6,442)
Overall total	168,382	3,830,983	231,965	231,964	231,964	306,242	5,001,500

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

(2) CDI: Interbank Rate for Certificates of Deposit

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

Currency	Accumulated change on 1Q23 (%)	Accumulated change on 1Q22 (%)	Indexer	Accumulated change on 1Q23 (%)	Accumulated change on 1Q22 (%)
US dollar	(2.63)	(15.10)	IPCA	(6.25)	3.20
			CDI	3.20	2.39

The changes in loans and debentures are as follows:

	Consolidated and Parent Company
Balances on December 31, 2022	4,959,066
Monetary variation	6,522
Exchange rate variations	(103,814)
Financial charges provisioned	137,619
Amortization of transaction cost	2,107
Balances on March 31, 2023	5,001,500

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
Eurobonds (1)	Net debt / (Ebitda adjusted for the Covenant) (2)	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
9th Issue of debentures 1st and 2nd series (3)	Net debt / (Ebitda adjusted for the Covenant) (2)	The following, or less: 3.5 on/after December 31, 2022	Ratio to be the following, or less: 3.0 on/after December 31, 2022 up to June 30, 2026 3.5 on/after December 31, 2026	Half-yearly and annual

- (1) 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
- (2) Ebitda is defined as: (i) Profit before interest, income tax and Social Contribution tax on profit; depreciation; and amortization, calculated in accordance with CVM Resolution 156, of June 23, 2022; - 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.
- (3) Noncompliance with financial covenants leads to early maturity, creating immediate demandability of payment by the Company of the Nominal Unit Value or the Updated Nominal Unit Value (as the case may be) of the debentures, plus any other charges due, without the need for notification or any action through the courts or otherwise.

Management monitors these indices, so that the conditions are met.

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

20. REGULATORY CHARGES

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Liabilities				
Global reversion reserve (RGR)	3,161	3,320	-	-
Royalties for use of water resources (CFURH)	7,941	10,424	3,868	6,698
Energy development account (CDE)	69,081	80,814	69,081	80,814
Electricity services inspection charge (TFSEE)	817	789	729	713
Alternative power source program (Proinfa)	10,512	10,291	10,512	10,291
National scientific and technological development fund (FNDCT)	2,387	1,367	1,744	751
Research and development (P&D)	17,011	13,179	7,037	4,193
Energy system expansion research	1,332	823	1,011	515
Energy development account (CDE) on Research and development (P&D)	847	540	680	382
	113,089	121,547	94,662	104,357
Current liabilities	108,196	116,248	94,662	104,357
Non-current liabilities	4,893	5,299	-	-

21. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Net liabilities at December 31, 2022	469,060	714,248	13,138	1,196,446
Expense recognized in Statement of income	13,773	21,285	399	35,457
Past service cost	-	(20,291)	(532)	(20,823)
Contributions paid	(15,425)	(11,081)	(211)	(26,717)
Actuarial gains (losses)	-	(12,890)	(193)	(13,083)
Net liabilities at March 31, 2022	467,408	691,271	12,601	1,171,280
			Mar. 31, 2023	Dec. 31, 2022
Current liabilities			86,750	84,377
Non-current liabilities			1,084,530	1,112,069

Amounts recorded as current liabilities refer to contributions to be made by the Company in the next 12 months, for the amortization of the actuarial liabilities.

The amounts reported as 'Expense recognized in the Statement of income' refer to the costs of post-employment obligations, totaling R\$33,589 for the first quarter of 2023 (R\$32,623 for the first quarter of 2022), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R\$1,868 for the first quarter of 2023 (R\$3,177 for the first quarter of 2022).

Health Plan and Dental Plan

As from December 2022, Cemig Saúde offered all active employees of Cemig an alternative, new, health plan, called the Premium Plan, in substitution of the Integrated Health Plan (PSI) that was in effect up to that date. The Premium Plan is financed entirely by the Company. In counterpart to the Company bearing the entire cost, those employees who accept the new plan will no longer receive the contribution from Cemig for payment for the health plan in their retirement. This was available to employees up to January 31, 2023, and migration of some of the employees to the Premium Plan reduced the number of employees covered by the PSI.

In light of CPC 33 (R1) this situation constitutes a curtailment event, requiring the Company to remeasure its post-employment liabilities for the base date March 31, 2023. The effects of the curtailment have been recognized in the income statement as a cost of past service, in the amounts of R\$20,291 for the health plan and R\$532 for the dental plan.

The curtailment event that was recognized for the first quarter of 2023 affected the actuarial assumptions, in that it altered the discount rates applicable to the plans. Since the new discount rate was higher, there was a reduction of the liability, and as a result an actuarial gain of R\$12,890 for the health plan, and R\$193 for the dental plan.

Debt with the pension fund (Forluz)

On March 31, 2023 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R\$48,709 (R\$56,892 on December 31, 2022). 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 in the statement of income.

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

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed a Debt Assumption Instrument to cover the deficit of Plan A for the years of 2015, 2016 and 2017. On March 31, 2023 the total amount payable by the Company was R\$122,890 (R\$123,843 on December 31, 2022 referring to the Plan A deficits of 2015, 2016 and 2017).

The monthly amortizations, calculated by the constant installments system (Price Table), will be paid up to 2031 for the 2015 and 2016 deficits, in the amount of R\$81,529, and up to 2033 for the 2017 deficit, in the amount of R\$41,361. 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.

Deposits on consignment to Forluz

Resolution of the 2019 deficit

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\$4,336 in consignment (R\$3,765 on December 31, 2022, with remain at the disposal of Forluz to be redeemed at an account with an official bank. Due to the refusal by Forluz to receive this amount, on May 26, 2021 the Company proposed an Action of Consignment in Payment, which is in its initial pleading phase.

Due to the Debt Assumption Instrument not being signed for coverage of the minimum amount proposed in the plan for solution of the Plan A actuarial deficit for 2019, and the refusal of the payments in consignment made by the Company, on April 27, 2021 Forluz filed legal action against sponsors Cemig, Cemig GT and Cemig D, applying for approval and confirmation of the request to ensure compliance with the contracting of the debt for coverage of the deficit of Plan A, in the amount of R\$160,425, for the 2019 business year.

In 2022 the first instance of the Employment Law Appeal Court of Minas Gerais gave a decision in favor of Forluz, and against the Company's requests - but in this dispute appeal lies to hire instances. As a result the Company, based on the assessments of its specialists, has opted to maintain its assessment of the chances of loss in the action as 'possible'.

Resolution of the 2020 deficit

On March 31, 2022, in view of the divergences mentioned in the previous item, payment in consignment of the 2020 deficit of Plan A was begun, with deposit of the first tranche, limited to 50% of the amounts specified in the Plan proposed by Forluz, in obedience to the constitutional rule of parity of contribution. Forluz appealed, exercising its procedural right, on April 18, 2022. The amount deposited by the Company, on March 31, 2023, was R\$3,294, which will be held in escrow, available to Forluz, by an official bank.

The total amount would have to be paid by the Company arising from the deficit ascertained in Plan A, if the contributory parity was not considered, would be R\$56,947, in 158 monthly payments, with remuneratory interest of 6% per year on the outstanding balance, plus inflation as measured by the IPCA-IBGE (Expanded National Consumer Price index). If the plan reaches actuarial balance before the full period of amortization of the contract, the Company is dispensed from payment of the remaining installments and the contract is extinguished.

22. PROVISIONS

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

In this context, considering the assessment of the Company and its legal advisers, provisions were constituted for the legal actions in which the expectation of loss is assessed as 'probable', as follows:

Consolidated	Dec. 31, 2022	Additions	Reversals	Settled	Mar. 31, 2023
Labor	70,412	2,742	-	(1,002)	72,152
Tax	312,001	7,019	-	(12)	319,008
Regulatory	4,737	133	(20)	(133)	4,717
Others	9,890	8,081	(8,580)	(7,383)	2,008
Total	397,040	17,975	(8,600)	(8,530)	397,885

Parent Company	Dec. 31, 2022	Additions	Reversals	Settled	Mar. 31, 2023
Labor	70,412	2,742	-	(1,002)	72,152
Tax	312,001	7,019	-	(12)	319,008
Regulatory	4,737	125	(20)	(125)	4,717
Others	9,387	7,641	(8,580)	(7,384)	1,064
Total	396,537	17,527	(8,600)	(8,523)	396,941

Additionally, there are lawsuits whose expected loss is considered possible, since the Company's and its subsidiaries' legal advisors assessed them as having a possible chance of success, and no provision was recorded, as follows:

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Labor	83,321	82,580	81,699	80,727
Civil				
Customers relations	30,181	27,950	30,081	27,855
Other civil cases	60,488	56,520	59,564	55,636
	90,669	84,470	89,645	83,491
Tax	499,799	486,999	472,031	459,683
Regulatory	770,801	674,430	770,801	674,430
Other (1)	407,558	401,424	387,333	381,803
Total	1,852,148	1,729,903	1,801,509	1,680,134

(1) The main amounts are presented in specific paragraphs in the Provisions text.

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

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

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

Tax

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 amount of the obligation is approximately R\$132,089 (R\$128,731 at December 31, 2022), of which R\$2,323 has been provisioned (R\$2,288 at December 31, 2022).

Social Security contributions on profit sharing payments

The Brazilian tax authority (*Receita Federal*) has filed administrative and court proceedings against the Company, relating to social security contributions on the payment of profit sharing to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10,101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the chances of loss from 'possible' to 'probable' for some portions paid as profit-sharing amounts, maintaining the classification of the probability of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation. The amount of the obligation is approximately R\$426,852 (R\$416,212 at December 31, 2022), of which R\$283,098 has been provisioned (R\$276,406 at December 31, 2022).

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 obligation is R\$65,704 (R\$63,255 at December 31, 2022), of which R\$1,240 (R\$1,221 at December 31, 2022) has been provisioned, due to the related legal requirements contained in the National Tax Code (CTN) having been met.

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 into salaries. The company did not pay income tax nor Social Security contributions in relation to these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, given the disagreement, and to avoid risk of a future penalty payment, the Company filed legal actions for recognition of the right not to be taxed on these *Anuênio* payments, making separate submissions and argument in relation to (a) income tax and (b) the social security contribution, and making escrow payments into court of the amount involved in each action, in the aggregate historic amount of R\$28,716. In the action relating to applicability of the Social Security contribution, a court judgment was given that impeded consideration of an appeal to the Federal Supreme Court - thus consideration by the Higher Appeal Court remains. In October 2022, a judgment was published refusing to recognize the Special Appeal filed by the Company, reducing the chances of success in the action.

As a result the assessment of the chances of loss in this action were altered from 'possible' to 'probable', and a provision made for the amount deposited in escrow. The chances of loss in the action relating to applicability of income tax on the amounts of the *anuênios*, due to its current phase of procedure, have been maintained as 'possible'. The amount of the obligation is approximately R\$72,574 (R\$71,988 at December 31, 2022), of which R\$32,347 has been provisioned (R\$32,086 at December 31, 2022).

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\$20,640 (R\$20,208 on December 31, 2022). 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\$101,218 (R\$98,606 on December 31, 2022).

Labor claims

The Company and its subsidiaries are involved in various legal claims filed by its employees and employees of third parties. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments. The amount of the obligation is approximately R\$155,473 (R\$152,992 at December 31, 2022), of which R\$72,152 has been provisioned (R\$70,412 at December 31, 2022).

Regulatory

The Company and its 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 obligation is approximately R\$57,340 (R\$55,330 at December 31, 2022), of which R\$4,717 has been provisioned (R\$4,737 at December 31, 2022).

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\$527,497 (R\$506,742 on December 31, 2022). 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.

Dispute on billing of electricity

During 2022 one of the Company's clients opened arbitration proceedings requesting alterations to contractual clauses and questioning the application of certain taxes to the amounts of their energy bills. In September 2022 the Company received regular service of notice of a court decision granting an injunction ordering the Company to effect billing of the electricity supply contract according to the plaintiff's demand. After the arbitration proceedings had been opened and the parties heard, in January 2023 the Tribunal revoked the prior decision and re-established the system of billing according to the contract, and payment of the amounts that had not been billed due to the injunction initially granted to this client.

The arbitration proceeding continues, in which this client challenges the points set out above. If the arbitration decision accepts this client's request, the Company will have to restate the difference between the amounts contracted and the adjustments demanded, which at March 31, 2023 totaled R\$190,681 (R\$117,095 at December 31, 2022). Based on the opinion of its legal advisors, management has classified the chances of loss as 'possible'.

Other legal actions

The Company is involved, as plaintiff or defendant, in other lesser claims, related to the normal course of its operations. The amount of the obligation is approximately R\$152,212 (R\$159,994 at December 31, 2022), of which R\$2,008 has been provisioned (R\$9,890 at December 31, 2022). 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) disputes on alleged losses suffered as a result of supposed breach of contract at the time of provision of services of cleaning of power line pathways and firebreaks; and (ii) customer relations.

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 advisors 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\$141,054 (R\$136,795 on December 31, 2022).

Additionally, 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\$99,763 (R\$96,235 on December 31, 2022). No provision has been made, since based on the opinion of its legal advisors 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 of the contingent liability is estimated in the amount of R\$107,206 (R\$102,760 on December 31, 2022).

23. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On March 31, 2023 the Company's issued and outstanding share capital is R\$5,473,724 (R\$5,473,724 on December 31, 2022), represented by 2,896,785,358 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

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 periods referred to, as follows:

	Mar. 31, 2023	Mar. 31, 2022
Number of shares (A)	2,896,785,358	2,896,785,358
Earnings for the period (B)	609,503	813,514
Earnings per share - Basic and diluted - in R\$ (B/A)	0.21	0.28

c) Remuneration to shareholders

On March 16, 2023 the Board of Directors authorized the periodic declaration by the Executive Board of Interest on Equity, for the 2023 business year, at the limit permitted by the legislation and by the Company's by-laws.

On March 22, 2023 the Executive Board decided to declare Interest on Equity in the amount of R\$163,256, on account of the minimum mandatory dividend for the 2023 business year – income tax at 15% being deducted at source, as per the current legislation.

d) Equity valuation adjustments

The curtailment event that was recognized for the first quarter of 2023 affected the actuarial assumptions, in that it altered the discount rates applicable to the plans. Since the new discount rate was higher, there was a reduction of the liability, and as a result an actuarial gain of R\$12,890 for the health plan, and R\$193 for the dental plan.

24. REVENUES

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

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Total revenue from supply of energy - with taxes (a)	1,580,860	2,017,515	1,324,381	1,810,933
Transmission revenue (b)				
Transmission operation and maintenance revenue	174,253	151,845	175,470	152,614
Transmission construction revenue (Note 12)	39,404	68,395	39,404	68,395
Interest revenue arising from the financing component in the transmission contract asset (Note 12)	174,875	188,542	171,064	178,354
Revenue from updating of the concession grant fee (c)	134,764	131,595	-	-
Transactions on CCEE (d)	22,565	22,576	16,963	10,977
Generation indemnity revenue (Note 11.1)	22,477	-	22,477	-
Other operating revenues	26,222	36,455	33,174	47,406
Sector / regulatory charges - Deductions from revenue (e)	(419,380)	(492,759)	(360,558)	(442,187)
	1,756,040	2,124,164	1,422,375	1,826,492

(a) Revenue from energy supply

	Consolidated				Parent Company			
	Jan to Mar/2023		Jan to Mar/2022		Jan to Mar/2023		Jan to Mar/2022	
	MWh (2)	R\$	MWh (2)	R\$	MWh (2)	R\$	MWh (2)	R\$
Industrial	2,883,714	889,170	3,561,728	1,002,414	2,645,341	783,364	3,319,595	927,641
Commercial	956,466	246,665	1,055,478	262,023	891,747	230,083	1,054,023	261,397
Rural	3,410	1,022	5,101	1,110	3,410	1,022	5,100	1,110
Subtotal	3,843,590	1,136,857	4,622,307	1,265,547	3,540,498	1,014,469	4,378,718	1,190,148
Net unbilled retail supply	-	(31,694)	-	99,995	-	(67,525)	-	86,089
	3,843,590	1,105,163	4,622,307	1,365,542	3,540,498	946,944	4,378,718	1,276,237
Wholesale supply to other concession holders (1)	2,488,264	505,322	2,867,943	647,906	1,636,947	375,393	2,048,331	516,373
Wholesale supply unbilled, net	-	(29,625)	-	4,067	-	2,044	-	18,323
	6,331,854	1,580,860	7,490,250	2,017,515	5,177,445	1,324,381	6,427,049	1,810,933

- (1) This revenue 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.
- (2) Information not audited by independent auditors.

(b) Transmission concession revenue

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

	Consolidated	
	Jan to Mar/2023	Jan to Mar/2022
Construction and upgrades revenue	39,404	68,395
Construction and upgrades costs	(26,833)	(50,696)
Margin	12,571	17,699
Mark-up (%)	46.85%	34.91%
Operation and maintenance revenue	174,253	151,845
Operation and maintenance cost	(69,284)	(68,142)
Margin	104,969	83,703
Mark-up (%)	151.51%	122.84%

(c) Gain on financial updating of Concession Grant Fee

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

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

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

(e) Deductions on revenue

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Taxes on revenue				
ICMS tax	127,026	170,720	106,474	153,771
Cofins tax	149,083	180,881	125,897	160,760
PIS and Pasep taxes	32,365	39,268	27,333	34,902
ISS tax on services	925	1,098	802	1,057
	309,399	391,967	260,506	350,490
Charges to the customer				
Global Reversion Reserve (RGR)	3,254	3,667	2,577	3,110
Energy Development Account (CDE)	65,618	54,552	65,618	54,552
CDE on P&D	1,178	1,068	921	853
Proinfra	15,908	19,490	15,908	19,490
Research and Development (P&D)	2,872	2,599	2,150	1,990
National Scientific and Technological Development Fund (FNDCT)	4,050	3,667	3,071	2,842
Energy System Expansion Research (EPE)	2,025	1,833	1,535	1,421
Electricity Services Inspection Charge (TFSEE)	2,450	2,167	2,186	1,933
Royalties for use of water resources (CFURH)	12,626	11,749	6,086	5,506
	109,981	100,792	100,052	91,697
	419,380	492,759	360,558	442,187

25. OPERATING COSTS AND EXPENSES

a) Cost of energy

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Energy purchase for resale				
Spot market - CCEE	30,680	30,176	26,687	29,217
Acquired in free market	720,931	968,284	723,507	964,935
PIS/Pasep and Cofins credits	(69,415)	(91,663)	(69,062)	(91,363)
	682,196	906,797	681,132	902,789
Charges for use of the national grid				
Transmission charges - Basic network	58,916	53,066	48,116	43,284
Distribution charges	10,269	10,037	2,298	2,130
PIS/Pasep and Cofins credits	(5,859)	(5,168)	(4,642)	(4,173)
	63,326	57,935	45,772	41,241
Total	745,522	964,732	726,904	944,030

b) Transmission infrastructure construction cost

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Personnel	739	2,271	739	2,271
Materials	23,292	38,785	23,292	38,785
Outsourced services	2,756	9,638	2,756	9,638
Other (recovery of expenses)	46	2	46	2
	26,833	50,696	26,833	50,696

c) Other operating costs and expenses

	Consolidated								Jan to Mar/2023	Jan to Mar/2022
	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)			
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022		
Personnel	71,604	64,063	-	-	14,175	17,004	-	-	85,779	81,067
Employee profit shares	-	-	-	-	-	-	9,512	9,396	9,512	9,396
Post-employment obligation (1)	-	-	-	-	-	-	12,766	32,231	12,766	32,231
Materials	3,105	3,305	-	-	353	232	-	-	3,458	3,537
Outsourced services	40,814	29,941	-	-	11,733	15,139	-	-	52,547	45,080
Depreciation and amortization (2)	81,049	79,661	-	-	96	2,216	-	-	81,145	81,877
Contingency provisions (reversals)	9,375	16,385	-	-	-	-	-	-	9,375	16,385
Expected credit losses	-	-	(75)	(1,173)	-	-	-	-	(75)	(1,173)
Put option – SAAG	-	-	-	-	-	-	32,755	27,427	32,755	27,427
Impairment (3)	-	-	-	-	-	-	46,126	-	46,126	-
Other operating costs and expenses	2,795	5,101	-	-	3,212	(1,925)	6,531	3,145	12,538	6,321
Gain on disposal of investment (note 13)	-	-	-	-	-	-	(30,487)	-	(30,487)	-
	208,742	198,456	(75)	(1,173)	29,569	32,666	77,203	72,199	315,439	302,148

	Parent Company								Jan to Mar/2023	Jan to Mar/2022
	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)			
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022		
Personnel	67,325	59,967	-	-	14,175	17,003	-	-	81,500	76,970
Employee profit shares	-	-	-	-	-	-	9,453	9,334	9,453	9,334
Post-employment obligation (1)	-	-	-	-	-	-	12,766	32,231	12,766	32,231
Materials	2,101	2,240	-	-	353	232	-	-	2,454	2,472
Outsourced services	24,508	18,043	-	-	11,733	15,138	-	-	36,241	33,181
Depreciation and amortization (2)	62,469	61,139	-	-	97	2,219	-	-	62,566	63,358
Contingency provisions (reversals)	8,927	15,287	-	-	-	-	-	-	8,927	15,287
Expected credit losses	-	-	288	(957)	-	-	-	-	288	(957)
Put option - SAAG	-	-	-	-	-	-	32,755	27,427	32,755	27,427
Impairment (3)	-	-	-	-	-	-	46,126	-	46,126	-
Other operating costs and expenses	1,195	3,390	-	-	3,212	(1,926)	6,582	3,176	10,989	4,640
Gain on disposal of investment (note 13)	-	-	-	-	-	-	(30,487)	-	(30,487)	-
	166,525	160,066	288	(957)	29,570	32,666	77,195	72,168	273,578	263,943

- (1) In 1Q23 an accounting gain of R\$20,823 was recognized for the remeasurement of post-employment liabilities, as a result of acceptance of the new Health Plan by part of the active employees. More details in Note 21.
- (2) Net of PIS/Pasep and Cofins taxes on the amortization of the right of use, in the amounts of R\$30 in the consolidated interim financial information, and R\$31 in the interim financial information of the parent company, in 1Q23 (these compare, respectively, to R\$28, and R\$28, in 1Q22).
- (3) This refers to recognition of impairment of the plants of Cemig GT that are in the process of sale. More details in Note 30.

26. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
FINANCE INCOME				
Income from cash investments	53,541	35,885	30,628	21,378
Arrears fees on sale of energy	6,411	2,097	5,154	1,678
Monetary updating	3,699	10,737	3,313	10,701
Monetary updating on escrow deposits	1,920	2,249	1,899	2,210
FX variation from loans (Note 19)	103,814	842,700	103,814	842,700
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS	557	575	-	-
Other finance income	6,010	5,869	4,815	5,590
Pasep and Cofins taxes on financial revenues	(2,693)	(2,203)	(2,130)	(1,899)
	173,259	897,909	147,493	882,358
DESPESAS FINANCEIRAS				
Costs of loans and debentures (Note 19)	(137,619)	(126,960)	(137,619)	(126,960)
Amortization of transaction cost (Note 19)	(2,107)	(605)	(2,107)	(605)
Monetary updating - Forluz	(1,868)	(3,177)	(1,868)	(3,177)
Inflation adjustment - Loans and debentures (Note 19)	(6,522)	(3,060)	(6,522)	(3,060)
Monetary updating	1,132	(5,985)	(243)	(2,933)
Losses on financial instruments (Note 28)	(12,725)	(456,647)	(12,725)	(456,647)
Leasing - Monetary variation (Note 16)	(1,588)	(1,245)	(1,523)	(1,185)
Other finance expenses	(6,150)	(3,349)	(4,231)	(513)
	(167,447)	(601,028)	(166,838)	(595,080)
NET FINANCE EXPENSES	5,812	296,881	(19,345)	287,278

27. RELATED PARTY TRANSACTIONS

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

ENTITIES (1)	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Transactions in energy (2)								
Aliança Geração	-	-	6,184	7,201	199	158	(17,954)	(25,867)
Norte Energia	2,319	2,352	-	-	6,937	6,458	-	-
Paracambi	-	-	2,850	2,476	-	-	(6,069)	(8,472)
Hidrelétrica Pipoca	-	-	4,714	3,491	-	-	(13,686)	(12,363)
Taesa	-	24	1,278	1,335	72	65	(3,869)	(3,935)
Cemig Distribuição	28,984	27,733	2,650	2,790	83,513	69,607	(7,822)	(9,834)
Connection charges								
Cemig Distribuição (6)	10,874	11,049	-	-	24,467	19,463	-	-
Cooperation Working Agreement (5)								
Cemig Distribuição	203	2,565	-	-	-	229	-	-
Cemig	-	-	1,854	-	-	-	(1,854)	-
Provision of service (4)								
Aliança Geração	606	673	-	-	1,326	1,139	-	-
Taesa	58	125	-	-	374	288	-	-
Other assets								
FIP Melbourne (7)	190,730	160,644	-	-	-	-	-	-
Contingencies								
Aliança Geração (3)	-	-	55,610	54,905	-	-	(705)	(833)
Interest on Equity, and dividends								
Companhia Energética de Minas Gerais	-	-	1,045,725	1,406,958	-	-	-	-
Retiro Baixo	5,867	5,867	-	-	-	-	-	-
Hidrelétrica Pipoca	3,882	3,882	-	-	-	-	-	-
Hidrelétrica Cachoeirão	3,867	3,867	-	-	-	-	-	-
Baguari Energia	11,579	-	-	-	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	222,774	227,884	-	-	-	-	-	-
Marketable securities	1,290,384	1,352,076	-	-	71,082	30,219	-	-
Non-current								
Marketable securities	6,072	5,105	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (8)	-	-	46,827	44,936	-	-	(13,773)	(14,636)
Supplementary pension contributions - Defined contribution plan (9)	-	-	-	-	-	-	(5,114)	(4,931)
Administrative running costs (10)	-	-	-	-	-	-	(2,051)	(1,762)
Leasing (11)	-	-	5,418	5,418	-	-	(1,786)	(1,648)
Non-current								
Post-employment obligations (8)	-	-	420,581	424,124	-	-	-	-
Leasing (11)	38,416	38,838	38,239	38,323	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (12)	-	-	46,725	46,243	-	-	(21,684)	(20,772)
Non-current								
Health Plan and Dental Plan (12)	-	-	657,147	681,143	-	-	-	-

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

- (1) The relationship between the Company and its investees are described in Note 13.
- (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 energy 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 applicable legislation. The transactions for transport of energy, are by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
- (3) This refers to the aggregate amounts of legal actions realized and legal actions provisioned arising from the agreement made between Aliança Geração, Vale S.A. and Cemig. The action is provisioned in the amount of R\$103 million (R\$156 million at December 31, 2022), of which Cemig's portion is R\$56 million (R\$55 million on December 31, 2022).
- (4) Refers to a contract to provide plant operation and maintenance services.

- (5) 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;
- (6) This refers to the Contract for Connection of Distribution Facilities to the Transmission System (CCT);
- (7) In January 2021, a final arbitration award was issued in favor of FIP Melbourne, and in August 2022 an agreement was reached between the parties to close the dispute, with the establishment of an updated compensation amount of R\$200 million, settled on September 12, 2022 (see note 13);
- (8) The contracts of Forluz are updated by the Expanded Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) plus interest of 6.00% p.a. and will be amortized until the business year of 2031 (more details in Note 21).
- (9) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
- (10) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
- (11) Rental of the Company's administrative head office, in effect until august 2024 (able to be extended every five years, until 2034, currently in final phase of renewal), with annual inflation adjustment by the IPCA index and price reviewed every 60 months in line with market prices. On September 20, 2021 the rental contract was adjusted upward by 8.72%, corresponding to accumulated IPCA inflation over the prior 12 months. On April 27, 2021, 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 21).

Dividends receivables

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Sá Carvalho S.A.	-	-	31,616	691
Cemig Geração Três Marias S.A.	-	-	88,841	88,841
Cemig Geração Salto Grande S.A.	-	-	37,165	28,845
Cemig Geração Itutinga S.A.	-	-	21,423	-
Cemig Geração Camargos S.A.	-	-	21,180	-
Cemig Geração Sul S.A.	-	-	19,437	-
Cemig Geração Leste S.A.	-	-	18,804	-
Horizontes Energia S.A.	-	-	6,713	-
Cemig PCH S.A.	-	-	11,573	-
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	1,627	-
Cemig Trading S.A.	-	-	2,459	479
Aliança Geração de Energia S.A.	126,634	126,634	126,634	126,634
Rosal Energia S.A.	-	-	12,779	-
Parajuru	-	-	8,305	-
Others (1)	25,195	13,616	25,195	13,616
	151,829	140,250	433,751	259,106

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

Cash investments in the *FIC Pampulha* investment fund

The invests part of its cash balance in a reserved (group) investment fund, which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund are reported as cash and cash equivalent or marketable securities line in current and non-current assets.

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

Remuneration of key management personnel

The total remuneration of key personnel comprising the Executive Board, the Fiscal Council, the Audit Committee and the Board of Directors are within the limits approved at a General Shareholders' Meeting, and the effects on the interim financial information of the 1Q23 and 1Q22, are as follows:

	Jan to Mar/2023	Jan to Mar/2022
Remuneration	824	812
Profit shares	287	273
Private pension	56	46
Health and dental plans	6	7
Life insurance	1	1
Total (1)	1,174	1,139

(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.

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments by the Company and its subsidiaries, are as follows:

	Level	March 31, 2023		December 31, 2022	
		Book value	Fair value	Book value	Fair value
Financial assets					
Amortized cost					
Marketable securities		206,066	206,066	186,753	186,753
Customers and traders concession holders (transmission service)		968,063	968,063	1,095,412	1,095,412
Restricted cash		20,047	20,047	14,488	14,488
Escrow deposits		176,160	176,160	174,461	174,461
Concession grant fee - Generation concessions		3,003,694	3,003,694	2,950,415	2,950,415
Result of the agreement between FIP Melbourne and AGPar		190,730	190,730	160,643	160,643
		4,564,760	4,564,760	4,582,172	4,582,172
Fair value through income or loss					
Cash equivalents - Investments		323,777	323,777	287,207	287,207
Marketable securities					
Bank certificates of deposit (CDBs)	1	16,552	16,552	148,466	148,466
Financial notes (LF's) - Banks	2	881,364	881,364	702,838	702,838
Treasury financial notes (LFT's)	1	183,814	183,814	311,663	311,663
Debentures	2	9,022	9,022	7,744	7,744
		1,414,529	1,414,529	1,457,918	1,457,918
Derivative financial instruments	3	709,067	709,067	702,734	702,734
Indemnifiable receivable - Generation	3	713,937	713,937	691,460	691,460
		1,423,004	1,423,004	1,394,194	1,394,194
		7,402,293	7,402,293	7,434,284	7,434,284
Financial Liabilities					
Amortized cost					
Loans and debentures		(5,001,500)	(5,001,500)	(4,959,066)	(4,959,066)
Debt with pension fund (Forluz)		(48,709)	(48,709)	(56,892)	(56,892)
Deficit of pension fund (Forluz)		(122,890)	(122,890)	(123,843)	(123,843)
Concessions payable		(29,338)	(29,338)	(27,291)	(27,291)
Suppliers		(353,747)	(353,747)	(503,110)	(503,110)
Leasing		(69,087)	(69,087)	(62,367)	(62,367)
		(5,625,271)	(5,625,271)	(5,732,569)	(5,732,569)
Fair value through income or loss					
Derivative financial instruments	3	(109,584)	(109,584)	(90,526)	(90,526)
Put Option (SAAG)	3	(705,171)	(705,171)	(672,416)	(672,416)
		(6,440,026)	(6,440,026)	(6,495,511)	(6,495,511)

Information about (i) classifications of financial instruments at fair value; (ii) methodology for calculation of fair value of positions; and (iii) derivative financial instruments can be found in Note 29 to the financial statements for the year ending December 31, 2022.

b) Financial instruments

Put SAAG option

A liability of R\$705,171 was recorded in the Company's interim financial information for the difference between the exercise price and the estimated fair value of the assets. Considering the early liquidation of Funds, and early maturity of put option, this amount was classified as current liabilities.

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

	Consolidated and Parent
Balance on December 31, 2022	672,416
Adjustment to fair value	32,755
Balance on March 31, 2023	<u>705,171</u>

Early liquidation of Funds, and early maturity of put option

On February 7, 2023, the decision of the arbitration proceeding was released, condemning Cemig GT to full payment of the exercise price of the options included in the contracts. The Company, together with its legal advisors, is evaluating the appropriate measures. Financial settlement is expected to take place within five business days from signature of the final agreement, which will be subject to approval by the Board of Directors.

Swap transactions and currency options

Considering that part of the loans 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 and interest).

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

The notional amount of derivative transactions 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 March 31, 2023 was a negative adjustment of R\$12,725 (negative adjustment of R\$456,647 on March 31, 2022), which was posted in finance income (expenses).

Cemig is guarantor of the derivative financial instruments contracted by the Company.

This table presents the derivative instruments contracted by the Company as of March 31, 2023 and December 31, 2022:

Assets	Liability	Maturity period	Trade market	Notional amount (2)	Carrying amount on March 31, 2023	Fair value on March 31, 2023	Carrying amount on December 31, 2022	Fair value on December 31, 2022
US\$ exchange variation + Rate (9.25% p.y.) (1)	R\$ + 152.01% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US\$250,000	416,666	271,600	428,134	272.846
US\$ exchange variation + Rate (9.25% p.y.) (1)	R\$ + 125.52% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US\$500,000	548,468	327,883	568,487	339.362
					965,134	599,483	996,621	612.208
Non-current assets						709,067		702.734
Current liabilities						(109,584)		(90.526)

- (1) For the US\$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R\$3.25/US\$ and ceiling at R\$5.00/US\$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. For the additional US\$500 issuance of the same Eurobond issued on July 2018 a call spread was contracted for the principal, with floor at R\$3.85/US\$ and ceiling at R\$5.00/US\$, and a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate. The upper limit for the exchange rate in the hedge instrument contracted by the Company for the principal of the Eurobonds is R\$5.00/US\$. The instrument matures in December 2024. If the USD/BRL exchange rate is still over R\$5.00 in December 2024, the company will disburse, on that date, the difference between the upper limit of the protection range and the spot dollar on that date. The Company is monitoring the possible risks and impacts associated with the dollar being valued above R\$5.00 and assessing various strategies for mitigating the foreign exchange risk up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate. This does not, however, protect the amount of Income tax withheld at source (Imposto de Renda Retida na Fonte - IRRF) on the payment of interest.
- (2) In thousands 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 on March 31, 2023 was R\$599,483 (R\$612,208 on December 31, 2022), which would be the reference if the Company would liquidate the financial instrument on March 31, 2023, 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\$965,134 at March 31, 2023 (R\$996,621 on December 31, 2022).

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 analysis and estimates that in a probable scenario, its results would be positively affected by the swap and call spread, on March 31, 2024, in the amount of R\$129,686. The fair value of the financial instrument was estimated in R\$729,169, with a positive amount of R\$781,836 refers to the option (call spread) and a negative amount of R\$52,667 refers to the swap.

Based on the base scenario observed at March 31, 2023, the Company measured the effects on its net income of the 'probable' and 'adverse' scenarios, in which the projections for interest rates and the US dollar exchange rate are high, simulating a scenario of economic stress.

The results are shown below:

Parent Company and Consolidated	Base scenario March 31, 2023	'Probable' scenario March 31, 2024 Selic 12.75% Dollar 5.10	'Adverse' scenario March 31, 2024 Selic 15.75% Dollar 5.99
Swap, asset	2,934,299	2,895,149	2,892,489
Swap, liability	(3,065,196)	(2,947,816)	(3,002,250)
Option / Call spread	730,380	781,836	902,458
Derivative hedge instrument	<u>599,483</u>	<u>729,169</u>	<u>792,697</u>

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

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 cash flow.

Exposure to exchange rates	Consolidated and Parent Company			
	Mar. 31, 2023		Dec. 31, 2022	
	Foreign currency	R\$	Foreign currency	R\$
US dollar				
Loans (Note 19)	(782,395)	(3,974,879)	(761,824)	(3,974,971)
Net (liabilities) exposed		<u>(3,974,879)</u>		<u>(3,974,971)</u>

Sensitivity analysis

The Company estimates, based on finance information from its financial consultants, that in a probable scenario, on March 31, 2024 the exchange rates of foreign currencies in relation to the Real will be as follows: appreciation of the dollar exchange rate by 0.39%, to R\$5.10/US\$. The Company has made a sensitivity analysis of the effects on profit arising from depreciation of the Real exchange rate considering an adverse scenario.

Risk: Exposure to exchange rates	Mar. 31, 2023	Mar. 31, 2024	
	Book value	'Probable' scenario Dollar 5.10	'Adverse' scenario Dollar 5.92
US dollar			
Loans (Note 19)	(3,974,879)	(3,990,214)	(4,631,778)
Net liabilities exposed	<u>(3,974,879)</u>	<u>(3,990,214)</u>	<u>(4,631,778)</u>
Net effect of exchange rate variation		<u>(15,335)</u>	<u>(656,899)</u>

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 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 assets indexed to variation in interest rates:

Exposure to Brazilian domestic interest rates	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Assets				
Cash equivalents (Note 5) - CDI rate	323,777	287,207	231,608	190,733
Securities (Note 6) - CDI and Selic rates	1,296,818	1,357,464	768,858	791,344
Indemnities receivable - Generation (Note 11.1)- CDI and Selic rates	713,937	691,460	713,937	691,460
Restricted cash - CDI	20,047	14,488	6,495	6,405
	2,354,579	2,350,619	1,720,898	1,679,942
Liabilities				
Loans and debentures - CDI (Note 19)	(728,402)	(703,185)	(728,402)	(703,185)
	(728,402)	(703,185)	(728,402)	(703,185)
Net assets exposed	1,626,177	1,647,434	992,496	976,757

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on December 31, 2024 will be 12.5%. The Company and its subsidiaries carried out a sensitivity analysis of the effects on results considering an adverse scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

Risk: Reduction in Brazilian interest rates - Consolidated	Mar. 31, 2023	Mar. 31, 2024	
	Amount Book value	'Probable' scenario: Selic 12.5%	'Adverse' scenario Selic 9.25%
Assets			
Cash equivalents - Cash investments (Note 5)	323,777	364,249	353,726
Marketable securities (Note 6)	1,296,818	1,458,920	1,416,774
Indemnities receivable - Generation (Note 11.1)	713,937	803,179	779,976
Restricted cash	20,047	22,553	21,901
	2,354,579	2,648,901	2,572,377
Liabilities			
Loans and debentures - CDI (Note 19)	(728,402)	(819,452)	(795,779)
	(728,402)	(819,452)	(795,779)
Net assets	1,626,177	1,829,449	1,776,598
Net effect of variation in interest rates		203,272	150,421

Inflation risk

The Company and its subsidiaries are exposed to the risk of reduction in inflation index on March 31, 2023. A portion of the loans 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	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Assets				
Generation - Concession grant fee - IPCA (Note 11)	3,003,694	2,950,415	-	-
Liabilities				
Loans and debentures - IPCA (Note 19)	(314,475)	(302,216)	(314,475)	(302,216)
Debt agreed with pension fund (Forluz) - (Note 21)	(48,709)	(56,892)	(48,709)	(56,892)
Solution for Forluz pension fund deficit (Note 21)	(122,890)	(123,843)	(122,890)	(123,843)
	(486,074)	(482,951)	(486,074)	(482,951)
Net assets (liabilities) exposed	2,517,620	2,467,464	(486,074)	(482,951)

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on December 31, 2024 will be 5.38%. For the risk of reduction in inflation they have made a sensitivity analysis of the effects on profit arising from reductions in rates in an adverse scenario.

Risk: reduction in inflation Consolidated	Mar. 31, 2023	Mar. 31, 2024	
	Book value	'Probable' scenario: IPCA 5.38%	'Adverse' scenario IPCA 3.30%
Assets			
Generation - Concession Grant Fee - IPCA (Note 11)	3,003,694	3,165,293	3,102,816
Liabilities			
Loans and debentures - IPCA (Note 19)	(314,475)	(331,394)	(324,853)
Debt agreed with pension fund (Forluz) (Note 21)	(48,709)	(51,330)	(50,316)
Solution for Forluz pension fund deficit (Note 21)	(122,890)	(129,501)	(126,945)
	(486,074)	(512,225)	(502,114)
Net assets exposed	2,517,620	2,653,068	2,600,702
Net effect of variation in inflation		135,448	83,082

Liquidity risk

The information on how the Company manages liquidity risk is given in Note 29 to the financial statements for the year ended December 31, 2022.

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

Consolidated	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans and debentures	-	275,970	272,870	5,393,182	348,232	6,290,254
Onerous concessions	358	705	3,020	13,364	17,466	34,913
Debt agreed with pension fund (Forluz)	3,385	6,807	31,252	10,674	-	52,118
Solution for deficit of pension fund (Forluz)	1,498	3,019	13,862	80,900	88,581	187,860
	5,241	286,501	321,004	5,498,120	454,279	6,565,145
Fixed rate						
Suppliers	40,782	273,300	39,665	-	-	353,747
	46,023	559,801	360,669	5,498,120	454,279	6,918,892

(*) The lease payment flow is presented in note 16.

Parent Company	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans and debentures	-	275,970	272,870	5,393,182	348,232	6,290,254
Onerous concessions	358	705	3,020	13,364	17,466	34,913
Debt agreed with pension fund (Forluz)	3,385	6,807	31,252	10,674	-	52,118
Solution for deficit of pension fund (Forluz)	1,498	3,019	13,862	80,900	88,581	187,860
	5,241	286,501	321,004	5,498,120	454,279	6,565,145
Fixed rate						
Suppliers	20,586	268,663	36,178	-	-	325,427
	25,827	555,164	357,182	5,498,120	454,279	6,890,572

(*) The lease payment flow is presented in note 16.

Risk of debt early maturity

The Company has loans and debentures contracts with covenants relating to financial index of the Company and its parent company, and cross-default clauses. Non-compliance with these covenants could result in earlier maturity of debts. More details in Note 19.

Credit Risk and hydrological risk

The information on how the Company manages credit and hidrological risk is given in Note 29 to the financial statements for the year ended December 31, 2022.

d) Capital management

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

	Consolidated		Parent Company	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022
Total liabilities	10,616,219	11,096,184	10,252,576	10,644,364
Cash and cash equivalents (Note 5)	(325,711)	(292,980)	(232,145)	(194,482)
Marketable securities (Note 6)	(1,290,745)	(1,352,359)	(765,258)	(788,368)
Net liabilities	8,999,763	9,450,845	9,255,173	9,661,514
Total equity	9,347,692	8,892,810	9,347,692	8,892,810
Net liabilities / equity	0.96	1.06	0.99	1.09

29. OPERATING SEGMENTS

The detailed information on the operational segments is given in Note 5 to the financial statements for the year ended December 31, 2022.

INFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED MARCH 31, 2023								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	647,428	285,659	1,128,418	-	2,061,505	(286,626)	(18,839)	1,756,040
COST OF ENERGY	20,603	(80)	(1,058,266)	-	(1,037,743)	286,626	5,595	(745,522)
OPERATING COSTS AND EXPENSES (3)								
Personnel	(36,606)	(35,034)	(7,154)	(6,985)	(85,779)	-	-	(85,779)
Employees' and managers' profit sharing	(3,824)	(4,050)	(831)	(807)	(9,512)	-	-	(9,512)
Post-employment obligations	(6,548)	(4,046)	(927)	(1,245)	(12,766)	-	-	(12,766)
Materials, outsourced services and other expenses (revenues)	(53,319)	(24,040)	(4,157)	29,890	(51,626)	-	13,570	(38,056)
Depreciation and amortization	(81,140)	(1)	(4)	-	(81,145)	-	-	(81,145)
Operating provisions (reversals)	(49,530)	(2,113)	(45)	(36,493)	(88,181)	-	-	(88,181)
Construction costs	-	(26,833)	-	-	(26,833)	-	-	(26,833)
Total cost of operation	(230,967)	(96,117)	(13,118)	(15,640)	(355,842)	-	13,570	(342,272)
OPERATING COSTS AND EXPENSES	(210,364)	(96,197)	(1,071,384)	(15,640)	(1,393,585)	286,626	19,165	(1,087,794)
Equity in earnings of unconsolidated investees, net	326	-	-	69,506	69,832	-	(326)	69,506
OPERATING RESULT BEFORE FINANCE AND TAX RESULT	437,390	189,462	57,034	53,866	737,752	-	-	737,752
Finance income and expenses, net	12,517	(877)	15,528	(21,356)	5,812	-	-	5,812
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	449,907	188,585	72,562	32,510	743,564	-	-	743,564
Income tax and social contribution tax	(100,990)	(35,140)	(16,970)	19,039	(134,061)	-	-	(134,061)
NET INCOME FOR THE PERIOD	348,917	153,445	55,592	51,549	609,503	-	-	609,503

- (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.

INFORMATION BY SEGMENT AS OF AND FOR THE YEAR ENDED MARCH 31, 2022

ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	700,034	303,388	1,134,090	-	2,137,512	-	(13,348)	2,124,164
COST OF ENERGY	(55,673)	(70)	(909,994)	-	(965,737)	-	1,005	(964,732)
OPERATING COSTS AND EXPENSES (3)								
Personnel	(34,204)	(31,576)	(5,198)	(10,089)	(81,067)	-	-	(81,067)
Employees' and managers' profit sharing	(3,777)	(3,850)	(630)	(1,139)	(9,396)	-	-	(9,396)
Post-employment obligations	(16,070)	(10,316)	(2,332)	(3,513)	(32,231)	-	-	(32,231)
Materials, outsourced services and others expenses (revenues)	(42,623)	(17,577)	(2,095)	(4,986)	(67,281)	-	12,343	(54,938)
Depreciation and amortization	(81,873)	(1)	(3)	-	(81,877)	-	-	(81,877)
Operating provisions (reversals)	(9,116)	(4,822)	(866)	(27,835)	(42,639)	-	-	(42,639)
Construction costs	-	(50,696)	-	-	(50,696)	-	-	(50,696)
Total cost of operation	(187,663)	(118,838)	(11,124)	(47,562)	(365,187)	-	12,343	(352,844)
OPERATING COSTS AND EXPENSES	(243,336)	(118,908)	(921,118)	(47,562)	(1,330,924)	-	13,348	(1,317,576)
Equity in earnings of unconsolidated investees, net	57,100	-	-	(1,020)	56,080	-	-	56,080
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	513,798	184,480	212,972	(48,582)	862,668	-	-	862,668
Finance income	121,740	71,491	10,344	93,306	296,881	-	-	296,881
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	635,538	255,971	223,316	44,724	1,159,549	-	-	1,159,549
Income tax and social contribution tax	(167,972)	(82,058)	(78,882)	(17,123)	(346,035)	-	-	(346,035)
NET INCOME (LOSS) FOR THE YEAR	467,566	173,913	144,434	27,601	813,514	-	-	813,514

- (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 main manager of the operations.

30. ASSETS CLASSIFIED AS HELD FOR SALE

Process of sale of 15 PCHs/CGHs

On March 17, 2023 the invitation and tender were published for a public auction to sell 15 small hydroelectric generation plants and units (PCHs and CGHs), 12 owned by Cemig GT and 3 by its wholly-owned subsidiary Horizontes. The minimum price for the single lot of these assets is R\$ 48,185. The auction is scheduled for August 10, 2023.

Generation plant	Ledger	Beginning of the operation	Installed capacity (MW)	Physical guarantee (MWm)	Commercial Operation Status	Site
Cemig GT						
CGH Bom Jesus do Galho	Registry	1931	0.36	0.13	Out of operation	Minas Gerais
CGH Xicão	Registry	1942	1.81	0.61	In operation	Minas Gerais
CGH Sumidouro	Registry	1954	2.12	0.53	In operation	Minas Gerais
PCH São Bernardo	Concession	1948	6.82	3.42	In operation	Minas Gerais
CGH Santa Marta	Registry	1944	1.00	0.58	In operation	Minas Gerais
CGH Santa Luzia	Registry	1958	0.70	N/A	In operation	Minas Gerais
				Geração: 0.28		
CGH Salto Morais	Registry	1957	2.39	0.60	In operation	Minas Gerais
PCH Rio de Pedras	Concession	1928	9.28	2.15	In operation	Minas Gerais
CGH Pissarrão	Registry	1925	0.80	0.55	In operation	Minas Gerais
CGH Lages	Registry	1955	0.68	N/A	In operation	Minas Gerais
				Geração: 0.32		
CGH Jacutinga	Registry	1948	0.72	0.57	In operation	Minas Gerais
CGH Anil	Registry	1964	2.06	1.10	In operation	Minas Gerais
Horizontes						
CGH Salto do Paraopeba	Authorization	1955	2.46	2.21	Out of operation	Minas Gerais
CGH Salto Passo Velho	Authorization	2001	1.80	1.64	In operation	Santa Catarina
PCH Salto Voltão	Authorization	2001	8.20	7.36	In operation	Santa Catarina
Total			41.20	22.05		

(1) Information not audited by the independent auditors.

This disposal aims to comply with the directives of the Company's strategic planning, in optimizing its portfolio of assets, seeking to improve operational efficiency and allocation of capital.

Thus, in March 2023 the assets were transferred to Current assets held for sale, in accordance with the terms of CPC 31 / IFRS 5, as follows:

Plant	Net book value Fixed assets and Intangible assets	Assets held for sale
Cemig GT		
	46,126	-
CGH Bom Jesus do Galho	110	-
CGH Xicão	8,188	-
CGH Sumidouro	1,906	-
PCH São Bernardo	6,367	-
CGH Santa Marta	249	-
CGH Santa Luzia	995	-
CGH Salto Morais	798	-
PCH Rio de Pedras	21,943	-
CGH Pissarrão	1,423	-
CGH Lages	948	-
CGH Jacutinga	1,485	-
CGH Anil	1,713	-
Horizontes	7,212	7,212
CGH Salto do Paraopeba	-	-
CGH Salto Passo Velho	2,479	2,479
PCH Salto Voltão	4,733	4,733
Total	53,338	7,212

The Company evaluated the recoverable value of its assets immediately before classifying them as assets held for sale and recognized in income a provision for impairment, in the amount of R\$46,126. The estimated value in use was determined using the shareholder's cash flow discounted by the IPCA + a rate that varies between 5% and 10%. The projection horizon considers the contract terms of each of the plants.

Subsequently, the assets were classified as held for sale, having been measured at the lower of the book value and fair value less selling expenses, with the balance of the asset held for sale amounting to R\$7,212, pursuant to item 15 of CPC 31/ IFRS 5, with no effects recognized in income.

It was concluded that the assets classified as held for sale do not qualify within the concept of discontinued operations, under Item 32 of CPC 31, since they do not represent a significant separate line of business or geographical area of operations, nor do they constitute a subsidiary acquired exclusively for the purpose of resale.

The Company continues to operate in the power generation business.

31. PARLIAMENTARY COMMITTEE OF INQUIRY ('CPI')

On June 17, 2021, the Legislative Assembly of Minas Gerais has established a Parliamentary Committee of Inquiry ('CPI') to investigate management acts of Cemig since January 2019. CPI was entitled to investigate the facts underlying the application for its creation, and requested, through application, several documents and information related, mainly, human resources management and purchasing processes which were fully met by the Company within the stipulated deadlines.

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

We would note, on the subject of processes of contracting, that the Company carries out regular audits; and that based on the results identified to date, no material impacts on the interim financial information for the first quarter of 2023, nor for any financial statements of prior business year, have been identified.

32. SUBSEQUENT EVENTS

Signature of share purchase agreement for disposal of Retiro Baixo and Baguari Energia by Cemig GT

Share purchase agreements were signed on April 14, 2023 for sale to Furnas Centrais Elétricas of the Company's entire stockholding interests in the jointly-controlled subsidiaries Retiro Baixo and Baguari Energia, as follows:

- (i) for R\$200.4 million, the 49.9% equity interest held by the Company in Retiro Baixo, which operates the Retiro Baixo Hydroelectric Plant, in Minas Gerais, with installed capacity of 81.1 MW, and assured energy (physical offtake guarantee) of 34.8 MW.
- (ii) for R\$393 million, the Company's indirectly held interest of 34% in the Baguari Consortium, which operates the Baguari hydroelectric plant, in Minas Gerais, with installed generation capacity of 140 MW and assured energy (physical offtake guarantee) of 81.9 MW, representing 69.38% of the share capital of Baguari Energia.

The figures will be updated by 100% of the CDI rate, from the base date of December 31, 2022, up to the date of payment at closing of the transactions.

The transfers of shares are subject to certain suspensive conditions that are usual in transactions of this type, including authorization by the Brazilian anti-trust authority CADE (Conselho Administrativo de Defesa Econômica), and by Aneel.

In April 2023 the assets were classified as held for sale, at book value, in accordance with Item 15 of CPC 31 / IFRS 15, thus having no effect on net profit.

FINANCIAL RESULTS

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

Net income for the period

For 1Q23, the Company reports a net income of R\$609,503 which compares with its net income of R\$813,514 in 1Q22. This mainly reflects the difference in Net financial revenue (expenses) between the two periods.

In 1Q23, we highlight the recognition of a revenue on foreign exchange variation in the debt in foreign currency (Eurobonds), with loss on the corresponding hedge instrument, totaling a net gain of R\$60,119 (net of taxes) in 1Q23, compared to a gain of R\$254,795 (net of taxes) in 1Q22.

The main variations in revenue, costs, expenses and net finance income (expenses) are presented in the sequence of this report.

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

The consolidated Company's Ebitda, adjusted including the removal of non-recurrent items, decreased 16.49% in 1Q23 compared to 1Q22. The adjusted Ebitda margin increased from 44.47% in 1Q22 to 44.92% in 1Q23.

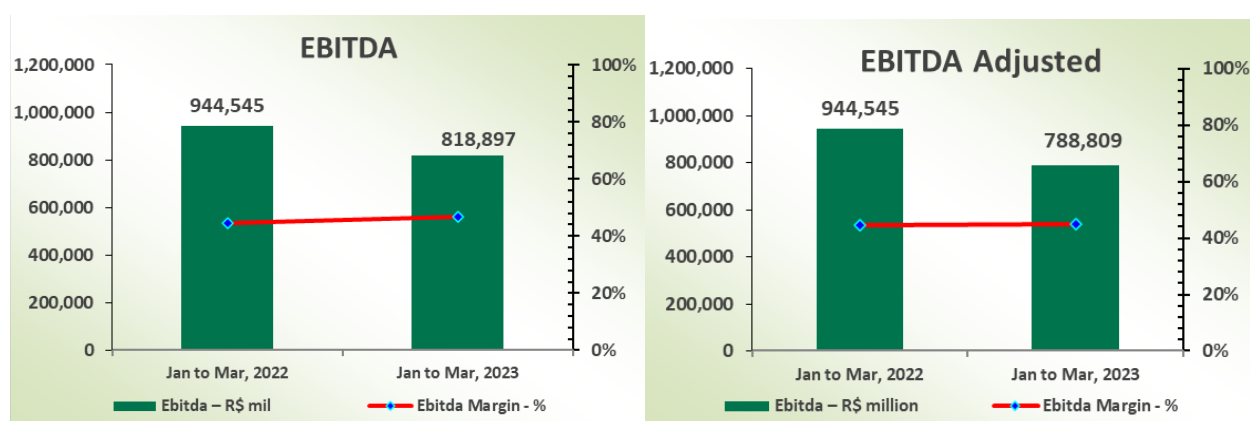
The consolidated Ebitda, measured according to CVM Instruction n. 156/2022, decreased in 13.30% in 1Q23, compared to 1Q22. The Ebitda margin decreased from 44.47% in 1Q22 to 46.63% for 1Q23.

More details on the specific items of this Comment.

Ebitda 1Q23	Generation	Transmission	Trading	Investee	Total
Net income for the period	348,917	153,445	55,592	51,549	609,503
+ Current and deferred income tax and social contribution tax	100,990	35,140	16,970	(19,039)	134,061
+/- Net financial revenue (expenses)	(12,517)	877	(15,528)	21,356	(5,812)
+ Depreciation and amortization	81,140	1	4	-	81,145
= Ebitda according to "CVM Instruction n. 156" (1)	518,530	189,463	57,038	53,866	818,897
Non-recurring and non-cash effects					
- Gains arising from the sale of investment (note 13)	-	-	-	(55,391)	(55,391)
- Remeasurement of post-employment liabilities (note 21)	(10,679)	(6,600)	(1,512)	(2,032)	(20,823)
+ Impairment of assets – Small Hydro Plants held for sale (note 30)	46,126	-	-	-	46,126
= Ebitda Adjusted (2)	553,977	182,863	55,526	(3,557)	788,809

Ebitda 1Q22	Generation	Transmission	Trading	Investee	Total
Net income for the period	467,566	173,913	144,434	27,601	813,514
+ Current and deferred income tax and social contribution tax	167,972	82,058	78,882	17,123	346,035
+/- Net financial revenue (expenses)	(121,740)	(71,491)	(10,344)	(93,306)	(296,881)
+ Depreciation and amortization	81,873	1	3	-	81,877
= Ebitda according to "CVM Instruction n. 156" (1)	595,671	184,481	212,975	(48,582)	944,545

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



Operational revenue

Revenue from supply of energy

Revenue from supply of electricity was 21.64% lower, at R\$1,580,860 in 1Q23, compared to R\$2,017,515 in 1Q22. This difference basically reflects volume of energy sold 21.64% lower, partially offset by the average sale price per MWh being 1.52% higher: R\$259.35 in 1Q23, vs. R\$255.46 in 1Q22.

The lower volume of energy sold is mainly a reflection of continuing transfers of the Cemig Group's activity in Trading from Cemig GT to the Cemig holding.

	Jan. to Mar/2023			Jan. to Mar/2022		
	MWh (3)	R\$	Average price/MWh billed - R\$/MWh (1)	MWh (3)	R\$	Average price/MWh billed - R\$/MWh (1)
Industrial	2,883,714	889,170	308.34	3,561,728	1,002,414	281.44
Commercial	956,466	246,665	257.89	1,055,478	262,023	248.25
Rural	3,410	1,022	299.71	5,101	1,110	217.60
Subtotal	3,843,590	1,136,857	295.78	4,622,307	1,265,547	273.79
Net unbilled retail supply	-	(31,694)	-	-	99,995	-
	3,843,590	1,105,163	295.78	4,622,307	1,365,542	273.79
Wholesale supply to other concession holders (2)	2,488,264	505,322	203.08	2,867,943	647,906	225.91
Wholesale supply unbilled, net	-	(29,625)	-	-	4,067	-
	6,331,854	1,580,860	259.35	7,490,250	2,017,515	255.46

(1) The calculation of the average price does not include revenue from supply not yet billed.

(2) This revenue 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.

(3) Information not audited by the independent auditors.

Transmission concession revenue

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R\$174,253 in 1Q23, compared to R\$151,845 in 1Q22, 14.76% higher, mainly reflecting the annual adjustment of the RAP of the transmission companies (concession contracts 006/1997 and 79/2000), plus entry of new works.
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R\$39,404 in 1Q23, compared to R\$68,395 in 1Q22, 42.39% lower. This difference reflects expectation for the projects that are in the final phase of execution, resulting in lower amounts of investment in 1Q23 than in 1Q22. Also, the new projects are at the initial phase, with disbursements associated with the planning and decision phases, which have lower costs.
- Revenues from financial remuneration of transmission contract assets were 7.25% lower, at R\$174,875 in 1Q23, compared to R\$188,542 in 1Q22. This variation mainly reflects the lower value of the IPCA inflation index - the indexor used for remuneration of the contract - which was -6.25% in 1Q23, compared to 3.2% in 1Q22.

More details in Note 12.

Taxes and regulatory charges reported as deductions from revenue

Taxes and charges applied to operating revenue in 1Q23 were R\$419,380, compared to R\$492,759 in 1Q22. This variation is mainly associated with the taxes calculated as a percentage of sales revenue. Hence, their variations are substantially proportional to the changes in revenue.

Operating costs and expenses

Operating costs and expenses in 1Q23 totaled R\$1,118,281, compared to R\$1,317,576 in 1Q22. The following paragraphs outline the main variations in operating costs and expenses:

Energy purchased for resale

The expense on energy purchased for resale in 1Q23 was R\$682,196, or 24.77% less than the figure of R\$906,797 for this account in 1Q22. This is due to (i) costs of energy acquired in the Free Market 24.77% lower, at R\$720,931 in 1Q23, compared to R\$968,284 in 1Q22, and (ii), principally, transfer of the Trading activities of the Cemig Group from Cemig GT to the Cemig holding.

Construction cost

The cost of construction in 1Q23 was R\$26,833, compared to R\$50,696 in 1Q22, or 47.07% lower. The difference reflects the estimate for the projects that are in final phase of execution, resulting in lower amounts invested in 1Q23 than in 1Q22. Further, the new projects are at the initial phase, with disbursements associated with the stages of planning and decision, which have lower costs.

Post-employment obligations

The impact of the Company's post-retirement obligations on operational profit in 1Q23 was an expense of R\$12,766, 60.39% lower than in 1Q22 (expense of R\$32,231). The lower figure is mainly due to the remeasurement of the post-employment liability in 1Q23, as a result of current active employees accepting the new Health Plan, which generated a positive effect on net profit of R\$20,823. More details in note 21.

Outsourced services

A despesa com serviços de terceiros foi de R\$52.544 no primeiro trimestre de 2023, comparada a R\$45.080 no primeiro trimestre de 2022, representando um crescimento de 16,56%, decorrente, principalmente, dos seguintes fatores:

- Expenses on maintenance and conservation of facilities and equipment were 33.83% higher, at R\$15,100 in 1Q23, compared to R\$11,283 in 1Q22.
- Expenses on information technology were 19.55% higher: R\$10,695 in 1Q23, compared to R\$8,946 in 1Q22; and
- Expenses on the environment were 67.83% higher – at R\$4,298 in 1Q23, vs. R\$2,561 in 1Q22.

Operating provisions

Operational provisions in 1Q23 were R\$88,181, 106.81% higher than in 1Q22 (R\$42,639), associated mainly with recognition of an impairment of R\$46,126 on the valuation of the plants of Cemig GT that are in the process of sale. More details in note 30.

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

Net gains on equity interests in non-consolidated investees in 1Q23 were R\$69,509, 23.94% higher than in 1Q22 (R\$56,080). This mainly reflects the contribution to equity income of the investee Aliança Geração being 45% higher, at R\$35,165 in 1Q23, compared to R\$24,252 in 1Q22.

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

Net Financial Result

The Company reports net financial revenue of R\$5,812 in 1Q23, compared to net financial revenue of R\$296,881 in 1Q22. This variation is mainly due to the following factors:

- Depreciation of the dollar against the Real in 1Q23 of 2.63%, compared to depreciation, of 15.10%, in 1Q22 - generating a posting of revenues of R\$103,814 in 1Q23 vs. revenues of R\$842,700, in 1Q22; and
- The fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R\$12,725 in 1Q23, compared with a negative item of R\$456,647 in 1Q22, arising basically from a rise in the yield curve related to expectation of increase in the US\$/R\$ exchange rate.

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

Income tax and social contribution tax

For 1Q23, the expense on income tax and social contribution tax was R\$134,061, on pre-tax gain of R\$743,564 - an effective rate of 18.03%. For 1Q22, the expense on income tax and social contribution tax was R\$346,035, or an effective rate of 29.84% on the pre-tax gain of R\$159,549.

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

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

**Marco da Camino Ancona Lopez
Soligo**
Chief Officer for Management of
Holdings

Marney Tadeu Antunes
Interim Director without portfolio

Mário Lúcio Braga
Controller
CRC-MG-47,822

José Guilherme Grigolli Martins
Accounting Manager
Accountant - CRC-1SP/242451-04



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

To the Board Directors and Shareholders of
Cemig Geração e Transmissão S.A.
Campinas - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Cemig Geração e Transmissão S.A. (“the Company”), included in the Quarterly Information Form (ITR), for the quarter ended March 31, 2023, which comprises the statement of financial position as of March 31, 2023 and the respective statements of income, and other comprehensive income for the three months period then ended, and changes in shareholders’ equity and cash flows for the three-month period then ended, and explanatory footnotes.

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

Scope of review

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



Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in notes 13 and 31 to the individual and consolidated interim financial information, there are investigations being conducted by public authorities regarding the Company, its subsidiaries and investees Madeira Energia S.A. and Norte Energia S.A., which involve the investees and their executives and other shareholders of these investees. We are currently unable to foresee future developments or potential impacts of these investigations conducted by public authorities. Our conclusion is not modified in respect of this matter.

Other matters

Statements of Value Added

The quarterly information referred to above include the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2023, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures followed together with the review of the Company's interim financial information, in order to form our conclusion whether they are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria set on that Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, May 04, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-MG
Free-translation – Original version issued in Portuguese¹

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

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