SUMMARY

REPORT OF MANAGEMENT

Dear Shareholders,

Companhia Energética de Minas Gerais ('Cemig' or 'the Company') submits for your consideration the Report of Management, the Financial Statements, the Opinion of the Audit Board, the report of the Audit Committee and the Report of the Company's external auditors on the business year ended December 31, 2023, together with the statements of the executive officers who have reviewed the financial statements and the related report of the external auditors.

MESSAGE FROM MANAGEMENT

At our annual meeting with investors in March 2023, we highlighted our goals of accelerating the process of transformation of our distribution company, Cemig D, creating value for shareholders and society. We believe these goals will be achieved only through sustainable management, seeking always to maximize results and with a focus on the client.

Our results in 2023 are evidence of our making the correct decisions in executing our strategy. We report net profit of R$5.8 billion for 2023, an increase of 41.46% in relation to 2022, with Ebitda of R$8.5 billion, a significant increase of 23.16%.

We continue to implement the strategy of reducing our foreign exchange exposure, with the repurchase in 2023 of more than US$375 million of our 2017/2018 Eurobond issue, reducing our foreign exchange exposure to US$381 million. Our leverage, as measured by Adjusted net debt/Adjusted Ebitda, was 0.89 at the end of the year, which gives us room for leverage to support the significant program of investments that we have planned for the coming years, while at the same time maintaining appropriate and attractive remuneration for our shareholders.

We have consolidated our position as one of the companies in Brazilian electricity sector that best remunerates its shareholders. We have declared dividends and Interest on Equity of R$3.1 billion in relation to the net profit for 2023, which represents a significant and attractive dividend yield of 12.4%.

An important point is our discipline in allocation of capital. We prioritize investments in Minas Gerais, in our most regulated businesses, providing greater security of yields on the funds invested. In 2023, we invested the significant amount of R$4.8 billion, primarily in our distribution business (R$3.34 billion), which will be incorporated into the Regulatory Remuneration Base (BRR) in the next tariff review, but with immediate positive effects in terms of growth in our market and the quality of service to customers.

We achieved a successful result in the Five-year Tariff Review of May 2023, in that the investments that we made in the last tariff cycle, from 2018 to 2023, were recognized in full in our BRR. We are confident that that there will be significant growth in the results of distribution company Cemig Distribuição S.A., considering the major investments planned for the next tariff cycle, from 2023 to 2028 – once again highlighting the importance of these

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investments for our customers, who will have access to a greater energy supply, with higher quality.

In generation, we have two Solar Photovoltaic Plants (UFVs) – *Boa Esperança* and *Jusante* – approximately 90% completed and expected to start operation at the end of first half 2024. For estimated investment of R$850 million, these will add 188 MWp to our generation portfolio. We have invested R$95 million in Distributed Generation in 2023. We are also planning a significant volume of investment in Cemig SIM over the coming years: we are certain that these investments will establish Cemig SIM as one of the major protagonists in Distributed Generation both in Minas Gerais and in Brazil.

Once again, our operational expenses were completely covered by the tariffs in our distribution and transmission businesses, with Ebitda in both businesses higher than the required regulatory level. We expect this to be repeated in 2024.

We are the largest Trader in the Brazilian electricity sector for the clients of the Free Market, with a history of significant profitability and success in our strategies for managing the balance of power received and placed. But even considering this success story, 2023 was a year which we can especially commemorate. We achieved Adjusted Ebitda of R$1.28 billion, which was the result of an appropriate strategy in Trading, anticipating market movements, in a context of favorable weather conditions.

We are well positioned to operate in Brazilian electricity trading market in the coming years, with a protagonist stance through significant participation in the retail electricity market – we will be beginning trading in retail supply from 2024, in spite of a challenging scenario, with prices lower due to a current imbalance in the market, and a significant excess of supply.

Our market valuation at the end of the year was approximately R$28 billion, close to its valuation at the end of 2022, even after paying a significant amount, approximately R$1.8 billion, in dividends and Interest on Equity in the year, and the impact in the fourth quarter of news reports suggesting a possible transfer of ownership of the Company to the federal government. We have delivered significant gains to our shareholders in recent years, returning the trust that they have placed in our Management.

We are recognized by the general public for the sustainability of our operations: 100% of our energy comes from renewable sources – this is reflected in our inclusion in the main international and Brazilian sustainability indices: for example, we are the only electricity company outside Europe included in the *Dow Jones Sustainability World Index,* and indeed we have been in that index for 24 consecutive years.

All the results we have been reporting in recent years make us optimistic for the future, and convince us that we are on the right track: that the strategy we have adopted of focusing on investments in the state of Minas Gerais, in businesses in which we have control of operations, with discipline in allocation of capital and operational efficiency, has proved to be right, with benefits for society and creation of value for our shareholders.

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We thank our employees, shareholders and other stakeholders for the sum of their efforts to ensure that Cemig continues to play a protagonist role in the Brazilian power industry.

ABOUT CEMIG

Companhia Energética de Minas Gerais (‘Cemig’) is a listed company of mixed public- and private-sector ownership, controlled by the government of the Brazilian state of Minas Gerais. Its shares are traded on the exchanges of São Paulo, New York and Madrid (Latibex). Its market valuation at the end of 2023 was approximately R$27.9 billion.

For the 24th year running, Cemig has been included in the Dow Jones Sustainability World Index (the ‘DJSI World’), for period 2023-24 and consolidates its position as one of the most sustainable companies in the world, remaining the only company in the electricity sector outside Europe to be included in the DJSI World since its creation in 1999.

Companhia Energética de Minas Gerais, created more than 70 years ago, is in the business of generating, transmitting, distributing and trading in electricity, providing energy solutions, and distributing natural gas. It has operations in several states of Brazil, focusing on operation in the Brazilian State of Minas Gerais. It is currently Brazil’s largest trader in electricity to Free Clients, one of the largest integrated electricity companies in the country, and the largest electricity distribution company in Latin America.

The Cemig Group comprises: the holding company, Cemig, its wholly-owned subsidiaries Cemig Geração e Transmissão S.A. (‘Cemig GT’), including its subsidiaries and jointly-controlled subsidiaries, Cemig Distribuição S.A. (‘Cemig D’), Companhia de Gás de Minas Gerais (‘Gasmig’), Sete Lagoas Transmissora de Energia S.A. (‘Sete Lagoas’) and Cemig Soluções Inteligentes em Energia S.A. (‘Cemig Sim’), including its subsidiaries and jointly-controlled subsidiaries, totaling 95 companies and 48 consortia, with assets and businesses in numerous states of Brazil.

It supervises and manages the development of subsidiaries and jointly-controlled subsidiaries, through active participation in the management bodies of these companies, adhering to the criteria of good corporate governance, and ensuring compliance with their business plans.

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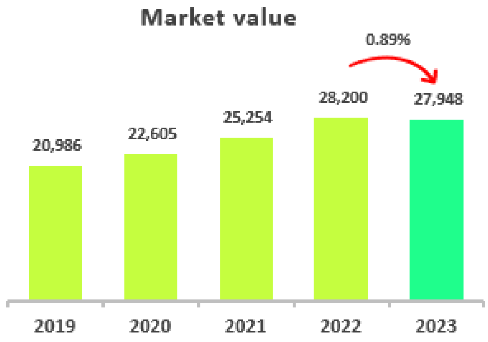
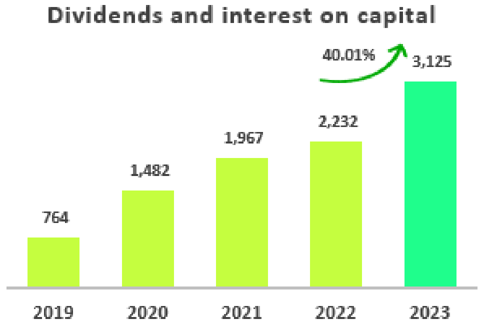
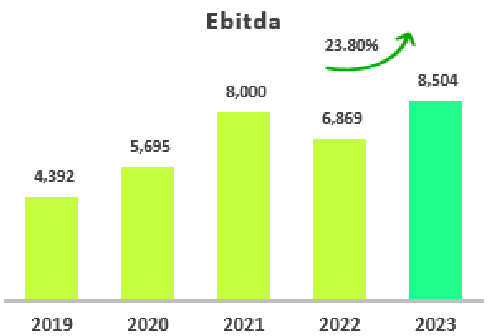
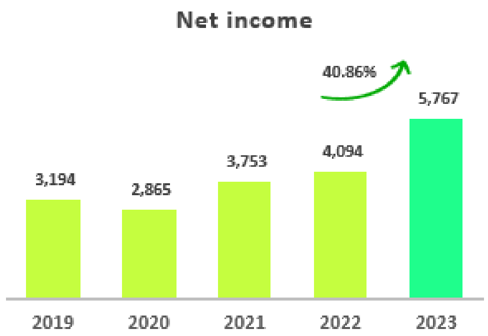
Main indicators (R$ Million):









Other indicators:

Description	2019	2020	2021	2022	2023
GWh billed	42,214	39,402	43,263	44,895	45,799
Revenue (R$'000)	25,487	25,228	33,646	34,463	36,855
Earnings per share - R$	2.10	1.69	2.22	1.87	2.62
Number of customers billed ('000)	8,514	8,697	8,885	9,037	9,217
Number of employees	5,596	5,254	5,025	4,969	4,918

Our mission, vision and values

MISSION

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

VISION

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

VALUES

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

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Ethical Principles and Cemig Code of Conduct

Cemig Code of Conduct

The new Cemig Code of Conduct was reviewed and revised with participation by employees of all the areas of the Company. It is based on the pillars of Cemig's identity and policies: respect for life, integrity, generation of value, commitment, innovation, sustainability, social responsibility, and alignment with the Company's cultural identity. It constitutes a pact which aims to incorporate common values, objectives and behavior, developing a of integrity. The Code is to be complied with by all the people to whom it is addressed: managers, members of the Board of Directors, members of committees under the bylaws, employees, interns and outsourced parties who have any established relationship with the Company's stakeholders.

The Ethics Committee

The Ethics Committee is responsible, among other attributions, for coordinating action in relation to management (interpretation, publicizing, application and updating) of the Statement of Cemig Code of Conduct, including assessment of and decision on any possible non-compliances.

The Commission is made up of 8 members including Superintendents and Managers, appointed by the Executive Board. It may be contacted through our Ethics Channel - the anonymous reporting channel on the corporate Intranet, or by email, internal or external letter or by an exclusive phone line - these means of communication are widely publicized internally to all staff. These channels enable both reports of adverse activity and also consultations. Reports may result in opening of proceedings to assess any non-compliances with Cemig's Statement of Cemig Code of Conduct.

OUR BUSINESS

Area of operation

Cemig operates in various regions of the country through its operating segments, with a greater concentration in the Southeast.

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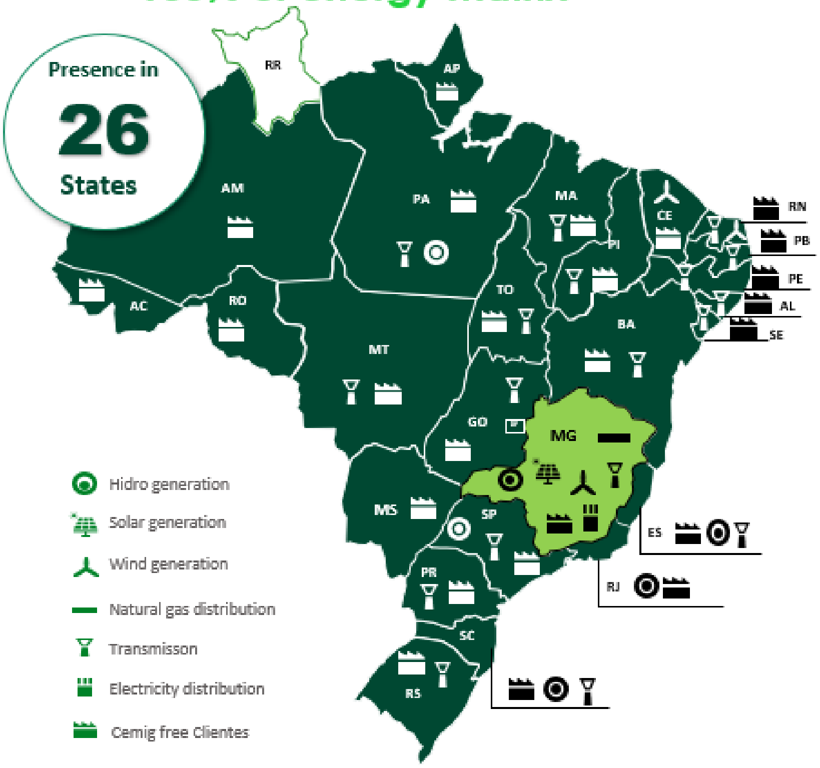
Renewable Energy Sources
100% of energy matrix



Electricity generation

Underlining our commitment to being a sustainable company, all of our generation facilities are entirely sourced from clean and renewable energy – hydroelectric, wind and solar.

Composition of the energy matrix

96.54%	3.38%	0.08%

Hydroelectric	Wind	Solar

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Installed capacity

Including its subsidiaries, jointly controlled entities and affiliated companies, on December 31, 2023, Cemig had 68 plants in operation (57 hydroeletric, 9 wind and 2 solar), with installed capacity of 5,190 MW, as follows:

Generating plant	Installed capacity (MW)
Theodomiro Carneiro Santiago	1,192
Nova Ponte	510
Irapé	399
Três Marias	396
Salto Grande	102
Queimado	86.6
Rosal	55
Sá Carvalho	78
Itutinga	52
Camargos	46
Belo Monte	1,313
Aimorés	148.5
Amador Aguiar I	94.3
Amador Aguiar II	82.6
Funil	81
Igarapava	49.7
Eólicas	175.5
Outras	328.8
Total	**5,190**

The figures for installed capacity represent Cemig's proportional interest in each project.

Transmission

The Company operates and maintains 41 substations and 5,060 km of transmission lines, operating at 230kV, 345kV and 500 kV, as part of Brazil's National Grid system. It also has assets that it operates and maintains in eleven substations of other transmission agents.

Cemig GT has transmission assets in 10 other companies, with whom it has operation and maintenance contracts, in 14 substations (of which tow are not substations of Cemig GT), and 95 km of transmission lines.

Energy distribution

Cemig D is one of the most prominent energy distributors in the country's electricity sector, and the largest distributor in Latin America.

Cemig D also has the highest rate of service to consumers benefiting from the social tariff in Brazil, serving an average of 1,180,000 consumers in this profile, which represents approximately 16% of all residential consumers.

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Area of operation

Number of consumers by category

Class	Number of consumers				
	2023	2022	2021	2020	2019
Captive Customers					
Residential	7,725,836	7,501,704	7,297,174	7,113,837	6,966,696
Industrial	28,437	29,201	29,580	29,525	29,875
Commercial	943,831	948,615	793,708	776,942	805,811
Rural	422,829	462,142	673,008	688,201	647,064
Public authorities	69,670	69,302	67,584	66,388	66,855
Public lighting	6,659	7,194	6,831	6,144	6,677
Public services	13,703	13,586	13,678	13,676	11,906
Subtotal	**9,210,965**	**9,031,744**	**8,881,563**	**8,694,713**	**8,534,884**
Variation %	**1.98**	**1.69**	**2.15**	**1.87**	**1.52**
Free Customers					
Industrial	1,221	1,079	965	847	707
Commercial	1,714	1,462	1,263	907	724
Rural	22	14	23	17	7
Public services	22	12	6	-	-
Other Distribution Concessionaires	8	3	3	3	3
Subtotal	**2,987**	**2,570**	**2,260**	**1,774**	**1,441**
Total (*)	**9,213,952**	**9,034,314**	**8,883,823**	**8,696,487**	**8,536,325**
Variation %	**1.99**	**1.69**	**2.15**	**1.88**	**1.52**

* Excludes self-consumption.

Distribution lines and grids

CEMIG´s concession area covers 567,478 km^2, approximately 96% of the State of Minas Gerais, with 570,535 km of distribution lines and grids, of which 129,704 km are in urban areas, 421,675 km of rural networks and 19,156 km of distribution lines, serving a market of 9.120 million customers in 2023.

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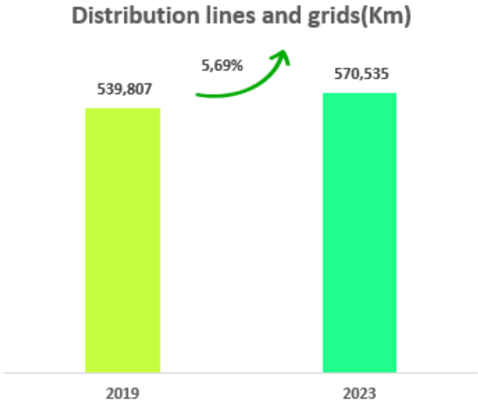
With the increase in our investments in Cemig D, we have noticed the growth in distribution lines and networks over the last 5 years.



Trading in electricity

Cemig's trading companies are the leaders in serving the free market in Brazil. We have expanded our area of operation to other states, consolidating our position with the addition of new clients in the states where we already operate, especially Minas Gerais, São Paulo, and Rio Grande do Sul. We currently have customers in 25 states.

Cemig, the leader in sales to end clients in the free market, with a 15% share, recently surpassed the volume of 1,700 MW average of energy sold in the incentive market, which represents almost 17% of this segment, according to data released by the Chamber of Commercialization of Electric Energy (CCEE). This is an unprecedented mark for the market and especially for the Company, which has been increasing its sales to this segment continuously since 2010.

Cemig Free Energy

Focusing on new markets, Cemig is innovating with the launch of ‘*Cemig Free Energy*’, an innovative e-commerce system that offers medium-voltage customers the possibility of making simulations of details and costs of supply, contracting renewable energy and resulting in discounts on the customer’s energy bill.

This new platform will revolutionize the sector – it has been planned to make the entire process of electricity consumption simple and rapid, enabling energy to be contracted through a 100% digital system. It will serve customers from all regions of the country who want to migrate to the Free Market – an environment in which Cemig is already a leader and established as a benchmark in the sector.

Distribution and sale of natural gas

Cemig operates in distribution and sale of natural gas through its subsidiary Gasmig, which is the exclusive distributor for piped natural gas in the whole of the State of Minas Gerais.

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On December 31, 2023, Gasmig had 95,887 clients (compared to 82,582 on December 31, 2022), of which 98% were residential (similarly, 98% were residential on December 31, 2022).

Category	Number of clients	
	2023	2022
Residential	94,367	81,201
Industrial	100	101
Commercial	1,339	1,201
Automotive	63	59
Other	18	20
Total	**95,887**	**82,582**

THE MACROECONOMIC ENVIRONMENT

The year 2023 began with an expectation of low growth and annual inflation above 5% (the Brazilian Central Bank's *Focus Report* indicated growth of around 0.8%, and inflation of around 5.3%). The outlook was that the changes in taxation would affect administered prices, especially fuels, keeping inflation high in spite of the negative effects of an increase in interest rates on economic activity. However, there were benign surprises on both fronts: According to the Central Bank's most recent Focus Report, economic growth was stronger (2.9%), and inflation was lower (4.5%).

One of the factors contributing to the better than expected performance was the normalization of production chains, and the fall in commodity prices, both in turn contributing to deflation both globally and in Brazil.

Domestically, a record harvest – much higher than initially expected – contributed to higher GDP, both directly (with about 1.2 p.p.) and indirectly (through the multiplier effects of the income generated in the sector).

The better agricultural supply also helped reduce prices domestically, especially of food. In 2023, the IPCA index posted deflation, of 0.58%, in the *Foods and Beverages* price group. In spite of the re-imposition of taxes on fuels, and the high inflation in administered prices (9.12%), inflation in the full year was 4.62%, within the target range (the upper limit was 4.75%).

The process of slowing inflation in the year, with signs of decompression in core prices, enabled the Monetary Policy Committee to start cutting the Selic rate – which was 13.75% at the start of the year, and closed the year at 11.75%.

There was another significant factor at the end of the year: promulgation of a tax reform. Its main components are: implementation of a broad and non-cumulative system for the taxation base; standardization of the legislation; simplification of the system, providing some reduction in distortions of allocation, and increasing the productivity of the country's economy. In the wake of the reforms approved in 2023, S&P upgraded its risk classification for Brazilian debt, which helped to consolidate the movement of appreciation of the exchange rate in the final days of the year.

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REGULATORY ENVIRONMENT

Energy generation

In 2023, Brazil's hydrological situation was close to the historical average, with Affluent Natural Energy (ANE) measured as 102% of the long-term average (MLT) in the Brazilian National Grid as a whole. Within this overall figure, the great highlight was a very high ANE in the Southern Region (171% of the long-term average), due to formation of the *El Niño* phenomenon; while conversely, the effect of *El Niño* in Brazil's Northeast Region was negative, with ANE measured as 63% of the long-term average.

In this scenario, and with the need for measures to preserve and maintain levels of storage, the Electricity Sector Monitoring Committee (CMSE) worked with the National System Operator (ONS) to coordinate operation of the system with the thermal generation plants at their minimum operating levels throughout the year. As a result, the level of storage in the system was close to historic maximum levels for most of the year, reaching 88% at the end of April, and 60% of overall capacity at the end of December.

With good hydrology, high storage and large structural oversupply, the spot price (PLD) for the Southeast and Center-West in 2023 averaged R$72.17/MWh in 2023, compared to R$58.99/MWh in 2022. For 8 months of the year the PLD remained at its floor value (R$69.04/MWh) but had a peak at R$84.40 in November, due to the need for dispatching of thermoelectric plants to meet high single peaks of demand during heatwaves. The better hydrological situation in 2023 led to the average of the Generation Scaling Factor (GSF) being higher in 2023, at 0.90, compared to 0.86 in 2022.

Review of physical guarantee levels

Ministerial Order 709/GM/MME of November 30, 2022 revised the physical guarantee levels of the hydroelectric plants that are subject to centralized dispatch in the National Grid, as from January 1, 2023.

These included 10 Cemig plants. The changes did not have a material effect, as shown below:

Plant	Company	Previous physical guarantee ($MW_{average}$) (1)	Revised physical guarantee ($MW_{average}$) (1)	Change, %
Theodomiro Carneiro Santiago	Cemig Geração e Transmissão	499.70	474.80	(4.98)
Nova Ponte	Cemig Geração e Transmissão	270.10	256.60	(5.00)
Três Marias	Cemig Geração e Transmissão	239.00	227.10	(4.98)
Irapé	Cemig Geração e Transmissão	207.90	197.90	(4.81)
Salto Grande	Cemig Geração e Transmissão	75.00	73.80	(1.60)
Queimado (Consortium)	Cemig Geração e Transmissão	67.90	64.60	(4.86)
Sá Carvalho	Sá Carvalho	56.10	54.40	(3.03)
Rosal	Rosal Energia	29.10	27.70	(4.81)
Itutinga	Cemig Geração Itutinga	28.00	26.60	(5.00)
Camargos	Cemig Geração Camargos	21.00	21.60	2.86
Total		**1,493.80**	**1,425.10**	**(4.60)**

(1) The amounts presented are integral and have not been adjusted considering the Company's participation.

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Energy distribution

Brazil's electricity Free Market

From January 1, 2024, consumers classified as Group A, that is to say, those that receive supply at high and medium voltage, may choose to buy from any holders of electricity concessions, permissions or authorizations that participate in the National Grid. Consumers with individual load below 500 kW will need to be represented, in the power Trading Exchange (CCEE), by a Retail Trading Agent.

Consumers who choose to migrate to the energy Free Market will pay (i) their local electricity distribution concession holder for the service of distribution, and any charges or taxes related to it, and (ii) the electricity trader that they have chosen for the actual consumption of electricity, plus the applicable charges/taxes.

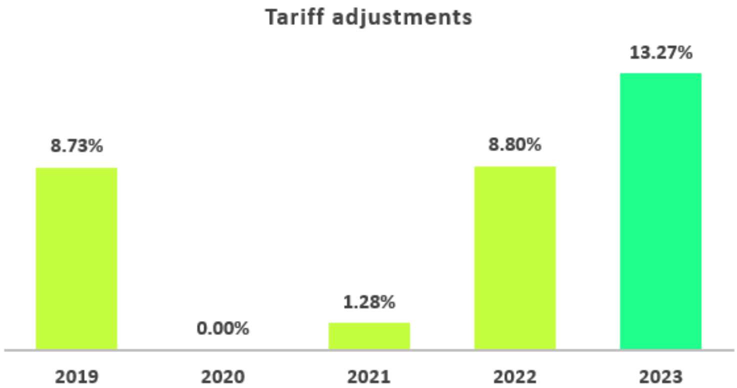
The Annual Tariff Adjustment

Cemig D's Tariff Adjustment occurs annually on May 28 and every five years, under the concession contract, there is also an overall Periodic Tariff Revision, also in May. The aim of the tariff adjustment is to pass on the non-manageable costs in full, and to provide inflation adjustment for the manageable costs which are established in the Tariff Review. Manageable costs are adjusted by the IPCA inflation index, less a deduction factor known as the X Factor, intended to capture productivity improvement, under a methodology using the price-cap regulatory model.

On May 23, 2023 Aneel ratified the result of Cemig D's fifth Periodic Tariff Review, effective from May 28, 2023 to May 27, 2024, the result of which was an average increase for consumers of 13.27%. For residential (B1) consumers, the average effect was 14.91%.

In the 13.27% tariff adjustment, the variation in 'Portion B' costs (costs manageable by the concession holder) represented 0.66%, and the variation in non-controllable costs, taking into account the partial return of credits of Pasep and Cofins taxes, contributed the other 12.61%.

The remuneration of capital was increased by 15.5%, compared to the values currently existing in the tariffs. This increase is mainly due to the increase in the Net Remuneration Base, in view of the investments made by Cemig D since its last Tariff Review.



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It is important to note that of the amounts charged to clients in their electricity bills, only 26% stays with the Company for remuneration of investment, depreciation and the concession holder's costs: this is 'Portion B'. The other 74% is passed through to the consumer to cover the Company's non-manageable costs, a major component of which is purchase of power supply, and taxes.

Efficiency criteria

One of the requirements of Cemig D's concession contract is associated with the fulfillment of efficiency criteria related to the continuity of supply and the economic and financial management for the maintenance of the concession. Any failure to comply for three consecutive years with the criteria of efficiency in continuity of supply and for two consecutive years with the criteria of efficiency in economic and financial management will result in the opening of a process for the expiration of the concession.

The criteria of efficiency in economic and financial management are as follows:

- Operational cash generation (-) QRR[1] (-) interest on the debt[2] ≥ 0;
- {Net debt[4] / [Ebitda[3] (-) QRR]} ≤ 1 / (111% of the Selic rate) (by the end of 2028).

1. QRR = 'Regulatory reintegration quota', or Regulatory depreciation expense.
2. Net debt x 111% of the Selic rate.
3. Calculated according to the method defined by the regulator (Aneel), contained in distribution concession contract.
4. Gross debt, less financial assets.

The efficiency criteria related to the continuity of supply and the economic and financial management for the maintenance of Cemig D's concession were met in the years ended December 31, 2023 and 2022.

Electricity transmission

The Company's revenue from transmission comprises the sum of the revenues of all its transmission assets. The concession contracts set values for initial Annual Permitted Revenues (RAP) for these assets, as the basic revenue financing the concession holder's operation.

This being a regulated market, the RAPs for succeeding periods are updated by the regulator, Aneel, in three ways: (i) by the *Periodic Review*; (ii) by any *Extraordinary Review*; and (iii) by the *Annual Adjustment*. Brazil adopts the revenue-cap model for regulation of transmission – setting a ceiling for the revenue to be earned from transmission during the period. The Company works with the regulator for recognition of its costs in the processes of the reviews and adjustments, and in the process of ratification of the Annual Permitted Revenues (RAPs) for new assets.

A Periodic Tariff Review of the RAP was scheduled for 2023, but postponed by the regulator to 2024, through Aneel Dispatch 402/2023. Thus in 2023 there was the normal annual adjustment of transmission revenue, which aims to adjust the approved RAP by an adjustment index contained in each concession contract, and also add to the RAP any amounts arising

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from investment to extend or improve transmission facilities that came into commercial operation during the tariff cycle (from July of the previous year to June of the current year), calculating the *Adjustment Amount* (which is a based on reference to RAP adjustments in previous periods).

The result of the Annual Adjustment of the RAP for 2023–2024, of July 1, 2023, was published by Aneel Ratifying Resolution (ReH) 3216/2023. The adjustment to the RAP of Cemig GT (Concession Contract 006-1997) was 31%. This comprised: the effect of the reprofiling of the Financial Component of the RAP; the Annual Cost of the Assets within the National Grid; updating of the previously ratified revenue by the IPCA inflation index; and recognition of new components added for strengthening or improvement of the grid.

The values of the RAP of Cemig GT Itajubá (concession contract 079 of 2000) and of Companhia de Transmissão Centroeste de Minas Gerais – Centroeste (concession contract 004/2005) were adjusted downward by 4.44% for the 2023–2024 cycle (from the previous cycle), reflecting inflation as measured by the IGPM index in the period.

In December 2023, Aneel judged the requests for reconsideration to ReH 3216/2023, resulting in the publication of Dispatch 4675/2023, which recognized adjustments in the RAP and in the Adjustment Amounts that had been previously ratified, notably for the revenues of the contract 006/1997. The financial effects of these adjustments will be perceived in 2024, when these RAPs and Adjustment Amounts are received.

Approved RAP

Through ReH 3216/2023, Aneel established the RAPs for the 2023-2024 cycle, in effect from July 1, 2023.

	Readjustment index	RAP 2022-2023 cycle R$MM	RAP 2023-2024 cycle R$MM	Change (%)
Concession contract - 006/97	IPCA	825,6	1,084,6	31.4%
Concession contract - 079/00	IGPM	45	43	(4.4)%
Concession contract - 004/05	IGPM	31,5	30,1	(4.4)%
Concession contract - 006/11	IPCA	8,9	9,2	3.4
		911	**1,166,9**	**28.1%**

The increase was mainly due to the effect of the reprofiling of the financial component of existing assets (RBSE) of Cemig GT – 006/1997, whose value for the 2023-24 cycle was 120% higher than for the 2022-23 cycle, in addition to the entry of new constructions and correction of revenue by the concession contract index.

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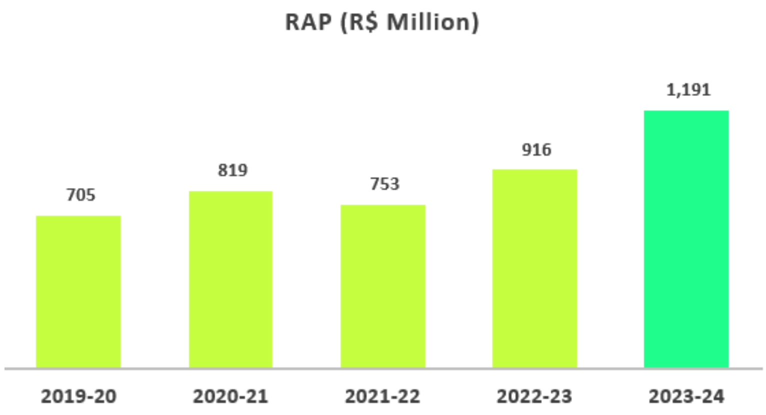

OPERATIONAL PERFORMANCE

Distribution

Energy balance

(MWh)	2023	2022	2021	2020	2019
Sales of energy	**28,114,542**	**26,628,031**	**26,137,805**	**25,357,962**	**25,600,022**
Retail supply	28,114,542	26,628,031	26,137,805	25,357,962	25,600,022
Whole supply to distribution agentes	-	-	-	-	-
Free Consumers, distributors, and generators	23,919,345	22,779,582	22,356,887	20,195,618	19,350,933
Market served	**52,033,887**	**49,407,613**	**48,494,692**	**45,553,580**	**44,950,955**
Losses in the national grid	**419,740**	**501,407**	**470,140**	**466,904**	**508,504**
Losses in distribution	**6,239,227**	**6,172,362**	**6,135,258**	**6,545,110**	**7,004,818**
Technical losses	4,842,855	4,872,141	4,788,861	4,566,971	4,414,282
Non-technical losses (NTL)	1,396,372	1,300,221	1,346,397	1,978,139	2,590,536
NTL / Total energy received, %	2.40%	2.32%	2.40%	3.76%	4.94%
Total losses (TL), %	**6,658,967**	**6,673,769**	**6,605,398**	**7,012,014**	**7,513,322**
TL / Total energy received, %	11.30%	11.90%	11.99%	13.34%	14.32%
Total energy received	**58,692,854**	**56,081,382**	**55,100,090**	**52,565,594**	**52,464,277**

Generation

Availability of generation

Availability of generation is measured by the Availability Factor (*Fator de Disponibilidade* – FID), which is a ratio resulting from dividing the actual availability found in the last 60 months by the benchmarks set by Aneel. So, the higher the FID, the better the performance of the asset.

The Company's FIDS have been increasing in recent years, reaching 96.50% in December 2023. This result is a consequence of seeking maximum efficiency in programmed downtimes and the lowest possible incidence of forced downtimes.

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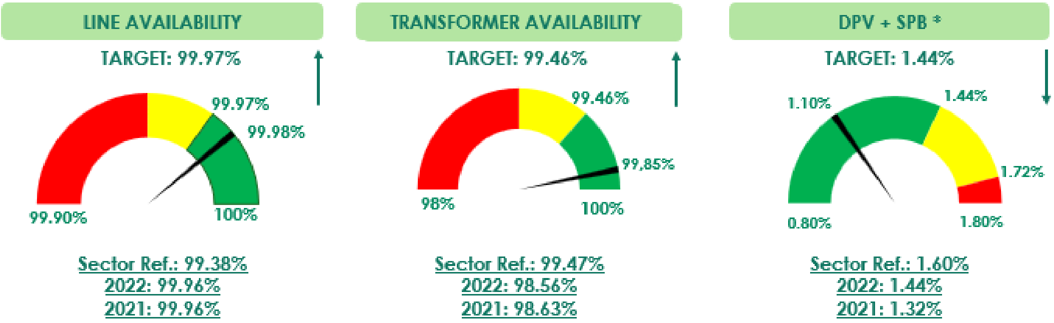
Volume of power generated

Generation in GWh	Total, 2023	Cemig Share
Hydro plants centrally dispatched (1)	47,878.80	13,807.06
Hydro plants not centrally dispatched	1,179.87	943.43
Wind plants	821.02	491.42
Solar plants	7.29	7.29
Total	**49,886.98**	**15,249.20**

(1) The figures for the *Baguari, Retiro Baixo* and *Santo Antônio* hydroelectric plants are the total volume of energy generated up to the date of sale of Cemig GT's holdings in these plants. There are more details on these sales in Note 14 to the financial statements.

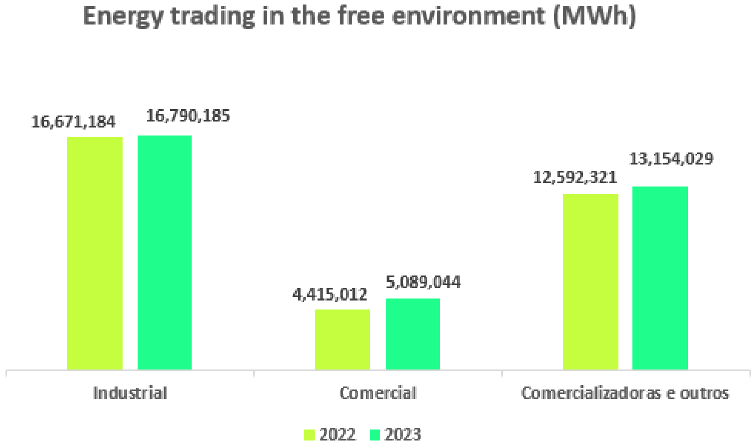
Transmission

Transmission Availability Rate



Trading

In 2023 Cemig sold a total of 35,033,258 MWh (vs. 33,678,517 MWh in 2022) in the Free Market, which breaks down as follows:



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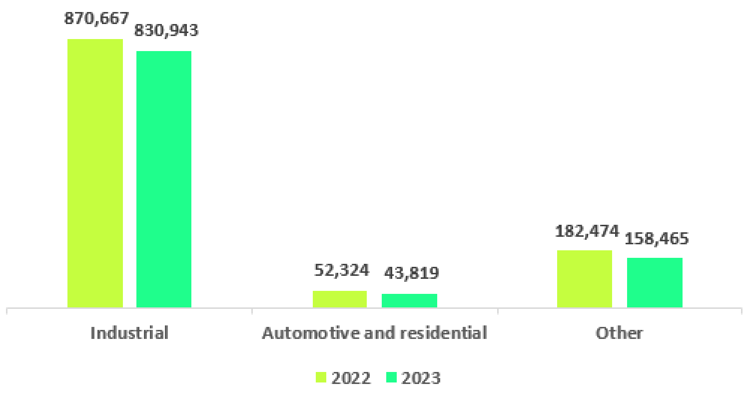
Gas

In 2023, Gasmig sold 1,033,227 thousand m³ of gas (1,105,465 thousand m³ in 2022), which breaks down as follows:

Gas trading and distribution (thousand m³)



FINANCIAL RESULTS

Consolidated results

Net income for the year

Cemig had a growth of 40.86% in its net income, to R$5,767 million in 2023 compared to R$4,094 million in 2022.

The main changes in revenue, costs, expenses and financial results, in a consolidated and segregated manner by segment, are presented below.

Earnings before interest, taxes, depreciation, and amortization (EBITDA)

Cemig's consolidated EBITDA, calculated in accordance with CVM Resolution 156/2022, increased by 23.80% in 2023, compared to 2022, while the adjusted EBITDA margin increased from 19.93% in 2022 to 23.08% in 2023.

Cemig's consolidated EBITDA, adjusted for excluding non-recurring items, increased by 16.58% in 2023 compared to 2022, while the adjusted EBITDA margin increased from 20.10% in 2022 to 21.92% in 2023.

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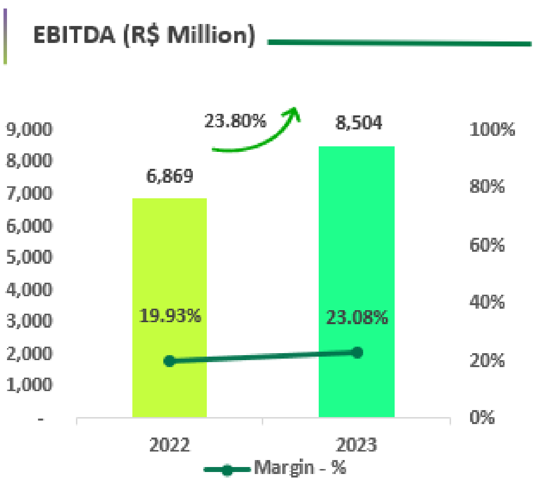
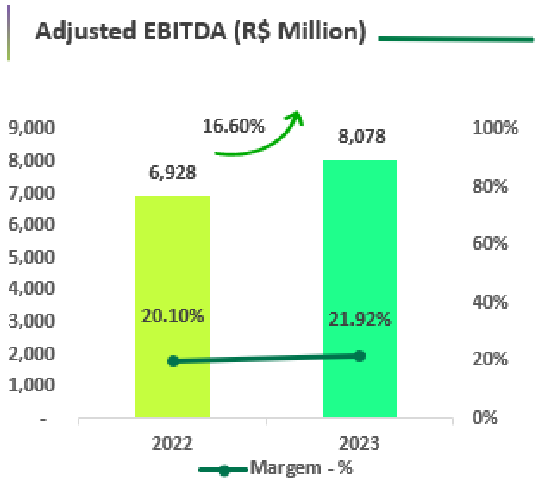
EBITDA - 2023 - R$ Million	Generation	Transmission	Trading	Distribution	Gas	Investee	Total
Net income for the year	1,387	465	959	1,611	596	749	**5,767**
Income tax and Social Contribution tax	326	114	428	405	248	(437)	**1,084**
Net financial revenue (expenses)	12	47	(82)	253	9	140	**379**
Depreciation and amortization	327	1	-	834	94	18	**1,274**
Ebitda according to "CVM Instruction n. 156" (1)	**2,052**	**627**	**1,305**	**3,103**	**947**	**470**	**8,504**
Non-recurring and non-cash effects							
Net income attributable to non-controlling interests	-	-	-	-	(3)	-	**(3)**
Gains arising from the sale of non-current asset held for sale (note 15)	-	-	-	-	-	(344)	**(344)**
Remeasurement of post-employment liabilities (note 24)	(11)	(7)	(1)	(34)	-	(4)	**(57)**
Other	-	-	(22)	-	-	-	**(22)**
Adjusted EBITDA (2)	**2,041**	**620**	**1,282**	**3,069**	**944**	**122**	**8,078**

EBITDA - 2022 - R$ Million	Generation	Transmission	Trading	Distribution	Gas	Investee	Total
Net income for the year	888	350	684	443	478	1,251	**4,094**
Income tax and Social Contribution tax	307	174	314	(67)	199	(901)	**26**
Net financial revenue (expenses)	150	96	(34)	1,115	9	231	**1,567**
Depreciation and amortization	328	-	-	738	91	25	**1,182**
Ebitda according to "CVM Instruction n. 156" (1)	**1,673**	**620**	**964**	**2,229**	**777**	**606**	**6,869**
Non-recurring and non-cash effects							
Net income attributable to non-controlling interests	-	-	-	-	(2)	-	**(2)**
Gains arising from the sale of non-current asset held for sale	-	-	-	-	-	(105)	**(105)**
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers	-	-	-	830	-	-	**830**
Reversal of tax provisions - Social security contributions on profit sharing	(29)	(27)	(5)	(42)	-	(33)	**(136)**
Tax provisions - Indemnity of employess' future benefit (the 'Anuênio')	14	13	2	98	-	9	**136**
Put option - SAAG	-	-	-	-	-	(35)	**(35)**
Write-off of financial assets	172	-	-	-	-	-	**172**
TARD related to infrastruture	-	-	-	(145)	-	-	**(145)**
Reversal of provision for losses (reversal) (note 16)	-	-	-	-	-	(162)	**(162)**
Change in estimate of expected losses (note 8)	-	-	-	(131)	-	-	**(131)**
Gain in the MVE - Mechanism for the Sale of Surplus, net of taxes	-	-	-	(204)	-	-	**(204)**
Impairment losses	-	-	-	-	-	7	**7**
Bargain purchase results (note 15)	-	-	-	-	-	(5)	**(5)**
Result of the agreement between FIP Melbourne and AGPar	-	-	-	-	-	(161)	**(161)**
Adjusted EBITDA (2)	**1,830**	**606**	**961**	**2,635**	**775**	**121**	**6,928**

(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated financial statements in accordance with CVM Circular SNC/SEP n. 1/2007 and CVM 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) The Company presents the adjusted Lajida for a better understanding of how its operating performance was impacted by extraordinary events which, by their nature, do not contribute to information on the potential for gross cash generation.





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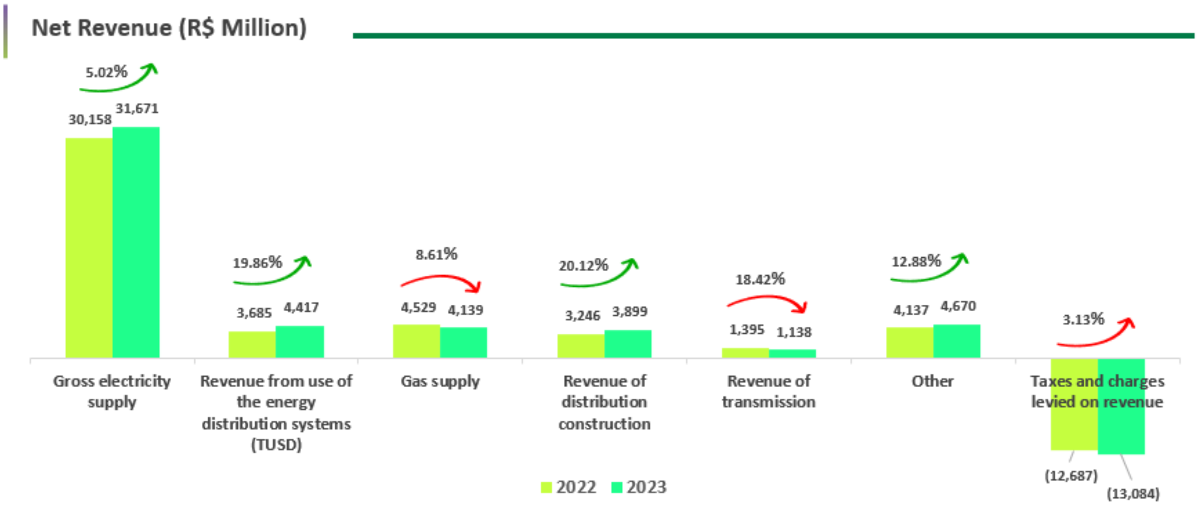
Operational revenue

The breakdown of revenue is as follows:

	Consolidado (R$ Milhões)	
	2023	2022
Revenue from supply of energy - captive customers, in Cemig's concession area	31,671	30,158
Revenue from use of the energy distribution systems (TUSD) - free customers	4,417	3,685
CVA, and Other financial components	(213)	(1,147)
Restitution of PIS/Pasep and Cofins credits to consumers - Realization	1,909	2,360
Revenues from transmission	-	-
Revenues from operation and maintenance	373	413
Revenue of transmission construction	241	407
Financial remuneration of the transmission contract assets	524	575
Generation indemnity revenue	93	47
Revenue of distribution construction	3,899	3,246
Adjustment of cash flow expectation of the financial asset of distribution concession	149	39
Revenues from financial actualization of the concession bonus	412	467
Settlement in the CCEE	146	183
Transactions in the mechanism of sale of surplus - MVE	(4)	453
Gas supply	4,139	4,529
Fine for violation of the continuity indicator standard	(139)	(94)
PIS/Pasep and Cofins credits to be refunded to consumers	-	(830)
Other operational revenues	2,317	2,659
Taxes and charges levied on revenue	(13,084)	(12,687)
Net operating revenues	**36,850**	**34,463**



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

Revenue from gross electricity supply grew 5.02% in 2023 compared to 2022, being R$31,671 million in 2023 and R$30,158 million in 2022.

	2023			2022			Change, %	
	MWh (3)	R$ (Million)	Average price/MWh billed (R$/MWh) (1)	MWh (3)	R$ (Million)	Average price/MWh billed (R$/MWh) (1)	MWh (3)	R$
Residencial	12,092,422	10,794	892.63	11,216,803	10,133	903.38	7.81	6.52
Industrial	18,087,784	5,903	326.35	18,203,746	5,991	329.11	(0.64)	(1.47)
Commercial, Services and Others	9,469,095	6,314	666.80	8,956,518	6,155	687.21	5.72	2.58
Rural	3,063,035	2,238	730.65	3,092,932	2,050	662.80	(0.97)	9.17
Public authorities	955,889	786	822.27	855,672	660	771.32	11.71	19.09
Public lighting	1,055,562	498	471.79	1,138,039	535	470.11	(7.25)	(6.92)
Public services	1,045,141	744	711.87	1,400,256	841	600.60	(25.36)	(11.53)
Subtotal	**45,768,928**	**27,277**	**595.97**	**44,863,966**	**26,365**	**587.67**	**2.02**	**3.46**
Own consumption	29,703	-	-	30,942	-	-	(4.00)	-
Net unbilled retail supply	-	166	-	-	(189)	-	-	(187.83)
	45,798,631	**27,443**	**599.21**	**44,894,908**	**26,176**	**583.05**	**2.01**	**4.84**
Wholesale supply to other concession holders (2)	17,328,482	4,183	241.39	16,776,567	3,894	232.11	3.29	7.42
Wholesale supply unbilled, net	-	45	-	-	88	-	-	(48.86)
Total	**63,127,113**	**31,671**	**501.70**	**61,671,475**	**30,158**	**489.01**	**2.36**	**5.02**

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

The main impacts on revenue arise from the following factors:

Residencial

Residential consumption increased by 7.81% in 2023 compared to 2022. This increase is related, among others, to the following factors:

I) increase of 3.00% in the number of consumers;
II) increase of 4.60% in the average monthly consumption per consumer (from 124.6 kWh/month in 2022 to 130.4 kWh/month in 2023;
III) Higher temperatures;
IV) Loss Recovery Actions.

Industrial

The reduction of 15.33% in the amount of energy billed to industrial consumers is mainly due to the migration of customers from the captive market to the free market and to mini and micro distributed generation.

Public authorities

Billed energy increased by 11.71% in the 2023 financial year compared to the previous year, mainly due to the slow recovery in the consumption level of this class after the Covid-19 pandemic, which meant that the previous year still had a low level of consumption.

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Public lighting

The amount of energy billed decreased by 7.25% in the 2023 financial year compared to the previous year due to the replacement of incandescent bulbs with LED bulbs.

In addition to the comments above, it should also be noted the significant reduction in the ICMS contained in electricity tariffs from the second half of 2022 to February 2023. Complementary Law 194/2022 removed transmission and distribution charges from the ICMS calculation basis, however, in February 2023, Decree 45,572/2023 returned these charges to the tax calculation basis.

Revenue from use of the network – Free Consumers

It refers to the tariff for the use of the distribution system (TUSD), arising from the charges charged to free consumers on distributed energy. In 2023, this revenue corresponded to the amount of R$4,417 million, compared to R$3,685 million in 2022, representing a growth of 19.86%.

This variation is mainly due to the effects on the ICMS calculation basis mentioned above, as well as the increase of 1.62% in the average tariff on free customers in the 2023 fiscal year, compared to the 2022 fiscal year.

In addition, there was an increase of 4.62% in the energy transported in the 2023 financial year, compared to the previous year.

	MWh (1)		
	2023	2022	Var %
Industrial	20,996,914	20,666,410	1.60
Commercial	2,035,821	1,760,697	15.63
Rural	45,673	40,142	13.78
Public services	439,225	13,130	3,245.20
Public authorities	1,622	2,662	(39.07)
Concessionaires	317,569	300,924	5.53
Total energy transported	**23,836,824**	**22,783,965**	**4.62**

(1) Data not audited by external auditors.

CVA and *Other financial components* in tariff adjustments

Cemig D recognizes in its financial statements the positive or negative variations between actual non-controllable costs and the costs that are used in calculating rates charged to customers. These balances represent the amounts that should be reimbursed to the customers or passed on to Cemig D in the next tariff adjustments of Cemig D.

In 2023, an expense of R$213 million was recognized, compared to R$1,146 million in 2022. This variation is mainly due to the increase in the costs of energy purchased for resale and the charges for using the Basic Grid, combined with the reduction in revenue obtained by the Surplus Sale Mechanism – MVE, in Portuguese.

See further information in note 13.4 to these financial statements.

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Reimbursement, paid to consumers, of credits of PIS, Pasep and Cofins taxes - Amount realized

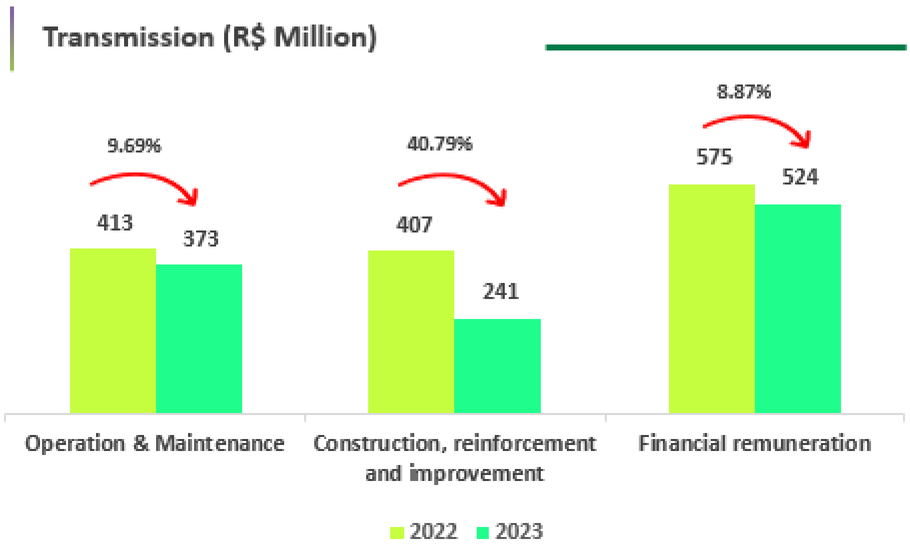
The Company recorded revenue from the restitution of PIS/Pasep and Cofins credits to consumers in the amount of R$1,909 million in 2023, compared to R$2,360 million in the previous year. This recomposition of revenue is due to Cemig considering the discount of the amounts that are being returned to consumers related to Pis/Pasep and Cofins credits.

Distribution Construction Revenue

Revenues from the construction of assets related to the infrastructure of the electricity distribution concession were R$3,899 million in 2023, compared to R$3,246 million in 2022, showing a growth of 20.12%. This increase reflects a higher execution of Cemig D's investment plan compared to the previous year, highlighting the execution of a large volume of customer service works, due to the heating up of the market, especially agribusiness, and the rise in prices of the inputs of the works (materials and services).

This revenue is fully offset by construction costs, in the same amount, and corresponds to Cemig D's investment in concession assets during the year.

Transmission concession revenue



The main variations in revenue are presented below:

- revenues from construction, reinforcement and improvement of infrastructure were R$241 million in 2023, compared to R$407 million in 2022, a reduction of 40.79%. The variation reflects the forecast for projects that are in the final stages of execution, resulting in a decrease in the amounts invested in 2023 compared to 2022. In addition, the new projects are in the initial phase, with disbursements associated with design and definition stages, which have lower costs.

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- reduction of 8.87% in the revenue from financial remuneration of the transmission contract asset, which were R$524 million and R$575 million in 2023 and 2022, respectively. This change is mainly associated with the IPCA change, which was positive at 4.62% in 2023 compared to a positive change of 5.79% in 2022, the basis for the remuneration of the contract.

For more information, see Explanatory Note 14.

Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from energy transactions at CCEE was R$146 million in 2023 compared to R$183 million in 2022, representing a decrease of 20.22%. This reduction is mainly due to the reduction of energy surpluses in this period that are settled at the CCEE.

Taxes and regulatory charges reported as deductions from revenue

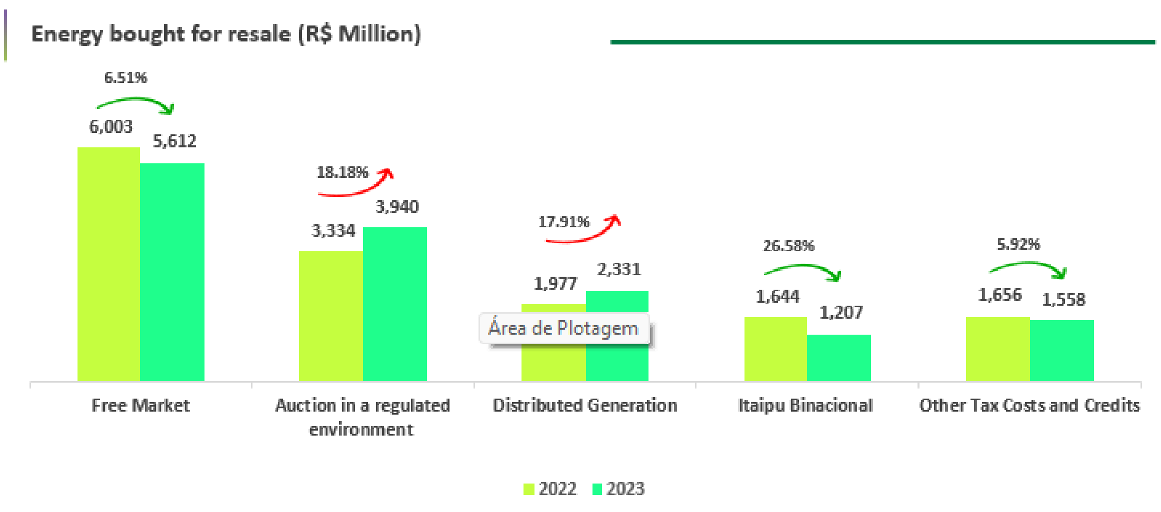
Taxes and charges levied on revenue were R$13,084 million in 2023 compared to R$12,687 million in 2022, representing an increase of 3.13%. This increase is mainly a reflection of revenue growth when comparing fiscal years 2022 and 2023.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses were R$30,061 million in 2023, compared to R$29,624 million in 2022.

The main variations are described below. Additional information on the breakdown of operating costs and expenses can be found in note 28 to these financial statements.

Energy bought for resale



The cost of electricity purchased for resale was R$14,648 million in 2023, compared to R$14,614 million in 2022. The main impacts are mainly due to the following factors:

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- reduction in the cost of purchasing energy in the **free market**, to R$5,612 million in 2023, compared to R$6,003 million in 2022;
- increase in the cost of energy purchased at **auction in a regulated market**, being R$3,940 million in 2023, compared to R$3,334 million in 2022. This increase is a reflection of the annual contractual adjustments, linked to the IPCA, and the entry of new contracts;
- increase in the cost of **distributed generation**, being R$2,331 million in 2023 compared to R$1,977 million in 2022. This is due to the increase in the number of generating installations (249,241 in December 2023, compared to 191,153 in December 2022) with an impact on the increase in the amount of energy injected (4,720 GWh in 2023, compared to 3,041 GWh in 2022);
- reduction in short-term energy costs, to R$478 million in 2023, compared to R$530 million in 2022; and
- reduction in the cost of energy at Itaipu Binacional, to R$1,207 million in 2023, compared to R$1,644 million in 2022. This variation is mainly due to the 35% reduction in the demand price of Itaipu, in dollars, from US$24.73KW in 2022 to US$16.19KW (April 2023) and a new regulatory change to US$20.23 in May 2023, defined by resolution.

Charges for use of the national grid, and other system charges

Charges for the use of the electricity system totaled R$3,215 million in 2023, compared to R$2,925 million in 2022, representing an increase of 9.91%.

This cost refers to the charges due by the electricity distribution and generation agents, in view of the use of the facilities and components of the basic network, as well as the electrical system, and the amounts to be paid and/or received by the Company are defined by means of an Aneel resolution.

The variation is mainly justified by the greater need for thermal dispatches in 2023 due to high temperatures, in addition to the entry into operation of reserve energy contracts resulting from the 2021 Simplified Competitive Procedure (PCS), with a consequent increase in reserve energy charges in the 2023 fiscal year.

This is an unmanageable cost, and the difference between the values used as a reference for the definition of tariffs and the costs actually incurred is compensated in the subsequent tariff adjustment. For more information, see note 14b to these financial statements.

Employee and management profit-sharing

The expense with the participation of employees and managers in the result was R$157 million in 2023, compared to R$83 million in 2022, representing an increase of 89.20%. This variation is basically due to the total adhesion of unions to the 2023 collective agreement compared to 2022, the year in which some unions did not adhere to the agreement.

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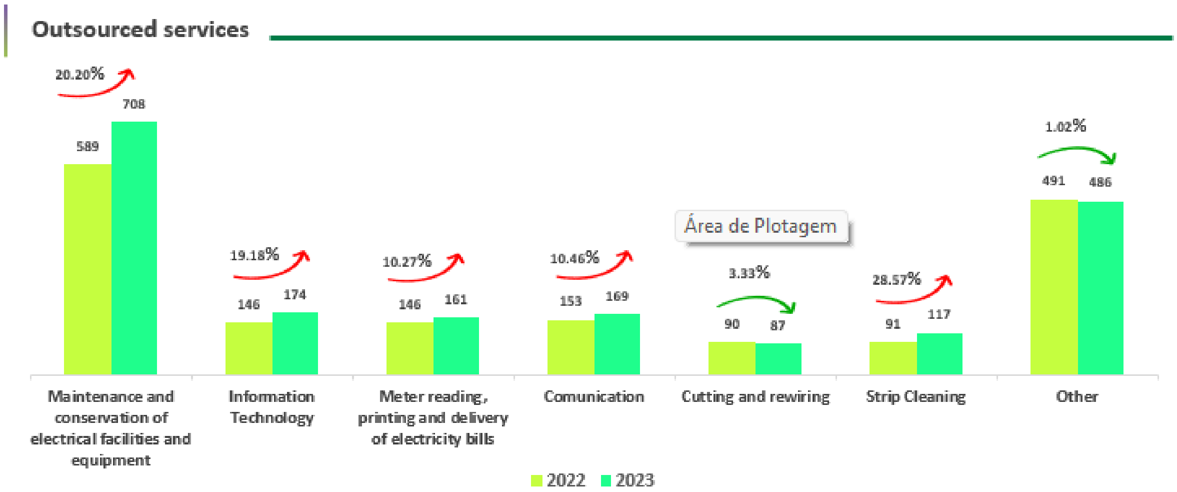
Post-employment obligations

The impact of the Company's post-employment obligations on the 2023 result was an expense in the amount of R$591 million, compared to R$626 million in 2022. This variation is mainly due to the voluntary adhesion of active employees to the new health plan, called Premium Plan, offered by the Company (more details in explanatory note No. 23 of these financial statements).

Outsourced services



Expenditure on third-party services was R$1,902 million in 2023, compared to R$1,706 million in 2022, representing an increase of 11.49%. The main variations that explain this increase are:

- a 20.20% increase in expenses with **maintenance and conservation of electrical installations and equipment**, to R$708 million in 2023, compared to R$589 million in 2022;
- an increase of 19.18% in information technology expenses, to R$174 million in 2023, compared to R$146 million in 2022.

Provisions for contingencies

Operating provisions were R$652 million in 2023 compared to R$455 million in 2022, representing an increase of 43.30%. The main variations that explain this increase are:

- change in **provisions for tax contingencies**, which posted net constitution of R$145 million in 2023, compared to R$182 million in 2022. This reduction is mainly due to the constitution, in the third quarter of 2022, of a provision related to the levy of the Social Security Contribution on annuities paid to employees in 2006 (more information in Explanatory Note No. 24);
- increase in **provisions for labor contingencies**, which posted a net constitution of R$120 million in fiscal year 2023, compared to R$98 million in fiscal year 2022. This variation is mainly due to recent judicial decisions unfavorable to the Company, in lawsuits that discuss various matters.

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Provisions for client default

Higher provision for client default: A provision of R$ 217 million was made in 2023, compared to R$ 109 million in 2022. This arises from the alteration, in August 2022, of the time limit for 100% recognition of unpaid receivables from 12 to 24 months, to give a more appropriate reflection of the actual estimates of losses expected on overdue client bills.

Share of profit (loss) in non-consolidated investees

Net gains with equity were recognized in the amount of R$432 million in 2023 compared to R$843 million in 2022.

The reduction is mainly associated with the following factors:

- A receivable of R$ 161 million was recognized in 2022, for the payment made by AGPar to **FIP Melbourne** relating to the agreement arising from CCBC Arbitration Judgment 86/2016.
- Reversal, in 2022, in the amount of R$ 162 million, of the provision for Cemig GT's contractual obligations to the investee **Madeira Energia** and other shareholders. This provision was made in 2021, with a negative effect on Equity income (gain/loss in non-consolidated investees) in that year.

See the breakdown of equity results per investee in Explanatory Note No. 15.

Net finance revenue (expense)

The Company reports net financial expense of R$379 million in 2023, compared to net financial expenses of R$1,567 million in 2022. This variation is mainly due to the following factors:

Updating of taxes to be returned to consumers

In 2023 the Company posted lower net financial expenses on updating of these tax credits for PIS, Pasep and Cofins taxes that resulted from exclusion of ICMS tax from the basis for their calculation: this figure was R$ 41 million in 2023, compared to R$ 1,294 million in 2022.

This variation reflects completion, in the second quarter of 2022, of the monetary updating of the liabilities for the tax credits corresponding to the last 10 years, in compliance with the legal order for distributors to allocate to consumers the full value of the amounts wrongly charged by the government regulations of the time.

Exchange rate variation

The negative variation of the dollar against the Real in 2023, of 7.21%, compared to the negative variation of 6.5% in 2022, generated a record of negative exchange variation in 2023

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in the amount of R$277 million, compared to the record of negative exchange variation in 2022, in the amount of R$338 million.

Derivative financial instruments

As a result of the reduction in the yield curve in relation to the expectation of growth in the dollar exchange rate against the Real, the fair value of the financial instrument contracted to hedge the Eurobond obligations posted a loss of R$ 177 million in 2023, compared to a loss of R$ 438 million in 2022.

For the breakdown of Financial revenues and expenses please see Note 29.

Income tax and social contribution

In fiscal year 2023, the Company recorded income tax and social contribution expenses in the amount of R$1,068 million (R$26 million in 2022) in relation to profit of R$6,806 million (R$4,121 million in 2022) before tax effects, representing 15.69% of the effective tax rate (0.64% in 2022).

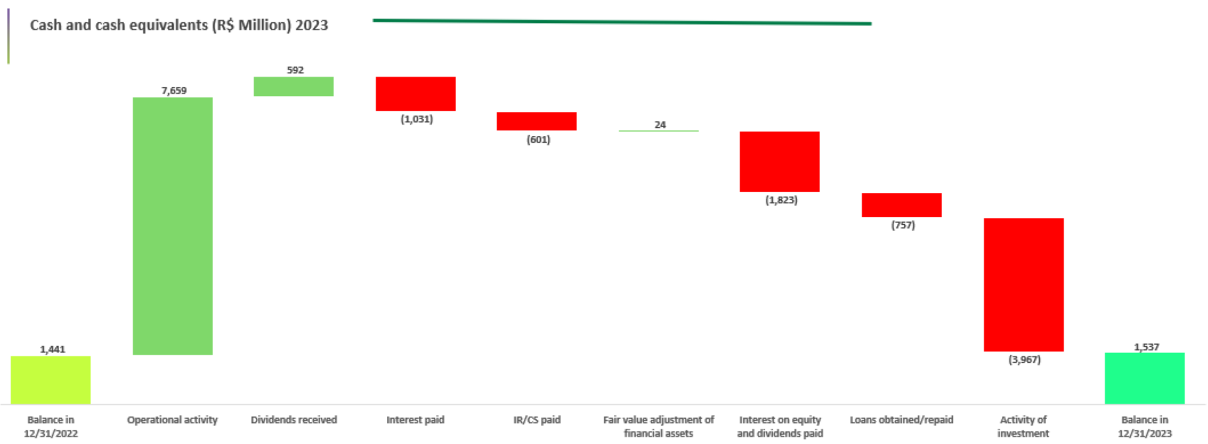
The actual rates are reconciled with the nominal rates in Note 10d.

Liquidity and capital resources

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

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

Cash and cash equivalents



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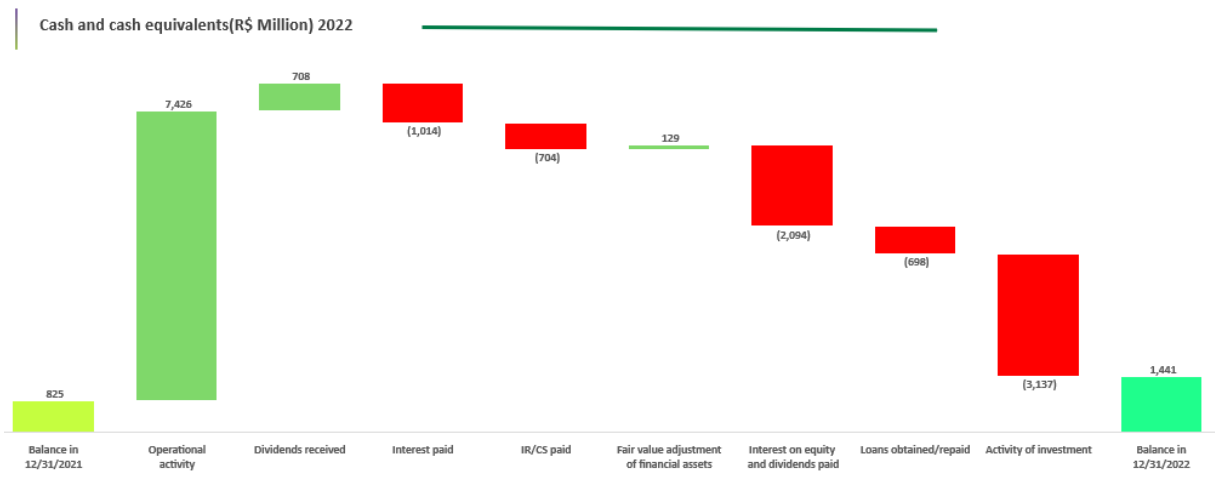

Results by segment

The results presented separately by segment do not take into account eliminations (applied in the consolidated result) of inter-segment transactions.

Distribution segment performance

Cemig D posted a profit of R$1,611 million in 2023 compared to R$443 million in 2022.

Net Revenue

The net revenue of the distribution segment grew 11.61% in 2023 when compared to 2022, being R$23,348 million in 2023 and R$20,919 million in 2022. The main variations in net revenue are presented below:

- revenue from **gross electricity supply** was R$21,551 million in 2023, compared to R$20,209 million in 2022, representing a growth of 6.64%;
- **network use revenue** – free consumers referring to the tariff for the use of the distribution system (TUSD), arising from the charges charged to free consumers on distributed energy. In 2023, this revenue corresponded to the amount of R$4,448 million, compared to R$3,715 million in 2022, representing an increase of 19.73%;
- **CVA and other financial components**, an expense in the amount of R$213 million recognized in 2023, compared to R$1,147 million recognized in 2022; and
- **taxes and charges levied on revenue** were R$10,053 million in 2023 compared to R$9,442 million in 2022, representing an increase of 6.47%. Complementary Law 194/2022 removed transmission and distribution charges from the ICMS calculation basis, however, in February 2023, Decree 45,572/2023 returned these charges to the tax calculation basis. This generated an increase in the ICMS calculation basis and, consequently, an increase in taxes and charges levied on revenue. The increase in taxes and charges levied on revenue is also related to the increase in revenue from the Distribution segment.

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Electricity costs

In 2023, the cost of electricity was R$12,656 million compared to R$11,938 million in 2022, representing an increase of 6.01%, mainly due to:

- increase of 4.56% in the **cost of electricity purchased for resale**, to R$9,589 million in 2023, compared to R$9,171 million in 2022; and
- increase of 10.83% in the **charges for the use of the electricity system**, being R$3,067 million in 2023, compared to R$2,767 million in 2022

Costs and Expenses

Total costs and expenses were R$21,079 million in 2023, compared to R$19,427 million in 2022, representing an increase of 8.50%, mainly due to:

- the **construction costs of assets related to the infrastructure of the electricity distribution concession** were R$3,600 million in 2023, compared to R$3,193 million in 2022, showing an increase of 12.75%. This increase is basically due to the increase in Cemig D's investments compared to the previous year;
- **operating provisions** were R$455 million in 2023 compared to R$398 million in 2022, representing an increase of 14.32%. The main changes that explain this reduction are: (i) variation in provisions for tax contingencies, which presented a net constitution of R$97 million in 2023, compared to a net reversal of R$68 million in 2022; and (ii) increase in provisions for civil contingencies, which presented a net constitution of R$80 million in fiscal year 2023, compared to R$48 million in fiscal year 2022.

Detailed information on the variations and impacts presented in this segment is available in Cemig D's financial statements.

Transmission segment performance

Net profit in the transmission segment was 32.69% higher, at R$ 465 million in 2023, compared to R$ 350 million in 2022.

Transmission concession revenue

The following are the main variations in revenue:

- Construction **revenue posted for construction, strengthening and enhancement** of infrastructure in 2023 was R$ 241 million, 40.79% lower than in 2022 (R$ 407 million). The difference reflects the estimates for the projects that are in the final phase of execution, resulting in lower amounts invested in 2023 than in 2022. Also, the new projects are at the initial phase, with disbursements associated with the stages of planning and definition, which have lower costs.
- Revenue from **financial remuneration** on transmission contract assets was 8.71% lower in 2023, at R$ 524 million, compared to R$ 574 million in 2022. This variation is mainly associated with the IPCA inflation index (base for the remuneration of the contract), which was positive at 4.62% in 2023, and positive at 5.79% in 2022.

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Construction cost

Construction costs in 2023 totaled R$ 172 million, 40.89% less than in 2022 (R$ 291 million). The difference reflects the estimates for the projects that are in the final phase of execution, resulting in lower amounts invested in 2023 than in 2022. Also, the new projects are at the initial phase, with disbursements associated with the stages of planning and definition, which have lower costs.

Detailed information on the variations and impacts presented in this segment is available in Cemig GT's financial statements.

Generation segment performance

In 2023, the generation segment posted a net income of R$1,387 million, compared to R$888 million in the previous year, representing an increase of 56.19%.

The variation mainly comprises the adjustment to fair value of the financial asset related to the compensation to be received from the assets (Cemig GT plants) not yet amortized. With conclusion of the Valuation Opinion, the Company made an adjustment to the Fair value of financial assets, in the amount of R$ 171 million, for the difference from the amounts initially estimated by the Company. For more details, please see Note 13.

Detailed information on the variations and impacts presented in this segment is available in Cemig GT's financial statements.

Trading segment performance

In 2023, the sales segment posted a net income of R$959 million, compared to R$684 million in the previous year, representing an increase of 40.20%, associated with the following factors:

Net revenue

The net revenue of this segment was R$ 7,686 million in 2023, compared to R$ 7,918 million in 2022, a reduction of 2.93%, mainly due to the lower total contracted in 2023, and variation in the portfolio: new contracts beginning, affecting average selling price.

Cost of electricity

The expense on electricity purchased for resale in 2023 was R$ 6,318 million, or 8.17% less than in 2022 (R$ 6,880 million). This is mainly due to a lower volume contracted in 2023 than in 2022. Significant contracts ended in 2022 and also many short-term contracts were made to replenish the stock for the year 2022. With the outlook for lower prices in 2023, the portfolio of purchases was not rebuilt to the same level as in the contracts of 2022.

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Gas segment performance

Gas supply

The Company recorded net revenue of R$4,139 million in 2023, compared to R$4,529 in 2022. The reduction is mainly due to the lower volume of gas supplied.

Gas purchased for resale

Due to a lower demand for the purchase of gas for resale and the lower cost of gas purchased in the year, there was a reduction in the cost of gas purchased for resale, being R$2,237 million in 2023 and R$2,735 in 2022.

Performance of the Equity and Holding segment

In 2023, the equity and holding segment posted net income of R$749 million, compared to R$1,251 million in the previous year. The variations in the results of the investees that justify the best results obtained in 2023 are presented in more detail in Explanatory Note No. 15.

POLICY ON FUNDING AND DEBT MANAGEMENT

Through its subsidiary Cemig D, the Company generated significant cash from operations in 2023, reflecting a high level of collection, rigorous combat of default, and Opex within the regulatory limits.

A highlight in the other businesses was higher volume of energy sold by Cemig GT and by Cemig Holding, resulting in higher Ebitda in both companies, even with the transfer of electricity trading contracts from Cemig GT to Cemig H, demonstrating the robustness of their operations and cash generation.

Also, disposals of, and reduction of equity interests in, non-strategic assets – of which completion of the sales of the operations of Baguari and Retiro Baixo were highlights – resulted in higher cash inflow and a stronger focus on our strategy of growth in the core business, as well as our successful strategy of repurchase of Eurobonds, which made an important contribution to reduction of gross debt. This financial equilibrium made it possible to execute a significant volume of investments without negatively affecting the Company's leverage, which in turn contributed to sustainability of its operations and continuity of its program of investments.

In June 2023, Cemig D raised R$2 billion in its 9th debenture issue, in a single series, paying the CDI rate + 2.05% p.a., with maturity at 3 years, with amortizations in the second and third years.

In December 2023, Cemig GT completed partial early redemption of its Eurobonds (issued with maturity in December 2024), without any premium payment, through exercise of a call option. This reduced both the concentration and the gross total of the Company's debt. As strategy, a hedge was contracted to mitigate the exchange rate variation during the execution of the

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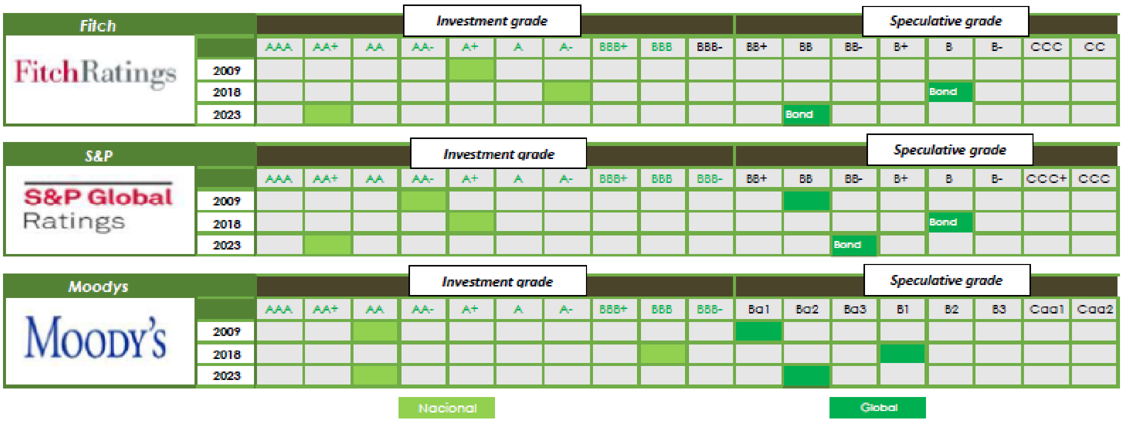
call, undoing the corresponding original derivatives which covered the total amount of the Eurobonds up to their original maturity date: this resulted in a positive adjustment of R$ 283 million. US$375 million of the principal was repurchased, with a debtor balance of US$381 remaining.

The international risk rating agencies Standard & Poor's, Fitch Ratings and Moody's maintained their ratings for Cemig H, Cemig D and Cemig GT, reflecting the success in implementing measures that had resulted in an increase in the Company's credit quality – improvement of the liquidity profile, disposal of assets, debt refinancing, increased operational efficiency and increased Ebitda, combined with a prudent liability management strategy, as exemplified by the repurchase of Eurobonds. Note that the ratings of Cemig D and Cemig GT accompany the ratings of their controlling shareholder, Cemig.

The following table presents the Company's rating position in the three main agencies:

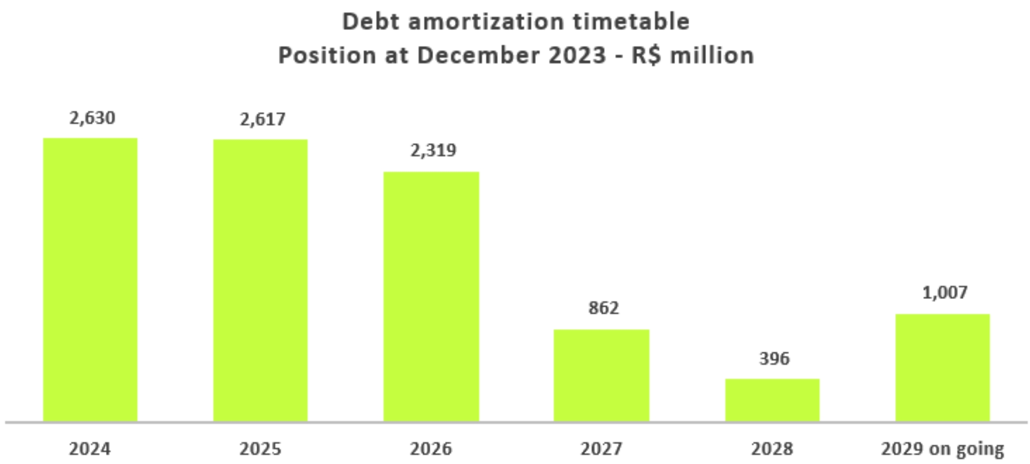


Note 21 gives details of funding raised by the Company, including costs and maturities.

Both the Eurobonds and the debentures have restrictive covenants related to indebtedness and distribution of dividends; the Company is in compliance with all of them.

Cemig GT's gross debt on December 31, 2023 was R$ 9,831 million, with average tenor of 2.8 years.

The debt repayment schedule can be seen in the graph below:



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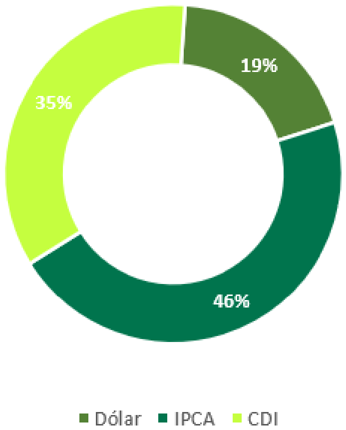
The Company's debt indexes are shown in the graph below:

Main debt indexes on December 31, 2023



For the debt adjusted by the IPCA inflation index, the Company has a natural hedge, in that revenues from the distribution activity and most of the transmission and trading contracts are also updated by this same index. For the Eurobonds, issued in US dollars, there is a hedge structure converting the final exposure to 132.35% of the Brazilian CDI rate. The Company's real cost of debt is 7.66% p.a. In nominal terms it is 12.64% p.a.

PROPOSAL FOR ALLOCATION OF NET INCOME

The Board of Directors decided to propose to the Annual General Meeting to be held on April, 2024 the following allocation of the net income for 2023, totaling R$5,764 million, of realization of the deemed cost of PP&E, totaling R$6 million, realization of the Unrealized Earnings Reserve totaling R$835 million, as follow:

- R$288 million will be held in Stockholders' equity in the Legal Reserve, as required by Law 6,404/1976;
- R$3,124 million as minimum mandatory dividends, to the Company's shareholders, to be paid in two equal installments, by June 30 and December 30, 2024, as follows:
  - R$2,591 million in the form of mandatory dividends as of Interest on Equity, declared in 2023;
  - R$533 million in the form of dividends, to holders whose names are in the Company's Nominal Share Registry on the date of the AGM;
- R$2,295 million to be held in Shareholders' equity in the Retained Earnings Reserve, to provide funding for the Company's consolidated investments planned for 2024, in accordance with a capital budget;
- R$63 million to be held in Shareholders' equity in the Tax Incentives Reserve, for tax incentive due to investment in the region of Sudene.

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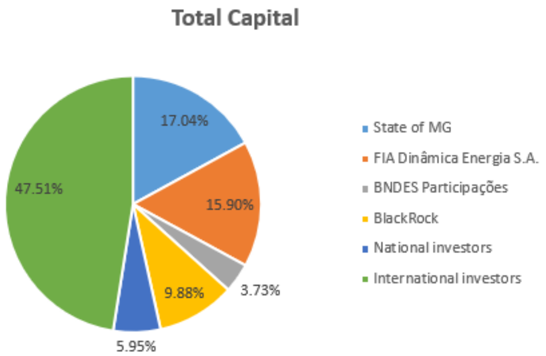
The amount of R$835 million remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2022 and the new constitution in 2023, of the same amount.

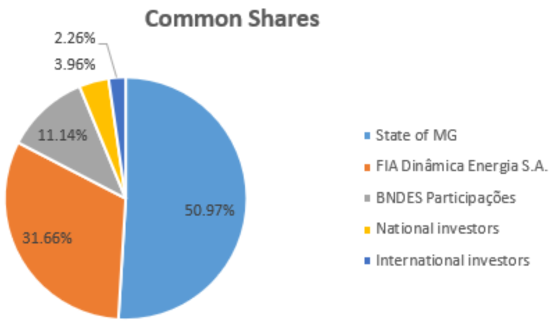
Dividends will be paid in 2 equal installments, the first by June 30 and the second by December 30, 2024, in accordance with the availability of cash and at the decision of the Executive Board.

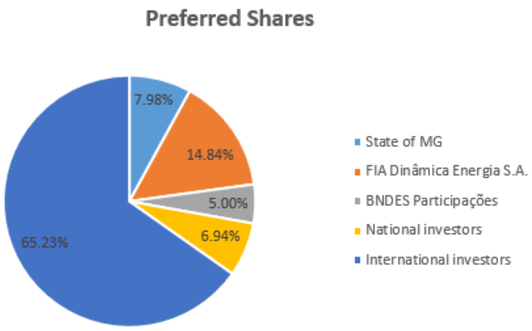
CAPITAL MARKETS

Cemig's shares were initially listed on the stock exchange of Minas Gerais State on October 14, 1960. Since 1972 they have been traded on the São Paulo stock exchange (B3) - under the tickers CMIG3 for the ON (common) shares, and CMIG4 for the preferred shares (PN). Cemig has been listed at Corporate Governance Level 1 on the São Paulo stock exchange since October 2001. ADRs for Cemig's shares have traded on the New York stock exchange since 1993 with tickers CIG and CIG/C) - and at Level 2, since 2001. Cemig shares have traded on the Madrid stock exchange (ticker: XCMIG) since 2002.

Shareholding structure







Share prices

The closing prices of Cemig's securities in São Paulo (B3), New York (NYSE) and Madrid (Latibex) in 2022 and 2023 were as follows):

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Security	Ticker	Currency	Close of 2022	Close of 2023
Cemig PN	CMIG4	R$	9,97	11,48
Cemig ON	CMIG3	R$	14,95	15,13
ADR PN	CIG	US$	1,80	2,31
ADR ON	CIG.C	US$	3,12	3,12
Cemig PN (Latibex)	XCMIG	Euro	1,81	2,10

Source: Economática. Prices adjusted by corporate action, including dividends.

Total trading volume in the preferred shares, CMIG4, in 2023 was R$32.57 billion, a daily average of approximately R$131.35 million. The total volume making Cemig’s preferred (PN) shares one of the most traded on the São Paulo stock exchange, thus offering investors an enhanced degree of security and liquidity.

Average daily volume of trading in the preferred shares on the NYSE in 2023 was US$8.98 million, with total volume of US$2.24 billion - reaffirming Cemig’s position as a global investment option.

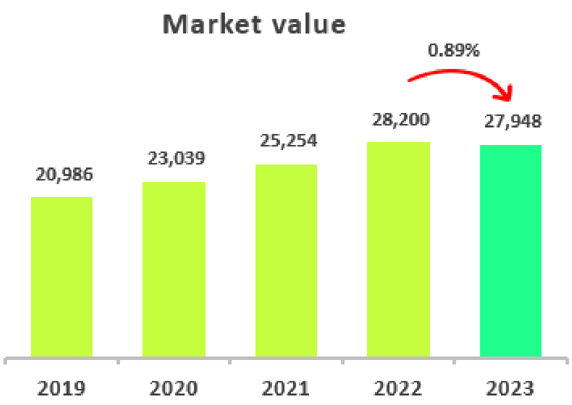
Performance of our shares

In terms of performance, the Company's shares were among those with the best returns in the electricity sector on B3, being the fourth most traded company. Among the Brazilian electricity sector ADRs traded on the NYSE, Cemig was the company with the highest trading volume in 2023.

	CMIG4	CMIG3	CIG	CIG.C	IBOV	IEE	DJIA
2023/2022	15.10%	1.23%	28.09%	0.00%	22.28%	20.69%	13.70%

Market value

The market value is represented by all the Company's shares at the market value of the shares on the last trading day of each year, remaining stable in relation to the previous year, with a reduction of 0.89%.



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INVESTMENTS IN OPERATIONS

Investments in electricity distribution

In our strategy of concentrating investment in Minas Gerais, we invested R$3.17 billion in our distribution business, in 2023, – a very significant amount, representing a change of level in our investment in the distribution concession.

This means more supply of electricity, boosting growth in the State, and providing a higher quality of service to customers.

Cemig D is planning to strengthen its investment program, in line with the Cemig Group's strategic planning: It expects to make significant investments of R$23.5 billion over the period 2023–2028, which will reflect positively in the Company's Regulatory Remuneration Base (BRR), and consequently increase revenue.

The Distribution Development Plan

Through its Distribution Development Plan (PDD) Cemig has set the priorities for its investments, which will increase the Regulatory Remuneration Base (BRR), and the related prudent management of resources in the current tariff cycle. The objective is to increase the availability of electricity with continuity, quality and safety, in the quantity required by clients, promoting social and economic development in Cemig D's concession area.

In 2023, the 5th five-year cycle of investments was started, in accordance with the regulation of the sector, covering the period 2023–2027, for which the amount of R$21.9 billion has been approved. The PDD currently approved, 3 times larger than the previous PDD cycle, provides for structural investments, and strong modernization and digitalization of assets, resulting in improved electricity supply quality and efficiency of operational processes.

The plan is for projects to expand, strengthen, overhaul and renew Cemig D's electric power system, such as substations and distribution lines. The plan is divided into Macroprojects that group various projects of the same nature.

The *Urban Service* Macroproject concentrates the investments necessary to meet demands for supply of energy from consumer units in the urban area – which are always provided without charge for the requesting party. Investments totaling approximately R$ 241 million were completed in 2023, extending existing networks by 63 kilometers, and adding 294,982 urban consumer units to the electricity system.

The service to consumer units in rural areas that have the right to service without charge is carried out through the *Rural Service* Macroproject. In 2023 a total of 12,000 new connections were made with consumer units, through extensions of the medium and low voltage networks totaling 1,982 km, for a total of R$334.2 million in investments in the infrastructure of rural distribution networks.

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Connections of consumer units that do not qualify for connection free of charge as defined by the regulation of the electricity sector are provided by works that are part of the *Complementation Service* Macroproject. In 2023 Cemig invested approximately R$ 650 million in the electricity system at medium and low voltage, and R$499 million was invested by the requesting parties, in financing of works. This enabled connection of 14,642 clients and projects to Cemig D's distribution system.

For the distribution system to be able to absorb all the client and project connections served by the Urban, Rural and Complementary Service Macroprojects, a range of works needs to be carried out on the distribution assets, such as: expansion of power capacity, conversion of single-phase networks to 3-phase, connections between feeds, overhaul of networks, and operational contingency works. Strengthening and upgrades to the electricity system are made by the *Network Strengthening and Upgrade* Macroprojects – in 2023 works were carried out on 599 kilometers of medium and low voltage networks, for total investment of R$303 million.

The *Public Safety* Macroproject was created to eliminate electric shock risk situations in Cemig D's distribution networks. This aims to carry out the investments necessary for removal or transfer of distribution networks to eliminate risk of accidents by direct or indirect contact, or other risk situations, for members of the public. In the last year, 638 installations have been regularized, for investment of R$10.4 million.

Another component of the Investment Plan is regularization of the energy supply of low-income families living in the State's main urban centers, through the *Energia Legal* Program. This investment covers implementation of new networks, inclusion in the Social Tariff, and donations of efficient energy systems and lamps. In 2023, approximately R$92 million was invested the regularization of these connections.

With a focus on improving supply quality, renewal of assets, expanding supply capacity and changing the level of technology, the PDD also provides for automation of network equipment, replacement of obsolete meters, installation of new meters with capacity for smart solutions – such as remote reading, cutting of supply and reconnecting, investments in telecommunications and the environment; and actions for maintenance and operation of distribution lines and networks, such as tree pruning and inspection, to reduce the time taken to restart supply when there are adverse events. Approximately R$ 570 million was invested in these programs in 2023.

In the first year of the cycle, the investment made by Cemig D was R$3.17 million of an approved total of R$2.90 billion – 109% of the planned execution for the year. This table summarizes the amounts in the projects that comprise the PDD:

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Macroproject	Amount invested (R$ mn)
High voltage expansion and strengthening	799
Service to consumers and user access (Cemig participation)	176
High voltage operation and maintenance	49
Medium and low voltage operation and maintenance	239
Strengthening of medium and low voltage networks	199
Overhaul of medium and low voltage networks	105
Medium and low voltage service to the urban market	240
Medium and low voltage service to the rural market	334
Low and high voltage Complementation Program (Cemig participation)	651
Change of metering / frontier metering	172
BT Zero – Communities regularization program	92
Telecoms	62
Master plan for medium voltage automation	46
Third-party safety (Cemig participation)	10
Environment	2
Total	**3,176**

The Minas 3-Phase Program

One highlight of Cemig's investment plan is the Minas Three-Phase Program, which will transform about 30,000 kilometers of single-phase rural electricity networks into three-phase networks by 2027. With it, Cemig D will bring energy with more quality and quantity to the population living in countryside areas. The program will benefit almost all of the 774 municipalities in Cemig D's concession area, accelerating the growth and strength potential of local agribusiness, more development, employment and income for all regions of the State.

It aims to improve the reliability and quality of electricity supply to rural customers, providing more energy and supporting the transformation of subsistence agriculture into agribusiness. Approximately R$441 million was invested in the Minas 3-Phase Program in 2023, extending the 3-phase network by 2,032 kilometers.

The *Mais Energia* ('*More Energy*') program

This is another highlight of Cemig's investment plan, aiming to provide a robust electricity distribution system capable of meeting new loads and bringing more energy to the development of Minas Gerais State. It plans construction of more than 200 up-to-date, digitalized substations, expanding by more than 50% the current number of substations that today serve about 9 million consumers within our concession area. These will support the growth coming from the Minas 3-Phase Program and from the various initiatives of Cemig and the State of Minas – empowering the growth of several sectors of the economy, in particular agribusiness, eliminating the difficulties for both service to the customer and construction integration of distributed generation plants. A total of R$5 billion will be invested in 2023–2027, helping to bring economic and social development to all regions of the State, fostering the expansion of industry, commerce and agribusiness, as well as generating jobs and income.

The new substations will be more efficient and modern, making it possible to expand capacity to serve new requests for supply, reducing the average time and cost of works to connect new plants, and providing reliable, quality energy to our customers.

A total of R$ 798.6 million was invested in the *Mais Energia* Program in 2023, with 27 substations energized, and construction of 672 kilometers of distribution lines.

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Investments in generation and Distributed Generation

Aliança Geração

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

- The Acauã wind farm complex, comprising 3 wind farms: Central Eólica Acauã I S.A. ('Acauã I'), Central Eólica Acauã II S.A. ('Acauã II'), and Central Eólica Acauã III S.A. ('Acauã III') - in the municipalities of Tenente Laurentino Cruz, Lagoa Nova, Santana do Matos and São Vicente, in the State of Rio Grande do Norte. Building of the Acauã wind farm complex project began in March 2021, and full commercial operation is estimated to start in the first half of 2024. It will have 26 wind tower generators, with capacity of 4.2 MW - total generation capacity of 109.2 MW, and estimated average output of 57.77 MW.

The investments are being financed by the cash position of Aliança Geração itself, debentures and other financial instruments.

Implementation of the Boa Esperança and Jusante photovoltaic solar plants

The implementation of the Solar Photovoltaic Plants (UFVs) – *Boa Esperança* and *Jusante* – is approximately 90% completed, and expected to start operation at the end of first half 2024.

The Boa Esperança plant, on a site owned by the Company at Montes Claros, state of Minas Gerais, will have installed capacity of 85MW (approximately 100.4 MWp). The Jusante plant, on a site owned by the Company in São Gonçalo do Abaeté, state of Minas Gerais, will have 7 generating plants, each with installed capacity of 10MW (approximately 87 MWp).

With investments estimated at R$850 million, the implementation of these plants is in accordance with the Cemig group's strategic planning, strengthening its generation from renewable sources, with profitability compatible with the Company's cost of capital for this type of project.

Cemig SIM

This is a Cemig Group company focused on energy innovation and solutions. In 2023 it invested approximately R$ 212 million in photovoltaic solar generation plants.

At the end of 2023 it passed the mark of 14,000 commercial, residential and industrial consumer units subscribed for consumption of solar energy. Cemig SIM's solar energy generation base avoided emission of 7,900 tons of carbon dioxide in 2023. Since its implementation, 29,900 tons of CO_2 have ceased to be emitted into the atmosphere.

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The company is seeking to expand its installed capacity in line with Cemig's Strategic Planning. It is prospecting development of new projects and plans to invest a total of R$ 800 million in Distributed Generation in 2024–2025.

Investments in transmission

Lot 1 of Auction 02/2022

On April 13, 2023, the Board of Directors approved transfer of funds totaling R$221,519 by the Cemig GT 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. Activities related to land and environmental regularization, preparation of the executive project and validation of the basic project by the ONS are currently being carried out. The expected start date for construction is Janyary 2025.

Investments in natural gas

Gasmig is, by concession, the exclusive distributor of piped natural gas in Minas. It serves the industrial, residential and commercial markets and the thermal electricity generation industry, providing compressed natural gas (CNG), liquefied natural gas (LNG) and vehicle natural gas (VNG).

In 2023, Gasmig invested R$ 302 million in expansion of its natural gas distribution networks in the State of Minas Gerais. This compares to R$56 million in 2022. Further focusing investment on the expansion of the gas distribution network in line with Cemig's Strategic Planning, Gasmig plans to invest R$4.8 billion from 2024 through 2033.

The Center-West Project

This project is for expansion of Gasmig's natural gas distribution system by about 300 km, in stages, with works starting in the first half of 2024, to take an estimated 24 months.

RELATIONSHIP WITH CLIENTS

The relationship with Cemig customers, both in regulated and free contracts, is based on Cemig's Energy Trading Policy. To offer the customer the best service, the Company has teams of professionals with specific technical knowledge, who manage contracts and all customer demands, as well as prospecting and attracting new customers.

Cemig customer types are:

- Cemig D captive consumers, with demand less than 500 kWh/month: these are located in Minas Gerais, in the following categories: Residential, Industrial, Commercial, Rural, Public Authorities, Public Lighting and Public Services;
- Free Consumers, who have no link with distributors, and consumption demand above 500 kWh/month. They are in the following categories: Industrial, Commercial and Rural in Minas Gerais, the Federal District or other states in which Cemig operates.

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- Distributors that operate under concession in other areas, served via the Regulated Market (*Ambiente de Contratação Regulada*, or ACR).

As from January 1, 2024, consumers classified as Group A, that is, consumers at high and medium voltage, are able to choose to buy in the Free Market (*Ambiente de Contratação Livre*, or ACL).

The Consumer Council

Cemig has a Consumer Council, which represents the interests of all consumer categories collectively and promotes the defense of their rights. It is made up of six members and six alternates, representing the following consumer categories: Residential, Industrial, Commercial, Rural and Authorities.

Awards for customer relationship

The Respect Award

Cemig received the Respect award from Brazil's Modern Consumer magazine in the Electricity category. In its 21st series of the Respect awards, Modern Consumer recognized companies that stand out for their respect for the consumer public, and also for investments in strategies, talent, resources and methods that are specifically directed to satisfaction of the customer.

Aware of the transformations taking place in the electricity sector, Cemig has anticipated them and focused efforts on innovation. A commitment to the maximum attractiveness for the client became a strategic aim, permeating all the Company's decisions. This explains how the company has been expanding its business, while at the same time maintaining the quality of the service provided.

Its 'Cliente+' project is a demonstration of its commitment to unceasing improvement of the consumer's experience. Cemig's approach encompasses new technologies, autonomy in the digital channels, and differentiated human service, as part of a multi-channel environment.

The Respect award highlights Cemig's emphasis on perception of a fair price, in which the perceived value in each product or service surpasses the mere question of price. Cemig seeks to transmit the added value of its products, aligning itself with the customer's expectations.

The *Smart Transformation Pioneer* award

Cemig received the *Smart Transformation Pioneer* award in the *Business Experience* category at the 2023 WE3 Summit, an annual conference on technology and innovation.

This global event, held from November 14 to 16, in California, brought together global leaders from the water and energy sectors to discuss transformation of the industry, challenges, and solutions, seeking to engage, educate and empower its professionals.

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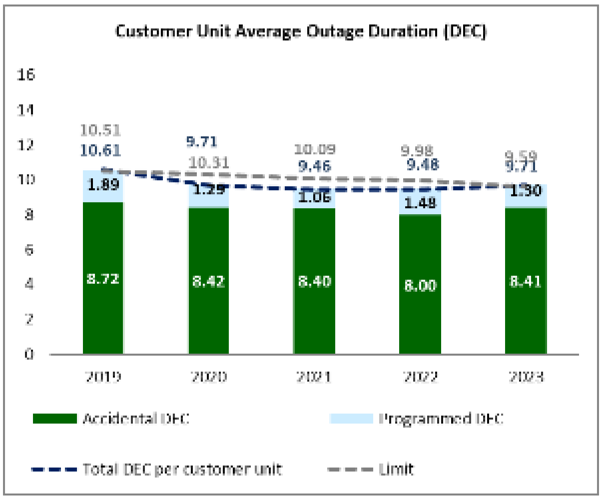
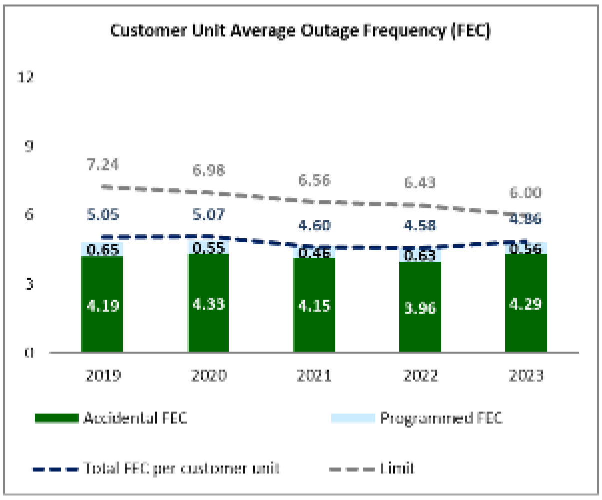
The award recognized the innovations and results achieved by Cemig in the control of energy losses, and customer default, highlighting the protagonist role of the practices adopted by Cemig in Latin America.

Quality of retail supply

In 2023, the DEC indicator (Equivalent Interruption Duration per Consumer Unit) was 1.24% above the regulatory target. Cemig D achieved 9.71 (hours) against the limit of 9.59 (hours). The FEC indicator (Equivalent Interruption Frequency per Consumer Unit) also increased compared to the previous year, but was below the regulatory limit. In 2023, the figure was 4.86 (hours) compared to the regulatory limit of 6.00 (hours).

The table below depicts the DEC and FEC results for the last five years:





Management of default and revenue collection

Our distribution segment was able to return positive results, due to the initiatives and strategies adopted by the Company, as follows:

- Intensification and enhancement of collection activities – with 30% more collection actions than in 2022: More than 60 million collection communications were issued by phone, text message and email (including notifications prior to electricity bill due dates); 5 million collection letters were issued and delivered jointly with new bills delivered by meter readers; 5.6 million accounts were reported to credit record agencies; supply was suspended to 2 million accounts; and 287,000 legal protest demands were issued in the public notaries' system.
- Optimization techniques including machine learning were used to classify clients' solvency patterns, aiming to apply the most appropriate collection tool and the optimum cost-benefit for each customer's profile and behavior.
- Third-party collection agencies were used for past due bills for retail supply that had proved more difficult to collect: bills more than one year past due, or those arising from irregular consumption.

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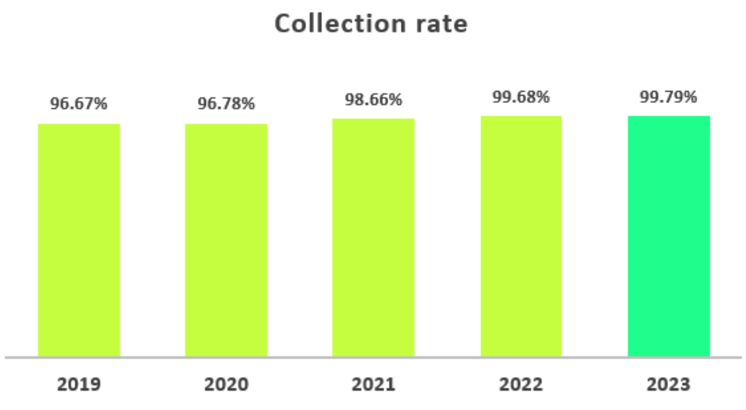
- The specific group dedicated to collection of a specific portfolio of debts for irregular consumption was strengthened.
- Another specialized team worked systematically on collection from large clients, hospitals and public authorities.
- Stimuli were applied to encourage use of electronic means of payment – increasing accessibility. In 2023 Cemig D carried out a promotional campaign, “2 years without an account”, and implemented the use of QR Codes for the PIX instant payment system in the retained accounts. This has helped to increase the percentage of payments made by this method to 22% of all monthly invoices collected.
- The Company also carried out negotiation campaigns: with the digital channels, the federal Public Prosecutor’s Office and local consumer protection agencies (Procons), and with selected publics, enabling not only collection and negotiation of credits but also building of a closer relationship with various sector bodies, and better user experience.
- The Company took part in the federal government *Desenrola Brasil* (‘Decomplicate Brazil’) Program, which provides an opportunity to negotiate debts that have been difficult to receive, usually for clients of low solvency or purchasing power.
- The rules relating to measurement and reporting of the total provision for customer default were enhanced.

The ARFA collection index

The collection rate, in the moving window of the last 12 months, surpassed historical results, ending the 2023 cycle at 99.79%, as can be seen in the following graph:



Allowance for doubtful receivables

The index result for 2023 was R$217 million. Comparison with previous years is limited due to improvements in the criteria for classifying credits that are classified as “default” for better representation of the company's credit loss, considering the implementation in recent years of various collection initiatives.

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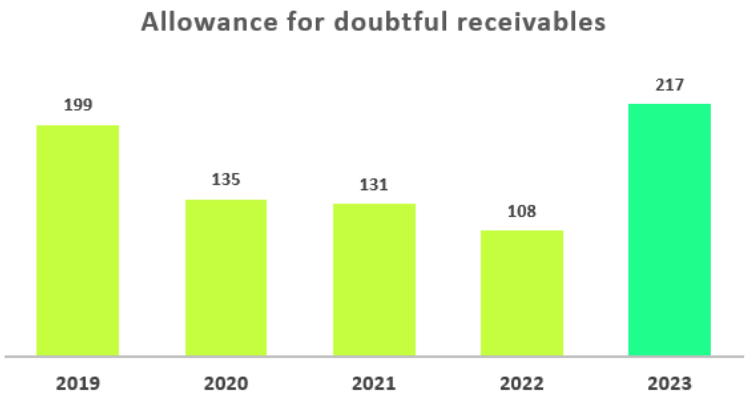

Combating energy losses

Cemig monitors energy losses with its Total Distribution Losses indicator (*Indicador de Perdas Totais da Distribuição*, or IPTD), which reports the difference between the total energy invoiced and the total energy injected into the distribution system (as calculated by the Power Trading Exchange – CCEE), expressed as a percentage of the total energy injected. The IPTD is segmented internally into (i) Technical Losses ('TL', or in Portuguese, PPTD), which are inherent in the transport and transformation of energy, and (ii) Non-technical Losses ('NTL', or in our definition PPNT), which occur in the electricity system especially due to irregularities in the measurement of consumption, or unauthorized (clandestine) connections to the grid.

The IPTD indicator in 2023 was 10.71% of total energy injected into the distribution system. This was a reduction of 0.40% compared to the result of 11.11% for 2022. The IPTD for 2023 is made up of 8.31% in technical losses, and 2.40% in non-technical losses. It is within the target established by Aneel for Cemig for 2023, of 10.84%. The Company maintained its level of losses below the regulatory limits for the third consecutive year, thanks to implementation of various actions coordinated by our Office for Combating Energy Losses (PMO), which we set up for the purpose.

Among the main actions of the PMO to combat losses implemented in 2023, we highlight: 379,000 inspections in consumer units in the concession area; replacement of 661,000 obsolete meters; regularization of the energy supply of 10,000 families living in informal occupation and low-income areas, including the use of BT Zero network technology; installation of 315,000 smart meters; and intensification of collection related to irregular consumption (R$99 million).

It is important to highlight that Cemig D, through its Integrated Metering Center, carries out remote metering of large captive and Free clients receiving high, medium and low voltage supply, which represents remote monitoring of approximately 65% of the associated consumption. This monitoring makes it possible to identify and prevent attempts to carry out or repeat fraud in the metering systems.

Various types of action to combat and control losses are planned for 2024, aiming to maintain the trend to reduction of losses to levels below regulatory limits. These include: (i) inspections at consumer units; (ii) campaigns of communication to the population; (iii) criminal proceedings for repeated fraud offenders; (iv) modernization of the metering system;

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(v) increase in the number of smart meters; and (vi) regularization of clandestine connections in low-income communities (the '*Legal Energy*' Program – *Programa Energia Legal*).

Main customer relationship channels

Aiming to provide quality customer service, and facilitate customer access, Cemig D makes available a mix of customer service channels available in various means of communication, both in-person and by telephone or online, serving the various segments of the market.

Cemig D's concession area is in the State of Minas Gerais; it is present in all the State's 774 municipalities. In-person customer service is given by the *Cemig Fácil* network, operating through 88 Branches and 689 Service Posts.

Telephone service is provided through the *Fale com a Cemig* (*Talk to Cemig*) facility. This channel includes a specific number for the hearing-challenged; and is also responsible for service to customers via video and the various chats of social media.

The number of contacts reported in 2023 was 142 million.

As well as its website, which received 38 million contacts in 2023, Cemig also has service channels via WhatsApp and chatbots, for its main services – these received more than 32 million contacts in the year.
We also highlight the *Cemig Atende* ('Cemig Responds') app, available for smart phones and tablets in Android and IOS, which dealt with 29 million contacts.

A further 2 million contacts were made via self-service 'totems' inside the street branches, and five outside.

The chart below shows the percentage participation of the various client communication channels in 2023:

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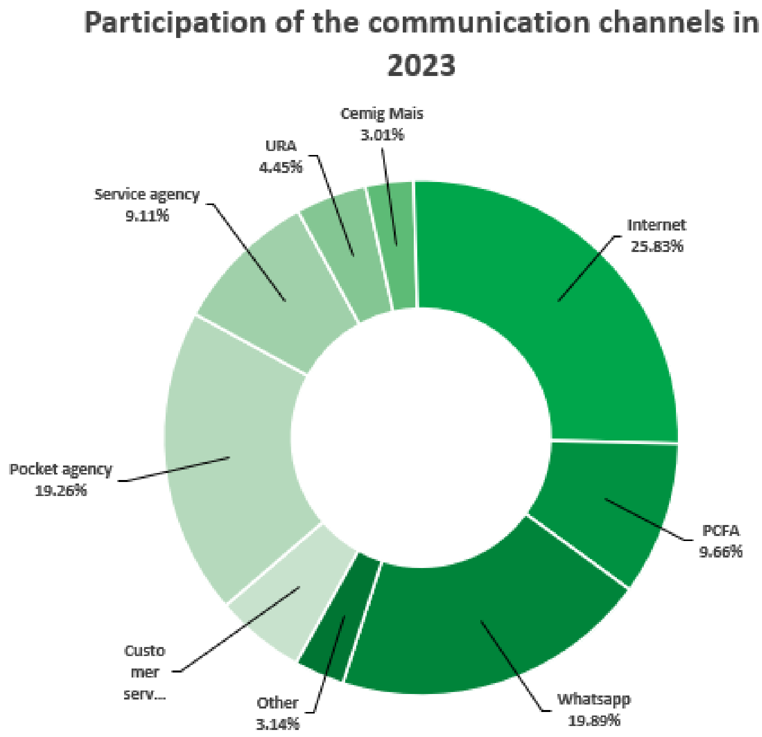

Customer satisfaction

As a reference for Cemig's work in improving service to its clients, we highlight the *Quality Satisfaction Perception Index* (ISQP) Award, researched and published annually by the Brazilian Electricity Distributors' Association (*Associação Brasileira das Distribuidoras de Energia Elétrica* – Abradee).

In the results published at the end of July 2023 we achieved a satisfaction index of 76.2%, up 12.55 percentage points from the index achieved in the previous year. This score was higher than the overall nationwide result of Abradee, which was 72.5 points – and bears witness to Cemig D's continuous efforts to enhance its customer service.

In the quest for continuous improvement in service to our clients, we have put in place monthly NPS (Net Promoter Score) surveys, to improve our understanding of clients' needs, and thus operate more efficiently.

NPS surveys also enable our clients to make comments on their experience with Cemig, providing one more space for them to express their opinion on our services.

The 2023 Aneel Consumer Satisfaction Index (IASC) survey was applied throughout Brazil in August– October 2023, with application of questionnaires in municipalities chosen by lot within each concession area.

The result will be known only in 2024. The index for 2023 was 57.8, an increase of 9.73% from the previous year.

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Transformation of customer service

In February 2021 Cemig began a strategic partnership with IBM.

In the first year there was an initial phase of assessment of operations. This was followed by a re-definition of the strategy for service to the customer – which included: a new segmentation of clients; a new visual identity for the channels; a 'tone of voice' in harmony with the guidelines for the new experience proposed by the project; a map of positioning of services between the channels, and other aspects.

The transformation process used IBM's *CX – Customer Experience* methodology, starting with identification of the different types and needs of customers (*personas* and segments), detailed in a comparison of their experience with the experience Cemig aims to provide, in four categories: to be Simple, Affordable, and Reliable, and to "Charm the Client". These considerations were used to define the strategy for each channel, in three categories: cognitive, digital and human.

For the next two years, 2022 and 2023, we implemented the chosen strategies and positionings, through (i) transformation of the channels, and (ii) use of advanced technologies with artificial intelligence, cognitivity and integration of the service channels, to construct a full omnichannel structure.

Management of billing

Cemig's project to deliver electricity bills by email had reached 1,315,000 clients by December 2023, 31.5% more than at the end of 2022 (1 million). Several new initiatives were taken in 2023 to increase the number of clients opting to receive their electricity bill via email – this important sustainability initiative also has a direct effect on client satisfaction, in that the clients themselves feel that they are contributing to preservation of the environment and reduction of the Company's costs.

RELATIONSHIP WITH EXTERNAL AUDITORS

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

Complying with the requirement of the CVM, a turnover system of external auditors is adopted, with a frequency of five years. Since the second quarter of 2022 the auditors responsible for the Company's external auditing has been KPMG Auditores Independentes Ltda. The services provided by the Company's external auditors have been as follows:

Services	2023	2022
Auditing of financial statements and other services (1)	6,849	4,864

(1) Tax compliance.

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It should be noted that any additional services to be provided by the external auditors, are subject to obligatory prior approval by the Executive Board and Board of Directors, taking account of any conflict of interest, loss of independence or objectivity of the auditors, in accordance with the terms specified in the Sarbanes-Oxley Law and Resolution n. 162/2022.

SUSTAINABILITY – ESG PERFORMANCE

Cemig's commitment to ethical and sustainable development is at the heart of its activity. The company has been in the Dow Jones Sustainability World Index (the 'DJSI World') since that index was created, and in the ISE Corporate Sustainability Index (Índice de Sustentabilidade Empresarial) of the B3 for 19 years. Cemig has also been recognized for its leadership in corporate sustainability by its award of the maximum score in the 'A List' of the Carbon Disclosure Project (CDP) for water safety and climate change.

ESG Indicators

Cemig publishes its environmental, social and governance indicators quarterly in its Quarterly ESG Report, and annually in its Annual and Sustainability Report. For more details on Cemig's performance in 2022, the report can be accessed at: reports.

Cemig's commitment to sustainable development takes material form in its commitment to the ESG factors, which are integrated into the Company's daily operations, and put into practice in the following areas:

Environmental Performance

Cemig is a signatory to, and supports and participates in, various Brazilian and international initiatives, aiming to underline and strengthen its commitment and contribution to sustainable development, and orient the practices of its managers, audit committee, employees, interns, outsourced contractors and subcontractors, business partners, suppliers and service providers.

Among its various voluntary commitments, Cemig has participated since 2007 in the *Carbon Disclosure Project* (CDP), a non-profit which enables companies, cities and states to publish their environmental impact, so as to generate data and stimulate initiatives that create and support a sustainable economy.

Green hydrogen

Cemig and the Federal University of Itajubá (UNIFEI) signed two important cooperation agreements in 2023. Cemig signed a memorandum of intent for scientific and technological collaboration between the two institutions; and the transfer of the *Luiz Dias* Local Hydroelectric Plant (CGH) was formalized. The plant, which was owned by Cemig, was transferred without charge to UNIFEI, to be used in offsetting of the power that will be used in the laboratory of the Green Hydrogen Center (CH2V), a project carried out by the institution which contributes to development of research on this energy vector. Produced from

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renewable resources, Green Hydrogen (H2V) is considered by many specialists as promising to become a key factor in the energy transition, with decarbonization and sustainability.

This is another step in fostering scientific and technological production in the Brazilian electricity sector. The agreement provides for collaboration covering: research, development and scientific and technological services; training and development of human resources; absorption and transfer of technologies; technical and scientific enhancement; and prototyping and development of systems in hardware and software.

Green Hydrogen Center

UNIFEI – as part of the Energy Conservation Center of Excellence, also built in partnership with Cemig – has been developing H_2V with the objective of helping industrial companies both in Minas Gerais and throughout Brazil to achieve the energy transition, reducing the carbon footprint of their products and making them increasingly desirable at both Brazilian and international level.

Green Hydrogen has great importance due to its versatility, in that it can be transformed into either fuel or electricity – and also reduces emissions of carbon dioxide in the atmosphere, since it is extracted from clean and renewable sources.

Innovation

Cemig, already a benchmark for sustainability in the electricity sector, continually seeks to expand and diversify its activities in innovation, always adopting innovative practices that dialog with protection of the environment, and structured processes for prospecting and discovering new products, equipment, and solutions which, linked to the use of up-to-the-minute technologies, align with ESG principles. As an example, in its above-ground distribution network the Company is installing aluminum cable with insulation made of material containing plastic of plant origin.

The installation of this ‘Green Cable’ is 20% vegetable-origin polyethylene, sourced from sugarcane, unlike the traditional established aluminum cable, which has insulation of 100% fossil-origin polyethylene, sourced from petroleum. By using sustainable cable, Cemig contributes to reduction of CO_2 emissions.

Cemig has installed approximately 300 meters of cable insulated with this material in a circuit in Greater Belo Horizonte, replacing the previous ‘naked’ aerial network. This pilot project will test the new technology, observing the new cable’s performance.

Green transformers

Cemig’s distribution network already has other equipment with sustainable characteristics. An example is the use of distribution network transformers with insulating liquid based on vegetable oil. About 6,000 of these units are installed in various regions of Minas Gerais.

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The vegetable oil used not only is biodegradable, but also provides a longer useful life due to its thermal stability. Another of its advantages over traditional mineral oil is a lower risk of flammability, and higher thermal refrigeration capacity.

Renewable Energy Certificates

With 100% of its generation capacity producing energy from clean and renewable sources, Cemig has now issued more than 12 million Renewable Energy Certificates (RECs) to Free Market customers since 2019. These documents certify the use of clean, renewable and traceable energy, totally in compliance with the United Nations Sustainable Development Goals (SDGs) on energy production and preservation of the environment.

Water resources

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

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

Since 2016, Cemig has had a Water Resources Policy, the principles of which aim for adoption of rational and sustainable practices in use of water resources, conservation of water, preservation of water tables, and a close relationship with stakeholders.

In critical periods of severe drought, (occurred between 2013 and 2019), water crisis (occurred in 2021) and heavy rains (occurred in the 2021/2022 and 2022/2023 rainy season), monitoring and forecasting of the levels of reservoirs and constant dialogue with public authorities, civil society and users have been of primordial importance in ensuring generation of power, as well as to guarantee the other uses of water resources.

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

The chart below shows the information on water storage levels in Cemig's principal reservoirs in December 2023, compared with the same time in previous years.

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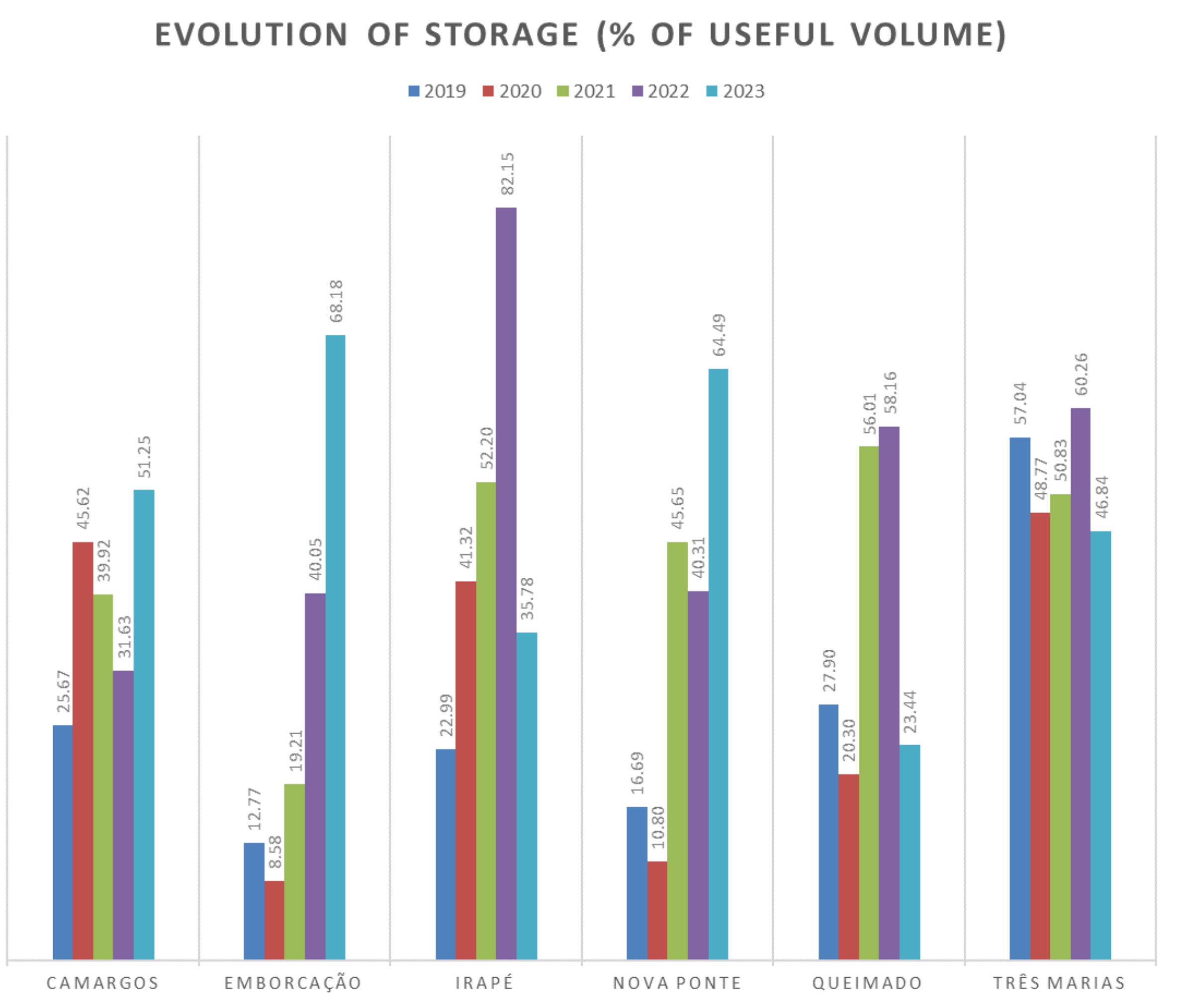

Waste management

Cemig manages its waste in accordance with the National Solid Waste Policy (PNRS), and to this end, its units follow the process of identifying, segregating, packaging and transporting their waste to the temporary storage of Cemig GT and D waste at the Igarapé Advanced Distribution Center (CDA-IG), from which point the Material and Service Supplies Superintendence is responsible for the final disposal of the waste.

In 2023, 61,000 tons of industrial waste were sent for final disposal, of which 60,000 tons were sold or recycled. In addition, 137 tons of industrial waste were co-processed, sent for treatment or disposed of in an industrial landfill. From the sale of scrap metal and used oil, the company earned gross revenue of R$43,648 thousand.

The refurbishment of transformers also contributes to the reduction in the generation of scrap, returning the equipment to the Company's electrical system. In addition, a total of 542 transformers were retired, generating savings of approximately R$1,252 thousand.

In 2023, 483,000 liters of insulating mineral oil were sold to be used again for other purposes, such as lubricating oil. In addition, 459,000 liters of insulating mineral oil were regenerated and reused by the company.

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These circular economy activities, such as transformer refurbishment and oil regeneration (reuse of materials in the electricity system) are of great value to the environmental cause, as they reduce the volume of waste and scrap generated by the company.

It is worth noting that in 2023, the second year in which the company implemented a new logistics operator to carry out the company's reverse logistics, we saw greater agility in the removal of scrap and unserviceable materials, as well as optimization and improvement in internal management controls. The new form of logistics operation and management was implemented with the aim of modernizing processes and making them more efficient. Since then, the company's logistics operation for delivering new materials and returning unserviceable materials has offered employees and customers more agility, efficiency and technology.

The entire process of reverse logistics and waste disposal is carried out in an environmentally correct and responsible manner, in order to ensure that all scrap and industrial waste generated is disposed of correctly.

Programs for fish populations

Cemig maintains the *Peixe Vivo* Program, with investments of R$ 4 million in 2023. Its mission is to minimize the impact of hydroelectric plants on fish populations, seeking handling solutions and technologies to be adopted as part of Cemig's electricity generation activity, conserving native fish species, and involving the community.

Since its creation in 2007, the program has been working on two fronts to preserve fish populations: Support for the realization of research projects, and formation of protection strategies to prevent fish deaths around Cemig's hydroelectric plants.

In 2023 two research projects were executed, using the Company's own funds and R&D funds. Twelve works were published in the year related to projects or actions of the Program – two theses, four dissertations, one monograph, and five scientific articles. The research projects coordinated by the *Peixe Vivo* team in 2023 directly involved a total of 29 people from teaching and research institutions, and seminars and exhibitions on the subject of fish conservation.

Climate change

To contribute to world efforts to limit global warming, in 2022 Cemig signed adherence to the global Ambition Net Zero movement of the United Nations Global Compact - underlining and strengthens its firm commitment to sustainability and best ESG practices.

The global importance of debate on the effects of climate change continues to receive special attention from Cemig, identifying the risks and opportunities of the businesses, and intensifying the quest for solutions for adaptation and mitigation, avoiding risks and impacts on the Company's business.

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Cemig's leadership is engaged and involved in discussions on greenhouse gas emissions, focusing on effective action, as shown by the establishment of voluntary targets for reduction of: (i) emissions; (ii) electricity consumption; and (iii) energy losses.

Social Performance

Human resources

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

Industrial Apprenticeship Program

Cemig was awarded 1st place in the *Ser Humano* (the name translates as both '*Human Being*' and '*To Be Human*') Awards, in the category *People Management – ESG,* by the Minas Gerais chapter (ABRH-MG) of the Brazilian Human Resources Association. This recognized the Company's important contribution to society with its Industrial Apprenticeship Program.

This program has been reshaped with Cemig's recent adoption of its Diversity and Inclusion Policy. In its 2023 cycle, the Aerial Distribution Line Electricians' Course allocated specific openings for direct family members of homeless people living in the streets, and 50% of the places on the course to people of the feminine gender.

Cemig has now begun its 2024 Industrial Apprenticeship Program, focused on the Aerial Distribution Line Electricians' Course. With 125 apprentices, this initiative represents a solid commitment by the Company to professional and social development.

Cemig has directed efforts to serving a number of vulnerable groups, including apprentices coming out of the army, direct family members of homeless people, adolescents from shelters, and refugees from Morocco, Venezuela and Colombia. A total of 66 people in vulnerable situations will have the opportunity to participate in the course this semester.

Through its Industrial Apprenticeship Program Cemig reaffirms its commitment to social responsibility, diversity and sustainability – demonstrating our active role in society, transforming lives with our energy.

Number of employees

Faced with the reality imposed by the current regulatory conditions of the energy sector, Cemig continues to work in search of more efficiency and greater alignment with the sector's references. In order to incorporate new talents, promote the natural rotation of the staff, taking advantage of opportunities to review processes and improve efficiency, the company has implemented voluntary severance programs in recent years, which resulted in a significant reduction in the number of employees in recent years, from 5,596 in 2019 to 4,918 employees in 2023, as shown in the graph below:

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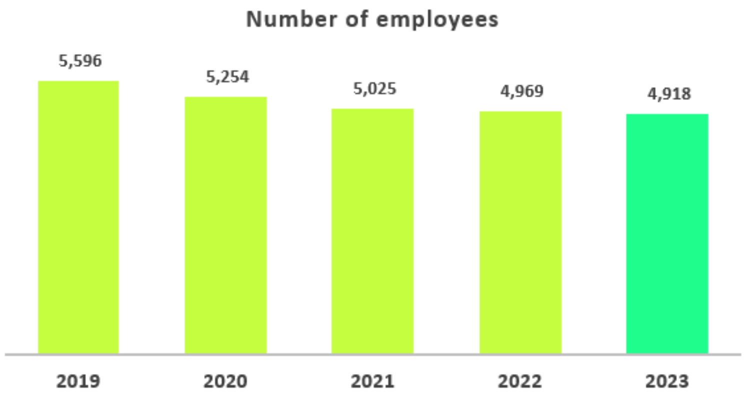


Cemig hired 225 people in 2023. These hirings were to fill vacancies at the technical, operational, administrative and university levels, replenishing the Company's team principally in essentially technical areas.

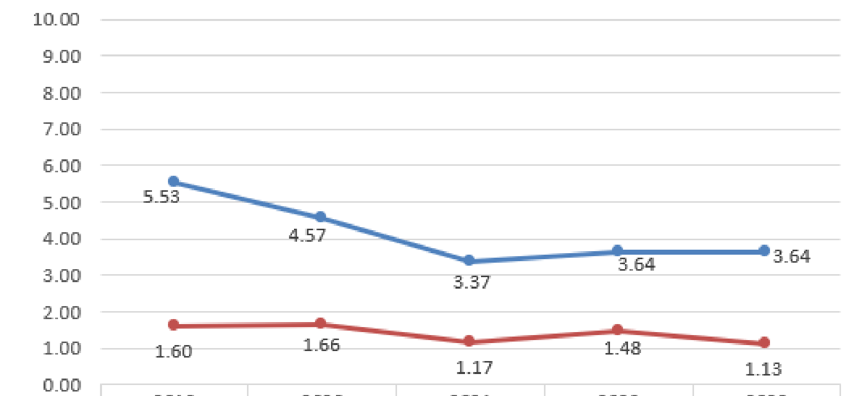
As well as hirings through public competitions, we made professional hirings from the market for management positions for cases where external recruitment was more appropriate - limited to a total of 40% of management positions.

Health, Hygiene and Safety in the workplace

Throughout 2023, Cemig's workforce continued to adopt preventive actions to preserve its teams' workplace health and safety.

With regard to the corporate indicators monitored by the Total Frequency Rate of Occupational Accidents (TF) and the Frequency Rate of Occupational Accidents with Time Off (TFA), we present the 2023 data for Cemig D, Cemig GT and Cemig Holding, as well as the data for the last 5 years.

Frequency Rate History – Cemig Holding



	2019	2020	2021	2022	2023
TF	5.53	4.57	3.37	3.64	3.64
TFA	1.60	1.66	1.17	1.48	1.13

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Compared to 2022, we have seen a reduction in TFA, as well as stability in TF, showing a downward trend compared to the last 5 years. The company has been promoting internal actions and reviewing processes in order to resume the trend of reducing TF and TFA in the coming years, including educational campaigns aimed at raising awareness among the professionals who make up the workforce.

Organizational atmosphere and culture

Three years into its project for cultural transformation of the Company, Cemig has strengthened the pillars of the culture that it aims to develop and maintain, consolidating important changes in 2023:

- The sense of urgency to serve the client is the focus of actions on the front line, supported by its project of digital transformation, with implementation of new channels for customer contact and solutions, and also considerable and timely investments in new substations and energy sources, transmission and distribution lines and improvements of structures.
- Risk management with ethics and compliance is now firmly established as part of the Company's routine – it is measured annually through validation of the learning and knowledge of employees about the rules of conduct, the treatment of allegations made on the whistle-blower channel, and constant review of internal rules and policies, such as the recent elaboration of a Policy to Combat Harassment, and other forms of abuse in the workplace.
- Adoption of the attitude of co-responsibility is stimulated by internal behavior practices and communication channels, and also by the transverse nature of some activities and processes.
- Considerations for decisions on career opportunities and recognition include assumption of high performance protagonist roles, and the quality of valuing people.

One highlight for the continuity of these cultural changes in 2023 is the implementation of the Cemig *Diversity and Inclusion Program*. This includes: A census; training and learning sessions; mentoring for leadership, literacy and conversation roundtables for teams; plus a great deal of communication and discussion of the strategy to enable these themes to be expanded throughout the organization.

All these investments – in our people, leaders and employees, and in processes, technologies and organizational structure, have helped to transform the Company's reality, expressed in the significant improvement in our results, and our way of being and doing things as a team.

In an environment with so many simultaneous changes, where the necessary time must be given for maturing and stabilization, every two years Cemig carries out its *Company Engagement and Atmosphere Survey*. The next one, monitoring the aspects that demonstrate our identification, connection and engagement, is scheduled for 2024.

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Cemig in communities

Cemig continuously provides information and explanations on the safe use of energy and promotes awareness among the population on the care that needs to be taken in coexisting with electricity networks, avoiding accidents and saving lives.

Cemig invests in communication for the safe use of energy, conducting informative campaigns, providing technical instructions in its relationship channels, and providing teams for checking and guidance in relation to risk situations, giving information about safe use of electricity, among other subjects.

Throughout its concession area, Cemig carries out activities to prevent accidents, providing orientation to the population, directly through the media (radio, newspapers, digital media and TV) and posts on social networks; and indirectly, with various types of educational material published in electronic media and in the form of booklets, folders, posters, and occasional campaigns in communities.

Every year, Cemig re-issues its Strategic Integrated Communication Plan for Safety of the Population – updating actions and strategies to ensure effectiveness with its stakeholders in relation to the safe use of electricity. The plan's objectives include: Raising awareness of the population; mobilization of the Company's various stakeholders to include agendas on safety in the use of electricity; and employee awareness programs for preventive attitudes inside and outside the Company. The plan also aims to: (i) disseminate mass communication campaigns, providing information of public utility to a wide audience, and (ii) launch targeted communication campaigns, providing information of the interest to specific publics.

In its education function, Cemig has distance-learning training on 'Safety with Electricity' directed to the general population, free of charge, from the age of 10. The course is also available for people with hearing and visual impairments. The training aims to enhance dissemination of information on safety in the use of electricity, to expand public knowledge on the subject.

Corporate citizenship and social investments

Cemig's philanthropic and corporate citizenship strategies are aligned with its mission, vision and values: aiming to foster economic and social development in places where the Company operates, through support to communities, providing lasting transformation and social impact, assisting in individuals' full development.

The following are some of the highlights of 2023:

The AI6% Program: This program encourages employees and retires of Cemig to use a program in which until 6% of their income tax liability is paid to Infancy and Adolescents' Funds (*Fundos da Infância e da Adolescência*, or FIAs). The 2023 AI6% Campaign involved the participation of 1,427 employees, who voluntarily allocated R$1.3 million to benefit children and teenagers in vulnerable situations, served by 137 institutions. The Company also allocated part of its income tax payable to the same FIA's.

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In total, R$2.8 million was donated to entities spread out over the 69 municipalities in the Company's area of influence.

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

Great social transformations can be brought about through voluntary work. Offering help without receiving any financial compensation changes the way you look at the world, sets an example for the younger generations and brings benefits such as increased empathy, personal development and strengthening ties with those around them.

The You Program (Programa Você): encompasses several actions to encourage and support employee involvement in voluntary activities. The Program is structured to maximize the potential of volunteers' ongoing actions - a path that migrates gradually from assistentialism to participative citizenship and social transformation.

This program was created based on 3 pillars: (i) incentives to encourage voluntary work, disseminating the Company's culture and offering the first contact with the theme; (ii) transformative action, focusing on entrepreneurship, education and female empowerment; and (iii) actions that employees can take on the volunteering program, which any of them can join.

Aiming to implement improvements in the process and meet the needs of all those involved in volunteering, both volunteers and beneficiaries, strategic planning of volunteering was carried out with the help of a company specialized in the subject.

V-Day – Volunteering Day: This event was held at the Daniel Alvarenga Municipal School in Vila Zilah Sposito, in Belo Horizonte. It provided residents of the surrounding area with a series of free benefits such as: eye care, blood pressure measurement, guidelines on oral health, a solidarity bazaar, an environmental education workshop with donation of seedlings, guidance in creating a CV, guidelines on safety in relation to the electricity network, replacement of old lamps with new LED lamps, and information on the benefits of the Social Electricity Tariff.

Dam safety

In all its phases, the process to ensure safety of the dams operated and maintained by Cemig uses a methodology based on and supported by the best Brazilian and international practices, and specific legislation.

The vulnerability of each dam is calculated automatically, and continuously, and monitored by a specialized dam safety system. Activities include periodic reviews of dam safety. These involve Cemig's professionals, and in some cases a multidisciplinary team of external consultants. In these cases, all the issues relating to safety of dams are carefully assessed and investigated by highly-qualified specialists.

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Cemig was the pioneer in Brazil in the preparation of emergency action plans (*Planos de Açao de Emergência* – PAEs) for dam ruptures, with a focus also on flooding caused by ordinary floods. Since floods are increasingly frequent, the intention is to build a culture of readiness for flood situations for communities living along the rivers where Cemig's plants are located.

Maintaining its policy of building closer relationship with the external public, and in particular populations affected by the PAEs of its dams, in 2023 Cemig continued the scheduled activities in its *Vamos* project, which concentrates on an agenda and methods for integration of the PAEs of its dams into the contingency plans ('Plancons') of the related municipalities.

After the establishment of 17 Integration Committees (CI's) for the PAEs of 18 Cemig dams in 2022, activities continued in 2023.

In the pre-planned timetable for 2023, the following were executed:

- **6 Evacuation Simulations with populations of self-rescue zones (ZA's):** at the Cemig Small Hydro Plants (PCHs) *Coronel Domiciano, Dona Rita* and *Piau*, and at the major hydroelectric plants (UHEs) *Rosal, Sá Carvalho* and *Queimado*.
- **7 ZA diagnostics** were performed: for the *Três Marias, Sá Carvalho,* and *Rosal* UHEs*;* and for the *Dona Rita, Coronel Domiciano, Peti* and *Piau* PCHs.
- **7 Work plans** were delivered: to the *Três Marias, Sá Carvalho,* and *Rosal* UHEs; and the *Dona Rita, Coronel Domiciano, Peti* and *Piau* PCHs.
- **5 Registrations of ZA populations:** for the *Três Marias, Rosal* and *Sá Carvalho* UHEs; and for the *Peti* and *Coronel Domiciano* PCHs.
- **8 Communication Plans in preparation:** for the *Rosal, Sá Carvalho, Queimado* and *Três Marias* UHEs; and for the *Coronel Domiciano, Dona Rita, Piau* and *Peti* PCHs.
- **6 Evacuation Plans in progress**: for the *Três Marias, Sá Carvalho* and *Rosal* UHEs; and for the *Coronel Domiciano, Dona Rita* and *Piau* PCHs.

Also in 2023, as part of our *Proximidade* (*Proximity*) Program, we participated in meetings with a very wide range of publics and institutions, municipal leaders and users of water, including emergency responders (Municipal Civil Defense, Fire Brigade), on the following subjects: Meteorology, operation of reservoirs, dam safety, reports to the local participating publics on PAEs, and dissemination of Cemig's methods of dealing with water resources and dam safety, listing all the methodologies applied, and Cemig's responsibilities in these themes.

Access to electricity

Cemig also operates with the Social Tariff, which provides a discount on electricity bills for low-income families. In 2023, about 1.2 million Cemig customers received monthly electricity rate benefits, totaling R$405 million.

This enables more people to have access to quality supply of energy, improving their quality of life with dignity. This is also an important instrument in reducing socioeconomic inequalities, including differences between regions and states of Brazil, which have suffered different effects with the increase of costs in the supply of electricity in recent years. Currently about 17 million families in Brazil receive the benefits of the Social Tariff.

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Projects in culture, sport and health

Cemig provides resources in culture, sport, health, education and citizenship, serving the common interests of its millions of clients in the 774 municipalities where it provides electricity in Minas Gerais. In terms of allocation of social investment or sponsorship of projects, the priority for these initiatives is to encourage social projects, contributing to social transformation in multiple municipalities.

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

Culture

Cemig is the biggest promoter of culture in Minas Gerais and one of the biggest in Brazil. In 2023 Cemig GT invested R$69.8 million in 146 projects. As well as incentivating producers and artists, Cemig's support created direct benefits for the population, which gains access to cultural goods in a secure and democratic way.

This investment in culture contributes to construction of the heritage of Minas Gerais, and positions Cemig as a major sponsor of development of the creative economy, and maintenance of traditional groups and historic facilities. The projects supported also aim to create a presence occupying the urban space, transforming communities, and fostering innovative art.

Health

In 2023 Cemig invested R$44.4 million in various regions of the state, serving 370 hospital units, involving the replacement of autoclaves, dryers and surgical foci, as well as the installation of photovoltaic plants.

Sport

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

Cemig has published public notices for the selection of social projects that will become part of the set of initiatives encouraged by the Company in Minas Gerais. The public calls are looking for actions that work on sporting practices.

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For Cemig, diversity is a value and must also be present in sport. In addition, almost 12% of the funds earmarked for sport went to projects that work exclusively with people with disabilities in various sports and regions of the state.

The Company remains committed to making a difference in people's lives and contributing to building a fairer and more inclusive society.

Fund for the elderly

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

One Requests for Concepts from the public was launched in 2023 to select projects to support the elderly, aligned with the organizational guidelines.

Technological management and innovation

The issue of Information Security is a permanent concern for Cemig, which is investing more and more in its Information Technology (IT) structure, seeking robustness in the governance and management of IT services, as well as in the management of information security to meet the requirements of the Sarbanes Oxley Act, to which the company is subject because its shares are traded on the New York Stock Exchange, its IT security control system is based on Cobit 5 and verified annually by internal and external audits.

Assurance of the Company’s information security mechanisms is provided by a management system based on Brazilian Standard (ABNT) NBR ISO/IEC 27001: 2013. This standard sets a model for establishing, implementing, operating, monitoring, critically analyzing, maintaining and improving an information Security Management System (ISMS) aligned with best market practices. Cemig’s information security management system includes processes for management and control of policies, risks, communication, classification of information, and information security. The Company’s information security is further strengthened by recurring actions to improve processes, communication, awareness and training.

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

In response to this environment of changes, in 2018 Cemig created its *Strategic Digital Technology Plan*, which covers training, diagnostics, prospecting and technological ways forward, for the following areas of activity:

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- training for the new types of business that are emerging in the country and the world;
- seeking and receiving proposals for R&D in the digital technologies, to place the company in harmony with technological evolution and the major digital transformations; and
- creation of projects to boost new businesses that are economically and socially beneficial for the Company.

This challenge was opened to the general public, which was invited to present ideas for structuring of R&D projects, in accordance with the rules of Aneel and in alignment with the Company's strategy. The most promising ideas will become projects to be assessed under the guidelines of the Innovation Strategy and those that are approved will be formalized in new draft contracts for development of their ideas.

The Cemig Challenge (*Desafio Cemig*) is structured in four main themes aligned with Cemig's strategy, comprising the components of its innovation portfolio:

- Smart Products and Services;
- Electricity Systems of the Future;
- Electrification and Electromobility; and
- Alternatives in Sustainable Generation.

Data protection

Cemig assumes responsibility for protection of personal data of the more than 9 million customers who use its services, and respects the privacy of its employees, service providers, suppliers and partners. It also believes that the personal data of its stakeholders must be used responsibly and in accordance with Brazilian legislation, of wich the main elements are: (i) Aneel Normative Resolution 414/2010, which regulates supply of electricity, and (ii) the General Data Protection Law (LGPD).

To guarantee robustness for the existing management system, and to comply fully with the LGPD, Cemig has a specific structure dedicated to meeting all the legal requirements related to the subject.

Artificial Intelligence – *EnergyGPT*

In partnership with the Center of Excellence in Artificial Intelligence (CEIA) of the Federal University of Goiás (UFG), in 2023 Cemig announced the start of development of *EnergyGPT*, a pioneer project in the Aneel Research and Development program – marking the Company's entry into the global movement of innovation in the electricity sector.

EnergyGPT will be a generative AI solution designed specifically to meet the complex demands of the Brazilian electricity sector. One of its main goals is to facilitate access to structured information in this market for both companies and citizens,

through an advanced AI platform adapted to the peculiarities of the Brazilian electricity sector. The AI system will seek to optimize processes and provide strategic support in critical areas, including the legal area, and revenue protection.

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During its development, EnergyGPT will be tested in various strategic areas, where it is expected that AI will provide valuable insights, increase operational efficiency and help in critical decision making.

The launch of EnergyGPT represents a significant milestone in the application of cutting-edge technologies, aiming to improve efficiency and promote innovation in the electricity sector.

The *Energy Efficiency* Program

Cemig's *Energy Efficiency Program* is successful in combating waste of energy, through various transformational initiatives.

It is based on providing incentives to change habits, resulting in reduction and elimination of waste through proper use of electricity, preserving natural resources. Since it began, it has continuously demonstrated to the public that it is possible to reduce energy waste in simple ways, adapting day-to-day attitudes.

It operates through five sub-programs: *Cemig in the Cities, Cemig in Hospitals, Cemig in the Countryside, Cemig in Schools,* and *Cemig in Communities*, all executed directly by the Company.

The Company also annually publishes the Public Call for Projects, determined by Aneel, which aims to democratize access to efficiency projects, since it allows customers themselves to submit projects to increase the energy efficiency of their consumer units.

Actions in the program include replacement of inefficient equipment with more efficient equipment, installation of photovoltaic plants, and provision of guidance on correct and sustainable use of electricity.

In 2023, Cemig reached a landmark of R$ 1 billion invested in the Energy Efficiency Program since its creation in 1998. Cemig's investments are more than 10% of the total Brazilian investment in the Energy Efficiency program, which is regulated by Aneel. In addition to this historic investment milestone, we were able to take our energy efficiency actions to 100% of the municipalities in our concession area.

Reaching the R$ 1 billion mark in investments demonstrates our commitment to disseminating the concepts of rational and efficient use of electricity. In addition to providing savings in electricity bills, this type of action is fundamental for the environment.

In 2023 the program invested approximately R$ 140 million in energy efficiency projects throughout Cemig D's concession area and made a further R$ 50 million available for a new season of public Calls for Projects to select proposals to be included in the portfolio of projects. In this call of 2023, 17 projects were approved, all with signed contracts, to be financed and executed in 2024.

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The program's actions are always aimed at energy efficiency associated with social responsibility and innovation, aligned with Cemig's strategic business objectives, with a focus on hospitals, philanthropic entities, schools, low-income communities and government facilities.

Research, Development and Innovation Program

Cemig's Research, Development and Innovation Program issues public invitations to establish partnerships for development of technologies of interest to Cemig and the sector, for the benefit of the general public.

Institutions are invited to submit proposals for research, development and innovation projects that aim to:

i. develop or enhance solutions for challenges facing Cemig or companies in the electricity sector, and consumers of generation, transmission, and distribution services, and/or
ii. industrial and/or commercial operation of the solutions developed.

These invitations seek to identify and develop projects that are: (i) innovative and practical – able to solve real problems of the electricity sector; (ii) strategic – addressing the subjects of major importance to the Company; and (iii) concrete – in that they generate solutions in which implementation is both feasible and also economically and financially viable.

In 2023, the Company invested in 16 RDI projects in various areas, with Cemig Distribuição investing R$27.3 million, Cemig Geração e Transmissão R$5.9 million and the subsidiaries investing around R$0.25 million, with the following projects standing out:

a. Integrated Computer Vision System for Revenue Protection and Occupational Safety, proposes gains in productivity and operation optimization. The technology used is artificial intelligence (AI). It promotes, in addition to capturing and interpreting images, replicating functions conditioned to human vision, it is also capable of classifying, grouping and even distinguishing them according to a previously stipulated standard.
b. Development of photovoltaic modules using Perovskite.The objective of this initiative is the formulation and assembly of photovoltaic modules based on the exploration of the potential of the mineral Perovskite, which has some advantages compared to crystalline silicon, the main material currently used in photovoltaic cells.
c. Platform for the collection, processing and processing of satellite data. Through the data and images collected by nanosatellites, research and development work will be carried out with the objective of generating a specific methodology for the classification and detection of situations, assisting in the decision making of the system operator.
d. System of prioritization of investments in the distribution segment from the perspective of the regulatory concepts of Tariff Review and return on capital. Computational system guided by an optimization method, which should evaluate several works and prioritize those that obtain the best profitability for the company in

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order to improve the reliability of supply, minimize costs and maximize results based on regulatory criteria.

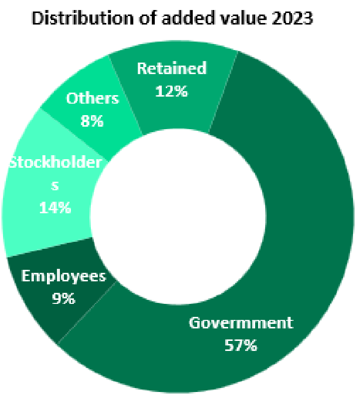
e. Investment Ranking Method.Integrated system that operates from a perspective of anticipating risks and possible failures in Cemig's distribution network.

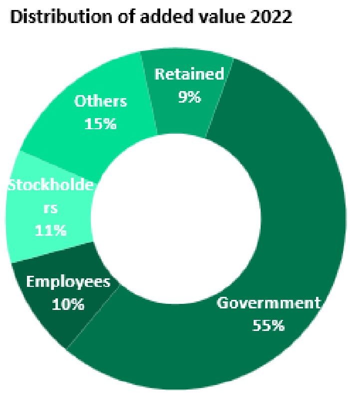
f. Analysis of Technical and Commercial Arrangement Based on a Pilot Plant of a Distributed Energy Storage System in a Critical Feeder of the Distribution Network.Battery Energy Storage Systems (SAEBs) stand out for their versatility, as they are capable of providing different services, such as back-up, arbitrage and compensation of the variability of wind and solar generation, for example.

g. Photovoltaic and Food Integrated Electric Energy Production System – *Agrivoltaico*.The proposal will unite agriculture, one of the strongest points of the economy of Minas Gerais, and the generation of solar energy, a form of clean generation that has gained importance in recent years.

Value added

The Value-Added Statement (*Demonstração do Valor Adicionado*, or DVA) is an indicator of wealth creation and of the Company's importance for society in general: the added value created in 2023 was R$21,882 million, compared to R$20,796 million in 2022.





Performance in Corporate governance

Cemig's corporate governance is based on transparency, equity and accountability. The main characteristic of Cemig's governance model is clear definition of the roles and responsibilities of the Board of Directors and Executive Board in formulating, approving and executing the policies and directives on how to conduct the Company's business. The members of the Board of Directors, who are elected by the General Meeting of Stockholders, elect that Board's chair and deputy chair and appoint the Executive Board (statutory executive officers) .

The focus of the Company's governance has been a balance between the economic, financial and environmental aspects of Cemig, aiming to continue contributing to sustainable development, and continuous improvement of its relationship with stockholders, clients, employees, society and other stakeholders. Since 2001 Cemig has followed the Level I Corporate Governance Practices of the São Paulo stock exchange (B3).

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Board of Directors

Each year, the members of the Board of Directors are subjected to independent individual and collective performance evaluations, and self-assessments, aiming to improve their functions. These are the minimum requirements:

- submission of a report on acts of management, as to lawfulness and efficacy of management action;
- contribution to the profit for the period; and
- achievement of the objectives specified in the Multi-year Business Plan and compliance with the Long-term Strategy and the Annual Budget.

It is the responsibility of the Audit Committee, independently, to verify compliance in the processes of evaluation of the members of the Board of Directors.

Membership, election and period of office

The Board of Directors has eleven sitting members, ten nominated and elected by the stockholders, and one elected by the employees. One member of the Board of Directors is its Chair, and another is its Deputy Chair. The members of the Board of Directors are elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Shareholders, Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to any requirements and prohibitions in applicable legislation and regulations.

Of the eleven members of the Board of Directors, ten have the characteristics of an Independent Member, under the criteria adopted by the Dow Jones Sustainability Index (DJSI), and nine have these characteristics according to the criteria of the Code of Best Corporate Governance Practices of the Brazilian Corporate Governance Institute (IBGC), as attested in the Board's Statement of Independence.

The current term of office of the Board of Directors began at the Annual General Meeting (AGM) held on April 29, 2022, through the multiple voting mechanism. The term of office of the current members expires at the AGM to be held in 2024.

The composition of the Board of Directors will be assessed annually by the Board of Directors itself, aiming to implement a gradual change with a view to increase diversity - for which targets may possibly be established.

A list with the names of the members of the Board of Directors, their responsibilities and resumes is on our website at: http://ri.cemig.com.br.

Meetings

The Board of Directors held 65 meetings until December 31, 2023, dealing with matters including strategic planning, projects, acquisition of new assets, and investments.

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The Audit Committee

The Audit Committee is an independent, consultative body, permanently established, with its own budget allocation. Its objective is to provide advice and assistance to the Board of Directors, to which it reports. It also has the responsibility for such other activities as are attributed to it by legislation.

The Audit Committee has four members, the majority of them independent, nominated and elected by the Board of Directors in the first meeting after the Annual General Meeting for periods of office of three years, not to run concurrently. One re-election is permitted.

The responsibilities of the Audit Committee are available on our website: http://ri.cemig.com.br.

Executive Board

The Executive Board has 7 (seven) members, whose individual functions are set by the Company's bylaws. They are elected by the Board of Directors, for a period of office of two years, subject to the applicable requirements of law and regulation, and may be re-elected up to three times.

Members are allowed simultaneously also to hold non-remunerated positions in the management of wholly owned subsidiaries of Cemig, upon decision by the Board of Directors. They are also, obligatorily under the by-laws, members, with the same positions, of the Boards of Directors of Cemig GT (Generation and Transmission) and Cemig D (Distribution).

The term of office of the current vice-presidents and president expires at the first meeting of the Board of Directors following the 2024 Annual General Meeting.

The composition of the Executive Board will be assessed annually by the Board of Directors itself, aiming to implement a gradual change with a view to increase diversity - for which targets may possibly be established.

The members of the Executive Board, their resumes and responsibilities are on our website: http://ri.cemig.com.br.

Audit Board

Membership, election and period of office

We have a permanent Audit Board, made up of five sitting members and their respective substitute members. They are elected by the Annual General Meeting of Shareholders, for periods of office of two years.

Nominations to the Audit Board must obey the following:

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- The following two groups of shareholders each have the right to elect one member, in separate votes, in accordance with the applicable legislation: (i) the minority holders of common shares; and (ii) the holders of preferred shares.
- The majority of the members must be elected by the Company's controlling shareholder; at least one must be a public employee, with a permanent employment link to the Public Administration.

The members of the Audit Board and their curriculim are on Cemig's website: http://ri.cemig.com.br.

Meetings

The Audit Board held 14 meetings in 2023.

Internal auditing, management of risks and internal controls

Maintaining a minimum frequency of a year for the updating procedure, the Executive Board and the Board of Directors approved, in 2023, after consideration by the Audit Committee, Cemig's updated Corporate Top Risks for 2023-24.

These risks, associated with execution of strategy and scenarios of the Company's exposure, are under the responsibility of the members of the Executive Board, and are monitored and reported periodically to Senior Management. The Matrix includes risks from the Distribution, Generation, Transmission, Commercialization, Innovation, Information Technology, People and Corporate Services, ESG (Environmental, Social and Governance), Financial, Shareholdings and Divestment, Institutional Regulatory and Control and Integrity pillars.

To strengthen governance and discussion on risk management even further, in June 2022 the Risks Committee was created, linked to and advising the Board of Directors. It was given the duties of analysis of compliance with the requirements of the regulatory and inspection agencies; definition of the principal risks ('Top Risks'), and monitoring of their treatment; identification and measurement of action plans for mitigation and control of the risks identified; and assessment of the limits of tolerance to the risks to which the Company will be exposed.

In relation to responses to significant risks and any in which the tolerance limits may have been exceeded, the Company's Internal Controls area operates an annual process of review and tests of the design of the internal controls as a whole, as laid out in the Internal Controls Matrix, to keep them compliant and updated. The Internal Controls environment has been developed and matured in recent years, as a result of efforts and investments to bring forward the evaluation calendar, automate processes, and hire and train market professionals. This has resulted in several improvements. One highlight is the removal of the Material Weakness reported in the Financial Statements for 2023 (base year 2022), which had been present from 2016 to 2021. These results now reflect a high degree of effectiveness of the internal control environment, demonstrating confidence in the Company's risk management and its

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addressing of the risks related to the pillars of strategy, with a special focus on the Financial, Controls and Ethics components.

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

Certification of quality from the Institute of Internal Auditors (IIA)

In 2023 Cemig's Internal Audit unit received Quality Certification from the Institute of Internal Auditors (IIA), the world body that regulates the activity of internal auditing in terms of compliance with international rules and standards of auditing. This is an important achievement - it places Cemig's Internal Auditing area in the select group of Brazilian companies that have this international certification from the IIA.

NBR ISO 31000:2018 – Risk management: compliance

Cemig has achieved a significant milestone in obtaining the Declaration of Compliance under NBR ISO 31000:2018 – Risk Management, highlighting its commitment to sound risk management practices. This international standard, focused on risk management, serves as an essential tool for improving decision-making, planning and risk management at all levels of the Company.

NBR ISO 31000:2018 recommends integration of the risk management process with decision-making, global management of the business, and the current organizational context. This means that Cemig will be able to apply the Standard's guidelines not only in projects and operations, but also in corporate strategies, producing a comprehensive approach to identifying, assessing and mitigating risks.

To ensure compliance, Cemig's Process Management team carried out a preliminary diagnosis to assess adherence to the requirements of NBR ISO 31000:2018. Based on this diagnosis, improvements were made to the process and documentation in order to comply with the practices recommended by the standard.

Recognition of compliance with NBR ISO 31000:2018 not only validates Cemig's commitment to world-class risk management practices, but also strengthens its reputation in the market and among stakeholders. The standard helps with strategic planning and decision-making, resulting in lower loss rates and improved operational processes.

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The Compliance and Anti-fraud Policy

Cemig prides itself on its commitment to combat and prevention of fraud, corruption and any type of act that might represent deviation from the ethical conduct required by established internal and external rules. In this it relies on, and enjoys, the dedication and diligence of the entire workforce to ensure that no unlawful act is committed in its name.

For prevention of any act of this type, the Company has an effective system of internal controls and compliance, including, among others, the Ethics Committee, the Reporting Channel, and internal policies and procedures for integrity, auditing, encouragement for reporting of irregularities, and prevention of fraud and corruption. All employees and any professionals in any relationship with Cemig, including stockholders, managers, employees and outside contractors, are made fully aware of them.

The Reporting Channel guarantees confidentiality, anonymity and non-retaliation to those reporting a complaint. The Ethics Committee is responsible for making sure there is proper investigation of all accusations received, and after this is concluded, the responses are made available to the reporting parties.

Compliance and Anti-Bribery

In February 2024, Cemig's Board of Directors approved an updating of the Company's Compliance Policy, inserting provisions dealing with combat of bribery.

Cemig prides itself on its prevention and combat of bribery, fraud, conflicts of interest and any act that may deviate from the required principles of ethical conduct or any provisions of law or internal or external rules.

The Policy establishes guidelines and responsibilities to be adopted in all daily practice of the Company's business, activities and relationships. The objectives are:

i. to create and maintain a culture that encourages ethical conduct, commitment to best compliance practices, and obedience to internal and external compliance and anti-bribery rules;
ii. to prevent, detect and respond to any failings in compliance with laws and rules, or any deviations of conduct; and
iii. to concentrate on mitigation of risks related to compliance or bribery prioritized by the Company;
iv. to contribute to employees' motivation and productivity, preservation and valuing of the Cemig brand, and minimization of non-compliances, penalties and fines for non-compliance with standards;
v. to ensure compliance with, and continuous improvement of, Cemig's Compliance and Anti-Bribery Program.

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100% Transparency Movement of the UN global pact

In 2023, Cemig became a signatory to the 100% Transparency Movement of the UN Global Compact. This is a movement toward achieving Sustainable Development Goal 16 (SDG16) – combating all forms of corruption, setting goals and actions to engage companies to commit to the topic.

In joining the 100% Transparency movement, Cemig undertakes to advance toward the following goals:

- 100% transparency in interaction with the Public Administration;
- 100% ethical remuneration of senior management;
- 100% ethics training of the high-risk value chain;
- 100% transparency of the Compliance and Governance structure; and
- 100% transparency in operation of whistle blower channels.

The movement sets a deadline of 2030 for full achievement of the goals. Cemig has been advancing in compliance with the requirements, and now intends to deliver results increasingly fast. Cemig's adherence to this initiative is a public expression of its decision to strengthen ethical standards and transparency throughout the value chain.

RECOGNITION AND AWARDS

As a result of the efforts made by Cemig in2023, several segments of the Company recognized the excellence of its activities, resulting in several awards, among which we highlight:

The Dow Jones Sustainability World Index

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

For the 24th consecutive year, Cemig has been selected for inclusion in the Dow Jones Sustainability World Index (the 'DJSI World'), for 2023-2024. The index functions as a global financial performance indicator, while testifying to Cemig's objective of respecting and building new businesses in accordance with enhanced corporate sustainability practices. The new composition of the DJSI World comprises 257, selected from among 3,300 companies.

Remaining on the Dow Jones Sustainability Index for 24 consecutive years reiterates Cemig's determination to pursue sustainable practices in its relationship with employees and suppliers, creating value for its shareholders and contributing to the well-being of society.

The B3 Corporate Sustainability Index (ISE)

Cemig has been included in the ISE Corporate Sustainability Index of the São Paulo stock exchange ('B3') for 19 consecutive years, in clear recognition of the Company's continued commitment to adopting the best environmental, social and governance (ESG) standards. The ISE is one of the world's leading sustainability indexes, recognizing the Company's intense efforts to develop sustainable solutions aligned with the preservation of the environment.

Cemig achieved the maximum score in categories such as: quality of life and benefits, innovation strategy, company ethics management and corporate risk management.

Cemig's inclusion in the ISE Index demonstrates its continuous commitment to adoption of the best ESG (environment, social and governance) practices, which are determining factors for sustainable growth, with the aim of creation of value for its stockholders, employees, suppliers and the general public.

'Ser Humano' Award

Cemig was honored with the Ser Humano (the name translates as both 'Human Being' and 'To Be Human') Award, in the ESG category, by the Minas Gerais chapter (ABRH-MG) of the Brazilian Human Resources Association, for its Industrial Apprenticeship Program: the Aerial Distribution Line Electricians' Course, for (i) women and (ii) children of homeless people living in the streets. The orientation of ESG is that people in management should feel stimulated to take action related to the environment, social issues and governance, for sustainable growth of their company in society. Recognition by the ABRH awards, held since 1993, has been an important tool for recognizing and encouraging the best initiatives in people management within and outside organizations.

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Sustainability Yearbook
Member 2023
S&P Global

Standard & Poor's Global Sustainability Yearbook 2023

The Company was listed, in the *Bronze* category, in Standard & Poors' *2023 Sustainability Yearbook.*

This recognition reflects the Company's effort in adoption of measures focused on economic, environmental, social and governance performance.

Standard & Poor's Global Sustainability Yearbook 2024

The Company is also listed, in the *Bronze* category, in S&P's 2024 Sustainability Yearbook.

Cemig's continued inclusion in this annual publication demonstrates its unceasing commitment to adoption of best ESG practices, which are determining factors for sustainable growth aiming to create value for shareholders, employees, suppliers and the general public.

The Carbon Clean200™ ranking

Cemig was rated the top Brazilian company in the annual Carbon Clean200™ global ranking of the 200 listed companies that have led initiatives for solutions for the transition to a clean energy future.

2023
Empresas que mais respeitam o consumidor

The *Respect* Award

Brazil's *Modern Consumer* (*Consumidor Moderno*) magazine recognizes companies that stand out for the quality of their relationship with their consumer publics, and their investments in strategies, talents, resources and methodologies that aim for customer satisfaction. Cemig received the magazine's *Respect* award in the *Electricity* category, highlighting the evolution of its perception of customer experience and the improvement of its customer service with implementation of its *Cliente+* Project, incorporating new technologies, autonomy in digital channels, its omni-channel structure and its differentiated human service.

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The Aberje Awards

The *Aberje* National Awards, the most important prizes for business communication in Brazil, recognized Cemig in the *Special Publication*s category, at regional level, for its *Livros Quilombolas* (*Books from the Quilombo*), and at national level for its organization of *Milton Nascimento – A Última Sessão de Música (Milton Nascimento – the Last Music Show*). The competition brings together companies from all over the country, highlighting cases of communication excellence in various categories. Cemig participated with cases that evidence its commitment to efficiency, citizenship, history and culture.

FINAL REMARKS - APPRECIATION

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

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CEMIG

SOCIAL STATEMENT

1) Basis of calculations	2023			2022		
	Amount (R$'000)			Amount (R$'000)		
Net revenue (NR)	36,849,769			34,462,808		
Operational profit (OP)	7,230,126			5,687,177		
Gross payroll (GP)	1,307,900			1,351,999		
2) Internal social indicators	**Amount (R$'000)**	**% of GP**	**% of NR**	**Amount (R$'000)**	**% of GP**	**% of NR**
Food	94,573	7.23	0.26	88,835	6.57	0.26
Mandatory charges/costs on payroll	317,378	24.27	0.86	282,637	20.91	0.82
Private pension plan	83,853	6.41	0.23	81,220	6.01	0.24
Health	68,924	5.27	0.19	65,458	4.84	0.19
Safety and medicine in the workplace	4,378	0.33	0.01	21,299	1.58	0.06
Education	100	0.01	-	712	0.05	-
Training and professional development	6,696	0.51	0.02	33,052	2.44	0.10
Provision of or assistance for day-care centers	2,444	0.19	0.01	2,342	0.17	0.01
Profit sharing	157,121	12.01	0.43	79,634	5.89	0.23
Others	8,846	0.68	0.02	12,960	0.96	0.04
Internal social indicators - Total	**744,313**	**56.91**	**2.02**	**668,149**	**49.42**	**1.94**
3) External social indicators	**Amount (R$'000)**	**% of OP**	**% of NR**	**Amount (R$'000)**	**% of OP**	**% of NR**
Education	1,240	0.02	-	9.929	0,17	0,03
Culture	77,328	1.07	0,21	69.839	1,23	0,20
Sport	29,657	0.41	0,08	4.886	0,09	0,01
Other donations/subsidies / ASIN project	146,225	2.02	0,40	96.407	1,70	0,28
Total contributions to society	**254,450**	**3.52**	**0,69**	**181.061**	**3,18**	**0,53**
Taxes (excluding obligatory charges on payroll)	12,371,337	171.11	33,57	10.505.547	184,72	30,48
Internal social indicators - Total	**12,625,787**	**174.63**	**34,26**	**10.686.608**	**187,91**	**31,01**
4) Environmental indicators	**Amount (R$'000)**	**% of OP**	**% of NR**	**Amount (R$'000)**	**% of OP**	**% of NR**
Related to the company's operations	44,607	0.62	0.12	32,344	0.57	0.09
Total investment in the environment	**44,607**	**0.62**	**0.12**	**32,344**	**0.57**	**0.09**
As to annual targets to minimize toxic waste and consumption during operations, and increase efficacy of use of natural resources, the company:	(X) has no targets ( ) meets 51-75% of targets ( ) meets 0-50% of targets ( ) meets 76-100% of targets			(X) has no targets ( ) meets 51-75% of targets ( ) meets 0-50% of targets ( ) meets 76-100% of targets		

5) Workforce indicators	2023	2022
Number of employees at end of business year	4,918	4,969
Hirings during the business year	225	378
Number of outsourced employees	102	33
Number of interns hired	97	99
Employees' levels of education		
- University and university extension	1,271	1,338
- 2 Secondary	3,612	3,582
- 1 Primary	34	49
Number of employees over 45 years old	2,240	2,232
Number of women employed	696	724
% of supervisory positions held by women	19.40	14.06
Number of African-Brazilian employees	279	281
% of supervisory positions held by African-Brazilians	1.99	1.04
Number of employees with disabilities	152	160

6) Corporate citizenship	2023		
Ratio between highest and lowest compensation in the Company	27.88		
Total number of work accidents, considering own employees:	21		
Who selects the company's social and environmental projects?	( ) senior management	(x) senior management and line managers	( ) all the employees
Who decides the company's work-environment health and safety standards?	( ) senior management and line managers	(x) all employees	( ) All + Accident Prevention Ctee.
In relation to labor union freedom, the right to collective bargaining, and/or internal employee representation, the company:	( ) does not get involved	( ) follows the ILO guidelines	(x) encourages and follows the ILO
The company pension plan covers:	( ) senior management	( ) senior management and line managers	(X) all the employees
The profit-sharing program covers:	( ) senior management	( ) senior management and line managers	(X) all the employees
In selecting suppliers, the company's standards of ethics and social and environmental responsibility:	( ) are not considered	( ) are suggested	(x) are required
In relation to employee participation in volunteer work programs, the company:	( ) don't get involved	( ) supports	(x) organizes and encourages
Total number of customer complaints and criticisms:	Company: 238,172	Via Procon: 5,209	In the courts: 14,404

7) Other information	2023
Investments in environmental issues	R$45 million
Monitoring of reservoir water quality	43 reservoirs e 221 collections stations
Non-reusable wastes and materials	61 thousand tons
Mineral oil regenerated by the Company	459 thousand liters
Revenue from sales of waste	R$60 million

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COMPOSITION OF THE BOARDS, AUDIT COMMITTEE AND EXECUTIVE BOARD

THE EXECUTIVE BOARD	
NAME	**POSITION**
Reynaldo Passanezi Filho	President
Marney Tadeu Antunes	Vice President of Distribution
Leonardo George de Magalhães	Vice President of Finance and Investor Relations
Thadeu Carneiro da Silva	Vice President Generation and Transmission
Marco da Camino Ancona Lopez Soligo	Vice President of Participations
Dimas Costa	Vice President of Trading
Cristina Maria Fortini Pinto e Silva	Vice President Legal

BOARD OF DIRECTORS	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Márcio Luiz Simões Utsch - Presidente (majority)	none
Jaime Leôncio Singer (majority)	none
Marcus Leonardo Silberman (majority)	none
José Reinaldo Magalhaes (majority)	none
Afonso Henriques Moreira Santos (majority)	none
Ricardo Menin Gaertner (majority)	none
Aloísio Macário Ferreira de Souza (minority)	none
Roger Daniel Versieux (minority)	none
João José Abdalla Filho (preferencial)	none
Paulo César de Souza e Silva (minority)	none
Anderson Rodrigues (employee representative)	none

FISCAL BOARD	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Gustavo de Oliveira Barbosa (President) (majority)	Rodrigo Rodrigues Tavares (majority)
Pedro Bruno Barros de Souza (majority)	Luiz Fernando Medeiros Moreira (majority)
Lucas de Vasconcelos Gonzalez (majority)	vago (majority)
Michele da Silva Gonsales Torres (preferred shareholders)	Ronaldo Dias (preferred shareholders)
João Vicente Silva Machado (minority)	Ricardo José Martins Gimenez (minority)

SITTING MEMBERS	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Pedro Carlos de Mello (Coordinator and Financial Specialist)	none
Roberto Tommasetti	none
Roberto Cesar Guindalini	none
Vago	none

CONSUMER COUNCIL	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
José Ciro Mota (Industrial)	Tânia Mara Aparecida Costa Santos
Solange Medeiros de Abreu (Residential)	Betânia Moura Magalhães Corrêa
Edilson Avelino da Mata (Commercial)	Helton Andrade
Aline de Freitas Veloso (Rural)	Weber Bernardes de Andrade
Erick Nilson Souto (Public authorities)	Luiz Paulo Aparecido Gontijo Caetano
Luciano José de Oliveira (Cemig)	Alexandre Ribeiro de Almeida

INVESTOR RELATIONS

Investor Relations Office
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website: https://ri.cemig.com.br/en
e-mail: ri@cemig.com.br

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STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
ASSETS
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent company	
		2023	2022	2023	2022
CURRENT					
Cash and cash equivalents	6	1,537,482	1,440,661	187,691	190,483
Marketable securities	7	773,982	1,744,546	193,032	100,292
Receivables from customers, traders and concession holders	8	5,434,358	4,769,431	418,803	305,464
Concession financial assets	13	814,378	1,055,378	-	-
Concession contract assets	14	850,071	728,404	-	-
Recoverable taxes	9	634,864	1,916,701	2,584	1,087
Income tax and social contribution tax credits	10a	411,376	775,492	-	-
Derivative financial instruments	31b	368,051	-	-	-
Dividends receivables	30	49,914	145,908	3,118,320	1,975,639
Public lighting contribution		260,722	207,280	-	-
Other assets		676,003	681,402	49,636	27,342
		11,811,201	**13,465,203**	**3,970,066**	**2,600,307**
Assets classified as held for sale	32	57,867	-	-	-
TOTAL CURRENT		**11,869,068**	**13,465,203**	**3,970,066**	**2,600,307**
NON-CURRENT					
Long-term assets					
Marketable securities	7	-	133,631	-	376
Receivables from customers, traders and concession holders	8	42,804	43,449	1,730	-
Recoverable taxes	9	1,318,547	1,357,846	545,838	523,371
Income tax and social contribution tax recoverable	10a	445,339	172,718	228,682	95,750
Deferred income tax and social contribution tax	10c	3,044,738	3,119,522	1,139,415	995,149
Dividends receivable	29	-	-	-	679,794
Escrow deposits	11	1,243,012	1,206,595	325,113	310,325
Derivative financial instruments - Swap	31b	-	702,734	-	-
Accounts receivable from the State of Minas Gerais		13,366	13,366	13,366	13,366
Concession financial assets	13	5,726,352	4,937,187	-	-
Concession contract assets	14	7,675,592	5,976,420	-	-
Other assets		86,467	76,161	77,609	78,718
Investments - Equity method	15	4,631,720	5,105,724	22,810,565	19,637,444
Property, plant and equipment	16	3,256,226	2,409,351	754	1,240
Intangible assets	17	15,248,980	14,621,853	150	547
Leasing - right of use assets	18a	397,869	329,077	2,092	2,151
TOTAL NON-CURRENT		**43,131,012**	**40,205,634**	**25,145,314**	**22,338,231**
TOTAL ASSETS		**55,000,080**	**53,670,837**	**29,115,380**	**24,938,538**

The accompanying notes are an integral part of these parent company and consolidated financial statements.

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STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
LIABILITIES
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent company	
		2023	2022	2023	2022
CURRENT					
Suppliers	19	3,016,696	2,832,049	317,723	152,356
Regulatory charges	22	487,241	510,247	-	-
Profit sharing		164,761	105,207	19,717	13,590
Taxes payable	20	643,623	544,146	190,487	139,603
Income tax and social contribution	10b	111,232	239,674	-	-
Interest on equity and dividends payable	26d	2,924,430	1,862,798	2,922,593	1,860,681
Loans and debentures	21	2,629,708	955,497	-	-
Payroll and related charges		238,749	260,015	12,529	13,823
Public lighting contribution		424,713	312,475	-	-
Accounts payable related to energy generated by residential consumers	23	704,653	455,273	-	-
Post-employment obligations	24	328,621	388,447	26,204	29,166
Amounts to refund to customers	20	854,025	1,495,598	-	-
Derivative financial instruments - Swaps	31b	-	90,526	-	-
Derivative financial instruments - Put Option	31b	-	672,416	-	-
Leasing liabilities	18b	78,532	57,438	303	301
Other liabilities		485,832	423,372	23,480	22,332
TOTAL CURRENT		**13,092,816**	**11,205,178**	**3,513,036**	**2,231,852**
NON-CURRENT					
Regulatory charges	22	90,360	65,360	4,624	4,624
Loans and debentures	21	7,201,431	9,624,001	-	-
Taxes payable	20	361,973	370,168	-	-
Deferred income tax and social contribution	10c	1,112,162	932,235	-	-
Provisions	25	2,199,913	2,029,021	286,952	279,141
Post-employment obligations	24	5,087,975	5,303,538	657,438	641,375
Amounts to refund to customers	20	664,275	1,808,074	-	-
Leasing liabilities	18b	354,404	297,195	2,126	2,125
Other liabilities		179,578	252,801	1,969	2,065
TOTAL NON-CURRENT		**17,252,071**	**20,682,393**	**953,109**	**929,330**
TOTAL LIABILITIES		**30,344,887**	**31,887,571**	**4,466,145**	**3,161,182**
EQUITY	26				
Share capital		11,006,853	11,006,853	11,006,853	11,006,853
Capital reserves		2,249,721	2,249,721	2,249,721	2,249,721
Profit reserves		13,040,736	10,394,823	13,040,736	10,394,823
Equity valuation adjustments		(1,648,075)	(1,874,041)	(1,648,075)	(1,874,041)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**24,649,235**	**21,777,356**	**24,649,235**	**21,777,356**
Non-Controlling interests		5,958	5,910	-	-
TOTAL EQUITY		**24,655,193**	**21,783,266**	**24,649,235**	**21,777,356**
TOTAL LIABILITIES AND EQUITY		**55,000,080**	**53,670,837**	**29,115,380**	**24,938,538**

The accompanying notes are an integral part of these parent company and consolidated financial statements.

Av. Barbacena, 1200 – Santo Agostinho – 30190-131 Belo Horizonte, MG – Brazil – Fax (+55-31) 3506-5026 – Tel.: (+55-31) 3506-5024

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais, except earnings per share)

	Note	Consolidated		Parent company	
		2023	2022	2023	2022
NET REVENUE	27	**36,849,769**	**34,462,808**	**3,602,080**	**2,118,932**
COSTS					
Cost of energy and gas	28a	(19,821,893)	(20,020,182)	(2,682,875)	(1,381,821)
Infrastructure and construction cost	28b	(4,071,712)	(3,536,442)	-	-
Operating costs	28c	(4,572,324)	(4,095,391)	(12,932)	(7,939)
		(28,465,929)	**(27,652,015)**	**(2,695,807)**	**(1,389,760)**
GROSS PROFIT		**8,383,840**	**6,810,793**	**906,273**	**729,172**
EXPENSES	28c				
Expected credit losses		(174,663)	(108,731)	(13,455)	-
General and administrative expenses		(707,415)	(789,389)	(35,173)	(45,727)
Other expenses, net		(712,767)	(1,073,379)	(114,234)	(170,659)
		(1,594,845)	**(1,971,499)**	**(162,862)**	**(216,386)**
Bargain purchase		-	5,340	-	-
Fair value adjustments of invetiments		8,638	-	-	-
Share of profit, net, of affiliates, subsidiaries and joint ventures	15	432,493	842,543	4,886,642	3,318,015
Income before financial revenue (expenses) and taxes		**7,230,126**	**5,687,177**	**5,630,053**	**3,830,801**
Finance income	29	1,272,079	1,499,794	(18,794)	40,759
Finance expenses	29	(1,651,045)	(3,066,415)	(3,134)	(7,885)
		(378,966)	**(1,566,621)**	**(21,928)**	**32,874**
Income before income tax and social contribution tax		**6,851,160**	**4,120,556**	**5,608,125**	**3,863,675**
Current income tax and social contribution tax	10d	(943,007)	(950,490)	-	-
Deferred income tax and social contribution tax	10d	(141,318)	924,301	156,148	228,638
		(1,084,325)	**(26,189)**	**156,148**	**228,638**
NET INCOME FOR THE YEAR		**5,766,835**	**4,094,367**	**5,764,273**	**4,092,313**
Total of net income for the year attributed to:					
Equity holders of the parent		5,764,273	4,092,313	5,764,273	4,092,313
Non-controlling interests		2,562	2,054	-	-
		5,766,835	**4,094,367**	**5,764,273**	**4,092,313**
Basic and diluted earnings per preferred share - R$	26	**2.62**	**1.86**		
Basic and diluted earnings per common share - R$	26	**2.62**	**1.86**		

The accompanying notes are an integral part of these parent company and consolidated financial statements.

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais)

	Consolidated		Parent company	
	2023	2022	2023	2022
NET INCOME FOR THE YEAR	**5,766,835**	**4,094,367**	**5,764,273**	**4,092,313**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss in subsequent periods				
Post retirement liabilities - remeasurement of obligations of the defined benefit plans	351,235	696,506	34,944	105,173
Income tax and social contribution tax on remeasurement of defined benefit plans (Note 10c)	(119,419)	(236,813)	(11,880)	(35,759)
Equity gain (loss) on other comprehensive income in subsidiary and jointly controlled entity	-	-	208,752	390,279
Other comprehensive income	367	1,402	367	1,402
	232,183	**461,095**	**232,183**	**461,095**
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAXES	**5,999,018**	**4,555,462**	**5,996,456**	**4,553,408**
Total of comprehensive income for the year attributed to:				
Equity holders of the parent	5,996,456	4,553,408	5,996,456	4,553,408
Non-controlling interests	2,562	2,054	-	-
	5,999,018	**4,555,462**	**5,996,456**	**4,553,408**

The accompanying notes are an integral part of these parent company and consolidated financial statements.

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais, except where otherwise indicated)

	Share capital	Capital reserves	Profit reserves				Equity valuation adjustments		Retained earnings	Total controlling interests	Non-controlling interests	Total Equity
			Legal reserve	Tax incentive reserve	Retained Earnings reserve	Unrealized Earnings reserve	Deemed cost of PP&E	Other Comprehensive income				
Balances on December 31, 2021	**8,466,810**	**2,249,721**	**1,181,837**	**124,081**	**8,807,573**	**834,603**	**554,409**	**(2,762,623)**	**-**	**19,456,411**	**5,354**	**19,461,765**
Net income for the year	-	-	-	-	-	-	-	-	4,092,313	**4,092,313**	2,054	**4,094,367**
Other comprehensive income												
Adjustment of actuarial liabilities - restatement of obligations of the defined benefit plans, net of taxes	-	-	-	-	-	-	-	459,693	-	**459,693**	-	**459,693**
Other comprehensive income	-	-	-	-	-	-	-	1,402	-	**1,402**	(1,498)	**(96)**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**461,095**	**4,092,313**	**4,553,408**	**556**	**4,553,964**
Subscription of capital	2,540,043	-	-	-	(2,540,043)	-	-	-	-	-	-	-
Appropriation of Net income for the year												
Realization of PP&E deemed cost	-	-	-	-	-	-	(126,922)	-	126,922	-	-	-
Tax incentive reserves	-	-	-	26,193	-	-	-	-	(26,193)	-	-	-
Legal reserve	-	-	204,616	-	-	-	-	-	(204,616)	-	-	-
Retained earnings reserve	-	-	-	-	1,755,963	-	-	-	(1,755,963)	-	-	-
Interest on equity (R$0.9014 per share)	-	-	-	-	-	-	-	-	(1,983,650)	**(1,983,650)**	-	**(1,983,650)**
Dividends under the by-laws (R$0.1131 per share)	-	-	-	-	-	-	-	-	(248,813)	**(248,813)**	-	**(248,813)**
Balances on December 31, 2022	**11,006,853**	**2,249,721**	**1,386,453**	**150,274**	**8,023,493**	**834,603**	**427,487**	**(2,301,528)**	**-**	**21,777,356**	**5,910**	**21,783,266**
Net income for the year	-	-	-	-	-	-	-	-	5,764,273	**5,764,273**	2,562	**5,766,835**
Other comprehensive income												
Adjustment of actuarial liabilities - restatement of obligations of the defined benefit plans, net of taxes	-	-	-	-	-	-	-	231,816	-	**231,816**		**231,816**
Other comprehensive income	-	-	-	-	-	-	-	367	-	**367**	-	**367**
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**232,183**	**5,764,273**	**5,996,456**	**2,562**	**5,999,018**
Appropriation of Net income for the year												
Realization of PP&E deemed cost	-	-	-	-	-	-	(6,217)	-	6,217	-	-	-
Tax incentive reserves	-	-	-	62,594	-	-	-	-	(62,594)	-	-	-
Legal reserve	-	-	288,214	-	-	-	-	-	(288,214)	-	-	-
Retained earnings reserve	-	-	-	-	2,295,105	-	-	-	(2,295,105)	-	-	-
Realization of the unrealized profit reserve	-	-	-	-	-	(834,603)	-	-	834,603	-	-	-
Constitution of the unrealized profits reserve	-	-	-	-	-	834,603	-	-	(834,603)	-	-	-
Interest on equity (R$1.1777 per share)	-	-	-	-	-	-	-	-	(2,591,459)	**(2,591,459)**	-	**(2,591,459)**
Dividends under the by-laws (R$0.2423 per share)	-	-	-	-	-	-	-	-	(533,118)	**(533,118)**	**-**	**(533,118)**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,514)	**(2,514)**
Balances on December 31, 2023	**11,006,853**	**2,249,721**	**1,674,667**	**212,868**	**10,318,598**	**834,603**	**421,270**	**(2,069,345)**	**-**	**24,649,235**	**5,958**	**24,655,193**

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
CASH FLOW FROM OPERATIONS					
Net income for the year		5,766,835	4,094,367	5,764,273	4,092,313
ADJUSTMENTS:					
Current and deferred income tax and social contribution	10d	1,084,325	26,189	(156,148)	(228,638)
Depreciation and amortization	28c	1,274,074	1,182,084	543	1,115
Loss on write-off of net residual value of unrecoverable concession financial assets, concessional contract asset, PP&E and Intangible assets		97,459	73,626	460	-
Fair value adjustment of financial asset		-	171,770	-	-
Writte off related to contractual assets	14	(7,500)	595	-	-
Bargain purchase		-	(5,340)	-	-
Discount and premium on repurchase of debt securities		-	46,763	-	-
Share of loss (gain), net, of subsidiaries and joint ventures	15	(432,493)	(842,543)	(4,886,642)	(3,318,015)
Remeasuring of concession financial and concession contract assets		(1,246,341)	(1,245,142)	-	-
Interest and monetary variation		675,605	493,096	(91,030)	(87,451)
Exchange variation on loans and debentures	29	(276,687)	(338,265)	-	-
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers - realization	27	(1,908,658)	(2,360,056)	-	-
Gains on sale of non-current asset held for sale	15	(318,795)	(51,512)	-	(44,868)
Appropriation of transaction costs	21	13,908	7,422	-	-
Expected credit losses	28	174,663	108,731	13,455	-
Provision for contingencies	25	360,024	341,877	26,594	64,202
Other provisions		59,330	(17,736)	-	-
Net gain on derivative instruments at fair value through profit or loss	31	177,326	437,887	-	-
CVA (Parcel A items Compensation) Account and other financial components in tariff adjustments	13	213,038	1,146,560	-	-
Post-employment obligations	24	610,871	665,781	77,032	76,955
Other		(46,727)	130,038	(12)	-
		6,270,257	**4,066,192**	**748,525**	**555,613**
(Increase) decrease in assets					
Receivables from customers, traders and concession holders	8	(838,945)	(440,188)	(128,524)	(148,096)
CVA and Other financial components in tariff adjustments	13	-	190,658	-	-
Recoverable taxes	9	174,638	2,490,079	7,468	2
Income tax and social contribution tax credits	10	6,377	148,672	162,813	227,617
Escrow deposits	11	45,285	30,884	3,104	13,148
Dividends received from investees	15	592,368	707,695	2,363,697	1,415,356
Contractual assets and concession financial assets	13 e 14	904,806	620,439	-	-
Other		152,420	87,080	(21,183)	(71,510)
		1,036,949	**3,835,319**	**2,387,375**	**1,436,517**
Increase (decrease) in liabilities					
Suppliers	19	184,647	148,706	165,367	87,674
Taxes payable	20	778,245	408,073	(191,526)	(109,530)
Income tax and social contribution tax payable	10	-	49,672	-	-
Payroll and related charges		(21,266)	34,826	(1,294)	1,227
Regulatory charges	22	1,994	(239,711)	-	-
Post-employment obligations	24	(535,025)	(481,964)	(28,987)	(25,307)
Accounts payable related to energy generated by consumers		249,380	219,273	-	-
Other		(41,315)	(198,025)	(11,604)	(3,011)
		616,660	**(59,150)**	**(68,044)**	**(48,947)**
Cash from operations activities		**7,923,866**	**7,842,361**	**3,067,856**	**1,943,183**
Interest received		328,217	290,860	37,872	54,396
Interest paid on loans and debentures	21	(1,026,146)	(1,010,077)	-	(20,341)
Interest paid on leasing contracts	18	(5,207)	(3,695)	(21)	(19)
Income tax and social contribution tax paid		(600,840)	(704,169)	(75,541)	(7,608)
Cash inflows from settlement of derivatives instruments	31	24,388	129,122	-	-
NET CASH FROM OPERATING ACTIVITIES		**6,644,278**	**6,544,402**	**3,030,166**	**1,969,611**
INVESTING ACTIVITIES					
Investments in marketable securities		(11,237,620)	(14,152,001)	(2,517,162)	(2,244,402)
Redemptioms in marketable securities		12,360,112	14,420,323	2,428,910	2,665,068
Acquisition of equity investees		(36,533)	(52,301)	(1,124,148)	(79,880)
Arising from the sale of equity interest, net of costs of sales		669,220	51,512	-	57,581
Settlement of put option		(780,348)	-	-	-
Property, plant and equipment	16	(1,075,890)	(173.410)	(3)	-
Intangible assets	17	(187,649)	(119,115)	(31)	(30)
Contract assets - distribution of gas and energy infrastructure	14	(3,678,536)	(3,112,423)	-	-

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	Note	Consolidated		Parent Company	
		2023	2022	2023	2022
NET CASH PROVIDE BY/ USED IN INVESTING ACTIVITIES		**(3,967,244)**	**(3,137,415)**	**(1,212,434)**	**398,337**
FINANCING ACTIVITIES					
Proceeds from loans and debentures	21	1,987,943	1,981,390	-	-
Interest on capital and dividends paid	26d	(1,823,019)	(2,093,907)	(1,820,225)	(2,166,635)
Payment of loans and debentures	21	(2,678,503)	(2,613,340)	-	(37,240)
Leasing liabilities paid	18	(66,634)	(65,677)	(299)	(282)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(2,580,213)**	**(2,791,534)**	**(1,820,524)**	**(2,204,157)**
Net (decrease) increase in cash and cash equivalents		**96,821**	**615,453**	**(2,792)**	**163,791**
Cash and cash equivalents at the beginning of the period	6	1,440,661	825,208	190,483	26,692
Cash and cash equivalents at the end of the period	6	1,537,482	1,440,661	187,691	190,483

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STATEMENTS OF ADDED VALUE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais)

	Consolidated		Parent company	
	2023	2022	2023	2022
REVENUES				
Sales of energy, gas and services	44,615,215	43,197,728	4,181,376	1,623,944
Distribution construction revenue	3,899,245	3,245,688	-	-
Transmission construction revenue	241,482	407,193	-	-
Interest revenue arising from the financing component in the transmission contract asset	523,772	575,449	-	-
Adjustment to expectation of cash flow from reimbursement of distribution concession financial assets	149,238	39,369	-	-
Investment in PP&E	896,141	74,411	-	-
Estimated credit losses	(216,700)	(103,154)	(13,455)	211
	50,108,393	**47,436,684**	**4,167,921**	**1,624,155**
INPUTS ACQUIRED FROM THIRD PARTIES				
Energy bought for resale	(15,870,921)	(15,860,825)	(2,956,337)	(1,040,748)
Charges for use of national grid	(3,274,169)	(2,974,834)	-	-
Outsourced services	(3,531,829)	(2,783,159)	(13,517)	(13,243)
Gas bought for resale	(2,840,651)	(3,473,628)	-	-
Materials	(2,888,257)	(2,439,915)	(89)	(38)
Other costs	(960,648)	(904,386)	(33,788)	(38,577)
	(29,366,475)	**(28,436,747)**	**(3,003,731)**	**(1,092,606)**
GROSS VALUE ADDED	**20,741,918**	**18,999,937**	**1,164,190**	**531,549**
RETENTIONS				
Depreciation and amortization	(1,274,074)	(1,182,084)	(543)	(931)
NET ADDED VALUE PRODUCED BY THE COMPANY	**19,467,844**	**17,817,853**	**1,163,647**	**530,618**
ADDED VALUE RECEIVED BY TRANSFER				
Share of income, net, of associates and joint ventures	432,493	842,543	4,886,642	2,237,847
Result of business combinations	8,638	5,340	-	-
Gain on financial updating of the Concession Grant Free	411,722	466,857	-	-
Generation indemnity revenue	92,595	47,028	-	-
Financial revenues	1,468,989	1,616,715	122,580	36,682
ADDED VALUE TO BE DISTRIBUTED	**21,882,281**	**20,796,336**	**6,172,869**	**2,805,147**
DISTRIBUTION OF ADDED VALUE				
Employees	**2,016,683**	**2,013,515**	**106,251**	**72,550**
Direct remuneration	1,189,212	1,075,144	21,881	11,476
Post-employment obligations and other benefits	761,285	796,513	81,786	59,515
FGTS fund	66,135	64,014	2,584	1,559
Voluntary retirement program	51	77,844	-	-
Taxes	**12,371,337**	**11,555,997**	**299,180**	**38,641**
Federal	7,652,785	7,067,402	76,368	(46,602)
State	4,707,294	4,478,296	222,603	84,970
Municipal	11,258	10,299	209	273
Remuneration of external capital	**1,727,426**	**3,132,457**	**3,165**	**7,379**
Interest	1,713,526	3,107,541	3,134	7,346
Rentals	13,900	24,916	31	33
Remuneration of own capital	**5,766,835**	**4,094,367**	**5,764,273**	**2,686,577**
Interest on capital	2,591,459	1,983,650	2,591,459	1,069,529
Dividends	533,118	248,813	-	-
Retained Earnings	2,639,696	1,859,850	3,172,814	1,617,048
Non-controlling interest in retained earnings	2,562	2,054	-	-
	21,882,281	**20,796,336**	**6,172,869**	**2,805,147**

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED AS OF DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian Reais, except where otherwise indicated)

1. OPERATING CONTEXT

The Company

Companhia Energética de Minas Gerais (‘Cemig’, ´Parent company’ or ‘Company’) is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under No. 17.155.730/0001-64, with shares traded on the São Paulo Stock Exchange (‘B3’) at Corporate Governance Level 1; on the New York Stock Exchange (‘NYSE’); and on the stock exchange of Madrid (‘Latibex’).

The Company is an entity domiciled in Brazil, with head office in Belo Horizonte/MG. Constituted to operate in the commercialization of electric power and as holding company, with interests in subsidiaries or jointly controlled entities, whose objects are: construction and operation of systems for generation, transformation, transmission, distribution and sale of energy, and also activities in the various fields of energy sector, including gas distribution, provision of distributed generation services and energy efficiency solutions, for the purpose of commercial operation.

The Company's financial statements cover the Company and its subsidiaries.

On December 31, 2023 the Company had negative net consolidated working capital (as defined as consolidated current assets less consolidated current liabilities) of R$1,224 million (positive R$2,260 million on December 31, 2022). Management monitors the Company’s cash flow, and for this purpose assesses measures to be taken to adjust the present situation of its financial assets and liabilities to levels that are appropriate to meet its needs.

The Company estimates that the cash balances, and cash flow from operations and financing activities, are sufficient to meet the needs for working capital, investments, debt servicing, and other cash needs in the next 12 months. The Company also has existing credit lines at the financial institutions with which it operates.

Management has assessed the capacity of the Company to continue as a going concern and believes that its operations will generate sufficient future cash flows to enable continuity of its businesses. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

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Shareholding interests

The Company has shareholding interests in the following subsidiaries and jointly-controlled entities:

Investments	% share	Description
SUBSIDIARIES		
Cemig Geração e Transmissão S.A. ("Cemig GT" ou "Cemig Geração e Transmissão")	100.00	Cemig GT's corporate purpose is to: (i) to study, plan, design, build, operate and exploit electricity generation, transmission and commercialization systems and related services that have been, or will be, granted to it by any legal title or to companies of which it holds a controlling interest; (ii) to develop activities in the different fields of energy, from any of its sources, with a view to economic and commercial exploitation; (iii) to provide consultancy services, within its area of activity, to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its corporate purpose.
Cemig Baguari Energia S.A. ("Cemig Baguari")	100.00	Production and commercialization of electricity under an independent production regime and participation in other companies or consortia whose purpose is the production and commercialization of electricity in future projects.
Cemig Geração Itutinga S.A ("Cemig Geração Itutinga")	100.00	A public limited company, a wholly-owned subsidiary of the Company, its purpose is to produce and sell electricity, as a public service concessionaire, through the operation of the Itutinga Power Station, as well as to sell electricity on the free trading market.
Cemig Geração Camargos S.A ("Cemig Geração Camargos")	100.00	A public limited company, a wholly-owned subsidiary of the Company, its purpose is to produce and sell electricity, as a public service concessionaire, through the operation of the Camargos Power Station, as well as to sell electricity on the free trading market.
Cemig Geração Sul S.A ("Cemig Geração Sul")	100.00	A public limited company, a wholly-owned subsidiary of the Company, its purpose is to produce and sell electricity, as a public service concessionaire, through the operation of the Coronel Domiciano, Marmelos, Joasal, Paciência and Piau SHPs, as well as to sell electricity on the free trading market.
Cemig Geração Leste S.A ("Cemig Geração Leste")	100.00	A corporation, a wholly-owned subsidiary of the Company, its purpose is to produce and sell electricity, as a public service concessionaire, through the operation of the Dona Rita, Sinceridade, Neblina, Ervália, Tronqueiras and Peti SHPs, as well as to sell electricity on the free trading market.
Cemig Geração Oeste S.A ("Cemig Geração Oeste")	100.00	A public limited company, a wholly-owned subsidiary of the Company, its purpose is to produce and sell electricity, as a public service concessionaire, through the operation of the Gafanhoto, Cajuru and Martins SHPs, as well as to sell electricity on the free trading market.
Rosal Energia S.A. ("Rosal")	100.00	Production and sale of electricity, as a public electricity service concessionaire, through the Rosal Hydroelectric Power Plant, located on the border between the states of Rio de Janeiro and Espírito Santo.
Sá Carvalho S.A. ("Sá Carvalho")	100.00	Production and sale of electricity, as a public electricity service concessionaire, through the Sá Carvalho Hydroelectric Power Plant, located on the Piracicaba River, in the municipality of Antônio Dias, in the state of Minas Gerais.

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Investments	% share	Description
Horizontes Energia S.A. (“Horizontes”)	100.00	Generation and sale of electricity, under an independent production regime, through the Machado Mineiro and Salto do Paraopeba Hydroelectric Power Plants, located in the state of Minas Gerais, and Salto Voltão and Salto do Passo Velho, located in the state of Santa Catarina, in addition to the sale of electricity at the Electricity Trading Chamber ("CCEE").
Cemig PCH S.A. (“Cemig PCH”)	100.00	Production and sale of electricity under an independent production regime, through the Pai Joaquim Hydroelectric Power Plant, located on the Araguari River, in the municipalities of Sacramento and Santa Juliana, in the state of Minas Gerais.
Cemig Trading S.A. (“Cemig Trading”)	100.00	Marketing and intermediation of energy-related business.
Empresa de Serviços e Comercialização de Energia Elétrica S.A. (“ESCEE”)	100.00	Marketing and intermediation of energy-related business.
Cemig Geração Poço Fundo S.A. (“Poço Fundo”)	100.00	Production and sale of electricity, under an independent production regime, through the Poço Fundo hydroelectric plant, located on the Machado River, in the municipality of Poço Fundo, in the state of Minas Gerais.
Central Eólica Praias de Parajuru S.A. (“Central Eólica Praias de Parajuru”)	100.00	Generation and sale of electricity through a wind farm located in the municipality of Beberibe, in the state of Ceará. It has 19 wind turbines, with towers 85 m high. All its energy is sold through Proinfa.
Central Eólica Volta do Rio S.A. (“Central Eólica Volta do Rio”)	100.00	Generation and sale of electricity through the wind farm located in the municipality of Acaraú, in the state of Ceará. It has 28 wind turbines with 65-meter-high towers. All its energy is sold through Proinfa.
Cemig Distribuição S.A. (“Cemig D” ou “Cemig Distribuição”)	100.00	Operation of electricity distribution through networks and distribution lines in practically the entire state of Minas Gerais.
Companhia de Gás de Minas Gerais (“Gasmig”)	100.00	Acquisition, transportation and distribution of fuel gas or by-products and derivatives, through a gas distribution concession in the state of Minas Gerais.
Cemig Sim	100.00	Providing energy efficiency, optimization and solution services, through studies and project execution, as well as operation and maintenance services for energy supply facilities.
Companhia de Transmissão Centroeste de Minas (“Centroeste”)	100.00	Construction, implementation, operation and maintenance of electricity transmission facilities in the National Interconnected System.
Sete Lagoas Transmissora de Energia S.A. (“Sete Lagoas”)	100.00	Operation of public electricity transmission service concessions, provided through the construction, operation and maintenance of electricity transmission facilities at the Sete Lagoas 4 Substation, in the municipality of Sete Lagoas, Minas Gerais.
Photovoltaic power plants (1)	100.00	Photovoltaic solar power generation for the distributed generation market.
JOINTLY CONTROLLED ENTITIES		
Guanhães Energia S.A. (“Guanhães Energia”)	49.00	Production and sale of electricity through the implementation and operation of the Dores de Guanhães; Senhora do Porto; and Jacaré Small Hydroelectric Power Plants, located in the municipality of Dores de Guanhães; and Fortuna II, located in the municipality of Virginópolis. All in the state of Minas Gerais.
Paracambi Energética S.A. ("Paracambi")	49.00	Independent production of electricity, through the implementation and exploitation of the hydraulic potential called PCH Paracambi, located on the Ribeirão das Lages river in the municipality of Paracambi/RJ.
Usina Hidrelétrica Itaocara S.A. (“Itaocara”)	49.00	The UHE Itaocara Consortium, formed by Cemig GT and Itaocara Energia (Light Group), is responsible for building the Itaocara I Hydroelectric Power Plant (UHE Itaocara I).
Hidrelétrica Cachoeirão S.A. (“Cachoeirão”)	49.00	Production and sale of electricity, under an independent production regime, through the Cachoeirão Hydroelectric Power Plant, located in Pocrane/MG.
Hidrelétrica Pipoca S.A. (“Pipoca”)	49.00	Independent production of electricity, through the implementation and exploitation of the hydraulic potential called PCH Pipoca, located on the Manhuaçu River, in the municipalities of Caratinga and Ipanema/MG.

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Investments	% share	Description
Amazônia Energia Participações S.A (“Amazônia Energia”)	74.50	Sociedade de Propósito Específico (SPE), created by the Company, which holds a 74.50% stake, and Light, which holds the remaining 25.50%, for the purpose of acquiring a 9.77% stake in Norte Energia S.A. ("NESA"), the company that holds the concession for the Belo Monte Hydroelectric Power Plant ("Belo Monte HPP"), on the Xingu River, located in the state of Pará.
Aliança Norte Energia Participações S.A. (“Aliança Norte”)	49.00	Sociedade de Propósito Específico (SPE), set up by the Company, which holds a 49.00% stake, and Vale S.A., which holds the remaining 51.00%, for the purpose of acquiring a 9.00% stake in Norte Energia S.A. ("NESA"), the company that holds the concession for the Belo Monte Hydroelectric Power Plant ("Belo Monte HPP"), on the Xingu River, located in the state of Pará.
Aliança Geração de Energia S.A. (“Aliança”)	45.00	Private limited company created by the Company and Vale S.A. to become a platform for consolidating generation assets held by the parties in generation consortia and investments in future electricity generation projects. Vale S.A. and the Company hold 55.00% and 45.00% of the total capital, respectively.
Transmissora Aliança de Energia Elétrica S.A. (“Taesa”)	21.68	Construction, implementation, operation and maintenance of electricity transmission facilities in all regions of the country, directly and through participation in investees.
Photovoltaic power plants (1)	49.00	Photovoltaic solar power generation for the distributed generation market.

(1) Cemig has an equity stake, through its wholly-owned subsidiary Cemig Sim, in photovoltaic plants. More details in note 15.

2. CONCESSIONS AND AUTHORIZATIONS

Cemig and its subsidiaries hold the following concessions and authorizations:

	Type	Location/State	Company holding concession or authorization	Concession or authorization contract	Expiration date
POWER GENERATION					
Hydroelectric plants					
Theodomiro Carneiro Santiago (1) (5) (7)	UHE	Araguari/MG	Cemig GT	07/1997	05/2027
Nova Ponte (1) (7)	UHE	Araguari/MG	Cemig GT	07/1997	08/2027
Santa Luzia (1)	CGH	Centralina/MG	Cemig GT	07/1997	02/2026
Sá Carvalho (1) (8)	UHE	Antônio Dia/MG	Sá Carvalho S.A. (“Sá Carvalho”)	01/2004	08/2026
Rosal (1)	UHE	Entre Guaçuí/ES e Bom Jesus do Itabapoama/RJ	Rosal Energia S.A. (“Rosal”)	01/1997	12/2035
Machado Mineiro (1) (10)	PCH	Entre Ninheira e Águas Vermelhas/MG	Cemig GT	Resolução 331/2002	05/2027
Salto Voltão (1) (6) Salto Paraopeba (1) (6) Salto do Passo Velho (1) (6)	PCH PCH PCH	Xanrerê/MG Jeceaba/MG Bom Jesus/SC	Horizontes Energia S.A. (Horizontes Energia)	Resolução 331/2002	06/2033 10/2030 03/2031
Pai Joaquim (1)	PCH	Entre Sacramento e Santa Juliana/MG	Cemig PCH S.A. (“Cemig PCH”)	Resolução autorizativa 377/2005	04/2032
Irapé (1)	UHE	Entre Berilo e Grão Mogol/MG	Cemig GT	14/2000	09/2037
Queimado (Consortium) (1)	UHE	Entre Cabeceira Grande/MG, Unaí/MG e Cristalina/GO	Cemig GT	06/1997	06/2034
Rio de Pedras (1) (6)	PCH	Itabirito/MG	Cemig GT	02/2013	12/2025
Poço Fundo (1)	PCH	Entre Poço Fundo e Campestre/MG	Cemig Geração Poço Fundo S.A. (“Cemig Geração Poço Fundo”)	01/2021	05/2052
São Bernardo (1) (6)	PCH	Piranguçu/MG	Cemig GT	02/2013	06/2027
Três Marias (2) (9)	UHE	Três Marias/MG	Cemig GT	08/2016	01/2053
Salto Grande (2) (9)	UHE	Braúnas/MG	Cemig GT	09/2016	01/2053
Itutinga (2)	UHE	Itutinga/MG	Cemig Geração Itutinga S.A. (“Cemig Geração Itutinga”)	10/2016	01/2053
Camargos (2)	UHE	Itutinga/MG	Cemig Geração Camargos S.A. (“Cemig Geração Camargos”)	11/2016	01/2053
Coronel Domiciano (2) Joasal (2) Marmelos (2)	PCH PCH CGH	Muriaé/MG Juiz de Fora/MG Juiza de Fora/MG	Cemig Geração Sul S.A. (“Cemig Geração Sul”)	12/2016 e 13/2016	04/2047 01/2053

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	Type	Location/State	Company holding concession or authorization	Concession or authorization contract	Expiration date
Paciência (2) Piau (2)	CGH PCH	Matias Barbosa/MG Piau/MG			
Dona Rita (2) Ervália (2) Neblina (2) Peti (2) Sinceridade (2) Tronqueiras (2)	PCH PCH PCH PCH PCH PCH	Santa Rita do Itabira/MG Ervália/MG Ipanema/MG São Gonçalo do Rio Abaixo/MG Manhuaçu/MG Coroaci/MG	Cemig Geração Leste S.A. (“Cemig Geração Leste”)	14/2016 e 15/2016	07/2050 04/2047 01/2053 03/2047 12/2046
Cajurú (2) Gafanhoto (2) Martins (2)	PCH PCH PCH	Entre Carmo do Cajuru e Divinópolis/MG Divinópolis/MG Uberabinha/MG	Cemig Geração Oeste S.A. (“Cemig Geração Oeste”)	16/2016	01/2053
Wind power plants					
Central Geradora Eólica Praias de Parajuru (3)	-	Beberibe/CE	Central Eólica Praiais de Parajuru S.A. (“Parajuru”)	Resolução 526/2002	09/2032
Central Geradora Eólica Volta do Rio (3)	-	Acaraú/CE	Central Eólica Volta do Rio S.A. (“Volta do Rio”)	Resolução 660/2001	01/2031
Photovoltaic plants					
UFV Mineirão	-	Belo Horizonte/MG	Cemig GT	-	-
POWER TRANSMISSION					
Rede Básica (4)	-	-	Cemig GT	006/1997	01/2043
Subestação – SE Itajubá (4)	-	-	Cemig GT	79/2000	10/2030
Linha de transmissão Furnas – Pimenta (4)	-	-	Companhia de Transmissão Centroeste de Minas S.A. (“Centroeste”)	004/2005	03/2035
Subestação Sete Lagoas 4 (4)	-	-	Sete Lagoas	006/2011	06/2041
ENERGY DISTRIBUTION		-	Cemig D	002/1997 003/1997 004/1997 005/1997	12/2045
GAS DISTRIBUTION		-	Gasmig	Lei Estadual 11.021/1993	01/2053

(1) Refer to power generation concession agreements that are not in the scope of ICPC 01/IFRIC 12, whose infrastructure assets are recorded as property, plant and equipment since the grantor does not control to whom the services should be provided and their price, and their energy is mainly sold in the Free Contracting Environment ("ACL").
(2) Refers to energy generation concession contracts whose concession bonus revenue is classified as financial assets of the concession.
(3) Refer to concessions, by means of authorization, of wind power generation in the independent production modality, commercialized in the scope of Proinfa. The assets linked to the exploration right are registered in fixed assets. The exploration authorization rights, which are considered in the parent company's financial statements as investments, are classified in the consolidated balance sheet as intangible assets, in accordance with technical interpretation ICPC 09.
(4) These refer to power transmission concession agreements which, in accordance with IFRS 15/CPC 47, are classified as contract assets as they are subject to the satisfaction of performance obligations in the provision of the electric energy transmission service.
(5) On March 17, 2023, Aneel Order No. 738 was published, registering the change of name of the Emborcação HPP to Theodomiro Carneiro Santiago HPP.
(6) On August 10, 2023, the Company held a public auction for the sale in a single lot of 15 SHPPs/CGHs, 12 of which are Cemig GT assets and 3 of which are owned by the wholly-owned subsidiary Horizontes. On January 10, 2024, Aneel transferred ownership of the authorization to operate the Salto Voltão, Salto do Passo Velho and Salto do Paraopeba SHPs from Horizontes to Mang, by means of Order No. 62. On February 6, 2024, Aneel authorized the transfer of the concessions for the Rio de Pedras and São Bernardo SHPs from Cemig GT to Mang Participações, through REA No. 15,094. On February 29, 2024, the sale was completed, after all the conditions precedent of the CCVA had been met. Further details of this operation can be found in note 32.
(7) In July 2023, the Company reaffirmed its interest in extending the concessions for the Theodomiro Carneiro Santiago and Nova Ponte HPPs under the Physical Guarantee Quota regime, and in November 2023, it filed its expression of interest in extending these concessions by transferring control of the plants.
(8) In February 2023, in order to guarantee its right to apply for a new concession, the Company filed its expression of interest in extending the concession of the Sá Carvalho HPP, through the transfer of shareholder control of its wholly-owned subsidiary Sá Carvalho, and, in July 2023, through the Physical Guarantee Quota regime.
(9) On January 24, 2023, Aneel decided to approve the transfer of the concessions of the Três Marias and Salto Grande Hydroelectric Power Plants to Cemig GT. On May 31, 2023, the merger was approved at the Company's Extraordinary General Meeting (EGM), for the book value, with the consequent extinction of the investees as of this date and succession, by Cemig GT, in all its assets, rights and obligations, pursuant to Article 277 of Law 6,404/1976.
(10) On February 20, 2024, Aneel transferred the authorization for operation of the of Machado Mineiro Small Hydro Plant (PCH) from Horizontes Energia to Cemig GT, by Dispatch 504/2024.

Generation concessions

In the Generation business, the Company earns revenue from the sale of energy from its plants in the regulated market (ACR) and in the free market (ACL). While in the regulated

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environment the transactions occur by means of centralized and public auctions, in the free environment the negotiations are bilateral and reserved to the interested parties.

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

Statement of interest in extension of concession

Cemig GT, in order to guarantee its right to apply for a new concession grant for its plants that will expire in 2026 and 2027, filed expressions of interest in extending the concession of the Sá Carvalho HPP in February 2023, through the transfer of shareholder control of its wholly-owned subsidiary Sá Carvalho in accordance with Decree 9,271/2018 and, in July 2023, through the Physical Guarantee Quota regime in accordance with Law 12,783/2013.

In correspondence sent to the MME and Aneel in July 2023, the company reaffirmed its interest in extending the concessions for the Theodomiro Carneiro Santiago and Nova Ponte HPPs under the Physical Guarantee Quota regime (Concession Contract 07/1997). In addition, in November 2023, the Company filed its expression of interest in extending these concessions by transferring control of the plants in accordance with Decree 9.271/2018.

Cemig GT reiterates that the sole purpose of these expressions of interest is to ensure its right to a possible extension of Concession Contracts 01/2004 and 07/1997, for up to 30 years, at the discretion of the granting authority, under the terms of current legislation, which still has premises pending definition by the Ministry of Mines and Energy - MME.

This statement is non-binding and is intended to ensure their right to any extension of these concession contracts. Any decision on the subject will only be made after the MME and Aneel have announced all the conditions for extending the concessions, which must be submitted to Cemig GT's Governance for deliberation.

This expression of interest will not suspend the ongoing analysis of legal alternatives for extending the concessions.

Transmission concessions

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

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

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Transmission Auction 02/2022

The Cemig GT 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 Cemig GT into the investee Companhia de Transmissão Centroeste de Minas ("Centroeste") in the period between 2023 and 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. Activities related to land and environmental regularization, preparation of the executive project and validation of the basic project by the ONS are currently being carried out. The expected start date for construction is January 2025.

Eletrical energy distribution concessions

The Cemig D operates the concession for the distribution of energy in the greater part of the State of Minas Gerais, which expires in December 2045.

According to the concession contract, all assets and facilities that are used in the provision of the distribution service and which have been created by the concession holder are considered revertible and part of the assets of the related concession. These assets are automatically reverted to the Grantor at the end of the contract and are then valued to determine the amount of the indemnity payable to Cemig D, subject to the amounts and the dates on which they were incorporated into the energy system.

Cemig D does not have obligations to make compensatory payments for commercial operation of the distribution concessions but has to comply with requirements related to quality, and investments made, in accordance with the concession contract.
The concession contracts and the Brazilian legislation establish a mechanism of maximum prices that allows for three types of adjustments to tariffs: (i) an annual tariff adjustment; (ii) periodic review of tariffs; and (iii) extraordinary reviews.

Each year the Cemig D has the right to request for the annual adjustment, the purpose of which is to be compensated the effects of inflation on the tariffs, and to allow for certain changes in costs that are outside the Cemig D's control to be passed through to customers - for example the cost of energy purchased for resale and sector charges including charges for the use of the transmission and distribution facilities.

Also, the regulator performs a periodic review of tariffs every five years, which aims to adjust due to changes in the Cemig D's costs, and to establish a factor based on scale gains, which will be applied in the annual tariff adjustments, for the purpose of sharing such gains with the Cemig D's customers.

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Cemig D also has the right to request an extraordinary review of tariffs, in the event that any unforeseen events significantly alter the economic-financial equilibrium of the concession. Periodic tariff reviews and extraordinary tariff reviews are subject to inspection by Aneel in the form of tariff review procedures defined by regulations prior to each review cycle.

Under the distribution concession contracts, the Cemig D is authorized to charge customers a tariff consisting of two components: (i) A component related to costs of energy purchased for resale, charges for use of the transmission grid and charges for use of the distribution system that are not under its control ('Parcel A costs'); and (ii) a portion relating to operating costs ('Parcel B costs').

Fifth Amendment to concession contract

On December 21, 2015, the Company signed, with the Mining and Energy Ministry, the Fifth Amendment to its concession contracts, extending its energy distribution concessions for an additional 30 years, starting January 1, 2016.

The principal characteristics and terms of the Amendment are as follows:

- The annual tariff adjustment will occur on May 28 of each year, according the rules set for in Clause 6 of the Amendment will be applied.
- Limitation of in the distribution of dividends and/or payment of Interest on Equity to the minimum established by law, in the envent of non-compliance with the annual indicators for outages (DECi and FECi) for two consecutive years, or three times in a period of five years, until the regulatory parameters are restored.
- There is a requirement for injections of capital from the controlling shareholder in an amount sufficient to meet the minimum conditions for economic and financial sustainability.
- The requirement of compliance with efficiency criteria related to the continuity of supply and economic and financial management to maintain the concession, respecting the right to full defense and the adversary in case of non-compliance, being that any non-compliance for three consecutive years for the criteria of efficiency in the continuity of supply and two consecutive years for the criteria of efficiency in economic and financial management will result in the opening of a process of forfeiture of the concession.

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Periodic Tariff Review

On May 23, 2023, Aneel approved the result of Cemig D's Periodic Tariff Review, according to Homologatory Resolution No. 3,202, of May 23, 2023. The approved result represented an average tariff adjustment of 13.27% for consumers, 8.94% on average for Group A (high and medium voltage) and 15.55% on average for Group B (low voltage).

Voltage level	Average effect on consumers
High and medium voltage - Group A	8.94%
Low voltage - Group B	15.55%
Average adjustment	**13.27%**

The readjustment percentage corresponding to costs manageable by the Company (Parcel B) was 0.66%, and the remaining percentage of 12.61% has zero economic effect for the Company, not impacting its profitability, as they represent direct transfers within the tariff and refer to the following items: (i) a 5.09% increase in non-manageable costs (Parcel A), related to the purchase of energy, transmission, sector charges and irrecoverable revenues, and; (ii) 7.52% relating to the financial items that make up the tariff. This adjustment will take effect from May 28, 2023 until May 27, 2024.

Due to the approval of the result of Cemig D's 5th Periodic Tariff Review (RTP) cycle, according to ReH no. 3.202/2023, the update of the financial asset had an increase of R$39,516, considering the base date of November 30, 2022. The increase stems from the difference between the asset update estimate used by the company and the New Replacement Value (NRV) of these assets approved in the PTR process.

Gas distribution concessions

Gasmig obtained the concession for commercial operation of industrial, institutional and residential piped gas services in the State of Minas Gerais for a period of 30 years, extendable under provision of its contract, as from the publication of State Law 11,021 of January 11, 1993. On December 26, 2014, the second amendment to the concession contract was signed, and the concession period was extended until January 10, 2053.

The concessions for distribution of natural gas are granted by each Brazilian state. In the state of Minas Gerais, the tariffs for natural gas are set by the regulator, the State's Economic Development Secretariat, by market segment. The tariffs are comprised of a portion for the cost of gas and a portion for the distribution of gas.

Each quarter the tariffs are adjusted to pass through the cost of gas, and once a year they are adjusted to update the portion allocated to cover the costs relating to the provision of the distribution service - remuneration of invested capital and to cover all the operating, commercial and administrative expenses of Gasmig.

In addition to these adjustments, there are periodic reviews of tariffs. These reviews may occurr every five years from the end of the first cycle, to evaluate the changes in the costs of the Gasmig and update the tariffs. The concession contract also specifies the possibility of

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an extraordinary review of tariffs if any event occurs that puts the economic-financial balance of the concession at risk.

Fourth amendment to the concession contract

In November 2022, the fourth addendum to the concession contract was signed with the aim of: (i) changing the deadline for meeting the expansion targets for the 2022-26 tariff cycle; and (ii) changing the inflation index for adjusting the natural gas distribution margins, the asset base and the non-depreciated portion of assets at the end of the concession from IGP-M to IPCA as of February 2022, with IGP-M remaining as the adjustment index before February 2022.

Gas distribution tariff readjustments

On January 25, 2023, it was published the SEDE resolution No. 4, effective as of February 1, 2023, containing the tariff adjustments that represent a reduction of the average values between 9.19% and 10.71%, according to consumption ranges and tariff categories. The largest reduction was in the GNV category, as a result of Gasmig's efforts to make average margins more flexible to ensure the competitiveness of natural gas with substitute energy sources.

Onerous concessions

When obtaining the concessions for construction of certain generation projects, the Company is required to make payments to the regulator over the period of the contract or for up to 5 years upon signature of the concession contract for plants with installed capacity between 1 and 50 MW (information of MW not audited), as compensation for the right to operate them.

The information on the grants, with the amounts to be paid, is as follows:

Project	Nominal value in 2023	Present value in 2023	Period of the concession + Extension (1)	Updating indexer
Irapé	44.595	22.013	03/2006 - 09/2037	IGPM
Queimado (Consortium)	11.763	5.574	01/2004 - 06/2034	IGPM

(1) The term presented includes the extension of the concession grant for these plants under the terms of ReH No. 2,932, of September 14, 2021. During the period of the extension of the concession term, the generator will freely dispose of the energy from the undertaking, under the terms of Law 13.203/2015, with the other clauses unchanged for both contracts.

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

The concessions fees are paid monthly to the grantor for an amount that changes over time. These payments are recorded as an intangible asset, representing a right to operate the

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concession and to charge users through the concession period, they are recorded as from the date of signature of the contracts at the present value of the future payment obligations.

The amounts paid to the grantor in 2023, the nominal value and the present value of the amounts to be paid in the next 12 months, are as follows:

Project	Interest, %	Amounts paid in 2023	Nominal value of amounts to be paid in the next 12 months	Present value of amounts to be paid in the next 12 months
Irapé	100.00	3,375	3,249	3,050
Queimado (Consortium)	82.50	960	930	873

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

The parent company and consolidated financial statements of the Company have been prepared in accordance with accounting practices adopted in Brazil, which comprise: the rules issued by the Brazilian Securities Commission (CVM), and the pronouncements made by the Accounting Pronouncements Committee (CPC), and in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

The Company also uses the guidelines contained in the Brazilian Electricity Sector Accounting Manual (MCSE) and the standards defined by Aneel, when these do not conflict with the pronouncements of the CPC or with International Financial Reporting Standards (IFRS).

Presentation of the Statements of added value (Demonstrações do Valor Adicionado - DVA) is required by the Brazilian corporate law, and by the accounting practices adopted in Brazil for listed companies. As a result, under IFRS this statement is presented as supplementary information, without prejudice to the financial statements as a whole.

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

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

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The Company's Board of Directors authorized the issuance of these financial statements on March 21, 2024.

3.2 Basis of measurement

The consolidated financial statements were prepared on a historical cost basis, except in the case of certain financial instruments and assets as held for sale which are measured at fair value and fair value less costs to sell, in accordance with the standards applicable, as detailed in Note 31 and 32, respectively.

3.3 Functional currency and presentation currency

The consolidated financial statements are presented in Reais - R$, which is the functional currency of the Company and its subsidiaries, joint ventures and affiliates. The information is expressed in thousands of Reais (R$'000), except when otherwise indicated.

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

3.4 Use of estimates and judgments

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

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

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

- Note 8 - Consumers, traders and energy transmission concessionaires (expected credit losses)
- Note 10 - Income and social contribution tax (recognition of deferred tax, availability of future taxable profit and uncertain tax treatments)
- Note 13 – Concession financial and sector assets (fair value measurement)
- Note 14 - Contract assets (construction margin and remeasurement of contract assets)

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- Note 15 - Investments (impairment)
- Note 16 - Property, plant and equipment (useful life prediction)
- Note 17 - Intangible assets (useful life prediction)
- Note 18 - Leases (measurement of right of use and lease liabilities)
- Note 24 - Post-employment obligations (main assumptions in the measurement)
- Note 25 - Provisions (reliable estimate of the value of obligations)
- Note 27 - Net revenue (unbilled supply and construction margin)
- Note 31 - Financial instruments and risk management (fair value measurement)
- Note 32 - Assets classified as held for sale (fair value measurement)

3.5 Material accounting practices

The accounting practices described in detail in the explanatory notes to the financial statements have been applied consistently for all the business years presented in these financial statements, except as described in Explanatory Note 3.8, in accordance with the rules and regulations described in Note 3.1 – *Compliance statement*.

In addition, the Company adopted the amendment to CPC 26 / IAS 1 as of January 1, 2023. The changes establish the disclosure of “material” accounting policies, rather than “significant” ones. There was no impact on the accounting policies adopted by the Company, affecting only disclosure.

3.6 Impairment

Management revises, annually, the carrying amount of non-financial assets, for the purpose of assessing if there is any indication, such as events or changes in the economic, operational or technological conditions that an asset may be impaired. If any indication exists and the asset carrying amount exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount.

The recoverable amount of an asset or cash generating unit is defined as the higher between its value in use and its fair value less costs to sell. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, an impairment loss is recognized, adjusting the carrying amount of the asset or cash generating unit to its recoverable amount.

3.7 New or revised accounting standards applied for the first time in 2023

The changes presented below became effective on January 1, 2023 and had no material impact on the Company's parent company and consolidated financial statements.

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Rule	Main changes
IFRS 17 / CPC 50 – *Insurance contracts*	IFRS 17/CPC 50 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts, and replaces IFRS 4/CPC 11 – *Insurance contracts*. This rule has the overall objective of supplying an accounting model for insurance contracts, issued by any entity, that is more useful and consistent for insurance issuers. The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17/ CPC 50.
IAS 08 / CPC 23 – *Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates*	The Company adopted the amendments to IAS 08/CPC 23 for the first time in the current year. The changes replace the definition of "change in accounting estimates" with a definition of "accounting estimates". According to the new definition, accounting estimates are "monetary amounts in financial statements subject to uncertainty in measurement." The definition of change in accounting estimates was excluded.
IAS 1 / CPC 26 – *Presentation of Financial Statements*, and IFRS Practice Statement 2 – *Making materiality judgments*	The Company adopted the amendments to IAS 1/CPC 26 for the first time in the current year. Although the changes did not themselves result in any change in the accounting policies, they affected the information on accounting policies disclosed in financial statements. The changes require disclosure of "material", instead of "significant", accounting policies. The changes also provide guidance on the application of materiality to the disclosure of accounting policies, helping entities to provide useful information on entity-specific accounting policies that users need, to understand other information in the financial statements. The Company revised the presentation of its accounting policies and maintained the presentation, in the financial statements, only of those that were judged to be material.
IAS 12 / CPC 32 – *Deferred income tax related to assets and liabilities arising from the same transaction*	The Company adopted the amendments to IAS 12/CPC 32 for the first time in the current year. The changes restrict the range of application of exemption from initial recognition, so that it is not applied to transactions which give rise to temporary differences that are both taxable and deductible, resulting in recognition of a deferred tax asset and a deferred tax liability for temporary differences resulting from the initial recognition of leasing agreements and provisions for dismantling. There was no impact on carried forward profit and losses in January 2023, nor any impact on the Company's result: the effect of this adoption relates only to the presentation of recognized deferred tax assets and liabilities.

3.8 Standards issued but not yet effective

Rule	Main changes	Start of term
IAS 1 / CPC 26 – *Presentation of financial statements – Revision of classification of liabilities as current or non-current*	Clarifies that the classification of liabilities as current or non-current is based on the rights existing on the reporting date, and specifies that the classification is not affected by expectations as to whether an entity will exercise its right to postpone the settlement of the liability. They explain that the rights exist if the restrictive clauses are complied with on the reporting date, and introduce the definition of 'settlement' to clarify that settlement refers to the transfer to a counterparty of cash, equity instruments, other assets or services.	Jan. 1, 2024
IAS 1 / CPC 26 – *Presentation of financial statements*, IAS 7 / CPC 03 – *Statement of cash flows* and IFRS 7 / CPC 40 – *Financial instruments: Disclosure – Supplier finance arrangements ("Debtor risk")*	The changes introduce new disclosures related to supplier financing agreements ('debtor risk') that help users of the financial statements assess the effects of these agreements on an entity's liabilities and cash flows and on the entity's exposure to liquidity risk. To meet the purposes of disclosure, the entity must disclose, in full, for its supplier financing agreements: the terms and conditions of the agreements; the accounting amount; the corresponding lines in its balance sheet; the liabilities that are part of the agreements, and their accounting amounts, and corresponding lines for which suppliers have already received payment from those providing the financing; the ranges of payment due dates for financial liabilities that are part of a supplier financing agreement and accounts payable which are not part of a supplier financing agreement; and information on liquidity risk.	Jan. 1, 2024

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Rule	Main changes	Start of term
IFRS 10 / CPC 36 (R3) – *Consolidated financial statements* and IAS 28 / CPC 18 (R2) – *Investments in associates and joint ventures – Sale or contribution of assets between an investor and its associate or joint venture*	This deals with situations involving the sale or contribution of assets between an investor and an affiliated company or joint venture. Specifically, the gains and losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an affiliate or joint venture that is accounted by the equity method are recognized in the parent company's income statement only in proportion to the holdings of the non-related investor in that affiliate or joint venture. Likewise, the gains and losses resulting from remeasurement of investments retained in some former controlled company (which has become an affiliate or joint venture accounted by the equity method) at fair value are recognized in the income statement of the former parent in proportion to the holdings of the non-related investor shares in the new associate or joint venture.	Not yet defined
IFRS 16 / CPC 06 – *Leases – Lease liability in a sale and leaseback*	This adds requirements for subsequent measurement for sale and leaseback transactions, which meet the requirements of IFRS 15/CPC 47, for the purposes of accounting as a sale. The changes require the seller-lessee to determine 'lease payments' or 'revised lease payments' so that the seller-lessee does not recognize a gain or loss related to the right of use retained by the seller-lessee after the start date. The changes do not affect the gain or loss recognized by the seller-lessee related to the total or partial termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use which it retains solely due to the remeasurement of the lease liability (for example, after a modification or change of the lease within the lease term) that applies the general requirements in IFRS 16/CPC 06. In particular this may have been the case in a retro-lease that includes variable lease payments that do not depend on an index or rate.	Jan. 1, 2024

In relation to the standards under discussion at the IASB or with an effective date set for a future year, the Company is following the discussions and, so far, has not identified significant impacts.

3.9 Reclassification of items in the Cash Flow Statements (CFS)

The Company and its subsidiaries have made adjustments to the classification of items in the DFC in order to improve the quality of the disclosure of accounting information.

The presentation of the movement in the Securities item was disclosed on a net basis, in the flow of investment activities. As of the fourth quarter of 2023, the Company and its subsidiaries have segregated this movement, presenting the interest actually received as part of the cash flow from operating activities and the investments and redemptions separately in the cash flow from investing activities. In addition, the Company and its subsidiaries began to adjust profit with the total amount of income tax recognized in profit or loss.

In order to maintain comparability, the information for 2022 is being presented using the same criteria.

4. PRINCIPLES OF CONSOLIDATION

The reporting dates of financial statements of the subsidiaries used for the purposes of calculation of consolidation and jointly controlled entities and affiliates used for calculation of this equity method contribution are prepared as of the same reporting date of the

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Company. Accounting policies are applied uniformly in line with those used by the parent company.

The direct equity investments of Cemig, included in the consolidation, are the following:

Subsidiary	2023 and 2022	
	Form of valuation	Direct interest, %
Cemig Geração e Transmissão S.A.	Consolidation	100.00
Cemig Distribuição S.A.	Consolidation	100.00
Companhia de Gás de Minas Gerais (“Gasmig”)	Consolidation	99.57
Cemig Soluções Inteligentes em Energia S.A. (“Cemig Sim”)	Consolidation	100.00
Sete Lagoas Transmissora de Energia S.A. (“Sete Lagoas”)	Consolidation	100.00

Direct and indirect holdings are shown in note 1.

Accounting policy

Subsidiaries

The Company is deemed to control an investee when it has: (i) the power to direct the investee’s significant activities; (ii) the right to variable returns arising from its involvement with the investee; and (iii) the ability to use its power to affect the value of these returns. When facts or circumstances indicate that there are changes in one or more of these three elements of control, the Company evaluates whether or not it exercises control over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which control is obtained, until the date on which the control ceases. The accounting policies of the subsidiaries and jointly controlled entities are aligned with the policies adopted by the Company.

The financial information of the subsidiaries is accounted for by the equity method in the individual financial statements, and the balances of assets, liabilities and profit are consolidated line by line in the consolidated financial statements. Transactions resulting from intercompany operations are eliminated in the process of consolidation.

When the Company loses control of an investee, it derecognizes the assets and liabilities of the former subsidiary from the statements of financial position, at the date when control is lost. Any investment retained in the former subsidiary is recognized at its fair value and any resulting difference is recognized as gain or loss in the statement of income.

Jointly-controlled entities

Jointly-controlled subsidiaries are deemed to be those investees in which the Company shares control with another company under a contractual agreement, regardless of the percentage interest held in the voting stock of the investee. In these cases the Company does not individually exercise the power to make financial and operational decisions in the investee.

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The accounting policies of the jointly-controlled subsidiaries are aligned with the policies adopted by the Company.

Jointly controlled and affiliated entities are accounted for under the equity method.

Further details are given in the accounting policies section of note 15.

Joint operations

The participation in a consortium held by the Company is accounted for according to the share of assets, liabilities and results of operations related to the business.

Transactions eliminated in consolidation

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with investee companies accounted for under the equity method are eliminated against the investment in proportion to the Company's equity interests in the investee.

Unrealized losses are eliminated in the same way as unrealized gains are eliminated, but only up to the point at which there is no evidence of impairment.

Equity interest of non-controlling stockholders

The equity interest of non-controlling stockholders is recognized as the proportional share of the non-controlling stockholders in the net assets of the investor, when applicable. It is presented in equity, separately from the net equity attributable to the controlling stockholders.

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5. OPERATING SEGMENTS

The operating segments of the Company and its subsidiaries reflect their management and their organizational structure, used to monitoring its results.

In 2023, due to a change in the way in which the principal manager of the Group values the business segments, the Company revalued its operational segments and began to publish information on the Gas business segment separately. To maintain comparability, the information for 2022 is now re-presented using the same criterion.

The segment information is disclosed separately into the following 6 reportable segments:

- **Generation:** comprise production of energy from hydroelectric, wind and solar facilities.
- **Transmission:** comprise construction, operation and maintenance of transmission lines and substations.
- **Trading:** comprises the sale of electricity to free customers and the provision of related services.
- **Distribution:** comprises the distribution and sale of electricity to captive customers, and the operation and maintenance of infrastructure and related services.
- **Gas:** this business segment includes commercial operation of industrial, institutional and residential distribution and sale of piped gas in the State of Minas Gerais.
- **Investees:** Comprise management of the equity interests in which the company does not have shareholding control, in line with the Company's business strategies. The results of the subsidiary Cemig Sim are also included in this segment.

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

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INFORMATION BY SEGMENT AS OF AND FOR THE FINANCIAL YEAR 2023										
ACCOUNT/DESCRIPTION	ENERGY				GAS	INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING	DISTRIBUTION						
NET REVENUE	**2,874,757**	**1,090,764**	**7,686,329**	**23,348,437**	**3,618,592**	**17,847**	**38,636,726**	**(1,208,200)**	**(578,757)**	**36,849,769**
COST OF ENERGY, GAS AND CHARGES FOR USE OF THE NATIONAL GRID	**(346,849)**	**(328)**	**(6,317,853)**	**(12,656,236)**	**(2,237,013)**	**(4,096)**	**(21,562,375)**	**1,208,200**	**532,282**	**(19,821,893)**
OPERATING COSTS AND EXPENSES (3)										
Personnel	(147,945)	(136,796)	(26,678)	(874,523)	(73,454)	(48,504)	(1,307,900)	-	-	(1,307,900)
'Employees and managers' income sharing	(16,111)	(16,144)	(3,152)	(101,502)	-	(20,212)	(157,121)	-	-	(157,121)
Post-employment obligations	(58,875)	(36,382)	(8,338)	(400,163)	-	(87,254)	(591,012)	-	-	(591,012)
Materials, outsourced services and other expenses (revenues), net	(222,821)	(88,321)	(17,895)	(2,157,131)	(62,470)	274,965	(2,273,673)	-	46,475	(2,227,198)
Depreciation and amortization	(327,265)	(1,216)	(16)	(833,856)	(94,383)	(17,338)	(1,274,074)	-	-	(1,274,074)
Operating provisions and impairment	(29,248)	(13,577)	(6,729)	(454,915)	855	(106,250)	(609,864)	-	-	(609,864)
Construction costs	-	(172,468)	-	(3,600,374)	(298,870)	-	(4,071,712)	-	-	(4,071,712)
Total cost of operation	**(802,265)**	**(464,904)**	**(62,808)**	**(8,422,464)**	**(528,322)**	**(4,593)**	**(10,285,356)**	**-**	**46,475**	**(10,238,881)**
OPERATING COSTS AND EXPENSES	**(1,149,114)**	**(465,232)**	**(6,380,661)**	**(21,078,700)**	**(2,765,335)**	**(8,689)**	**(31,847,731)**	**1,208,200**	**578,757**	**(30,060,774)**
Equity in earnings of unconsolidated investees	(2,175)	-	-	-	-	434,668	432,493	-	-	432,493
Adjustment to fair value of investments	-	-	-	-		8,638	8,638	-	-	8,638
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,723,468**	**625,532**	**1,305,668**	**2,269,737**	**853,257**	**452,464**	**7,230,126**	**-**	**-**	**7,230,126**
Finance net income (expenses)	(11,275)	(47,145)	81,536	(253,126)	(9,127)	(139,829)	(378,966)	-	-	(378,966)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,712,193**	**578,387**	**1,387,204**	**2,016,611**	**844,130**	**312,635**	**6,851,160**	**-**	**-**	**6,851,160**
Income tax and social contribution tax	(325,561)	(113,592)	(428,484)	(405,149)	(248,339)	436,800	(1,084,325)	-	-	(1,084,325)
NET INCOME FOR THE YEAR	**1,386,632**	**464,795**	**958,720**	**1,611,462**	**595,791**	**749,435**	**5,766,835**	**-**	**-**	**5,766,835**
Equity holders of the parent	1,386,632	464,795	958,720	1,611,462	593,229	749,435	5,764,273	-	-	5,764,273
Non-controlling interests	-	-	-	-	2,562	-	2,562	-	-	2,562

(1) The only inter-segment transactions are from the generation to the trading segment, as explained above.
(2) The reconciliation between the published amounts for the segments and the accounting information on revenue and costs indicates the transactions between the consolidated companies (eliminations).
(3) The information on costs and expenses by nature is segregated according to the internal business model, which differs immaterially from the accounting information.

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INFORMATION BY SEGMENT AS OF AND FOR THE FINANCIAL YEAR 2022 (REAPPRESENTED)										
ACCOUNT/DESCRIPTION	ENERGY				GAS	INVESTEES	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	Geração	Transmissão	Comercialização	Distribuição						
NET REVENUE	**2,660,859**	**1,194,826**	**7,918,378**	**20,918,717**	**3,689,498**	**7,139**	**36,389,417**	**(1,423,190)**	**(503,419)**	**34,462,808**
COST OF ENERGY, GAS AND CHARGES FOR USE OF THE NATIONAL GRID	**(330,551)**	**(310)**	**(6,879,603)**	**(11,938,473)**	**(2,735,482)**	**(507)**	**(21,884,926)**	**1,423,190**	**441,554**	**(20,020,182)**
OPERATING COSTS AND EXPENSES (3)										
Personnel	(161,715)	(134,511)	(11,564)	(913,105)	(66,403)	(64,701)	(1,351,999)	-	-	(1,351,999)
'Employees and managers' income sharing	(14,628)	(10,838)	(5,692)	(39,834)	-	(12,051)	(83,043)	-	-	(83,043)
Post-employment obligations	(65,965)	(41,786)	(9,575)	(420,896)	-	(87,806)	(626,028)	-	-	(626,028)
Materials, outsourced services and other expenses (revenues), net	(394,769)	(95,766)	(13,688)	(1,785,163)	(57,002)	(83,486)	(2,429,874)	-	61,865	(2,368,009)
Depreciation and amortization	(328,372)	240	(13)	(738,025)	(91,297)	(24,617)	(1,182,084)	-	-	(1,182,084)
Operating provisions and impairment (4)	(18,353)	(3,012)	(34,122)	(397,972)	(274)	(1,994)	(455,727)	-	-	(455,727)
Construction costs	-	(290,754)	-	(3,193,092)	(52,596)	-	(3,536,442)	-	-	(3,536,442)
Total cost of operation	**(983,802)**	**(576,427)**	**(74,654)**	**(7,488,087)**	**(267,572)**	**(274,655)**	**(9,665,197)**	**-**	**61,865**	**(9,603,332)**
OPERATING COSTS AND EXPENSES	**(1,314,353)**	**(576,737)**	**(6,954,257)**	**(19,426,560)**	**(3,003,054)**	**(275,162)**	**(31,550,123)**	**1,423,190**	**503,419**	**(29,623,514)**
Equity in earnings of unconsolidated investees	(2,250)	2,629	15	-	-	842,149	842,543	-	-	842,543
Adjustment to fair value of investments	-	-	-	-	-	5,340	5,340			5,340
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,344,256**	**620,718**	**964,136**	**1,492,157**	**686,444**	**579,466**	**5,687,177**	**-**	**-**	**5,687,177**
Finance net income (expenses)	(149,581)	(96,427)	33,562	(1,115,245)	(9,316)	(229,614)	(1,566,621)	-	-	(1,566,621)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,194,675**	**524,291**	**997,698**	**376,912**	**677,128**	**349,852**	**4,120,556**	**-**	**-**	**4,120,556**
Income tax and social contribution tax	(306,705)	(174,015)	(313,752)	66,564	(199,387)	901,106	(26,189)	-	-	(26,189)
NET INCOME FOR THE YEAR	**887,970**	**350,276**	**683,946**	**443,476**	**477,741**	**1,250,958**	**4,094,367**	**-**	**-**	**4,094,367**
Equity holders of the parent	887,970	350,276	683,946	443,476	475,687	1,250,958	4,092,313	-	-	4,092,313
Non-controlling interests	-	-	-	-	2,054	-	2,054	-	-	2,054

(1) Inter-segment transactions are carried out entirely between the generation and commercialization segments.
(2) The reconciliation between the values of the disclosable segments and the accounting information on revenues and costs represents the operations 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.
(4) The Investments segment includes impairment losses in the amount of R$7,412 on the investment held by the Company in the jointly-controlled subsidiary Itaocara and reversal of the provision of R$161,648 relating to the Company's contractual obligations assumed with the investee Madeira Energia and other equity holdings. For further details see note 15.

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The information for assets by segment is not presented, because this is not part of the information made available to the Company's Chief Operating Decision Maker ("CODM").

Accounting policy

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

Segment results that are reported to the Group's main manager include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and head office expenses.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances in bank current accounts and short-term highly liquid investments subject to an insignificant risk of change in value, held to meet the short-term cash management of the Company and its subsidiaries.

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Bank accounts	195,337	95,486	3,614	3,495
Cash equivalents				
Bank certificates of deposit (CDBs)	990,797	1,049,244	96,423	170,185
Overnight	351,348	293,688	87,654	16,803
Others	-	2,243	-	-
	1,342,145	**1,345,175**	**184,077**	**186,988**
Total	**1,537,482**	**1,440,661**	**187,691**	**190,483**

Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs), accrued interest between 80% to 112% of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) on December 31, 2023 (80.05% to 112% 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.

Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 11.42% to 11.65% on December 31, 2023 (13.62% to 13.64% on December 31, 2022). Their purpose is to settle the short-term obligations of the Company and its subsidiaries, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 30 gives: (i) the exposure of the Company and its subsidiaries to interest rate risk; (ii) a sensitivity analysis for financial assets and liabilities; and (iii) material accounting practices. Financial investments in a reserved investment fund are show in note 30.

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7. MARKETABLE SECURITIES

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Investments				
Current				
Bank certificates of deposit (CDBs)	73,635	191,338	18,370	10,947
Financial Notes (LFs) - Banks	475,388	1,139,525	118,599	65,197
Treasury Financial Notes (LFTs)	214,357	401,659	53,477	22,981
Others	10,602	12,024	2,586	1,167
	773,982	**1,744,546**	**193,032**	**100,292**
Non-current				
Bank certificates of deposit (CDBs)	-	127,052	-	-
Debentures	-	6,579	-	376
	-	**133,631**	**-**	**376**
Total	**773,982**	**1,878,177**	**193,032**	**100,668**

Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs), accrued interest between 103% and 104.3% of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) on December 31, 2023 (103% to 104.4% on December 31, 2022).

Bank Financial Notes (Letras Financeiras, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration rates varying between 108.6% and 111.98% of the CDI rate on December 31, 2023 (103.3% and 110.26% on December 31, 2022).

Treasury Financial Notes (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity. The LFTs had remuneration rates varying between 11.83% and 11.85% on December 31, 2023 (13.65% and 13.88% on December 31, 2022).

Note 31 provides a classification of these marketable securities. Investments in marketable securities of related parties are shown in Note 30.

The Company and its subsidiaries consistently classify the income related to these securities as part of the cash flow of the investment activity, because they believe that this is the most appropriate presentation to properly reflect the activities.

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8. RECEIVABLES FROM CUSTOMERS, TRADERS AND CONCESSION HOLDERS

	Consolidated					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 361 days past due	Dec. 31, 2023	Dec. 31, 2022
Billed supply – energy and gas	2,040,839	428,395	560,823	821,217	3,851,274	3,240,333
Unbilled supply - energy and gas	1,373,349	-	-	-	1,373,349	1,243,735
Other concession holders - wholesale supply	25,466	46,814	-	47	72,327	67,445
Other concession holders - wholesale supply, unbilled	369,264	-	-	-	369,264	368,970
CCEE (Power Trading Chamber)	83,522	22,420	6,129	2,134	114,205	162,104
Concession Holders - power transport	53,217	62,275	10,035	47,801	173,328	180,356
Concession Holders - power transport, unbilled	391,414	-	-	-	391,414	370,261
(-) Provision for expected credit losses	(165,064)	(22,572)	(79,971)	(600,392)	(867,999)	(820,324)
	4,172,007	**537,332**	**497,016**	**270,807**	**5,477,162**	**4,812,880**
Current assets					**5,434,358**	**4,769,431**
Non-current assets					**42,804**	**43,449**

	Parent company					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 361 days past due	Dec. 31, 2023	Dec. 31, 2022
Billed supply	19,163	9,850	11,255	23,858	64,126	43,877
Unbilled supply	353,097	-	-	-	353,097	271,709
CCEE (Power Trading Chamber)	11,973	27,789	-	-	39,762	12,881
(-) Provision for expected credit losses	-	(2,846)	(9,753)	(23,853)	(36,452)	(23,003)
	384,233	**34,793**	**1,502**	**5**	**420,533**	**305,464**
Current assets					**418,803**	**305,464**
Non-current assets					**1,730**	**-**

The Company and its subsidiaries' exposure to credit risk related to customers and traders is provided in Note 30.

a) Breakdown and changes in the provision for expected credit losses

The expected credit losses are considered to be sufficient to cover any potential losses in the realization of accounts receivable, and the breakdown by type of customers is as follows:

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Residential	322,275	272,406	3,214	3,214
Industrial	172,517	168,215	22,361	9,194
Commercial, services and others	236,849	202,739	7,105	6,823
Rural	39,975	32,741	1,671	1,671
Public authorities	27,421	27,567	946	946
Public lighting	2,326	833	921	921
Public services	27,372	32,580	234	234
Charges for use of the network (TUSD)	39,264	83,243	-	-
Total	**867,999**	**820,324**	**36,452**	**23,003**

	Consolidated	Parent company
Balance on December 31, 2021	**833,150**	**22,284**
Additions, net (Note 28)	239,300	719
Change in estimation criteria	(130,569)	-
Amounts written off	(121,557)	-
Balance on December 31, 2022	**820,324**	**23,003**
Additions, net (Note 28)	216,699	13,455
Amounts written off	(169,024)	(6)
Balance on December 31, 2023	**867,999**	**36,452**

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Accounting policy

Accounts receivable from customers, traders and power transport concession holders are initially recognized at the sales value of the energy supplied or the value of the gas supplied and are measured at amortized cost. These receivables are stated with the amount of sales tax included, net of the taxes withheld by the payers, which are recognized as recoverable taxes.

The Permitted Annual Revenue (RAP) remunerates the investment in transmission lines, services of enhancement and improvements, and operation and maintenance. Revenues from the transmission concession contracts are recognized as and when the corresponding performance obligations are satisfied, with a counterpart in contractual assets.

Only after satisfying the performance obligation to operate and maintain the infrastructure, the contract asset becomes classified as a financial asset (customers – traders – power transport), since nothing more than the passage of time is necessary for consideration to be received.

The revenues are recognized at the transaction price and the assets are subsequently measured at amortized cost, using the effective interest method, adjusted by impairment losses, when applicable, and recognizing the deferred taxes. As required by CPC 48/IFRS 9 - Financial Instruments, the financial asset carrying amount is analyzed and, when applicable, a loss allowance for expected credit losses is recognized.

Estimations and judgments

The adjustment for expected credit losses is recorded based on policies approved by Management and adhering to international accounting standards (IFRS 9 / CPC 48).

For captive customers, the Company adopts in its analysis a simplified approach, considering that the balances of its Accounts Receivable do not have significant financing components and estimates the expected loss considering the average history of non-collection over the total amount billed in each month, based on 24 months of billing, segregated by consumer class and projected for the next 12 months considering the age of maturity of the invoices, including those not yet due and unbilled.

The expected losses for overdue accounts of customers that renegotiated their debt is measured based on the maturity date of the original invoice, despite the new terms negotiated. Expected losses are fully recognized for accounts overdue for more than 24 months.

For unbilled securities, due and/or past due in less than 12 months, provisions for expected credit losses are measured, based on potential default events, or expected credit losses for the entire life of the financial instrument, if the credit risk has increased significantly since its initial recognition.

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We adopted a differentiated rule for the amounts to be received from billing of irregular debits, due to their representing greater difficulty in collection. The analysis is individualized; a level of solvency for the client is calculated internally and weighted in the measurement of the risk of loss.

In the case of estimating PEC and recognizing the default of large consumers, the study is judgmental (individualized analysis), taking into account: the history of the debt, existing guarantees, ongoing initiatives to collect the credits and, in some cases, the concept of credit bureaus.

For Cemig GT, the balance receivable is analyzed in its total, taking into account the debt history, ongoing negotiations and real guarantees, with an individual analysis of debtors and ongoing initiatives to receive credits.

9. RECOVERABLE TAXES

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current				
ICMS (VAT)	476,189	449,054	1,509	12
PIS/Pasep (a)	24,348	257,680	24	24
Cofins (a)	114,178	1,189,190	121	121
Others	20,149	20,777	930	930
	634,864	**1,916,701**	**2,584**	**1,087**
Non-current				
ICMS (VAT)	725,266	547,156	-	-
PIS/Pasep (a)	128,334	166,193	119,873	114,944
Cofins (a)	464,947	644,497	425,965	408,427
	1,318,547	**1,357,846**	**545,838**	**523,371**
Total	**1,953,411**	**3,274,547**	**548,422**	**524,458**

a) Pis/Pasep and Cofins taxes credits over ICMS

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

In August 2023, the Parent Company formalized a request to the Brazilian Federal Revenue Service to receive the credits by means of writs of payment.

After the STF's (*Superior Tribunal Federal means Federal Court)* decision on the modulation of effects, the subsidiary Gasmig recognized, in the second quarter of 2021, the amounts of PIS/Pasep and Cofins taxes credits on ICMS referring to the periods contemplated in the process that discusses the matter, in the amount of R$219,753.

As soon as the final judgment was handed down, Gasmig began the procedures to withdraw the judicial deposits and qualify the tax credit with the Federal Revenue Service. In February and April 2023, the Federal Revenue Service granted the requests for authorization of the PIS/Pasep and Cofins credits, respectively. Gasmig used them to offset federal taxes.

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Gasmig constituted a liability for the portion of the tax credits corresponding to the period of the last 10 years, to be returned to consumers, from January 2014 to January 2020, net of the PIS, Pasep and Cofins taxes applicable to the gain from monetary updating.

For more information about the amounts to be refunded by Cemig D and Gasmig to customers, see Note 20.

In 2023, tax credits of PIS, Pasep and Cofins taxes previously charged on amounts of ICMS tax were offset against federal taxes payable, in a total of R$1,335,071 (R$1,452,514 in 2022). Offsetting of tax credits is a transaction that does not involve cash, and thus is not reflected in the Statements of cash flow.

b) Other recoverable taxes

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

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

10. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

The income tax and social contribution balances refer to credits from previous years' tax returns, withholdings made in the current year and prepayments that will be offset against federal taxes payable to be determined at the end of the fiscal year or in subsequent periods.

The balances of current tax assets and liabilities relating to income tax and social contribution are presented net when the requirements of CPC 32/IAS 12 are met.

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Income tax	594,461	707,263	197,626	97,568
Social contribution tax	262,254	240,947	31,056	(1,818)
	856,715	**948,210**	**228,682**	**95,750**
Current	**411,376**	**775,492**	**-**	**-**
Non-current	**445,339**	**172,718**	**228,682**	**95,750**

b) Income tax and social contribution tax payable

The balances of income tax and social contribution tax recorded in current liabilities refer mainly to the taxes owed by the subsidiaries which report by the Real Income method and have opted to make monthly payments based on estimated revenue, and also by the

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subsidiaries that have opted for the Presumed Income method, in which payments are made quarterly.

	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Current		
Income tax	71,201	197,619
Social contribution tax	40,031	42,055
	111,232	**239,674**

c) Deferred income tax and social contribution tax

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

	Consolidated				
	Dec. 31, 2022	Income statement	Comprehensive income	Other	Dec. 31, 2023
Deferred tax assets					
Tax loss carryforwards	986,659	232,430	-	-	1,219,089
Provisions	602,084	121,026	-	-	723,110
Impairment on investments	56,398	532	-	-	56,930
Fair value of derivative financial instruments (PUT SAAG)	228,621	(228,621)	-	-	-
Provision related to the exclusion of ICMS from the PIS/Pasep and Cofins calculation basis (1)	598,380	(510,451)	-	-	87,929
Income sharing provision	29,824	18,036	-	-	47,860
Post-employment obligations	1,852,232	79,651	(119,419)	-	1,812,464
Estimated credit losses	318,982	6,968	-	-	325,950
Provision for onerous concession	11,579	264	-	-	11,843
Right of use (2)	116,544	9,778	-	-	126,322
Others	16,229	(10,110)	-	6,026	12,145
Total	**4,817,532**	**(280,497)**	**(119,419)**	**6,026**	**4,423,642**
Deferred tax liabilities					
Deemed cost	(155,882)	1,010	-	-	(154,872)
Fair value of assets acquired in business combination	(456,418)	17,086	-	-	(439,332)
Borrowing costs capitalized	(169,801)	(12,191)	-	-	(181,992)
Taxes on unredeemed income - presumed income	(263,041)	(70,785)	-	-	(333,826)
Adjustment to expectation of cash flow - Concession assets	(940,026)	9,421	-	-	(930,605)
Adjustment of contract assets	(209,599)	83,792	-	-	(125,807)
Adjustment to fair value: Swap - Loss	(274,036)	45,157	-	-	(228,879)
Lease liabilities (2)	(107,845)	(19,472)	-	-	(127,317)
Others	(53,597)	85,161	-	-	31,564
Total	**(2,630,245)**	**139,179**	**-**	**-**	**(2,491,066)**
Total, net	**2,187,287**	**(141,318)**	**(119,419)**	**6,026**	**1,932,576**
Total Assets shown in the Statements of Financial Position	**3,119,522**	**-**	**-**	**-**	**3,044,738**
Total Liabilities shown in the Statements of Financial Position	**(932,235)**	**-**	**-**	**-**	**(1,112,162)**

(1) In 2022, a provision was recorded as a result of Law 14385/22, which specifies that 100% of the amounts arising from tax charged in excess (as defined by the court ruling that PIS, Pasep and Cofins taxes could not be charged on amounts of ICMS tax included within electricity bills) should be reimbursed to consumers. The amount refers to the period as from the 11th year, i.e. as from the date of the final judgment subject to no further appeal, net of the portion included in the 2022 and 2023 Annual Tariff Adjustment.

(2) The reason why these deferred tax assets and liabilities are presented separately is due to the change made in CPC 32/IAS 12. There was no impact on the Company's profit: the effect of the change is related only to reporting. For comparability purposes, the change was reflected in the 2022 business year, based on the same criteria. For more details, please see Note 3.8.

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	Parent Company				
	Dec. 31, 2022	Income statement	Comprehensive income	Other	Dec. 31, 2023
Deferred tax assets					
Tax loss carryforwards	767,103	124,763	-	-	891,866
Provisions	94,790	2,930	-	-	97,720
Provision related to the exclusion of ICMS from the PIS/Pasep and Cofins calculation basis (1)	588	-	-	-	588
Income sharing provision	2,118	1,450	-	-	3,568
Post-employment obligations	223,779	19,029	(11,880)	-	230,928
Estimated credit losses	8,405	4,573	-	-	12,978
Right of use (2)	825	1	-	-	826
Others	-	116	-	(2)	114
Total	**1,097,608**	**152,862**	**(11,880)**	**(2)**	**1,238,588**
Deferred tax liabilities					
Fair value of assets acquired in business combination	(101,727)	3,265	-	-	(98,462)
Lease liabilities (2)	(732)	21	-	-	(711)
Total	**(102,459)**	**3,286**	**-**	**-**	**(99,173)**
Total, net	**995,149**	**156,148**	**(11,880)**	**(2)**	**1,139,415**
Total Assets shown in the Statements of Financial Position	**995,149**	**-**	**-**	**-**	**1,139,415**

(1) In 2022, a provision was recorded as a result of Law 14385/22, which specifies that 100% of the amounts arising from tax charged in excess (as defined by the court ruling that PIS, Pasep and Cofins taxes could not be charged on amounts of ICMS tax included within electricity bills) should be reimbursed to consumers. The amount refers to the period as from the 11th year, i.e. as from the date of the final judgment subject to no further appeal, net of the portion included in the 2022 and 2023 Annual Tariff Adjustment.

(2) The reason why these deferred tax assets and liabilities are presented separately is due to the change made in CPC 32/IAS 12. There was no impact on the Company's profit: the effect of the change is related only to reporting. For comparability purposes, the change was reflected in the 2022 business year, based on the same criteria. For more details, please see Note 3.8.

Based on the estimative from the Company and its subsidiaries, it is probable that future taxable income will be available against which the unused tax losses and unused tax credits can be utilized and the Company estimated that the balance of deferred tax asset as of December 31, 2023 will be recovered, as follows:

	Consolidated	Parent company
2024	825,612	120,919
2025	672,957	239,679
2026	490,232	98,476
2027	476,634	84,878
2028	571,881	180,126
2029 to 2031	866,423	343,334
2032 to 2033	519,903	171,176
	4,423,642	**1,238,588**

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

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

	Consolidated		Parent company	
	2023	2022	2023	2022
Income before income tax and social contribution tax	**6,851,160**	**4,120,556**	**5,608,125**	**3,863,675**
Income tax and social contribution tax - nominal expense (34%)	(2,329,394)	(1,400,989)	(1,906,763)	(1,313,650)
Tax effects applicable to:				
Gain in subsidiaries by equity method (net of effects of Interest on Equity)	93,186	181,758	1,165,592	883,472
Tax incentives	88,957	61,953	-	-
Difference between Presumed Income and Real Income	91,744	96,549	-	-
Non-deductible penalties	(95,285)	(44,586)	(6)	46
Interest on equity declared	950,245	721,792	881,096	674,441
Estimated losses on doubtful accounts receivable from related parties	290	233,931	290	-
Disposal of goodwill	-	108,416	-	-
Selic rate on tax overpayments (1)	100,506	-	17,800	-
Others	15,426	14,987	(1,861)	(15,671)
Income tax and Social Contribution - effective gain (expense)	**(1,084,325)**	**(26,189)**	**156,148**	**228,638**
Current tax	**(943,007)**	**(950,490)**	-	-
Deferred tax	**(141,318)**	**924,301**	**156,148**	**228,638**
	(1,084,325)	**(26,189)**	**156,148**	**228,638**
Effective rate	**15.83%**	**0.64%**	**(2.78)%**	**(5.92)%**

(1) This corresponds to the monetary updating on differences between credits of PIS, Pasep and Cofins taxes on ICMS tax amounts that the company has stated separately in customer tax invoices and the amounts paid. In the 2022 financial year the balance of this update was taxed, but with the favorable judgment by the Federal Supreme Court (STF), the balance became excluded in the calculation for 2023.

Accounting policy

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

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

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

Current

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

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

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Deferred

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

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with, in line with CPC 07 (R1)/ IAS 20.

The subsidiaries Cemig D e GT have ventures in an area incentivized by SUDENE area, which result in the recognition of its right to a 75% reduction in income tax. Such tax incentives, in the form of exemption or reduction of income tax, comply with the concept of government grants and are recognized as income on a systematic basis over the periods that the related income tax expense for which it is intended to compensate, is recorded.

Given the legal restriction on the distribution of net income corresponding to the tax incentive, the Company maintains the amount related to the incentive granted in the tax incentive reserve. For more details, see note nº26.

Estimations and judgments

Deferred taxes

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

- When the deferred tax asset or liability arises from recognition of goodwill or of an asset or liability in a transaction which is not a business combination and, on the date of the transaction, does not affect the accounting profit or the profit or loss for tax purposes, except when the transaction gives rise to temporary differences that are both taxable and deductible, in which the entity must recognize a deferred tax asset or liability and must recognize the resulting deferred tax expense or revenue in the income statement;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are

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recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

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

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

Uncertainties on the treatment of taxes on profit

There are certain matters regarding treatment of taxes on profit about which the Company has uncertainties. The uncertainties about the treatment of taxes on profit represent the risks that the tax authority may not accept a given tax treatment applied by the Company. The Company estimates the probability of the tax authority accepting the uncertain tax treatment based on technical assessments of its legal advisors.

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11. ESCROW DEPOSITS

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Labor claims	**225,602**	**259,294**	**30,238**	**30,806**
Tax contingencies				
Income tax on Interest on Equity	32,897	31,297	371	337
PIS/Pasep and Cofins taxes (1)	75,889	70,453	-	-
Donations and legacy tax (ITCD)	63,822	59,591	62,750	58,574
Urban property tax (IPTU)	105,565	95,831	73,946	67,011
Finsocial tax	45,965	43,633	45,965	43,633
Income and Social Contr. Tax on indemnity for employees' 'Anuênio' benefit (2)	319,479	305,427	15,336	14,668
Income tax withheld at source on inflationary income	9,346	9,058	9,346	9,058
Income tax and contribution tax effective rate (3)	143,351	105,850	561	313
Others (4)	114,604	122,730	68,386	65,395
	910,918	**843,870**	**276,661**	**258,989**
Others				
Regulatory	49,927	45,642	10,270	9,311
Third party	12,416	9,156	2,758	3,202
Customer relations	5,149	7,890	368	971
Court embargo	27,119	19,991	3,207	3,310
Others	11,881	20,752	1,611	3,736
	106,492	**103,431**	**18,214**	**20,530**
Total	**1,243,012**	**1,206,595**	**325,113**	**310,325**

(1) This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied.
(2) See more details in Note 25 - Provisions under the section relating to the 'Anuênio indemnity'.
(3) Court escrow deposit in the proceedings challenging charging of corporate income tax and the Social Contribution tax on payments of Interest on Equityand application of the Social Contribution tax to cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with enforceability suspended.
(4) Includes escrow deposits from legal actions related to INSS and PIS/Pasep and Cofins taxes

12. REIMBURSEMENT OF TARIFF SUBSIDIES

The Company recognizes as revenue from tariff subsidies the amounts applying to (i) the tariffs paid by users of public electricity distribution service provided from incentive-bearing sources; (ii) rural supply; (iii) nocturnal irrigation; (iv) generation by incentive-bearing sources; and (v) public service. These amounts are reimbursed by transfers of funds from the Energy Development Account (Conta de Desenvolvimento Energético – CDE). Also reimbursed from the CDE are: (i) subsidies for low-income users; (ii) the subsidy related to the Electricity Compensation System (SCEE), which Aneel released for application in the Tariff Review of 2023 for compensation of distributed generation; and (iii) the allowance for the amounts contributed by Eletrobras or its subsidiaries under CNPE Resolution No. 15/2021, passed on to holders of electricity distribution concessions and permissions.

In the 2023 business year, (i) the total appropriated as revenue from subsidies reimbursed via the CDE was R$1,564,705 (R$1,689,264 in 2022); and (ii) the other subsidies – which include the 'Flag Tariffs', and the Program to Incentivize Voluntary Reduction of Electricity Consumption – totaled R$77.984 (R$284,423 in 2022).

Of this amount, the Company has a receivable of R$196,174 (R$159,426 on December 31, 2022), recognized in current assets under "Other assets", of which R$187,066 from Cemig D and R$9,108 from Cemig GT.

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13. CONCESSION FINANCIAL AND SECTOR ASSETS AND LIABILITIES

Consolidated	Dec. 31, 2023	Dec. 31, 2022
Concession financial assets		
Energy distribution concessions	1,881,509	1,369,652
Gas distribution concessions	38,559	36,945
Indemnifiable receivable - Generation (13.1)	784,055	691,460
Concession grant fee - Generation concessions (13.2)	3,031,036	2,950,418
	5,735,159	**5,048,475**
Sector financial assets		
Amounts receivable from Parcel A (CVA) and Other Financial Components (13.3)	805,571	944,090
Total	**6,540,730**	**5,992,565**
Current assets	**814,378**	**1,055,378**
Non-current assets	**5,726,352**	**4,937,187**

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

	Distribution	Generation	Gas	Consolidated
Balance on December 31, 2021	**683,729**	**3,608,403**	**34,386**	**4,326,518**
Transfers of contract assets	670,104	-	-	670,104
Transfers to intangible assets	(22,581)	-	378	(22,203)
Additions	-	-	323	323
Monetary updating	39,369	513,885	1,858	555,112
Fair Value Adjustments (1)	-	(171,770)	-	(171,770)
Disposals	(969)	-	-	(969)
Amounts received	-	(308,640)	-	(308,640)
Balance on December 31, 2022	**1,369,652**	**3,641,878**	**36,945**	**5,048,475**
Additions	-	-	122	**122**
Transfers of contract assets	363,838	-	-	**363,838**
Monetary updating	149,238	504,317	1,492	**655,047**
Amortization	(1,219)	-	-	**(1,219)**
Amounts received	-	(331,104)	-	**(331,104)**
Balance on December 31, 2023	**1,881,509**	**3,815,091**	**38,559**	**5,735,159**

(1) With the conclusion of the Valuation Report, the Company adjusted the fair value of the financial asset in the amount of R$171,770 in June 2022, corresponding to the difference between the amounts originally estimated by the Company.

13.1 Distribution - Financial assets

The energy and gas distribution concession contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investments made in infrastructure that will be paid by grantor at the end of the concession period. The financial assets are measured at fair value through income or loss, in accordance with regulation of the energy segment and concession contracts executed by Cemig and its subsidiaries and the granting authorities.

13.2 Generation - Indemnity receivable

Various concession contracts for various plants operated under Concession Contract 007/1997 began to expire as from August 2013. Upon expiration of the concession contract, the Company has a right to receive an amount corresponding to the residual value of the assets not yet amortized, as specified in the concession contract. The accounting balances corresponding to these assets 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 1,027, establishing the general methodology and criteria for calculation - to be based on New

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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.

With the conclusion of the appraisal report, the Company made an adjustment to the fair value of the financial asset in the amount of R$171,770 in June 2022, corresponding to the difference between the amounts originally estimated by the Company.

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 December 31, 2023
Lot D					
UHE Três Marias	July 2015	396.00	179,083	23,981	203,064
UHE Salto Grande	July 2015	102.00	91,874	12,303	104,177
UHE Itutinga	July 2015	52.00	10,825	1,450	12,275
UHE Camargos	July 2015	46.00	21,042	2,818	23,860
PCH Piau	July 2015	18.01	4,695	629	5,324
PCH Gafanhoto	July 2015	14.00	5,630	754	6,384
PCH Peti	July 2015	9.40	6,498	870	7,368
PCH Dona Rita	Sep. 2013	2.41	1,683	226	1,909
PCH Tronqueiras	July 2015	8.50	9,063	1,089	10,152
PCH Joasal	July 2015	8.40	6,727	900	7,627
PCH Martins	July 2015	7.70	4,776	639	5,415
PCH Cajuru	July 2015	7.20	20,238	2,711	22,949
PCH Paciência	July 2015	4.08	4,449	595	5,044
PCH Marmelos	July 2015	4.00	2,585	346	2,931
Others					
UHE Volta Grande	Feb. 2017	380.00	387	52	439
UHE Miranda	Dec. 2016	408.00	97,493	13,055	110,548
UHE Jaguara	Aug. 2013	424.00	147,788	19,916	167,704
UHE São Simão	Jan. 2015	1,710.00	76,624	10,261	86,885
		3,601.70	**691,460**	**92,595**	**784,055**

(1) Data not audited by external auditors.

The remaining balance of R$784,055 represents management's best estimate for the right to receive cash from the regulator related to the generation entities, based on the evaluation criteria set by regulator (Aneel).

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 of 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.

13.3 Concession grant fee - Generation concessions

The concession grant fee paid by the Company for a 30-year concession contracts Nº. 08 to 16/2016, related to 18 hydroelectric plants of Auction 12/2015, won by Cemig GT, 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 Cemig GT has an unconditional right to receive the

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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	Interest	Amounts received	Dec. 31, 2023
Cemig Geração e Transmissão S.A. (1)	Três Marias	1,671,517	221,716	(177,902)	1,715,331
Cemig Geração e Transmissão S.A. (1)	Salto Grande	524,779	69,920	(56,105)	538,594
Cemig Geração Itutinga S.A.	Itutinga	197,984	29,632	(23,853)	203,763
Cemig Geração Camargos S.A.	Camargos	148,407	22,066	(17,757)	152,716
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência e Piau	194,694	30,932	(24,982)	200,644
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras	133,014	23,303	(18,972)	137,345
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto e Martins	80,023	14,153	(11,533)	82,643
Total		**2,950,418**	**411,722**	**(331,104)**	**3,031,036**

(1) On May 31, 2023, the wholly-owned subsidiaries Cemig Geração Três Marias S.A. and Cemig Geração Salto Grande S.A. were absorbed by the Cemig GT.

SPC	Plants	12/31/2021	Interest	Amounts received	Dec. 31, 2022
Cemig Geração Três Marias S.A.	Três Marias	1,583,720	253,628	(165,831)	1,671,517
Cemig Geração Salto Grande S.A.	Salto Grande	497,154	79,921	(52,296)	524,779
Cemig Geração Itutinga S.A.	Itutinga	187,004	33,214	(22,234)	197,984
Cemig Geração Camargos S.A.	Camargos	140,201	24,759	(16,553)	148,407
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência e Piau	183,635	34,349	(23,290)	194,694
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade e Tronqueiras	125,187	25,512	(17,685)	133,014
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto e Martins	75,300	15,474	(10,751)	80,023
Total		**2,792,201**	**466,857**	**(308,640)**	**2,950,418**

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

Sector financial assets and liabilities refer to the differences between: (i) the non-manageable costs expected by Aneel and recognized in the tariff at the beginning of the tariff period, and (ii) the non-manageable costs actually incurred over the period of validity of the tariff. These differences constitute a right, when the costs actually incurred are higher than the costs forecast in the tariff calculation; and a liability when the costs incurred are lower than the expected costs. The variations found are inflation-adjusted, based on the Selic rate, and compensated in the subsequent tariff adjustments.

The amendment to the concession contract guarantees the compensation of the remaining balances (assets or liabilities) arising from any insufficiency of receipts or reimbursement by the tariff due to the termination of the concession for any reason.

The balance of these sector financial assets and liabilities, which are presented at net value, in assets or liabilities, in accordance with the tariff adjustments that have been authorized or are to be ratified, are as follows.

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Sectoral financial assets	Dec. 31, 2022	Additions	Amortization	Remuneration	Transfer (2)	Dec. 31, 2023	Amortization	Constitution	Current	Non-current
Active CVA	**(344,768)**	**1,597,476**	**(2,527,525)**	**259,544**	**331,434**	**(683,839)**	**(434,529)**	**(249,310)**	**(582,250)**	**(101,589)**
Energy aquisition (CVA energy)	(1,787,316)	1,212,934	(1,222,604)	160,984	527,782	(1,108,220)	(442,509)	(665,711)	(836,600)	(271,620)
Itaipu energy costs	594,261	(40,412)	(455,193)	43,857	(113,674)	28,839	142,514	(113,675)	75,256	(46,417)
Program of Incentives for Alternative Electricity Sources – PROINFA	31,112	-	(41,958)	834	(9,726)	(19,738)	(18,760)	(978)	(19,339)	(399)
Transport basic charges	215,794	388,095	(265,240)	39,212	35,107	412,968	113,569	299,399	290,713	122,255
Transport of Itaipu supply	17,966	60,670	(20,434)	4,078	4,807	67,087	13,829	53,258	45,340	21,747
System service charges – ESS	582,526	(23,811)	(379,605)	7,346	(248,465)	(62,009)	(242,331)	180,322	(135,640)	73,631
CDE	889	-	(142,491)	3,233	135,603	(2,766)	(841)	(1,925)	(1,980)	(786)
Other sectoral financial assets	**1,288,858**	**1,254,556**	**(1,388,410)**	**204,857**	**129,549**	**1,489,410**	**523,142**	**966,268**	**1,076,184**	**413,226**
Quotas from nuclear energy	105,120	102,784	(85,832)	16,212	-	138,284	50,905	87,379	102,604	35,680
Neutrality of Parcel A	203,307	168,444	(50,991)	5,017	60,504	386,281	(28,614)	414,895	362,900	23,381
Energy overcontracting (1)	749,583	643,203	(528,852)	57,966	-	921,900	348,740	573,160	687,860	234,040
Tariff refunds	(70,690)	-	-	-	(17,046)	(87,736)	(25,065)	(62,671)	(66,960)	(20,776)
Other	301,538	340,125	(722,735)	125,662	86,091	130,681	177,176	(46,495)	(10,220)	140,901
Total sectorial financial assets	**944,090**	**2,852,032**	**(3,915,935)**	**464,401**	**460,983**	**805,571**	**88,613**	**716,958**	**493,934**	**311,637**
Sectoral financial liabilities										
Passive CVA	**-**	**(1,706,410)**	**2,379,230**	**(341,386)**	**(331,434)**	**-**	**-**	**-**	**-**	**-**
Energy aquisition (CVA energy)	-	(1,178,579)	1,940,513	(234,152)	(527,782)	-	-	-	-	-
Itaipu energy costs	-	(109,148)	-	(4,526)	113,674	-	-	-	-	-
Program of Incentives for Alternative Electricity Sources – PROINFA	-	(31,319)	25,259	(3,666)	9,726	-	-	-	-	-
Transport basic charges		-	35,107	-	(35,107)	-	-	-	-	-
Transport of Itaipu supply		-	4,590	217	(4,807)	-	-	-	-	-
System service charges – ESS		(506,581)	370,804	(112,688)	248,465	-	-	-	-	-
CDE	-	119,217	2,957	13,429	(135,603)	-	-	-	-	-
Other sectoral financial liabilities	**-**	**(729,464)**	**907,509**	**(46,946)**	**(131,099)**	**-**	**-**	**-**	**-**	**-**
Neutrality of Parcel A	-	(58,381)	123,734	(4,849)	(60,504)	-	-	-	-	-
Tariff refunds	-	(87,869)	73,113	(2,290)	17,046	-	-	-	-	-
Other	-	(583,214)	710,662	(39,807)	(87,641)	-	-	-	-	-
Total sectoral financial liabilities	**-**	**(2,435,874)**	**3,286,739**	**(388,332)**	**(462,533)**	**-**	**-**	**-**	**-**	**-**
Total sectoral financial assets and liabilities (net)	**944,090**	**416,158**	**(629,196)**	**76,069**	**(1,550)**	**805,571**	**88,613**	**716,958**	**493,934**	**311,637**

(1) The gain from the sale of surplus energy on the short-term market in 2017 and 2018, provisionally passed on to consumers by ANEEL in the 2018 and 2019 tariff adjustments, was recovered by the company in the 2021 (partial) and 2023 tariff adjustments, both relating to over-contracting in 2017. This effect was possible due to the publication of ANEEL Order No. 2,168 of 2022, recognizing the entirety of the 2017 overcontracting as voluntary. In relation to the overcontracting of 2018, in the amount of R$30,024, ANEEL order No. 4,395 was published on November 10, 2023, guaranteeing recovery in the next tariff readjustment. With regard to the amount constituted in the period, there is a high volume of surplus energy, observed in the market in general, settled in the Short-Term Market at a low PLD. These energy surpluses are mainly due to the growing increase in the energy injected by MMGD installations.

(2) In addition to the transfers between sectoral financial assets and liabilities, there was a transfer of R$1,550 to the "Other assets" group.

Accounting policy

Energy Distribution and Gas segment

The portion of the infrastructure to be amortized during the concession period is recorded as an intangible asset, as provided for in ICPC 01 (R1) / IFRIC 12 - Concession contracts, and subsequently measured at cost less amortization.

The portion of the value of the assets which will not be fully amortized by the end of the concession is reported as a financial asset because it is an unconditional right to receive cash or another financial asset directly from the grantor.

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

As established in the amendment to the concession contract, there is a guarantee that in the event of termination of the concession contract, for any reason, the remaining balances

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(assets and liabilities) of any shortfall in payment or reimbursement through the tariff must also be paid by the grantor. The balances on (i) the CVA (*Compensation for Variation of Parcel A items*) Account, (ii) the account for Neutrality of Sector Charges and (iii) *Other financial components* in the tariff calculation, refer to the positive and negative differences between the estimate of the Company's non-manageable costs and the payments actually made. The variations are subject to adjustment using the Selic rate and considered in the subsequent tariff adjustments.

Transmission segment

Only after the satisfaction of the performance obligation to operate and maintain the infrastructure, the contract asset is classified as a financial asset (accounts receivable - concessionaires - energy transport), considering that the receipt of the consideration only depends on the passage of time.

Financial portion of the transmission concession contracts renewed in accordance with Law 12,783/2013

Corresponding to the financial portion of remuneration for the assets related to the Existing Basic System Network (RBSE), that represents the amount payable from the date of the extension of the concessions until it was incorporated into the tariff (January 1, 2013 until June 30, 2017), to be collected over a period of eight years.

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

Additional information on the accounting policies relating to assets linked to the transmission activity is described in note 14.

Generation segment

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

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

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The asset is amortized by the straight-line method for the new remaining period of the concession. For more details see Note 17.

Estimations and judgments

The electricity distribution activity

The amortization rates reflect the expected pattern of their consumption and are measured based on the asset carrying amount using the straight-line method, using the rates based on the expected useful life of the energy distribution assets, that are used by the Regulator during the tariff process.

The part of the value of the assets that will not be completely amortized by the end of the concession agreement period is reported as a Financial asset, since it is an unconditional right to receive cash or other financial asset directly from the concession-granting power. This component is valued on the basis of New replacement cost, which is equivalent to fair value – having as a reference the amounts approved by Aneel for the remuneration base of assets in tariff review processes. The amounts added after the Periodic Tariff Review process are estimated, and may be altered, for purposes of decision on compensation payable at the end of the concession.

The calculations made are in line with the regulations in force. If the concession is terminated, for any reason, the remaining balances of these assets or liabilities that have not been passed through to the tariff are to be included in the basis for compensation at the end of the concession.

The gas distribution activity

The amortization reflects the pattern of consumption of the rights acquired. It is calculated on the balance of the assets linked to the concession, by the straight-line method, based on the application of rates which take into account the expected useful life of the gas distribution assets, which are taken into consideration by the regulator during the process of tariff review.

The part of the value of the assets that will not be completely amortized by the end of the concession period is reported as a Financial asset, because it is an unconditional right to receive cash or other financial asset directly from the concession-granting power, or a party appointed by it. This portion is valued based on its fair value corresponding to its cost of acquisition updated by the Expanded National Consumer Price Index (IPCA), as determined by the concession contract.

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14. CONCESSION CONTRACT ASSETS

	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Distribution - Infrastructure assets under construction	3,430,870	1,849,853
Gas - Infrastructure assets under construction	337,842	116,982
Transmission - National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13	1,722,829	1,927,040
Transmission - Assets remunerated by tariff	3,034,122	2,810,949
Total	**8,525,663**	**6,704,824**
Current	**850,071**	**728,404**
Non-current	**7,675,592**	**5,976,420**

Changes in concession contract assets are as follows:

	Transmission	Distribution	Gas	Consolidated
Balance on December 31, 2021	**4,358,219**	**1,926,652**	**95,137**	**6,380,008**
Additions	407,193	3,097,578	61,398	3,566,169
Monetary updating	575,449	-	-	575,449
Amounts received	(607,528)	-	-	(607,528)
Disposals	-	-	(3,235)	(3,235)
Other additions	4,656	-	-	4,656
Transfers of contract assets	-	(761,711)	-	(761,711)
Transfers to intangible assets	-	(2,412,071)	(36,318)	(2,448,389)
Adjustment of assets in progress (1)	-	(595)	-	(595)
Balance on December 31, 2022	**4,737,989**	**1,849,853**	**116,982**	**6,704,824**
Additions	241,482	3,478,216	270,159	3,989,857
Monetary updating	523,772	-	-	523,772
Amounts received	(746,536)	-	-	(746,536)
Other additions	244	-	-	244
Transfers of contract assets	-	(363,838)	-	(363,838)
Transfers to intangible assets	-	(1,540,861)	(49,299)	(1,590,160)
Adjustment of assets in progress (1)	-	7,500	-	7,500
Balance on December 31, 2023	**4,756,951**	**3,430,870**	**337,842**	**8,525,663**

(1) This refers to the reversal of provisions recorded in previous years for losses recorded on assets in progress (canceled work). The reversal was necessary because some of the work was resumed and completed.

The amount of additions in 2023 includes R$69,839 (R$46,553 in 2022) borrowing costs, as presented in note 21. The average rate to determine the amount of borrowing costs was 11.75%. The nature of the additions to contract and intangible assets is shown in note 28b.

The Company has not identified any evidence of impairment of the others contract assets.

The capitalization of financial charges is a non-cash transaction, and therefore is not reflected in the Cash Flow Statements.

Energy and gas distribution activities

The assets of concession infrastructure of energy and gas distribution still under construction are recognized initially as contract assets, measured at amortized cost, including capitalized borrowing costs. When the asset starts operations, the construction performance obligation is concluded and the assets are split into financial assets and intangible assets.

The transmission activity

For transmission concessions, the consideration to be paid to the Company arises from the concession contracts, as follows:

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	Dec. 31, 2023	Dec. 31, 2022
Current		
Concession contract - 004/05 (d)	27,778	28,879
Concession contract - 079/00 (b)	45,220	46,685
Concession contract - 006/11 (c)	8,701	8,371
Concession contract - 006/97 (a)		
National Grid ('BNES' - Basic Network of the Existing System)	466,239	408,395
National Grid - new facilities (RBNI)	302,134	236,073
	850,072	**728,403**
Non-current		
Concession contract - 004/05 (d)	74,053	81,399
Concession contract - 079/00 (b)	117,573	142,513
Concession contract - 006/11 (c)	100,200	85,391
Concession contract - 006/97 (a)		
National Grid ('BNES' - Basic Network of the Existing System)	1,256,590	1,518,645
National Grid - new facilities (RBNI)	2,358,462	2,181,638
	3,906,878	**4,009,586**
	4,756,950	**4,737,989**

a) Concession contract nº. 006/1997

The contract regulates the public service of commercial operation of transmission facilities that are classified as parts of the National Grid, pursuant to Law 9,074/1995 and to the regulation applicable. This contract was extended until December 31, 2042, under the terms of Law 12,783/2013, the amounts of which were determined in Administrative Rule 120/2016. These assets are called the Basic Network of the Existing System (RBSE) and are segregated from the Company's other assets, and their cash flow is made up of the portion relating to the cost of capital (financial component) and the portion relating to the remuneration base (economic component).

The changes implemented in these facilities are treated as Basic Network New Facilities (BNE). Its cash flow refers to the return on investments in reinforcements and improvements to the transmission infrastructure, and is discounted to present value and, where applicable, includes the portion of investments made and not amortised by the end of the concession term.

Aneel Dispatch 402/2023 postponed to 2024 the Periodic Tariff Review (Revisão Tarifária Periódica – RTP) of the Permitted Annual Revenue (Receita Anual Permitida – RAP) of the transmission concessions that had been extended under Law 12,783/2013. Thus, for 2023 there was the ordinary process of annual readjustment of transmission revenue, established by Ratifying Resolution (Resolução Homologatória) No. 3,216 of 4 July 2023. The financial impact of the new RAPs had no material impact on the calculation of contract assets, since there were no significant changes to the assumptions used.

On December 5, 2023, Aneel approved Order No. 4,675, recognizing administrative appeals filed against ReN No. 3,216/2023, which led to changes in the RAP result for the 2023-2024 cycle, the effects of which will be reflected in the 2024-2025 cycle. The effects of the claims that were accepted, in full or in part, represent an increase of 1.16% in the RAPs approved in ReH No. 3,216/2023 (from R$1,084,670 to R$1,097,264) and a reduction in the Adjustment Portion (PA) of 35.5% (from R$39,303 to R$25,350). The effects of the changes are being analyzed and no material impacts are expected, considering that there were no significant changes in the assumptions used.

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National Grid Assets- ‘BNES’ - the regulatory cost of capital updating

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

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

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

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

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

Aneel Order No. 402, of February 14, 2023, postponed to 2024 the RTP of the RAP of the transmission concessions extended under Law No. 12.783/2013. ReN No. 3,216/2023 established the annual revenues, which were subsequently modified by Order No. 4,675 of December 5, 2023. These regulations had no impact on this financial component.

b) Concession contract nº. 079/2000

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

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

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The next Periodic Tariff Revision (RTP) of the enhancements that have been approved will take place in June 2024 and be in effect from July 1st, 2024.

ReN 3,216/2023 established the annual revenues in an ordinary process of adjustment of transmission revenues. Dispatch 4,675/2023 recognized some administrative appeals filed against ReN 3,216/2023, which caused changes in the RAP of the 2023-2024 cycle, the effects of which will be reflected in the 2024-2025 RAP cycle. The financial consequences of the new RAP did not cause impacts on the calculation of Contractual assets, since there were no significant changes in the assumptions adopted.

c) Concession contract nº. 006/2011

The contract regulates commercial operation of public transmission service, comprising construction, maintenance and operation of the Sete Lagoas 4 substation, in effect until June 15, 2041.

The indexer used for adjustment of the contract is the Expanded National Consumer Price (‘*Índice de Preços ao Consumidor Amplo’* - IPCA).

d) Concession contract nº. 004/2005

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

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

ReN 3,216/2023 established the annual revenues in an ordinary process of adjustment of transmission revenues. Dispatch 4,675/2023 recognized some administrative appeals filed against ReN 3,216/2023, which caused changes in the RAP of the 2023-2024 cycle, the effects of which will be reflected in the 2024-2025 RAP cycle. The financial consequences of the new RAP did not cause impacts on the calculation of Contractual assets, since there were no significant changes in the assumptions adopted.

Accounting policy

Energy Distribution segment

Assets linked to concession infrastructure still under construction are initially recorded as contract assets, considering the right of the Company to charge for the services provided to customers or receive an indemnity at the end of the concession period for assets not yet

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amortized. In accordance with CPC 47 / IFRS 15, the counterpart amounts of construction revenues equivalent to the new assets are initially recorded as contract assets, measured at acquisition cost in including capitalized borrowing costs.

After the assets start operation, the conclusion of the performance obligation linked to construction is recorded, and the assets are split between financial assets and intangible assets. Assets amortized over the term of the concession are classified as intangible assets. The portion of the assets not amortized within the concession period, which will be subject to compensation at the end of the concession, is classified as a financial asset.

Transmission segment

During the term of the concession, the company receives the Annual Permitted Revenue (RAP), which remunerates the investment made in the transmission lines, as well as the improvement, operation and maintenance services. The Company's revenue is recognized as the corresponding performance obligations are met, namely: (i) availability and construction and (ii) operation and maintenance. The amounts are recognized in the Company's income statement, against the contract asset. Subsequently, when the credit notice is issued by the ONS, the RAP is invoiced and the balances are transferred from Contract Assets to Consumer Receivables.

When construction of transmission infrastructure is concluded the assets related to the transmission infrastructure remains classified as contract assets, considering the dependence on the satisfaction of a performance obligations during the concession period, represented by the network availability. The contract assets is reclassified as a financial assets only after satisfaction of the performance obligation to operate and maintain infrastructure, since from that point nothing more than the passage of time is necessary for the consideration to be received.

The costs related to the infrastructure construction are recognized as incurred in the statement of income.

Additional information about the accounting practices related to the assets related to the transmission segment are described in note 14.

Gas distribution segment

New assets are classified initially as contract assets, valued at acquisition cost, including capitalized borrowing costs. When they start operation, they are split into financial assets and intangible assets.

The Company's accounting policy in relation to impairment for the contract assets of all segments can be found in note 3.6.

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Estimations and judgments

Transmission segment

Construction and improvement revenues are recognized according to the stage of completion of the work, based on the costs actually incurred, plus the construction margin. The margin allocated to the infrastructure construction performance obligation is defined based on management's best estimates and expectations of the profitability of the projects implemented by the Company.

When the tariff changes during the periodic tariff reviews, the contract asset is remeasured, bringing future RAPs to present value at the implicit rate originally identified, comparing the result found with the balance recorded, in order to recognize the gain or loss in profit or loss.

The portion of the assets that is not recorded in financial assets is valued based on the New Replacement Value, equivalent to fair value, having as a reference the amounts homologated for the Remuneration Base of Assets in the processes of tariff review. The book value of assets substituted is written down, with counterpart in the Income and loss account, and taken into consideration by the regulator in the next tariff review cycle.

The discount rate related to the financial component of the concession contract asset represents the Company's best estimate for the financial remuneration of the investments in the transmission infrastructure, which represents the approximate percentage of what would be the cash price to be charged for the infrastructure built or improved by the concessionaire in a sale transaction. The implicit rate for pricing the financial component of the concession contract asset is established at the beginning of the investments and considers the credit risk of the counterparties.

15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investees	Control	Consolidated		Parent company	
		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Cemig Geração e Transmissão	Subsidiary	-	-	10,118,133	8,966,797
Guanhães Energia S.A. ("Guanhães Energia")	Jointly controlled	221,725	182,579		
Hidrelétrica Cachoeirão S.A. ("Hidrelétrica Cachoeirão")	Jointly controlled	46,816	47,096	-	-
Hidrelétrica Pipoca S.A. ("Hidrelétrica Pipoca")	Jointly controlled	47,529	46,744	-	-
Madeira Energia ("MESA") (3)	Affiliated	-	9,500	-	-
Fundo de Investimento em Participações Melbourne Multiestratégia ("FIP Melbourne") (3)	Affiliated	-	7,760	-	-
Retiro Baixo Energética S.A. ("Retiro Baixo") (4)	Jointly controlled	-	185,495	-	-
Aliança Norte Participações S.A. ("Aliança Norte") (2)	Jointly controlled	536,268	575,745	-	-
Baguari Energia S.A. ("Baguari Energia") (4)	Jointly controlled	-	160,324	-	-
Aliança Geração de Energia S.A. ("Aliança Geração")	Jointly controlled	1,171,595	1,193,841	-	-
Amazônia Energia Participações S.A. ("Amazônia Energia") (2)	Jointly controlled	818,929	885,529	-	-
Paracambi Energética S.A. ("Paracambi")	Jointly controlled	111,961	134,425	-	-
Cemig Distribuição	Subsidiary	-	-	8,883,227	7,105,260
Transmissora Aliança de Energia Elétrica S.A. ("Taesa")	Jointly controlled	1,565,369	1,548,695	1,565,369	1,548,695
Gasmig	Subsidiary	-	-	1,748,575	1,749,549
Cemig Sim	Subsidiary	-	-	419,103	198,880
UFVs (1)	Jointly controlled	111,528	127,991	-	-
Sete Lagoas Transmissora de Energia S.A. ("Sete Lagoas")	Subsidiary	-	-	76,158	68,263
Total investiment		**4,631,720**	**5,105,724**	**22,810,565**	**19,637,444**

(1) Set of photovoltaics bussiness, in which the investee Cemig Sim has a interest.
(2) Indirect interest in the Belo Monte plant through these investees.

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(3) 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.
(4) The Company concluded the sales to Furnas of its equity interests in the capital of the companies Baguari Energia and Retiro Baixo, on October 6 and November 22, 2023, respectively. More details in this Note.

For the fiscal year ended on December 31, 2023, management evaluates if of potential decline in value of assets, as referred to in CPC 01/ IAS 36 - *Impairments of Assets*. The net book value of the other investments was found to be recoverable.

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 economic-financial clauses of Cemig D and Gasmig; 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' will continue to operate as a going concern.

Movement of the right to exploitation of the regulated activity

In the process of allocating the acquisition price of jointly-owned subsidiaries, a surplus portion of the intangible asset relating to the right to exploit the regulated activity was basically identified. This asset is presented together with the historical cost of investments and will be amortized on a straight-line basis over the remaining term of the concessions.

Consolidated								
Investees	**12/31/2021**	**Addition**	**Amortização**	**Dec. 31, 2022**	**Addition**	**Amortization**	**Other**	**Dec. 31, 2023**
Cemig Geração e Transmissão								
Retiro Baixo (1)	27,798	-	(1,390)	26,408	-	(463)	(25,945)	-
Aliança Geração	301,605	-	(25,310)	276,295	-	(25,310)	-	250,985
Aliança Norte	46,660	-	(1,972)	44,688	-	(1,972)	-	42,716
Paracambi	76,488	-	(2,501)	73,987	-	(2,501)	-	71,486
Taesa	151,462	-	(9,321)	142,141	-	(9,321)	-	132,820
Cemig Sim								
UFVs	7,037	7,606	(438)	14,205	3,031	(337)	(10,531)	6,368
Total	**611,050**	**7,606**	**(40,932)**	**577,724**	**3,031**	**(39,904)**	**(36,476)**	**504,375**

(1) In April 2023, the interest held by the Company in this investee was classified as assets held for sale. More details in explanatory note nº 31.

Parent Company					
Investees	**Dec. 31, 2021**	**Amortization**	**Dec. 31, 2022**	**Amortization**	**Dec. 31, 2023**
Paracambi	76,488	(2,501)	73,987	(2,501)	71,486
Taesa	151,462	(9,321)	142,141	(9,321)	132,820
Gasmig	396,246	(15,257)	380,989	(12,874)	368,115
Sete Lagoas	(4,506)	244	(4,262)	244	(4,018)
Total	**619,690**	**(26,835)**	**592,855**	**(24,452)**	**568,403**

The right of exploitation is recognized in the business combination in past year and are amortized considering the concession period of each subsidiaries, associates and joint ventures.

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Changes in investments in subsidiaries, jointly controlled entities and affiliates

Consolidated						
Investees	Dec. 31, 2022	Gain (loss) by equity method (Statement of income)	Dividends / Interest on equity	Additions / acquisitions	Other	Dec. 31, 2023
Hidrelétrica Cachoeirão	47,096	11,322	(11,602)	-	-	46,816
Guanhães Energia	182,579	39,146	-	-	-	221,725
Hidrelétrica Pipoca	46,744	15,975	(15,190)	-	-	47,529
MESA (3)	9,500	(9,500)	-	-	-	-
FIP Melbourne (3)	7,760	22,326	-	-	(30,086)	-
Paracambi	134,425	14,260	(25,912)	-	(10,812)	111,961
Baguari Energia (4)	160,324	11,133	(11,579)	-	(159,878)	-
Amazônia Energia (1)	885,529	(66,808)	-	208	-	818,929
Aliança Norte (1)	575,745	(39,810)	-	333	-	536,268
Taesa	1,548,695	278,082	(261,408)	-	-	1,565,369
Aliança Geração	1,193,841	135,757	(158,003)	-	-	1,171,595
Retiro Baixo (4)	185,495	5,052	-	-	(190,547)	-
UFV Janaúba Geração de Energia Elétrica Distribuída S.A. ("UFV Janaúba")	3,422	1,597	(577)	-	-	4,442
UFV Corinto Geração de Energia Elétrica Distribuída S.A. ("UFV Corinto")	8,441	1,385	(975)	-	-	8,851
UFV Manga Geração de Energia Elétrica Distribuída S.A. ("UFV Manga")	10,799	1,644	(1,213)	-	-	11,230
UFV Bonfinópolis II Geração de Energia Elétrica Distribuída S.A. ("UFV Bonfinópolis II")	6,406	401	(504)	-	-	6,303
UFV Lagoa Grande Geração de Energia Elétrica Distribuída S.A. ("UFV Lagoa Grande")	14,140	2,110	(1,756)	-	-	14,494
UFV Lontra Geração de Energia Elétrica Distribuída S.A. ("UFV Lontra")	17,526	2,280	(2,120)	-	-	17,686
UFV Mato Verde Geração de Energia Elétrica Distribuída S.A. ("UFV Mato Verde")	6,123	1,070	(1,024)	-	-	6,169
UFV Mirabela Geração de Energia Elétrica Distribuída S.A. ("UFV Mirabela")	4,199	544	(605)	-	-	4,138
UFV Porteirinha I Geração de Energia Elétrica Distribuída S.A. ("UFV Porteirinha I")	4,739	1,022	(703)	-	-	5,058
UFV Porteirinha II Geração de Energia Elétrica Distribuída S.A. ("UFV Porteirinha II")	6,604	928	(814)	-	-	6,718
UFV Brasilândia Geração de Energia Elétrica Distribuída S.A. ("UFV Brasilândia")	14,176	1,991	(1,666)	-	-	14,501
Apolo I SPE Empreendimentos e Energia S.A. ("UFV Apolo I")	6,689	350	(69)	-	(1,199)	5,771
Apolo II SPE Empreendimentos e Energia S.A. ("UFV Apolo II")	-	408	-	5,759	-	6,167
G2 Campo Lindo I Energia S.A. ("UFV Campo Lindo I") (2)	8,161	(61)	(130)	10,235	(18,205)	-
G2 Campo Lindo II Energia S.A. ("UFV Campo Lindo II") (2)	8,458	(59)	(295)	10,024	(18,128)	-
G2 Olaria I Energia S.A. ("UFV Olaria I") (2)	8,108	(52)	(229)	9,974	(17,801)	-
Total Investiment	**5,105,724**	**432,493**	**(496,374)**	**36,533**	**(446,656)**	**4,631,720**

(1) Indirect participation in Belo Monte Dam through these investees.
(2) On July 20, 2023, control of these investees was acquired and they were consolidated by the Company. Therefore, the Company's interest in these investees is reflected in the Company's consolidated assets and liabilities.
(3) On March 20, 2023, Cemig GT completed the sale of its direct and indirect ownership interest in the capital stock of Mesa to Furnas Centrais Elétricas S.A. ("Furnas"). More details will follow in the course of this explanatory note.
(4) The sale of Baguari Energia was completed on October 6, 2023 and the sale of Retiro Baixo was completed on November 22, 2023. Further details can be found in this note.

Consolidated						
Investees	Dec. 31, 2021	Gain (loss) by equity method (Statement of income)	Dividends / Interest on equity	Additions / acquisitions	Other	Dec. 31, 2022
Hidrelétrica Cachoeirão	59,013	15,469	(27,386)	-	-	47,096
Guanhães Energia	125,172	57,407	-	-	-	182,579
Hidrelétrica Pipoca	46,722	16,361	(16,339)	-	-	46,744
MESA (3)	-	9,500	-	-	-	9,500
FIP Melbourne (3) (5)	-	168,403	-	-	(160,643)	7,760
Paracambi (antiga Lightger)	124,275	16,790	(6,640)	-	-	134,425
Baguari Energia	168,430	21,413	(29,519)	-	-	160,324
Amazônia Energia (4)	932,600	(47,178)	-	107	-	885,529
Aliança Norte (4)	609,154	(33,793)	-	384	-	575,745
Ativas	15,750	(595)	-	-	(15,155)	-
Taesa	1,580,379	304,591	(336,275)	-	-	1,548,695
Aliança Geração	1,140,930	104,054	(47,875)	-	(3,268)	1,193,841
Retiro Baixo	200,385	23,313	(38,203)	-	-	185,495
UFV Janaúba Geração de Energia Elétrica Distribuída S.A. ("UFV Janaúba")	2,699	1,521	(798)	-	-	3,422
UFV Corinto Geração de Energia Elétrica Distribuída S.A. ("UFV Corinto") (2)	9,258	1,937	(1,726)	-	(1,028)	8,441
UFV Manga Geração de Energia Elétrica Distribuída S.A. ("UFV Manga") (2)	11,294	2,538	(2,085)	-	(948)	10,799
UFV Bonfinópolis II Geração de Energia Elétrica Distribuída S.A. ("UFV Bonfinópolis II") (2)	6,432	1,254	(595)	-	(685)	6,406

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Consolidated						
Investees	Dec. 31, 2021	Gain (loss) by equity method (Statement of income)	Dividends / Interest on equity	Additions / acquisitions	Other	Dec. 31, 2022
UFV Lagoa Grande Geração de Energia Elétrica Distribuída S.A. ("UFV Lagoa Grande") (2)	14,890	2,672	(2,211)	-	(1,211)	14,140
UFV Lontra Geração de Energia Elétrica Distribuída S.A. ("UFV Lontra") (2)	17,823	3,577	(2,644)	-	(1,230)	17,526
UFV Mato Verde Geração de Energia Elétrica Distribuída S.A. ("UFV Mato Verde") (2)	6,130	1,272	(872)	-	(407)	6,123
UFV Mirabela Geração de Energia Elétrica Distribuída S.A. ("UFV Mirabela") (2)	4,058	1,069	(575)	-	(353)	4,199
UFV Porteirinha I Geração de Energia Elétrica Distribuída S.A. ("UFV Porteirinha I") (2)	5,318	1,161	(932)	-	(808)	4,739
UFV Porteirinha II Geração de Energia Elétrica Distribuída S.A. ("UFV Porteirinha II") (2)	6,384	1,238	(870)	-	(148)	6,604
UFV Brasilândia Geração de Energia Elétrica Distribuída S.A. ("UFV Brasilândia") (2)	14,553	2,751	(2,207)	-	(921)	14,176
Apolo I SPE Empreendimentos e Energia S.A. ("UFV Apolo I")	-	867	(103)	5,925	-	6,689
G2 Campo Lindo I Energia S.A. ("UFV Campo Lindo I")	-	1,419	(326)	7,068	-	8,161
G2 Campo Lindo II Energia S.A. ("UFV Campo Lindo II")	-	1,501	(90)	7,047	-	8,458
G2 Olaria I Energia S.A. ("UFV Olaria I")	-	1,203	(143)	7,048	-	8,108
Axxiom	4,277	(4,277)	-	-	-	-
Itaocara	-	(3,016)	-	10,428	(7,412)	-
Total investment	**5,105,926**	**674,422**	**(518,414)**	**38,007**	**(194,217)**	**5,105,724**
Itaocara - Overdraft liability	(20,767)	6,473	-	14,294	-	-
MESA (3) - Loss provisions (1)	(161,648)	161,648	-	-	-	-
Total	**4,923,511**	**842,543**	**(518,414)**	**52,301**	**(194,217)**	**5,105,724**

(1) In June 2022, the provision related to the Company's contractual obligations assumed with the investee and the other shareholders was reversed. Further details are disclosed in this note.
(2) On May 23, 2022, the reduction of capital stock of these UFVs was approved by means of an Extraordinary General Assembly.
(3) Indirect participation in the Santo Antônio Plant through these investees.
(4) Indirect participation in Belo Monte Dam through these investees.
(5) On September 12, 2022, AGPar made the payment associated with the settlement arising from Arbitral Award CCBC-86/2016 to the Melbourne Fund. Thereafter, the Company recognized the receivable of R$160,643 against income. Further details are provided throughout this note.

Parent Company							
Investees	Dec. 31, 2022	Gain (loss) by equity method (Statement of income)	Gain (loss) by equity method (Other comprehensive income)	Dividends / Interest on equity	Additions	Other	Dec. 31, 2023
Cemig Geração e Transmissão	8,966,797	2,400,164	48,684	(1,297,512)	-	-	10,118,133
Cemig Distribuição	7,105,260	1,611,460	160,068	(905,875)	912,314	-	8,883,227
Gasmig	1,749,549	580,652	-	(581,993)	-	367	1,748,575
Cemig Sim	198,880	8,389	-	-	211,834	-	419,103
Sete Lagoas	68,263	7,895	-	-	-	-	76,158
Taesa	1,548,695	278,082	-	(261,408)	-	-	1,565,369
Total	**19,637,444**	**4,886,642**	**208,752**	**(3,046,788)**	**1,124,148**	**367**	**22,810,565**

Parent company								
Investees	Dec. 31, 2021	Gain (loss) by equity method (Statement of income)	Gain (loss) by equity method (Other comprehensive income)	Dividends / Interest on equity	Additions	Losses	Other	Dec. 31, 2022
Cemig Geração e Transmissão	7,831,942	2,082,955	94,628	(1,042,728)	-	-	-	8,966,797
Cemig Distribuição	6,942,666	443,475	295,651	(576,532)	-	-	-	7,105,260
Ativas	15,750	(595)	-	-	-	(15,155)	-	-
Gasmig	1,635,985	461,204	-	(349,042)	-	-	1,402	1,749,549
Cemig Sim	111,433	18,524	-	(3,957)	72,880	-	-	198,880
Axxiom	4,277	(4,277)	-	-	-	-	-	-
Sete Lagoas	60,703	12,137	-	(11,577)	7,000	-	-	68,263
Taesa	1,580,379	304,592	-	(336,284)	-	-	8	1,548,695
Total	**18,183,135**	**3,318,015**	**390,279**	**(2,320,120)**	**79,880**	**(15,155)**	**1,410**	**19,637,444**

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Changes in dividends receivable are as follows

	Consolidated	Parent company
Balance on December 31, 2021	**335,189**	**1,820,578**
Investees' dividends proposed	518,414	2,320,120
Withholding tax on interest on equity declared by investees	(707,695)	(1,415,356)
Amounts received	-	(69,909)
Balance on December 31, 2022	**145,908**	**2,655,433**
Investees' dividends proposed	496,374	3,046,788
Withholding tax on interest on equity declared by investees	-	(220,204)
Amounts received	(592,368)	(2,363,697)
Balance on December 31, 2023	**49,914**	**3,118,320**
Current	**49,914**	**2,438,526**
Non-current	**-**	**679,794**

This table gives the main information on the subsidiaries and affiliates, not adjusted for the percentage represented by the Company's ownership interest:

Investee	Number of shares	2023			2022		
		Cemig interest (%)	Share capital	Patrimônio líquido	Participação Cemig (%)	Cemig interest (%)	Share capital
Cemig Geração e Transmissão	2,896,785,358	100.00	5,473,724	10,702,957	100.00	5,473,724	8,892,810
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	95,542	49.00	35,000	96,114
Guanhães Energia	548,626,000	49.00	548,626	419,496	49.00	548,626	372,610
Hidrelétrica Pipoca	41,360,000	49.00	41,360	96,998	49.00	41,360	95,395
Parajuru	35,000,000	100.00	35,000	91,854	100.00	85,835	158,482
Volta do Rio	180,000,000	100.00	180,000	207,821	100.00	274,867	248,173
Paracambi	79,078,937	49.00	57,166	82,603	49.00	79,232	123,342
Aliança Norte (3)	41,949,320,044	49.00	1,210,429	1,007,247	49.00	1,209,750	1,083,789
Amazônia Energia (1) (3)	1,322,897,723	74.50	1,323,321	1,099,233	74.50	1,323,042	1,188,630
Aliança Geração	1,291,582,500	45.00	1,291,488	2,045,797	45.00	1,291,488	2,038,988
Itaocara	156,259,500	49.00	206,712	15,298	49.00	206,712	15,126
Cemig Baguari	406,000	100.00	406	46	100.00	406	67
Cemig Geração Itutinga	151,309,332	100.00	151,309	227,624	100.00	151,309	231,057
Cemig Geração Camargos	113,499,102	100.00	113,499	168,245	100.00	113,499	182,960
Cemig Geração Sul	148,146,505	100.00	148,147	254,651	100.00	148,147	251,765
Cemig Geração Leste	100,568,929	100.00	100,569	158,321	100.00	100,569	167,959
Cemig Geração Oeste	60,595,484	100.00	60,595	144,685	100.00	60,595	125,521
Rosal Energia	46,944,467	100.00	46,944	112,383	100.00	46,944	123,305
Sá Carvalho	361,200,000	100.00	36,833	91,934	100.00	36,833	138,259
Horizontes Energia	10,000,000	100.00	10,000	32,104	100.00	39,258	60,535
Cemig PCH	6,000,000	100.00	6,000	50,792	100.00	45,952	98,917
Cemig Geração Poço Fundo	139,084,745	100.00	139,085	167,968	100.00	139,085	171,954
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	29,118	100.00	486	11,004
Cemig Trading	1,000,000	100.00	1,000	8,676	100.00	1,000	5,639
Centroeste	28,000,000	100.00	28,000	113,186	100.00	28,000	120,173
UFV Três Marias S.A.	6,887,499	100.00	6,819	46,464	100.00	-	-
Cemig Distribuição	2,359,113,452	100.00	6,284,312	9,121,456	100.00	5,371,998	7,105,260
Taesa	1,033,496,721	21.68	3,042,034	6,679,311	21.68	3,042,034	6,570,477
Gasmig	409,255,483	99.57	665,429	1,385,685	99.57	665,429	1,372,699
Cemig Sim	306,664,742	100.00	306,665	419,103	100.00	175,033	198,880
Sete Lagoas	36,857,080	100.00	36,857	80,177	100.00	36,857	72,526

(1) Indirect participation in Belo Monte Plant through this investee.

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The main balances for the affiliated and jointly controlled entities, at December 31, 2023 is as follows:

2023	Taesa	Lightger	Hidrelétrica Cachoeirão	Hidrelétrica Pipoca	Aliança Norte
Assets					
Current	2,745,259	23,738	11,272	10,778	391
Cash and cash equivalents	1,143,573	17,387	7,223	5,740	381
Non-current	14,832,616	99,536	86,025	95,345	1,015,013
Total assets	**17,577,875**	**123,274**	**97,297**	**106,123**	**1,015,404**
Liabilities					
Current	1,617,221	10,750	6,877	8,328	41
Loans and financings	36	8,680	-	6,616	-
Non-current	9,281,343	29,922	655	804	8,116
Loans and financings	367,875	29,922	-	549	-
Equity	6,679,311	82,602	89,765	96,991	1,007,247
Total liabilities and equity	**17,577,875**	**123,274**	**97,297**	**106,123**	**1,015,404**
Statement of income					
Net sales revenue	1,344,719	59,523	37,616	45,624	-
Cost of sales	(195,607)	(16,403)	(15,107)	(11,205)	-
Depreciation and amortization	(5,554)	(11,787)	(3,734)	(4,096)	-
Gross income (loss)	**1,149,112**	**43,120**	**22,509**	**34,419**	**-**
General and administrative expenses	(179,577)	(2,136)	-	(1,318)	(77,257)
Finance income	369,564	6,508	2,690	3,065	60
Finance expenses	(1,622,181)	(3,773)	(5)	(941)	(24)
Operational income (loss)	**(283,082)**	**43,719**	**25,194**	**35,225**	**(77,221)**
Share of (loss) income, net, of subsidiaries and joint ventures	1,180,561	-	-	-	-
Income tax and social contribution tax	470,356	(4,180)	(2,088)	(2,620)	-
Net income (loss) for the year	**1,367,835**	**39,539**	**23,106**	**32,605**	**(77,221)**
Comprehensive income (loss) for the year					
Net income (loss) for the year	1,367,835	39,539	23,106	32,605	(77,221)
Comprehensive income (loss) for the year	**1,367,835**	**39,539**	**23,106**	**32,605**	**(77,221)**

2023	Guanhães Energia	Amazônia Energia	Aliança geração	Itaocara
Assets				
Current	1,533,563	159	583,013	3,243
Cash and cash equivalents	112,337	159	347,544	3,107
Non-current	4,735,005	1,107,657	3,700,253	11,874
Total assets	**6,268,568**	**1,107,816**	**4,283,266**	**15,117**
Liabilities				
Current	143,055	7,897	828,616	249
Loans and financings	68,694	-	179,920	-
Non-current	1,150,428	458	1,766,780	-
Loans and financings	940,690	-	992,959	-
Equity	4,975,085	1,099,461	1,687,870	14,868
Total liabilities and equity	**6,268,568**	**1,107,816**	**4,283,266**	**15,117**
Statement of income				
Net sales revenue	59,983	-	1,148,967	-
Cost of sales	(38,697)	(200)	(472,227)	(647)
Depreciation and amortization	(20,967)	-	(130,761)	-
Gross incme (loss)	**21,286**	**(200)**	**676,740**	**(647)**
General and administrative expenses	-	-	(51,091)	-
Finance income	14,789	-	50,288	389
Finance expenses	(9,804)	(7)	(171,026)	-
Operational income (loss)	**26,271**	**(207)**	**504,911**	**(258)**
Share of (loss) income, net, of subsidiaries and joint ventures	-	(82,898)	23,357	-
Income tax and social contribution tax	(6,712)		(170,341)	-
Net income (loss) for the year	**19,559**	**(83,105)**	**357,927**	**(258)**
Comprehensive income (loss) for the year				
Net income (loss) for the year	19,559	(83,105)	357,927	(258)
Comprehensive income (loss) for the year	**19,559**	**(83,105)**	**357,927**	**(258)**

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The main balances for the affiliated and jointly controlled entities, at December 31, 2022 is as follows:

2022	Taesa	Lightger	Hidrelétrica Cachoeirão	Hidrelétrica Pipoca	Retiro Baixo	Aliança Geração
Assets						
Current	2,261,366	62,992	15,485	19,753	63,163	724,133
Cash and cash equivalents	759,706	59,516	10,932	14,406	49,213	448,561
Non-current	13,197,257	109,681	90,105	98,615	337,170	3,467,626
Total assets	**15,458,623**	**172,673**	**105,590**	**118,368**	**400,333**	**4,191,759**
Liabilities						
Current	817,274	11,242	928	7,861	25,200	382,716
Loans and financings	1,957	8,623	-	6,613	13,812	135,870
Non-current	8,044,824	38,089	655	7,190	44,561	1,488,645
Loans and financings	372,293	38,089	-	7,070	27,601	712,892
Equity	6,596,525	123,342	104,007	103,317	330,572	2,320,398
Total liabilities and equity	**15,458,623**	**172,673**	**105,590**	**118,368**	**400,333**	**4,191,759**
Statement of income						
Net sales revenue	1,621,383	62,385	42,556	44,807	77,283	1,109,022
Cost of sales	(175,807)	(17,258)	(12,134)	(9,424)	(3,512)	(608,497)
Depreciation and amortization	(8,878)	(11,783)	(3,485)	(4,350)	(8,898)	(124,004)
Gross incme (loss)	**1,445,576**	**45,127**	**30,422**	**35,383**	**73,771**	**500,525**
General and administrative expenses	(197,166)	(2,096)	-	(1,184)	(3,645)	(42,854)
Finance income	652,277	5,856	3,901	3,069	9,781	61,101
Finance expenses	(1,700,447)	(4,324)	(27)	(1,463)	(4,844)	(109,271)
Operational income (loss)	**200,240**	**44,563**	**34,296**	**35,805**	**75,063**	**409,501**
Share of (loss) income, net, of subsidiaries and joint ventures	924,707	-	-	-	-	10,986
Income tax and social contribution tax	324,268	(3,984)	(2,725)	(2,451)	(25,559)	(139,078)
Net income (loss) for the year	**1,449,215**	**40,579**	**31,571**	**33,354**	**49,504**	**281,409**
Comprehensive income (loss) for the year						
Net income (loss) for the year	1,449,215	40,579	31,571	33,354	49,504	281,409
Comprehensive income (loss) for the year	**1,449,215**	**40,579**	**31,571**	**33,354**	**49,504**	**281,409**

2022	Aliança Norte	Guanhães Energia	Amazônia Energia	Madeira Energia	Baguari Energia	Usina Hidrelétrica Itaocara S.A.
Assets						
Current	264	132,307	146	1,818,829	83,027	3,695
Cash and cash equivalents	261	3,118	146	923,599	10,471	3,584
Non-current	1,091,377	375,482	1,190,554	20,953,217	205,105	11,709
Total assets	**1,091,641**	**507,789**	**1,190,700**	**22,772,046**	**288,132**	**15,404**
Liabilities						
Current	39	38,127	1,581	2,570,839	24,970	278
Loans and financings	-	11,782	-	655,361	-	-
Non-current	7,813	97,052	489	19,971,866	24,326	-
Loans and financings	-	79,587	-	13,546,024	-	-
Equity	1,083,789	372,610	1,188,630	229,341	238,836	15,126
Total liabilities and equity	**1,091,641**	**507,789**	**1,190,700**	**22,772,046**	**288,132**	**15,404**
Statement of income						
Net sales revenue	-	56,864	-	4,137,130	81,279	-
Cost of sales	-	(45,247)	(77)	(3,451,054)	(28,504)	(253)
Depreciation and amortization	-	(16,012)	-	-	(10,487)	-
Gross incme (loss)	**-**	**11,617**	**(77)**	**686,076**	**52,775**	**(253)**
General and administrative expenses	(64,959)	-	-	(149,579)	(122)	-
Finance income	20	89,794	-	361,215	9,495	431
Finance expenses	(3)	(10,633)	(2)	(3,520,551)	(3,640)	(6,676)
Operational income (loss)	**(64,942)**	**90,778**	**(79)**	**(2,622,839)**	**58,508**	**(6,498)**
Share of (loss) income, net, of subsidiaries and joint ventures	-	-	(63,246)	-	-	-
Income tax and social contribution tax	-	(32,062)		(222,408)	(19,869)	-
Net income (loss) for the year	**(64,942)**	**58,716**	**(63,325)**	**(2,845,247)**	**38,639**	**(6,498)**
Comprehensive income (loss) for the year						
Net income (loss) for the year	(64,942)	58,716	(63,325)	(2,819,153)	38,639	(6,498)
Comprehensive income (loss) for the year	**(64,942)**	**58,716**	**(63,325)**	**(2,819,153)**	**38,639**	**(6,498)**

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

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

On December 31, 2023, NESA has negative net working capital of R$578,277 (R$494,493 on December 31, 2022). According to the estimates and projections, the situation of negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations.

On September 21, 2015, NESA obtained a preliminary injunction ordering Aneel "until the analysis of the preliminary injunction request formulated in the proceeding of origin, to refrain from applying to the aggravating party any penalties or sanctions as a result of the non-entry into operation of the Belo Monte Hydroelectric Plant on the date established in the original project schedule, including those provided for in Aneel Normative Resolution No. 595/2013 and in the Belo Monte HPP Concession Contract 01/2010-MME". The probability of loss was classified as possible by NESA's legal advisors, and the amount of the estimated loss in Belo Monte until December 31, 2023 is R$2,859 million (R$2,972 million on December 31, 2022). The potential impact on the Company is limited to its investment in NESA.

Loan between related parties

On February 10 and February 15, 2023, Cemig D received the amounts of R$150,000 and R$200,000, respectively, related to the loan agreement approved by Aneel and authorized by the Board of Directors in 2020 between Cemig D (borrower) and Cemig (lender), in the amount of R$350,000, with payment term until May 2024. The loan bears interest at a rate equivalent to 110% of the CDI variation, to be paid together with the original installment. As guarantee, Cemig D issued a promissory note in favor of Cemig, comprising the principal and estimated interest for the contract.

In March 2023, the Board of Directors authorized the first amendment to the loan agreement between Cemig D (borrower) and Cemig (lender), under the same terms cited above, recognized by Aneel, in the amount of R$750,000, with no transfer of the funds to date.

Acquisition of equity interest in SPEs that own UFVs

On June 29, 2022, Cemig approved the acquisition, through Cemig Sim, of 100% of the equity interest held by Genesys Participação Societária Ltda and Mr. Antônio Carlos Torres, in the SPEs that own the Prudente de Morais, Montes Claros and Jequitibá photovoltaic plants.

On September 7, 2022, Cemig Sim completed the acquisition of the entire equity stake in UFV Prudente de Moraes, for R$41.3 million.

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UFV Montes Claros

On April 28, 2023, Cemig Sim completed the acquisition of the entire equity stake in Duceu Geradores de Energia, Máquinas e Equipamentos SPE Ltda, owner of UFV Montes Claros, after all the conditions precedent had been met.

Below is a summary of the preliminary measurement of the fair value of the assets and liabilities acquired.

R$ '000	Montes Claros photovoltaic plant
Net equity of the *Montes Claros* solar plant	19,749
Added value (fair value – book value)	(12)
Fair value of net assets	**19,737**
Goodwill	390
Consideration paid for 100% interest in the *Montes Claros* solar plant	20,127

Assets	Fair value on date of acquisition	Liabilities	Fair value on date of acquisition
Current	**37**	**Current**	**352**
Other current assets	37	Other current liabilities	352
		Non-current	**4,416**
Non-current	**24,468**	Other non-current liabilities	4,416
Fixed assets	18,749		
Rights of use – Leasing	5,696		
Intangible assets	23		
		Total fair value, net	**19,737**

UFV Jequitibá

On March 8, 2024, Cemig Sim completed the acquisition of a 100% stake in Oasis Solar Jequitibá SPE Ltda, after fulfilling all the conditions precedent, thus concluding the purchase of the last of the three photovoltaic plants. The purchase price was R$39.7 million. The preliminary analysis of the fair value measurement of the assets acquired and liabilities assumed is not available as of the issuance of these statements.

The three photovoltaic plants total 16.2MWp of installed power in the form of shared distributed mini-generation, in full commercial operation, and are located in the cities of Prudente de Morais, Montes Claros and Jequitibá, all in Minas Gerais.

This transaction reinforces the company's strategy of sustainable growth in the Distributed Generation market, with full participation in the plants under its management and a commitment to creating value through investments in projects that contribute to diversifying its portfolio focused on renewable energy sources and improving the electricity matrix in the state of Minas Gerais.

Acquisition of interest in special-purpose companies (SPCs)

On July 20, 2023, Cemig Sim concluded acquisition of the remaining 51% interests in the following SPCs:

(i) G2 Olaria 1 Energia S.A.,

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(ii) G2 Campo Lindo 1 Energia S.A.,
(iii) G2 Campo Lindo 2 Energia S.A.
– becoming the holder of 100% of the shares in these companies.

On the same date Cemig Sim also concluded acquisition of 100% of the shares in the SPC SPE G2 Olaria 2 Energia S.A. The aggregate value of these acquisitions was R$ 47.4 million.

These four SPCs own four photovoltaic generation plants in full commercial operation, with installed capacity of 13 MWp, operating in the regime of shared distributed mini-generation, in the city of Lavras, Minas Gerais.

This transaction underlines the Company's strategy of growth in distributed generation, with 100% ownership of generation plants under its management, exclusively in the State of Minas Gerais.

Goodwill, capital gain and gain on fair value adjustment of previous holding

	UFV Campo Lindo 1	UFV Campo Lindo 2	UFV Olaria 1	UFV Olaria 2	Total
Consideration paid	10,235	10,024	9,974	17,177	**47,410**
Equity adjusted to market value	8,874	8,999	8,464	14,762	**41,099**
Capital gain	1,873	1,844	1,393	1,005	**6,115**
Goodwill	1,361	1,025	1,510	2,415	**6,311**

	UFV Campo Lindo 1	UFV Campo Lindo 2	UFV Olaria 1	Total
Previous investment measured at fair value (a)	9,775	9,910	9,589	**29,274**
Investment on acquisition date (b)	6,701	6,949	6,986	**20,636**
Gain from adjustment to fair value of previous investment (a - b) (1)	**3,074**	**2,961**	**2,603**	**8,638**

(1) The gain from the fair value adjustment of the previous holding was recognized under "Fair value adjustment of investments" in the Income Statement.

Fair value of acquired assets and liabilities

Assets	Fair value on acquisition date	Liabilities	Fair value on acquisition date
Current	**2,957**	**Current**	**250**
Other assets	2,957	Other liabilities	250
		Non-current	**2,361**
Non-current	**40,753**	Other liabilities	2,361
Fixed assets	33,744		
Right of use – leases	894		
Operating rights	6,115		
		Total net assets at fair value	**41,099**

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. On May 31, 2023, the merger was approved at the Company's Extraordinary General Meeting (EGM), at book value, with the consequent extinction of the investees as of this date and succession by Cemig GT in all its assets, rights and obligations, under the terms of Article 277 of Law 6.404/1976.

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Since this was a merger of wholly-owned subsidiaries, there was no capital increase or need to issue new shares in Cemig GT.

The following table shows the accounting balances of the merged companies:

	May 31, 2023
ASSETS CURRENT	**405,630**
Cash and cash equivalents	138,723
Concession financial assets	226,049
Other assets	40,858
ASSETS NON-CURRENT	**2,216,484**
Concession financial assets	2,026,292
Fixed assets	31,192
Intangible assets	146,628
Other assets	12,372
LIABILITIES CURRENT	**209,965**
Income tax and social contribution	64,562
Other liabilities	145,403
LIABILITIES NON-CURRENT	**63,197**
Deferred income tax and social contribution	44,178
Other liabilities	19,019
TOTAL NET ASSETS	**2,348,952**

The merger will optimize Cemig's corporate structure, resulting in cost reductions and generating administrative and financial efficiency.

Divestments in shareholdings

MESA

On March 20, 2023 the Cemig GT 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 assued by Furnas.

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

Parent company e Consolidated	
Direct participation:	4.1422%
Indirect participation:	3.3837%
Disposal price:	736,000
Direct participation (1):	30,487
Indirect participation (1):	24,904
	55,391
Investment cost (1):	-

(1) The effects of the sale are presented in the results of the Holdings/Holding operating segment in note 5.
(2) 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$255,918 on September 30, 2023, in the statement of financial position under “Other Assets”. On October 23, 2023, Cemig GT received the updated amount of R$257,273.

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Baguari Energia and Retiro Baixo Energética

Transaction 1

Share purchase agreements were signed on April 14, 2023 for sale to Furnas Centrais Elétricas of the Cemig GT'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 Cemig GT 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 Cemig GT'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 69.39% of the share capital of Baguari Energia.

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.

Assets classified as held for sale	Book value on Apr. 30, 2023 - R$ thousand	Fair value net of selling expenses - R$ thousand
Baguari Energia	159,878	392,475
Retiro Baixo	190,547	199,772
Total	**350,425**	**592,247**

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/IFRS 5, 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.

Conclusion of the sale of Baguari Energia

On October 6, 2023, the Company concluded the sale to Furnas Centrais Elétricas of its entire holding, of 69.39%, in the share capital of Baguari Energia, which represents an indirect interest of 34% in the Baguari Consortium.

The value of the transaction was R$432.8 million, comprising: the amount of R$393 million agreed in the share purchase agreement, plus updating at 100% of the CDI rate since December 31, 2022. Of this total, the amount of R$11.6 million was deducted for the dividend received on October 3, 2023. Thus, the amount received on the closing date of the transaction was R$421.2 million.

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As a result of conclusion of the transaction, the Company recognized the following accounting effects, in October 2023:

Stake held by Cemig GT	69.39%
Total sale price	421,222
Value of asset held for sale on Sep. 30, 2023	(159,878)
Corporate capital gain (1) (a)	**261,344**
Tax capital gain net of selling expenses (2)	248,457
IRPJ and CSLL (b)	(84,475)
Tax capital gain net of taxes (1)	**163,982**
Net impact on the Income Statement (a + b)	**176,869**

(1) The effects of the disposal will be reported in the net profit for the operational segment of Equity holdings, in the note 5.
(2) Sales expenses totaled R$519 and its refers to accounting, tax and legal due diligence services, and legal advice.

Completion of the disposal of Retiro Baixo Energética

On November 22, 2023, the sale was completed for the amount of R$223.4 million, made up of the amount agreed in the CCVA of R$190 million plus 100% CDI adjustment since December 31, 2022. From this total, the amount of R$5.9 million was deducted, referring to the dividend received on June 28, 2023. Thus, the amount received on the closing date of the transaction was R$217.5 million.

As a result of concluding the transaction, Cemig GT recognized the following accounting effects in November 2023:

Stake held by Cemig GT	49.9%
Total sale price	217,511
Value of asset held for sale on Nov. 30, 2023	190,547
Corporate capital gain (1) (a)	**26,964**
Tax capital gain net of selling expenses (2)	5,800
IRPJ and CSLL (b)	(1,947)
Tax capital gain net of taxes (1)	**3,853**
Net impact on the Income Statement (a + b)	**25,017**

(1) The effects of the disposal will be reported in the net profit for the operational segment of Equity holdings, in the note 5.
(2) Sales expenses totaled R$432 and its refers to accounting, tax and legal due diligence services, and legal advice.

Transaction 2

On May 30, 2023, a share purchase agreement was signed for acquisition of 100% of the shares in Baguari I Geração de Energia Elétrica S.A., a company controlled by Neoenergia S.A., for R$ 453.9 million, formalizing the right of first refusal exercised by Baguari Energia.

Baguari Energia and Baguari I respectively hold interests of 49% and 51% in Consórcio UHE Baguari (– the Baguari Hydroelectric Plant Consortium).

With the conclusion of Transaction 1, Cemig GT will no longer hold any equity in Baguari Energia and thus have no participation in the Consórcio UHE Baguari. Thus, payment for the

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purchase of Baguari I by Baguari Energia will be entirely an obligation of Furnas. As a result, Transaction 2 will have no effect on Cemig GT.

Axxiom

On December 22, 2022, the Company entered into a share purchase agreement ("SPA") for the sale of 49.0% of its equity interest in Axxiom Soluções Tecnológicas S.A. ("Axxiom") to Light S.A. ("Light"), which held the remaining 51.0% interest.

On April 17, 2023, the Company completed the sale of its entire stake in Axxiom's share capital. The value of the transaction was a symbolic R$1.00 (one real), with the liquidation of Axxiom's assets and liabilities.

This transaction is in line with the Company's Strategic Plan, which provides for the divestment of assets that do not adhere to the Cemig Group's core activities.

Reduction of share capital in the jointly controlled subsidiary Guanhães Energia

An Extraordinary General Meeting of Stockholders held on September 19, 2023 decided to reduce the share capital by R$235,309, of which R$137,488 will be destined to absorption of losses and R$97,820 will be repaid to stockholders, with no reduction in the number of nominal common shares as currently issued. Thus, the share capital of the jointly controlled subsidiary has decreased from R$548,636 to R$313,317. The share of Cemig GT corresponds to R$47,932; in January 2024 Cemig GT received R$46,476. This transaction will be reflected in the interim financial statements for the first quarter of 2024.

Risks related to compliance with laws and regulations

Investigations

There is a public civil inquiry being conducted by the Public Attorneys' Office of the State of Minas Gerais ('MPMG'), which aim to investigate eventual irregularities in the investment made by the Company at Guanhães Energia. Until the release of these financial statements, there had been no movement in the process.

Accounting policy

Investments

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

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The difference between the amount paid and the amount of the shareholders' equity acquired is recognized in Investments as: (i)added value, when the economic basis is substantially related to the fair value of the net assets of the subsidiary acquired; and (ii)goodwill premium, when the amount paid is higher than the fair value of the net assets, and this difference represents the expectation of generation of future value. The goodwill premium arising from the acquisition is tested annually for impairment.

Business combinations

A business combination occurs when the Company or its subsidiaries acquire control of a business, whatever its legal form. The Company determines that it has acquired a business when the group of activities and assets acquired includes, at least, an input - entry of funds, and a substantive process, which together contribute materially to the capacity to generate output - an outflow of funds.

The Company and its subsidiaries accounts business combinations using the acquisition method. Thus, at the moment of acquisition the acquiring company is required to recognize and measure the identifiable assets acquired, the liabilities assumed, and the shareholding interests of non-controlling equity holders at fair value, which will result in recognition of a goodwill due to expectation of future profitability, or in a gain arising from an bargain purchase, the gain being allocated to the Statement of income for the period.

Capital gains and losses represent the difference between the fair value of the identifiable assets acquired and the book value of the equity interests acquired. Goodwill and the bargain purchase represent the difference between the consideration transferred and the fair value of the identifiable assets acquired, the liabilities assumed and the non-controlling interests.

Estimations and judgments

Investments in shareholdings

The subsequent measurement of these investments is based on the equity method. Subsequent to this measurement, the company assesses whether there are indications of possible impairment in the recoverable value of its investments. Losses, when incurred, are recognized in the income statement if there is any indication that the recoverable value of the investment is lower than its book value. The equity method ceases to be applied from the moment the investment loses its characteristics as an associate, subsidiary or jointly-controlled subsidiary, for example in the case of classification as a non-current asset held for sale.

The financial statements of jointly-owned subsidiaries are prepared for the same disclosure period as those of the Company and its subsidiaries. When necessary, adjustments are made to bring the accounting policies into line with those applied by the Company and its subsidiaries.

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Business combinations

Costs generated by acquisition of assets are allocated directly to the Statement of income as and when incurred.

After the initial recognition, the goodwill is measured at cost, less any accumulated impairments. For the purposes of the impairment test, the goodwill acquired in business combinations is, as from the acquisition date, allocated to each one of the cash generating units that it is expected will be benefited by the synergies of the combination.

It is the Company's understanding, according to ICPC 09 (R2), that the amount specifically referred to the right of concession, the right of commercial operation, or similar rights, does not constitute goodwill, including when these rights are acquired in a business combination in which the acquired entity is a concession holder, whose right to the concession has a known and defined period.

When a business combination is carried out in stages ("step-acquisition method"), the interest previously held by the Company in its investee is remeasured at the fair value at the acquisition date and the corresponding gain or loss, if any, is recognized in the statement of income.

In the parent company, the difference between the amount paid and the amount of the shareholders' equity of the entities acquired is recognized in Investments based to the criteria described above.

16. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Dec. 31, 2023			Dec. 31, 2022		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	247,435	(32,051)	215,384	247,028	(29,140)	217,888
Reservoirs, dams and watercourses	3,322,524	(2,470,024)	852,500	3,302,646	(2,432,974)	869,672
Buildings, works and improvements	1,094,552	(867,746)	226,806	1,092,227	(859,006)	233,221
Machinery and equipment	2,825,962	(2,078,117)	747,845	2,764,985	(2,059,246)	705,739
Vehicles	19,054	(14,541)	4,513	14,970	(13,050)	1,920
Furniture	13,698	(11,754)	1,944	13,739	(11,514)	2,225
	7,523,225	**(5,474,233)**	**2,048,992**	**7,435,595**	**(5,404,930)**	**2,030,665**
	1,207,234	**-**	**1,207,234**	**378,686**	**-**	**378,686**
In progress	**8,730,459**	**(5,474,233)**	**3,256,226**	**7,814,281**	**(5,404,930)**	**2,409,351**

Parent company	Dec. 31, 2023			Dec. 31, 2022		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	82	-	82	82	-	82
Buildings, works and improvements	55	(28)	27	55	(26)	29
Machinery and equipment	4,753	(4,697)	56	5,200	(5,124)	76
Furniture	724	(704)	20	727	(700)	27
	5,614	**(5,429)**	**185**	**6,064**	**(5,850)**	**214**
In progress	**569**	**-**	**569**	**1,026**	**-**	**1,026**
Net property, plant and equipment	**6,183**	**(5,429)**	**754**	**7,090**	**(5,850)**	**1,240**

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Changes in PP&E are as follows:

Consolidated	Dec. 31, 2022	Additions (2)	Business combination	Disposals – Asset classified as held for sale	Disposals	Depreciation	Transfers	Dec. 31, 2023
In service								
Land (1)	217,888	-	-	(653)	(207)	(3,291)	1,647	215,384
Reservoirs, dams and watercourses	869,672	-	-	(22,300)	(1)	(78,715)	83,844	852,500
Buildings, works and improvements	233,221	-	-	(4,663)	-	(17,325)	15,573	226,806
Machinery and equipment	705,739	583	70,175	(28,854)	(713)	(69,467)	70,382	747,845
Vehicles	1,920	-		-	-	(1,491)	4,084	4,513
Furniture and utensils	2,225	2	2	-	-	(300)	15	1,944
	2,030,665	**585**	**70,177**	**(56,470)**	**(921)**	**(170,589)**	**175,545**	**2,048,992**
In progress	**378,686**	**1,005,112**	**16**	**(285)**	**(750)**	**-**	**(175,545)**	**1,207,234**
Net property, plant and equipment	**2,409,351**	**1,005,697**	**70,193**	**(56,755)**	**(1,671)**	**(170,589)**	**-**	**3,256,226**

(1) Certain land linked to concession agreements with no indemnity provision is amortized over the concession period.
(2) This includes investments in the Boa Esperança and Jusante photovoltaic solar plants – respectively of R$368,975 and R$339,458.

Consolidated	12/31/2021	Additions	Business combination	Disposals	Reversal of disposals (3)	Depreciation	Transfer	Dec. 31, 2022
In service								
Land (1)	220,783	-	-	-	-	(3,318)	423	217,888
Reservoirs, dams and watercourses	943,822	-	-	-	-	(81,200)	7,050	869,672
Buildings, works and improvements	248,001	-	-	-	-	(17,352)	2,572	233,221
Machinery and equipment (2)	696,925	-	34,919	(12,047)	-	(70,104)	56,046	705,739
Vehicles	1,372	-	-	-	-	(512)	1,060	1,920
Furniture and utensils	2,517	-	4	-	-	(300)	4	2,225
	2,113,420	**-**	**34,923**	**(12,047)**	**-**	**(172,786)**	**67,155**	**2,030,665**
In progress	**305,849**	**138,487**	**-**	**-**	**1,505**	**-**	**(67,155)**	**378,686**
Net property, plant and equipment	**2,419,269**	**138,487**	**34,923**	**(12,047)**	**1,505**	**(172,786)**	**-**	**2,409,351**

(1) Certain land linked to concession agreements with no indemnity provision is amortized over the concession period.
(2) Write-off includes the amount of R$8,612 related to the write-off of two generators of the subsidiary Rosal, and R$3,345 related to the remeasurement of the provision for dismantling of the subsidiaries Parajuru and Volta do Rio.
(3) Reversal of a provision previously recognized for impairment of works in progress assets.

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Parent company	12/31/2021	Depreciation	Dec. 31, 2022	Additions	Depreciation	Transfer	Dec. 31, 2023
In service							
Land	82	-	82	-	-	-	82
Buildings, works and improvements	31	(2)	29	-	(2)	-	27
Machinery and equipment	238	(162)	76	-	(20)	-	56
Furniture	34	(7)	27	-	(7)	-	20
	385	**(171)**	**214**	**-**	**(29)**	**-**	**185**
In progress	**1,026**	**-**	**1,026**	**3**	**-**	**(460)**	**569**
Net property, plant and equipment	**1,411**	**(171)**	**1,240**	**3**	**(29)**	**(460)**	**754**

The average annual depreciation rate for the Company and its subsidiaries is 3.10%. The main annual depreciation rates, which take into account the expected useful life of the assets, are reviewed annually by management and are described below:

Generation	(%)	Administration	(%)
Reservoirs, dams and watercourses	2.00	Software	20.00
Buildings - Machine room	2.00	Vehicles	14.29
Buildings - Other	3.33	IT equipment in general	16.67
Generator	3.33	General equipment	6.25
Water turbine	2.50	Buildings - Other	3.33
Pressure tunnel	3.13		
Command station, panel and cubicle	3.57		
Floodgate	3.33		

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be indemnified to the Company for the exception of the concession contracts related to Lot D of Auction 12/2015. Management believes that the amount ultimately received will be higher than the historical residual value.

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

Consortium

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

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Parent company e Consolidated	Stake in power output (%)	Average annual depreciation rate (%)	2023	2022
In service				
Queimado Power Plant	82.50	3.94	220,252	220,096
Accumulated depreciation			(142,391)	(134,524)
Total operation			**77,861**	**85,572**
In progress				
Queimado Power Plant	82.50	-	2,395	1,962
Total construction			**2,395**	**1,962**
Total			**80,256**	**87,534**

Accounting policy

Property, plant and equipment are stated at the cost, including deemed cost, decommissioning costs and capitalized borrowing costs, less accumulated depreciation and impairment, if there is.

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

Estimations and judgments

The relevant components of certain assets that are replaced over the economic useful life of the main asset are recognized separately and depreciated over the estimated period until their replacement. Periodic maintenance costs are recognized in the income statement as incurred.

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

17. INTANGIBLE ASSETS

Consolidated	Dec. 31, 2023			Dec. 31, 2022		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Temporary easements	14,689	(6,084)	8,605	14,692	(5,405)	9,287
Onerous concession	13,599	(9,739)	3,860	13,599	(9,116)	4,483
Assets of concession	25,216,886	(10,934,013)	14,282,873	23,813,446	(10,259,144)	13,554,302
Assets of concession - GSF	1,031,161	(333,569)	697,592	1,031,810	(199,809)	832,001
Others	139,192	(79,308)	59,884	92,279	(76,838)	15,441
	26,415,527	**(11,362,713)**	**15,052,814**	**24,965,826**	**(10,550,312)**	**14,415,514**
In progress	**196,166**	**-**	**196,166**	**206,339**	**-**	**206,339**
Net intangible assets	**26,611,693**	**(11,362,713)**	**15,248,980**	**25,172,165**	**(10,550,312)**	**14,621,853**

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Parent company	Dec. 31, 2023			Dec. 31, 2022		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Software use rights	13,589	(13,557)	32	13,564	(13,136)	428
Others	17	(17)	-	17	(17)	-
	13,606	**(13,574)**	**32**	**13,581**	**(13,153)**	**428**
In progress	**118**	**-**	**118**	**119**	**-**	**119**
Net intangible assets	**13,724**	**(13,574)**	**150**	**13,700**	**(13,153)**	**547**

Changes in intangible assets are as follow:

Consolidated	Dec. 31, 2022	Additions	Disposals – Asset classified as held for sale	Disposals	Amortization	Transfers (1)	Dec. 31, 2023
In service							
Useful life defined							
Temporary easements	9,287	-	(3)	-	(679)	-	**8,605**
Onerous concession	4,483	-	-	-	(623)	-	**3,860**
Assets of concession	13,554,302	2,945	-	(81,698)	(913,797)	1,721,121	**14,282,873**
Assets of concession - GSF	832,001	-	(471)	-	(133,938)	-	**697,592**
Others	15,441	26,273	-	(9,781)	(5,685)	33,636	**59,884**
	14,415,514	**29,218**	**(474)**	**(91,479)**	**(1,054,722)**	**1,754,757**	**15,052,814**
In progress	**206,339**	**158,431**	**(583)**	**(3,424)**	**-**	**(164,597)**	**196,166**
Net intangible assets	**14,621,853**	**187,649**	**(1,057)**	**(94,903)**	**(1,054,722)**	**1,590,160**	**15,248,980**

Consolidated	12/31/2021	Additions	Disposals	Amortization	Transfers (1)	Dec. 31, 2022
In service						
Useful life defined						
Temporary easements	9,966	-	-	(679)	-	**9,287**
Onerous concession	5,106	-	-	(623)	-	**4,483**
Assets of concession	11,806,704	(489)	(57,369)	(817,043)	2,622,499	**13,554,302**
Assets of concession - GSF	966,065	-	-	(134,064)	-	**832,001**
Others	4,493	13,422	-	(2,994)	520	**15,441**
	12,792,334	**12,933**	**(57,369)**	**(955,403)**	**2,623,019**	**14,415,514**
In progress	**160,983**	**106,182**	**(6)**	**-**	**(60,820)**	**206,339**
Net intangible assets	**12,953,317**	**119,115**	**(57,375)**	**(955,403)**	**2,562,199**	**14,621,853**

(1) The transfers were made between concession contract assets to Intangible assets: in 2023 of R$1,590,160 (R$2,448,389 in 2022).

Parent company	Dec. 31, 2022	Additions	Amortization	Transfers	Dec. 31, 2023
In service					
Softwares use rights	428	-	(428)	32	**32**
	428	**-**	**(428)**	**32**	**32**
In progress	**119**	**31**	**-**	**(32)**	**118**
Net intangible assets	**547**	**31**	**(428)**	**-**	**150**

C Parent company	12/31/2021	Additions	Amortization	Dec. 31, 2022
In service				
Softwares use rights	1,291	-	(863)	**428**
	1,291	**-**	**(863)**	**428**
In progress	**89**	**30**	**-**	**119**
Net intangible assets	**1,380**	**30**	**(863)**	**547**

Concession assets

The energy and gas distribution infrastructure assets already in service and that will be fully amortized during the concession term are recorded as intangible assets. Assets linked to the infrastructure of the concession that are still under construction are posted initially as contract assets, as detailed in Note 14.

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The main amortization rates, which take into account the useful life that management expects for the asset, and reflect the expected pattern of their consumption, are as follows:

Energy	(%)	Administration	(%)
System cable - below 69 KV	6.67	Software	20.00
System cable - below 69 KV	3.57	Vehicles	14.29
Structure - Posts	3.57	General equipment	6.25
Overhead distribution transformer	4.00	Buildings	3.33
Circuit breaker - up to 69 kV	3.03		
Capacitor bank - up to 69 kV	6.67		
Voltage regulator - up to 69 kV	4.35		

Gas	(%)	Administration	(%)
Tubulações	3.33	Software	20.00
Edificações, obras civis e benfeitorias	4.00	Vehicles	20.00
Benfeitorias em propriedades arrendadas	10.00	Data processing equipment	20.00
Máquinas e Equipamentos	5.00 to 20.00	Furniture	10.00

The annual average amortization rate is 4.01% and by segment is follows:

Hydroelectric Generation	Wind Power Generation	Gas	Distribution	Administration
7.03%	8.81%	3.33%	3.90%	16.26%

Under the regulations of the energy segment, property, plant and equipment used in the distribution concession are linked to these services, and cannot be withdrawn, disposed of, assigned or provided in guarantee without the prior express authorization of the Regulator.

Renegotiation of hydrological risk – Generation Scaling Factor - GSF

ReH No. 2,919/2021 ratified the amounts of the right to compensation for the São Simão, Jaguara, Miranda and Volta Grande plants, which were owned by the Company during the period indicated in Law No. 14,052/2020 for compensation, but this Law does not specify how this will be carried out in the event of the absence of debts with the Union related to the concession regime determined in the Law. The amounts calculated are:

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

On December 21, 2023, the Company sent correspondence to the Ministry of Mines and Energy - MME, requesting recognition of the absence of a mechanism for compensation, in the hypothesis mentioned above, as well as the updating of the amounts contained in ReH No. 2,919/2021 and their conversion into an agreement to extend the terms of certain power plants under the Company's concession, under the terms of Law No. 14,052/2020.

Considering that there is no legal provision on how to compensate for non-hydrological risks and the Company's right depends on the occurrence of uncertain future events, which are not entirely under its control, the contingent assets relating to the plants listed in the table above were not recognized.

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Operating licenses

In compliance with the legal determinations contained in Copam Normative Decision 217/2017, the company's power plants and its subsidiaries have been going through the process of obtaining and renewing operating licenses.

The following facilities have obtained operating licenses: HPP Irapé, HPP Salto Grande, EOL Volta do Rio and HPP Pai Joaquim. Expenditure on environmental conditions, related to legal and regulatory requirements after the start-up of the projects, was estimated and recognized against intangible assets. The estimated costs of environmental conditions were brought to present value considering the incremental rate, taking into account the term of up to 10 years of the operating licenses, the period in which the asset will be amortized.

The Santa Luzia HPP, Jacutinga HPP, Salto Voltão HPP, Salto do Passo Velho HPP, Xicão HPP and Pissarrão HPP also obtained operating licenses, but no provisions were made for the costs of environmental conditions, since these plants are classified as assets held for sale.

In addition, the Luiz Dias HPP and Salto Moraes HPP also obtained operating licenses. Expenses related to legal and regulatory requirements after the start-up of the projects are being calculated and estimated for provisioning.

Accounting policy

These mainly include assets relating to the service concession contracts described above and software. They are measured at total acquisition cost, less amortization expenses and accumulated impairment losses, when applicable.

Any gain or loss resulting from the derecognition of intangible assets, corresponding to the difference between their book value and the net sale value, is recognized in the income statement.

Energy and gas distribution activity

The portion of the concession assets that will be fully amortized during the concession is classified as an intangible asset and amortized over the term of the concession contract, as provided for in ICPC 01 (R1) / IFRIC 12.

Onerous concession

Information on onerous concessions is presented in note 2.

Estimations and judgments

The annual amortization rates take into account the expected useful life of the assets and reflect their expected consumption pattern and are reviewed annually by management.

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The Company and its subsidiaries have not identified any indications of impairment of their intangible assets.

Renegotiation of hydrological risk – Generation Scaling Factor - GSF

Under the terms of Law 13.203/2015 and subsequent amendments, the hydrological risk was renegotiated, establishing the right to reimbursement for the costs incurred with the GSF, assumed by the owners of the hydroelectric plants participating in the Energy Reallocation Mechanism (MRE) between 2012 and 2017.

The procedure adopted by Aneel for this compensation was to extend the grant periods for these plants. The company therefore recognized an intangible asset representing this right to extend the concessions.

On initial recognition, the fair value of the right to extend the concession was estimated individually for each plant, using the revenue approach, which converts future values into a single current value, discounted by the rate of return approved by management for the energy generation activity, reflecting current market expectations in relation to future values.

The useful life of the assets that make up property, plant and equipment and intangible assets has been adjusted to the new remaining term of the concession, i.e. the term of the extension of the right to grant the concession has been added to the originally agreed term. Thus, amortization is carried out using the straight-line method until the end of the new concession term.

18. LEASING

The Company recognized a right of use and a lease liability for the following contracts which contain a lease in accordance with CPC 06 (R2) / IFRS 16:

- Leasing of commercial real estate used for serving customers;
- Leasing of building used as administrative headquarter;
- Leasing of commercial vehicles used in operations.

The Company and its subsidiaries has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the Statement of income on the straight-line basis, over the period of the leasing. Their effects on net income from January to December 2022 were immaterial.

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The discount rates were obtained based on incremental borrowing rate, as follows:

	Annual rate (%)	Monthly rate (%)
Contracts entered - August at December 2022 (1)		
Up to five years	6.48	0.53
Six to ten years	6.59	0.54
Eleven to fifteen years	6.64	0.54
Sixteen to thirty years	6.65	0.54
Contratos celebrados em 2023 (1)		
Up to seven years	6.82	0.55
Eight to nine years	6.90	0.56
Tem to twelve Years	6.99	0.57
Thirteen to Twenty two years	7.19	0.58

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

a) Right of use assets

Changes in the right of use asset are as follows:

Consolidated	Real estate property	Vehicles	Total
Balances on December 31, 2021	**191,567**	**34,026**	**225,593**
Amortization (1)	(14,484)	(40,052)	(54,536)
Business combination adjustment	5,076	-	5,076
Disposals (contracts terminated)	(8,831)	(779)	(9,610)
Addition	24,296	116,915	141,211
Remeasurement (2)	16,021	5,322	21,343
Balances on December 31, 2022	**213,645**	**115,432**	**329,077**
Amortization (1)	(12,489)	(36,993)	(49,482)
Right of use acquired in business combination	7,775	-	7,775
Disposals (contracts terminated)	(7,579)	(4,969)	(12,548)
Addition	31,127	24,043	55,170
Remeasurement (2)	12,716	55,161	67,877
Balances on December 31, 2023	**245,195**	**152,674**	**397,869**

(1) Amortization of the Right of Use recognized in the Statement of income is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$719 in the period from January to December of 2023 (R$641 in the same period of 2022). The weighted average annual amortization rate is 4.16% for Real estate and 26.41% for Vehicles.
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use..

Parent company	Real estate property
Balances on December 31, 2021	**2,050**
Amortization (1)	(88)
Remeasurement (2)	189
Balances on December 31, 2022	**2,151**
Amortização (1)	(93)
Disposals (contracts terminated)	(73)
Remeasurement (2)	107
Balances on December 31, 2023	**2,092**

(1) Amortization of the Right of Use recognized in the Statement of income is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$7 in the period from January to December of 2023 (R$7 in the same period of 2022). The weighted average annual amortization rate is 4.56% for Real estate.
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

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b) Leasing liabilities

The changes in the lease liabilities are as follows:

	Consolidated	Parente company
Balances on December 31, 2021	**244,023**	**2,252**
Addition	141,211	-
Business combination adjustment	4,917	-
Interest incurred (1)	28,668	286
Leasing paid	(65,677)	(282)
Interest in leasing contracts paid	(3,695)	(19)
Disposals (contracts terminated)	(16,157)	-
Remeasurement (2)	21,343	189
Balances on December 31, 2022	**354,633**	**2,426**
Addition	55,170	-
Business combination adjustment	3,152	-
Interest incurred (1)	37,718	301
Leasing paid	(66,634)	(299)
Interest in leasing contracts paid	(5,207)	(21)
Disposals (contracts terminated)	(13,773)	(85)
Remeasurement (2)	67,877	107
Balances on December 31, 2023	**432,936**	**2,429**
Current liabilities	**78,532**	**303**
Non-current liabilities	**354,404**	**2,126**

(1) Financial expenses recognized in the Statement of income are net of incorporation of the credits for PIS/Pasep and Cofins taxes on payments of rentals, in the amounts of R$1,948 and R$23 in 2023 (R$1,833 and R$21 in 2022), for the consolidated and parent company financial statements, respectively.

(2) The Company and its subsidiaries identified events that give rise to restatement and modifications of their principal contracts; the leasing liability was remeasured with an adjustment to the asset of Right of Use.

Additions and settled in leases are non-cash transactions, and therefore are not reflected in the Statements of Cash Flows.

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	Adjusted to present value	Nominal	Adjusted to present value
Consideration for the leasing	887,575	432,936	7,136	2,429
Potential PIS/Pasep and Cofins (9.25%)	58,967	21,319	660	225

The cash flows of the leasing contracts are, in their majority, updated by the IPCA inflation index, annually. Below is an analysis of maturity of lease contracts:

	Consolidated (nominal)	Parent company (nominal)
2024	79,647	324
2025	89,709	324
2026	78,907	324
2027	66,959	324
2028	34,349	324
2029 to 2048	538,004	5,516
Undiscounted values	**887,575**	**7,136**
Embedded interest	(454,639)	(4,707)
Lease liabilities	**432,936**	**2,429**

Accounting policy

The Company and its subsidiaries assess, when entering into a contract for the supply of goods or services, whether it is or contains a lease, i.e., whether it conveys the right to

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control the use of an identified asset for a period of time in exchange for consideration. The Company and its subsidiaries adopt a single recognition and measurement approach for all leases, except for short-term leases and/or leases of low-value assets. Those agreements that contain leases have been described throughout this note.

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

Right of use assets

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

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

Estimations and judgments

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.

Right of use assets

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives

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received. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as described in Note 18.

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

Lease liabilities

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

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

19. SUPPLIERS

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Energy purchased for resale	1,249,667	1,162,009	311,792	151,715
Energy on spot market - CCEE	134,636	110,075	-	-
Charges for use of energy network	246,386	206,759	95	95
Itaipu Binacional	239,780	273,618	-	-
Gas purchased for resale	204,369	277,750	-	-
Materials and services	941,858	801,838	5,836	546
Total	**3,016,696**	**2,832,049**	**317,723**	**152,356**

The exposure of the Company and its subsidiaries to exchange rate and liquidity risks related to suppliers is disclosed in note 31.

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20. TAXES PAYABLE AND AMOUNTS TO BE REFUNDED TO CUSTOMERS

	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current				
ICMS	113,312	107,523	18,540	15,318
Cofins (1)	224,843	199,179	37,157	28,128
PIS/Pasep (1)	48,773	43,214	8,200	6,084
INSS	53,633	43,870	2,629	2,011
Other (2)	203,062	150,360	123,961	88,062
	643,623	**544,146**	**190,487**	**139,603**
Non-current				
Cofins (1)	297,404	304,057	-	-
PIS/Pasep (1)	64,569	66,111	-	-
	361,973	**370,168**	**-**	**-**
	1,005,596	**914,314**	**190,487**	**139,603**
Amounts to be refunded to customers				
Current				
PIS/Pasep and Cofins	513,225	1,154,798	-	-
ICMS (3)	340,800	340,800	-	-
Non-current				
PIS/Pasep and Cofins	664,275	1,808,074	-	-
	1,518,300	**3,303,672**	**-**	**-**

(1) PIS/Pasep and Cofins recorded in current liabilities include the deferral on the financial remuneration of the contract asset and on the construction and improvement revenues linked to the transmission contracts.

(2) The December 31, 2023 balance includes income tax withholdings on interest on equity declared on December 14, 2023, the collection of which occurred in January 2024, in accordance with tax legislation.

(3) On June 23, 2022, Complementary Law 194 came into force with immediate effect, making changes to the National Tax Code (CTN) and to Complementary Law 87/96 (the 'Kandir Law'), (i) classifying electricity, among other goods, as essential, (ii) prohibiting the setting of rates of ICMS tax for transactions with these goods at a level higher than those of transactions in general, and (iii) removing this tax from electricity transmission and distribution services, and from sector charges linked to transactions in electricity. Both the amounts to be refunded and also the method and structure of refunding are still pending decision – these issues are the subject of (a) Unconstitutionality Action (Ação Direta de Inconstitucionalidade – ADI) No. 7,195 of the Federal District, and (b) an application by Cemig to the tax authority ('Sefaz') of Minas Gerais State. Because of there not being a final decision, the amount provisioned by the Company has not undergone any change in the period. Further, the Company has posted an asset relating to the ICMS tax recoverable from the state of Minas Gerais, in the same proportion, and this, too, has not undergone any change.

The amounts of PIS/Pasep and Cofins to be refunded to consumers regarding the credits to be used by Cemig D and Gasmig due to the exclusion of ICMS from the calculation basis of these contributions represent the amounts of R$1,014,384 (R$2,786,998 on December 31, 2022) and R$163,116 (R$175,874 on December 31, 2022), respectively. The criteria for refunding Gasmig's PIS/Pasep and Cofins credits to consumers will still be the subject of discussions with the Minas Gerais Development Secretariat.

As a result of the analysis by the Brazilian tax authority ('Receita Federal'), for the purpose of auditing and confirming the amount of the tax credit to which Cemig D was entitled, the credit was reduced by R$ 66,681, of which amount R$23,223 corresponds to the original credit. This reduction was posted in both Assets and Liabilities, and resulted in the equivalent reduction in the amount to be repaid to consumers.

Movement of amounts to be refunded to consumers

	Consolidated
Balances on December 31, 2021	**2,962,872**
ICMS to be refunded	340,800
Refund to consumers	(2,360,056)
Additional tax credits - Law 14.385/2022	1,479,010
Financial adjustments - Selic	881,046
Balances on December 31, 2022	**3,303,672**
Consumers refunds	(1,908,658)
Federal Revenue Inspection	(66,681)
Financial adjustments - Selic	189,967
Balances on December 31, 2023	**1,518,300**

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Cemig D has already refunded R$5,852,029 by December 31, 2023 (R$3,224,893 by December 31, 2022).

21. LOANS AND DEBENTURES

Financing source	Principal maturity	Annual financial cost %	Currency	Consolidated			
				Dec. 31, 2023			Dec. 31, 2022
				Current	Non-current	Total	Total
FOREIGN CURRENCY							
Eurobonds (1)	2024	9.25%	US$	1,856,920	-	1,856,920	3,974,971
(-)Transaction costs				(1,032)	-	(1,032)	(5,743)
(±) Interest paid in advance (2)				(1,795)	-	(1,795)	(9,423)
Debt in foreign currency				**1,854,093**	**-**	**1,854,093**	**3,959,805**
BRAZILIAN CURRENCY							
Eletrobrás (3)	2023	UFIR + 6.00% a 8.00%	R$	-	-	-	2,380
Debt in Brazilian currency				**-**	**-**	**-**	**2,380**
Total of loans and financings				**1,854,093**	**-**	**1,854,093**	**3,962,185**
Debentures - 3th Issue - 3rd Series (3)	2025	IPCA + 5.10%	R$	330,746	304,242	634,988	911,878
Debentures - 7th Issue – 1st Series (3)	2024	CDI + 0.45%	R$	271,109	-	271,109	814,697
Debentures – 7th Issue – 2nd Series (3)	2026	IPCA + 4.10%	R$	2,794	1,945,316	1,948,110	1,864,547
Debentures - 8th Issue – 1st Series (3)	2027	CDI + 1.35%	R$	2,212	500,000	502,212	503,095
Debentures – 8th Issue – 2nd Series (3)	2029	IPCA + 6.10%	R$	1,238	528,830	530,068	507,408
Debentures – 9th Issue – Single serie	2026	CDI + 2.05%	R$	32,032	2,000,000	2,032,032	-
Debentures – 7th Issue – Single serie (4)	2023	CDI + 1.50%	R$	-	-	-	20,023
Debentures – 8th Issue – Single serie (4)	2031	IPCA + 5.27%	R$	134,236	958,465	1,092,701	1,043,943
Debentures - 9th Issue – 1st Series (1)	2027	CDI + 1.33%	R$	3,092	700,000	703,092	703,185
Debentures - 9th Issue – 2nd Series (1)	2029	IPCA + 7.63%	R$	828	315,122	315,950	302,216
(-) Discount on the issuance of debentures (5)				-	(8,692)	(8,692)	(12,048)
(-)Transaction costs				(2,672)	(41,852)	(44,524)	(41,631)
Total, debentures				**775,615**	**7,201,431**	**7,977,046**	**6,617,313**
Total				**2,629,708**	**7,201,431**	**9,831,139**	**10,579,498**

(1) Cemig Geração e Transmissão;
(2) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract;
(3) Cemig Distribuição;
(4) Debentures issued by Gasmig.
(5) Discount on the sale price of the 2nd series of the Seventh issue of Cemig Distribuição.

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

Issue of debentures - 2023

On June 6, 2023, Cemig D concluded all the procedures related to the financial settlement of the 9th issue of simple debentures, not convertible into shares, of the unsecured type, with an additional fiduciary guarantee, in a single series, for public distribution under the automatic distribution regime, in accordance with CVM regulations.

Two million debentures were issued, totaling R$2,000,000 (two billion reais), at a remuneration rate of CDI + 2.05% and maturing in 3 years. The balance of the nominal unit value of the debentures will be paid in 2 (two) installments, with the first payment (50% of the balance) on May 15, 2025 and the second, of the remaining balance, on May 15, 2026, the date of the main maturity. The funds raised will be used to replenish Cemig D's cash flow, including, but not limited to, Cemig D's operations and investments.

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Company	Entry Date	Due Date Principal	Financial charges	Value
BRAZILIAN CURRENCY				
Debentures – 9th Issue Single serie	June 2023	2026	CDI + 2.05%	2,000,000
(-)Transaction costs				(12,057)
Total				**1,987,943**

The credit risk rating agency Fitch Ratings has assigned a AA+(bra) rating to the Issue.

Partial repurchase of Eurobonds

On December 20, 2023, the Company concluded the partial early redemption, without premium, by exercise of a call option, of its debt securities in the external market, maturing in December 2024, remunerated at 9.25% a year, in the principal amount of US$375 million (R$1,823,400).

This reduced the balance of these securities, due in December 2024, to US$381 million (R$1,856,920 on December 31, 2023).

The table below shows the effects related to the repurchase of bonds:

	%	US$	R$
Principal Amount	100.00	375,000	1,823,400
Accrued interests	0.41	1,542	7,496
		376,542	**1,830,896**
Income tax on accrued interests	17.65	272	1,344
		272	**1,344**
Total of payments		**376,814**	**1,832,240**
Partial disposal of hedge		-	(282,950)
NDF positive adjustment (*)		-	117,305
Total		**376,814**	**1,666,595**

(*) Difference between the PTAX dollar rate on the day of purchase (R$4.9091) in relation to the financial instrument - exchange protection NDF, with the dollar purchase lock in April/23 at R$5.1110 and difference between the PTAX dollar rate on the day of purchase (R$4.8663) in relation to the financial instrument - exchange protection NDF, with the dollar purchase lock in December/23 at R$4.9675.

Guarantees

The guarantees of the debt Balance at loans and financing, on December 31, 2023, were as follows:

	Dec. 31, 2023
Promissory notes and Sureties	2,488,955
Guarantee and Receivables	2,207,947
Receivables	4,058,813
Shares	1,075,424
Total	**9,831,139**

Composition and consolidated changes on loans and debentures

The company's debt has an average repayment period of 2.8 years. The consolidated breakdown of loans and debentures, by currency and index, considering their maturities, is as follows:

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Consolidated	2024	2025	2026	2027	2028	2029 onwards	Total
Currency							
US dollar	1,856,920	-	-	-	-	-	**1,856,920**
Total, currency denominated	**1,856,920**	**-**	**-**	**-**	**-**	**-**	**1,856,920**
Index							
IPCA (1)	469,842	1,396,707	1,098,772	132,420	403,140	1,020,936	**4,521,817**
CDI (2)	308,445	1,233,334	1,233,333	733,333	-	-	**3,508,445**
Total by index	**778,287**	**2,630,041**	**2,332,105**	**865,753**	**403,140**	**1,020,936**	**8,030,262**
(-) Transaction costs	(3,704)	(9,241)	(9,282)	(3,976)	(6,510)	(12,843)	**(45,556)**
(±) Interest paid in advance	(1,795)	-	-	-	-	-	**(1,795)**
(-) Discount	-	(4,199)	(4,199)	-	(147)	(147)	**(8,692)**
Total	**2,629,708**	**2,616,601**	**2,318,624**	**861,777**	**396,483**	**1,007,946**	**9,831,139**

(1) Expanded National Customer Price (IPCA) Index;
(2) CDI: Interbank Rate for Certificates of Deposit;

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

Currency	Accumulated change on 2023 (%)	Accumulated change on 2022 (%)	Indexer	Accumulated change on 2023 (%)	Accumulated change on 2022 (%)
US dollar	(6.50)	(6.50)	IPCA	4.62	5.79
			CDI	13.04	12.39
			TJLP	(9.03)	35.34

The changes in Loans and debentures are as follows:

	Consolidated
Balance on December 31, 2021	**11,363,963**
Borrowings	2,000,000
Transaction costs	(18,235)
Negative goodwill on issuance of debentures	(375)
Net loans obtained	**1,981,390**
Monetary variation	166,910
Exchange variation	(338,265)
Accrued financial charges	974,732
Premium on repurchase of debt securities (Eurobonds)	46,763
Amortization of transaction cost	7,422
Financial charges paid	(1,010,077)
Amortization of financing	(2,613,340)
Balance on December 31, 2022	**10,579,498**
Borrowings	2,000,000
Transaction costs	(12,057)
Net borrowings	**1,987,943**
Monetary variation	148,404
Exchange variation	(276,687)
Accrued financial charges	1,082,722
Amortization of transaction cost	13,908
Financial charges paid	(1,026,146)
Amortization of financing	(2,678,503)
Balance on December 31, 2023	**9,831,139**

Borrowing costs, capitalized

Borrowing costs directly related to the acquisition, construction or production of an asset that necessarily requires substantial time to be completed for its intended use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs comprise interest and other costs incurred by the Company related to Loans and debentures.

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The subsidiaries Cemig D and Gasmig considered the costs of loans and financing linked to construction in progress as construction costs of intangible and concession contract assets, as follows:

	2023	2022
Costs of loans and financing	1,082,722	974,732
Financing costs on intangible assets and contract assets (1)	(69,839)	(46,553)
Net effect in income or loss	**1,012,883**	**928,179**

(1) The average capitalization rate p.a. on Deceember 31, 2023 was 11.75% (11.36% on December 31, 2022).

The amounts of the capitalized borrowing costs have been excluded from the statement of cash flows, in the additions to cash flow of investment activities, as they do not represent an outflow of cash for acquisition of the related asset.

Restrictive covenants

There are early maturity clauses for cross-default in the event of non-payment by Cemig GT or by the Company, of 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:

Title - Security	Covenant	Ratio required - Issuer	Ratio required Cemig (guarantor)	Compliance required
Eurobonds Cemig GT (1)	Net debt / Ebitda adjusted for the Covenant (3)	The following or less: 2.5	The following or less: 3.0 on/after Dec. 31, 2021	Semi-annual and annual
7th and 8th Debentures Issue Cemig D	Net debt / Ebitda adjusted	Less than 3.5	Less than 3.0	Semi-annual and annual
8th Debentures Issue Gasmig Single series (2)	EBITDA/Debt servicing Net debt/EBITDA	1.3 or more 3.0 or less	- -	Annual Annual
9th Debenture Issue CEMIG GT 1st and 2nd Series (3)	Net debt / Adjusted Ebitda	The following or less: 3.5	3.0 on/after Dec. 31, 2022 3.5 from Dec. 31st, 2026 onwards	Semi-annual and annual
9th Debentures Issue Cemig D	Net debt/EBITDA	The following or less: 3.5 on/after Jun. 30, 2023	The following or less: 3.5 on/after Jun. 30, 2023	Semi-annual and annual

(1) Adjusted Ebtida corresponds to earnings before interest, income taxes and social contribution on net income, depreciation and amortization from which non-operating income, any credits and non-cash gains that increase net income are subtracted, to the extent that they are non-recurring, and any cash payments made on a consolidated basis during such period in respect of non-cash charges that were added back in the determination of Ebtida in any prior period, and increased by non-cash expenses and non-cash charges, to the extent that they are non-recurring.
(2) Non-compliance with financial covenants implies non-automatic early maturity. If early maturity is declared by the debenture holders, Gasmig must make the payment upon receipt of the notification.
(3) Non-compliance with financial covenants implies early maturity resulting in the immediate enforceability of payment by CEMIG GT of the Unit Nominal Value or Updated Unit Nominal Value of the Debentures, as the case may be, plus remuneration, in addition to the other charges due, regardless of judicial or extrajudicial notice, notification or interpellation.

Management monitors these indexes continuously.

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 31.

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22. REGULATORY CHARGES

	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Liabilities		
Global Reversion Reserve (RGR)	28,156	28,245
Energy Development Account (CDE)	133,150	127,370
Regulator inspection fee - ANEEL	3,155	2,890
Energy Efficiency Program (1)	187,177	220,802
Research and development (R&D)	149,932	125,864
Energy System Expansion Research	4,613	4,049
National Scientific and Technological Development Fund	9,241	8,114
Proinfa - Alternative Energy Program	9,488	10,291
Royalties for use of water resources	11,024	10,424
Emergency capacity charge	26,325	26,325
Customer charges - Tariff flags	16	16
CDE on R&D	2,914	2,551
CDE on EEP	7,785	4,041
Others	4,625	4,625
Total	**577,601**	**575,607**
Current liabilities	**487,241**	**510,247**
Non-current liabilities	**90,360**	**65,360**

(1) The Energy Efficiency Program (PEE) aims to promote the efficient use of electricity in all sectors of the economy. To this end, concessionaires and permit holders of public electricity distribution services are obliged to invest an annual amount of their net revenue in research and development in the electricity sector.

a) Research, development and innovation

Every year, electricity distribution, generation and transmission concessionaires and permit holders must allocate 1% of their regulatory net operating revenue to research, development and innovation projects in the electricity sector.

The movement of balances is as follows:

	Consolidated					
	Dec. 31, 2022	Additions	Payments	Investments	Monetary updating	Dec. 31, 2023
FNDCT	8,114	63,312	(62,185)	-	-	9,241
MME	4,049	31,653	(31,089)	-	-	4,613
P&D (1)	125,864	40,217	-	(32,059)	15,910	149,932
Total	**138,027**	**135,182**	**(93,274)**	**(32,059)**	**15,910**	**163,786**

	Consolidated					
	Dec. 31, 2021	Additions	Payments	Investments	Monetary updating	Dec. 31, 2022
FNDCT	8,759	49,215	(49,860)	-	-	8,114
MME	4,377	24,600	(24,928)	-	-	4,049
P&D (1)	112,267	33,403	-	(32,147)	12,341	125,864
Total	**125,403**	**107,218**	**(74,788)**	**(32,147)**	**12,341**	**138,027**

(1) The changes in R&D are presented net of services in progress, which amounted to R$5,761 on December 31, 2023 and R$1,680 on December 31, 2022.

23. ACCOUNTS PAYABLE RELATED TO ENERGY GENERATED BY CONSUMERS

The Electricity Compensation System (Sistema de Compensação de Energia Elétrica – SCEE) is a system in which the electricity injected by consumer units which have micro- or mini-distributed generation is assigned, as a loan free of charge, to the local distributor, and subsequently offset against electricity consumption.

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The balance of the obligation represents the volume of energy to be offset, measured at the electricity distribution tariff in force at the time.

On December 31, 2023, the amount posted in Current liabilities was R$ 704,653 (R$ 455,273 on December 31, 2022). This increase is mainly due to the increase in the number of generating facilities (249,241 in December 2023, compared to 191,153 in December 2022) and the increase in the amount of energy injected (4,720 GWh in 2023, compared to 3,041 GWh in 2022).

24. POST-EMPLOYMENT OBLIGATIONS

Forluz Pension plan (a Supplementary retirement pension plan)

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

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

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

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

In addition to the Forluz pension plans, Cemig, Cemig GT and Cemig D , contribute to the Integrated Health Plan (PSI) and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

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 IAS 19/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, in the first quarter of 2023, as a cost of past service, in the amounts of R$55,489 for the health plan and R$1,473 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$60,274 for the health plan, and R$934 for the dental plan.

Actuarial obligations and recognition in the financial statements

On this Note the Company discloses its obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and the Life Insurance Plan in accordance with the terms of CPC 33 (R1) /IAS 19 - *Employee Benefits*, and the independent actuarial opinion issued as of December 31, 2023.

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.

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$343,561, and up to 2033 for the 2017 deficit, in the amount of R$177,337. 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, the Company will not be required to pay the remaining installments and the contract will be extinguished.

On December 31, 2023 the total amount payable by Cemig and its subsidiaries as a result of the Plan A deficits was R$520,898 (R$545,196 on December 31, 2022 referring to the Plan A deficits of 2015, 2016 and 2017).

Forluz consignment deposits

In accordance with the specific legislation, Forluz sent Cemig a proposal to enter into new Private Debt Assumption Instruments between Forluz and the sponsors Cemig, Cemig GT and Cemig D, according to the settlement plan to cover the deficit of Forluz's Plan A in 2019,

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2020 and 2021. In the case of deficit settlements, if the plan reaches actuarial balance before the full amortization period of the contract, the Company would be exempt from paying the remaining installments and the contract would be extinguished.

The Company, recognizing its legal obligation with regard to the Plan A deficit, corresponding to 50% of the minimum amount, respecting the rule of contributory parity, makes consignment payments into a judicial deposit account, which are available to Forluz to be redeemed at any time at the official bank. The deposits are constituted monthly by the amount of 50% of the installment of each of the 2019, 2020 and 2021 Deficit Equalizations, as follows:

	Deficit of pension fund 2019	Deficit of pension fund 2020	Deficit of pension fund 2021
Start of consignment	May, 2021	April, 2022	In process
Total amount requested by Forluz	R$160,425	R$251,644	R$669,711
Amount considering contribution parity	R$80,213	R$125,822	R$334,856
Number of parcels	166	158	159
Interest	IPCA + 6%	IPCA + 6%	IPCA + 6%
Balance deposited on December 31, 2023	R$ 26,942	R$ 25,908	R$ 20,268

In relation to the resolution of the 2019 deficit, in accordance with the applicable legislation, Forluz proposed to Cemig a new Debt Assumption Instrument to be signed, if approved, by Forluz, Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, which occurred in 2019, as well as the refusal of consignment payments made by the Company, filed, on April 27, 2021, a lawsuit against the sponsors Cemig, Cemig GT and Cemig D, requesting that the request be upheld to ensure compliance with the contracting of the debt to cover the Plan A deficit, in the amount of R$160,425, consolidated.

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'.

Debt with the pension fund (Forluz)

On December 31, 2023, the Company and its subsidiaries have recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$90,293 (R$251,401 on December 31, 2022). This amount has been recognized as an obligation payable by Cemig and its subsidiaries, and will be amortized until June of 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Customer Price) inflation index (published by the Brazilian Geography and Statistics Institute - IBGE) plus 6% per year. The Company is required to pay this debt even if Forluz has a surplus, thus, the Company maintain recorded the debt in full, and record the effects of monetary updating and interest in finance income (expenses) in the statement of income.

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Actuarial information

The consolidated actuarial information is as follows:

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Dec. 31, 2023
Present value of obligations	12,215,508	3,005,748	54,306	15,275,562
Fair value of plan assets	(9,882,163)	-	-	(9,882,163)
Initial net liabilities	**2,333,345**	**3,005,748**	**54,306**	**5,393,399**
Adjustment to asset ceiling	23,197	-	-	23,197
Net liabilities in the statement of financial position	**2,356,542**	**3,005,748**	**54,306**	**5,416,596**

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Dec. 31, 2022
Present value of obligations	11,403,598	3,313,138	61,225	14,777,961
Fair value of plan assets	(9,197,775)	-	-	(9,197,775)
Initial net liabilities	**2,205,823**	**3,313,138**	**61,225**	**5,580,186**
Adjustment to asset ceiling	111,799	-	-	111,799
Net liabilities in the statement of financial position	**2,317,622**	**3,313,138**	**61,225**	**5,691,985**

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

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

Changes in the present value of the defined benefit obligation

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Defined-benefit obligation at December 31. 2021	**12,025,817**	**3,468,504**	**66,017**	**15,560,338**
Cost of current service	1,882	15,873	375	18,130
Past service cost (1)	(4,296)	-	-	(4,296)
Interest on actuarial obligation	1,224,041	362,118	6,892	1,593,051
Actuarial losses (gains):				
Due to changes in demographic assumptions	(7,156)	(1,298)	92	(8,362)
Due to changes in financial assumptions	(856,672)	(305,209)	(5,515)	(1,167,396)
Due to adjustments based on experience	105,557	(20,474)	(3,020)	82,063
	(758,271)	**(326,981)**	**(8,443)**	**(1,093,695)**
Benefits paid	(1,085,575)	(206,376)	(3,616)	(1,295,567)
Defined-benefit obligation at December 31. 2022	**11,403,598**	**3,313,138**	**61,225**	**14,777,961**
Cost of current service	274	11,066	260	11,600
Past service cost (2)	-	(55,489)	(1,473)	(56,962)
Interest on actuarial obligation	1,275,608	370,053	6,811	1,652,472
Actuarial losses (gains):				
Due to changes in demographic assumptions	-	26,086	503	26,589
Due to changes in financial assumptions	753,752	231,870	4,351	989,973
Due to adjustments based on experience	(124,997)	(672,500)	(13,558)	(811,055)
	628,755	**(414,544)**	**(8,704)**	**205,507**
Benefits paid	(1,092,727)	(218,476)	(3,813)	(1,315,016)
Defined-benefit obligation at December 31. 2023	**12,215,508**	**3,005,748**	**54,306**	**15,275,562**

(1) Due to the alterations made in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and former employees, the Company understood that the post-retirement benefit in question had been entirely canceled, and as a result wrote down the balance of the obligation, remeasured using the revised actuarial assumptions

(2) Relating to the changes in the conditions of Plan B for requesting the Enhancement of Retirement for Length of Contribution, Special or Age - MAT (Improvement of Retirement for Length of Service, Special or Age).

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Changes in the fair values of the plan assets

Consolidated	Pension plans and retirement supplement plans - Forluz
Fair value of the plan assets at December 31, 2021	**9,377,896**
Return on investments	633,480
Contributions from employer	271,974
Benefits paid	(1,085,575)
Fair value of the plan assets at December 31, 2022	**9,197,775**
Return on investments	1,464,379
Contributions from employer	312,736
Benefits paid	(1,092,727)
Fair value of the plan assets at December 31, 2023	**9,882,163**

Changes in net liabilities

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Net liabilities at December 31, 2021	**2,670,153**	**3,468,504**	**66,017**	**6,204,674**
Expense recognized in Statement of income	284,818	377,991	7,268	670,077
Past service cost	(4,296)	-	-	(4,296)
Contributions paid	(271,974)	(206,376)	(3,614)	(481,964)
Actuarial losses (gains)	(361,080)	(326,981)	(8,445)	(696,506)
Net liabilities at December 31, 2022	**2,317,621**	**3,313,138**	**61,226**	**5,691,985**
Expense recognized in Statement of income	279,644	381,119	7,071	667,834
Past service cost	-	(55,489)	(1,474)	(56,963)
Contributions paid	(312,736)	(218,476)	(3,813)	(535,025)
Actuarial losses (gains)	72,013	(414,544)	(8,704)	(351,235)
Net liabilities at December 31, 2023	**2,356,542**	**3,005,748**	**54,306**	**5,416,596**
			Dec. 31, 2023	**Dec. 31, 2022**
Current liabilities			**328,621**	**388,447**
Non-current liabilities			**5,087,975**	**5,303,538**

Parent company	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Net liabilities at December 31, 2021	**498,434**	**220,585**	**5,047**	**724,066**
Expense recognized in Statement of income	53,247	23,615	546	77,408
Past service cost	(453)	-	-	(453)
Contributions paid	(13,385)	(11,705)	(217)	(25,307)
Actuarial losses (gains)	(78,697)	(25,773)	(703)	(105,173)
Net liabilities at December 31, 2022	**459,146**	**206,722**	**4,673**	**670,541**
Expense recognized in Statement of income	55,435	23,222	524	79,181
Past service cost	-	(2,075)	(74)	(2,149)
Contributions paid	(16,551)	(12,210)	(226)	(28,987)
Actuarial losses (gains)	(8,070)	(26,309)	(565)	(34,944)
Net liabilities at December 31, 2023	**489,960**	**189,350**	**4,332**	**683,642**
			Dec. 31, 2023	**Dec. 31, 2022**
Current liabilities			**26,204**	**29,166**
Non-current liabilities			**657,438**	**641,375**

Actuarial losses and gains, net of income tax and Social Contribution tax, do not involve cash, and therefore are not reflected in the Statements of cash flows.

Amounts recorded as current liabilities refer to contributions to be made by Cemig and its subsidiaries in the next 12 months for the amortization of the actuarial liabilities.

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The amounts reported as 'Expense recognized in the Statement of income' refer to the costs of post-employment obligations, that include the past service cost arising from the cancellation of the post-retirement life insurance obligation, totaling R$591,012 in 2023 (R$626,028 in 2022), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$19,859 in 2023 (R$39,753 on December 31, 2022).

Amounts recognized in the statement of income

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Current service cost	274	11,066	260	11,600
Past service cost	-	(55,489)	(1,473)	(56,962)
Interest on the actuarial obligation	1,275,608	370,053	6,811	1,652,472
Expected return on the assets of the Plan	(1,003,765)	-	-	(1,003,765)
Expense in 2023	**272,117**	**325,630**	**5,598**	**603,345**

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Current service cost	1,882	15,873	375	18,130
Past service cost	(4,296)	-	-	(4,296)
Interest on the actuarial obligation	1,224,041	362,118	6,892	1,593,051
Expected return on the assets of the Plan	(941,105)	-	-	(941,105)
Expense in 2022	**280,522**	**377,991**	**7,267**	**665,780**

Estimates for the following year and sensitivity analysis

The estimate for the expense to be recognized for the 2024 financial year is as follows:

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Current service cost	1,258	6,425	128	7,811
Interest on the actuarial obligation	1,054,715	262,446	4,723	1,321,884
Expected return on the assets of the Plan	(842,021)	-	-	(842,021)
Estimated total expense in 2024 as per actuarial report	**213,952**	**268,871**	**4,851**	**487,674**

Expected benefit payments for 2024 are as follows:

Consolidated	Pension plans and retirement supplement plans - Forluz	Health plan	Dental plan	Total
Estimated payment of benefits	1,123,623	219,078	4,340	**1,347,041**

The Company and its subsidiaries Cemig GT and Cemig D have expectation of making contributions to the pension plan in 2023 of R$185,720 for amortization of the deficit of Plan A, and R$84,485 for the Defined Contribution Plan (recorded directly in the Statement of income for the year).

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Below is a sensitivity analysis of the liabilities effect of changes in the main actuarial assumptions used to determine the defined-benefit obligation at December 31, 2023:

Effects on the defined-benefit obligation - Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Reduction of one year in the mortality table	340,887	60,732	1,114	**402,733**
Increase of one year in the mortality table	(310,786)	(61,752)	(1,132)	**(373,670)**
Reduction of 1% in the discount rate	1,139,705	341,982	6,138	**1,487,825**
Increase of 1% in the discount rate	(974,573)	(309,695)	(5,562)	**(1,289,830)**

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

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

Pension plans and retirement supplement plans		Health plan	Dental plan
Plan A	Plan B		
8.38	10.26	9.92	9.79

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

	Cemig, Cemig GT and Cemig D	
	2023	2022
Shares	1,339,210	593,240
Fixed income securities	7,474,687	7,072,136
Real estate property	439,779	449,738
Others	628,487	1,082,662
Total	**9,882,163**	**9,197,776**

The following assets measured at fair value, are related to the Company and are not considered plan assets. According to the requirement of the standards, the amount are presented for information purpose:

	2023	2022	2021
Non-convertible debentures issued by the Company and subsidiaries	95,536	136,672	302,451
Shares issued by the Company	3,776	3,437	386
Real estate properties of the Foundation, occupied by the Company and subsidiaries	275,000	270,000	277,368
Total	**374,312**	**410,109**	**580,205**

Main actuarial assumptions

	2023		2022	
	Pension plans and retirement supplement plans	Health and dental plan	Pension plans and retirement supplement plans	Health and dental plan
Annual discount rate for present value of the actuarial obligation	9.03%	9.07%	11.73%	11.83%
Annual expected return on plan assets	9.03%	Not applicable	11.73%	Not applicable
Long-term annual inflation rate	3.50%	3.50%	5.31%	5.31%
Estimated future annual salary increases	3.50%	Not applicable	5.31%	Not applicable
General mortality rate table	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 S10% by sex	AT-2000 M&F S10% D20%
Disability rate	Not applicable	Not applicable	Not applicable	Álvaro Vindas Desagravo 30%
Disabled mortality rate	AT-83 IAM Male	MI-85 Female	AT-83 IAM Male	MI-85 Female
Real growth of contributions above inflation	-	1%	-	1%

The Company has not made changes in the methods used to calculate its post-employment obligations for the years ended December 31, 2023 and 2022.

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Accounting policy

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

Estimations and judgments

In the case of retirement obligations, the liability recognized in the balance sheet with respect to defined benefit pension plans is the greater of the debt agreed with the foundation for amortization of actuarial obligations and the present value of the actuarial obligation, calculated by means of an actuarial report, less the fair value of the plan's assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The interest rates used in this discounting are consistent with market securities, which are denominated in the currency in which the benefits will be paid and which have maturities close to those of the respective pension plan obligation.

In defined contribution plans, the Company makes fixed contributions and has no legal or constructive obligations to make contributions if the fund does not have sufficient assets to pay all employees the related benefits. The Company has no additional payment obligation after the contribution is made. Contributions are recognized as an employee benefits expense when due.

In the case of the health and dental plans, the liabilities are calculated by calculating the present value of the future obligations to be made by the Company, considering the maintenance of the current contribution level, the forecast of a real readjustment of the amounts and the future updating of the contributions by the variation of an index compatible with the Regulations and the history of the costs of the plans.

Actuarial calculations take place at each financial year end and involve the use of assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future increases in retirement and pension benefits. All assumptions are reviewed at each base date.

In the current and previous financial years, post-employment expenses are recorded as operating expenses, with the exception of expenses related to the debt agreed with the Pension Fund, which are recorded in the financial result, as they represent interest and monetary variation.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are recognized through other comprehensive income and will not be reclassified to profit or loss in the future.

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Both the past service cost resulting from a change or reduction in the defined benefit plan and the gain or loss on the settlement of obligations are determined based on the remeasurement of the net present value of the obligation, due to the revision of actuarial assumptions, and are recognized directly in profit or loss for the year in which the change occurs.

25. 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.

Company and its subsidiaries recorded provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company's management and its legal advisors, the chances of loss are assessed as 'probable', as follows:

	Consolidated				
	Dec. 31, 2022	Additions	Reversals	Settled	Dec. 31, 2023
Labor	414,809	146,659	(26,445)	(103,104)	431,919
Civil					
Customer relations	41,208	65,794	(10,449)	(51,806)	44,747
Other civil actions	36,296	24,151	(1,395)	(19,150)	39,902
	77,504	**89,945**	**(11,844)**	**(70,956)**	**84,649**
Tax	1,474,690	147,190	(2,338)	(1,167)	1,618,375
Regulatory	47,493	8,552	(387)	(3,775)	51,883
Others	14,525	18,198	(9,506)	(10,130)	13,087
Total	**2,029,021**	**410,544**	**(50,520)**	**(189,132)**	**2,199,913**

	Consolidated				
	Dec. 31, 2021	Additions	Reversals	Settled	Dec. 31, 2022
Labor	403,934	123,937	(26,206)	(86,856)	414,809
Civil					
Customer relations	32,235	44,270	(14)	(35,283)	41,208
Other civil actions	38,548	13,845	(3,439)	(12,658)	36,296
	70,783	**58,115**	**(3,453)**	**(47,941)**	**77,504**
Tax	1,295,661	332,488	(150,126)	(3,333)	1,474,690
Regulatory	47,842	11,521	(4,797)	(7,073)	47,493
Others	70,752	57,251	(56,853)	(56,625)	14,525
Total	**1,888,972**	**583,312**	**(241,435)**	**(201,828)**	**2,029,021**

	Parent company				
	Dec. 31, 2022	Additions	Reversals	Settled	Dec. 31, 2023
Labor	40,743	16,020	(12,182)	(16,020)	28,561
Civil					
Customer relations	4,527	628	(1,855)	(629)	2,671
Other civil actions	3,609	1,170	(1,395)	(1,170)	2,214
	8,136	**1,798**	**(3,250)**	**(1,799)**	**4,885**
Tax	221,494	22,051	(182)	(278)	243,085
Regulatory	8,462	1,906	(73)	(78)	10,217
Others	306	611	(105)	(608)	204
Total	**279,141**	**42,386**	**(15,792)**	**(18,783)**	**286,952**

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	Parent company				
	Dec. 31, 2021	Additions	Reversals	Settled	Dec. 31, 2022
Labor	43,075	13,137	(2,332)	(13,137)	40,743
Civil					
Customer relations	1,220	3,527	(7)	(213)	4,527
Other civil actions	2,421	2,989	-	(1,801)	3,609
	3,641	**6,516**	**(7)**	**(2,014)**	**8,136**
Tax	177,722	91,278	(45,165)	(2,341)	221,494
Regulatory	11,166	4,166	(2,735)	(4,135)	8,462
Others	1,391	495	(1,151)	(429)	306
Total	**236,995**	**115,592**	**(51,390)**	**(22,056)**	**279,141**

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:

Possible losses				
	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Labor	1,363,150	1,198,657	156,373	118,024
Civil				
Customer relations	345,977	230,919	7,874	8,839
Other civil actions	613,360	537,197	42,344	35,989
	959,337	**768,116**	**50,218**	**44,828**
Tax	2,473,747	2,149,475	598,753	470,980
Regulatory	3,145,037	2,976,485	1,573,473	1,432,717
Others	1,839,500	1,361,004	16,338	10,441
Total	**9,780,771**	**8,453,737**	**2,395,155**	**2,076,990**

The Company and its subsidiaries’ management, in view of the extended period and the Brazilian judiciary, tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of this financial statements in relation to the the timing of any cash outflows, or any possibility of reimbursements. It is expected that most of the provisioned amounts will be paid out in periods of more than 12 months.

The Company and its subsidiaries believe 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

Company and its subsidiaries are involved in numerous administrative and judicial claims actions relating to taxes, including, among other matters, subjects relating to the Urban Property Tax (Imposto sobre a Propriedade Territorial Urbana, or IPTU); the Rural Property Tax (ITR); the Tax on Donations and Legacies (ITCD); 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 (Contribuição Social sobre o Lucro Líquido, or CSLL); and motions to tax enforcement. The aggregate amount of

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this contingency is approximately R$367,613 (R$276,265 at December 31, 2022), of which R$23,643 (R$22,664 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

In addition to the issues above the Company and its subsidiaries are involved in various proceedings on the applicability of the IPTU Urban Land Tax to real estate properties that are in use for providing public services. The aggregate amount of the contingency is approximately R$186,319 (R$94,324 at December 31, 2022). Of this total, R$2,222 has been recognized (R$3,525 at December 31, 2022) - this being the amount estimated as probably necessary for settlement of these disputes. The Company has been successful in its efforts to have its IPTU tax liability suspended, winning judgments in favor in some cases, which is the main fact that led to the reduction of the contingency amount.

Social Security contributions on income 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 income sharing to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10.101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the probability of loss from 'possible' to 'probable' for some portions paid as income-sharing amounts, maintaining the classification of the chance of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation.

The amount of the contingencies is approximately R$1,788,565 (R$1,639,980 on December 31, 2022), of which R$1,448,875 has been provisioned (R$1,311,148 on December 31, 2022), this being the estimate of the probable amount of funds to settle these disputes.

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

In 2006 the Company paid an indemnity to its employees, totaling R$177,686, in exchange for rights to future payments (referred to as the Anuênio) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax nor Social Security contributions in relation to these amounts because it believed that amounts paid as indemnity are not taxable. However, given the possibility of dispute and to avoid risk of future penalty payments, the Company and its subsidiaries filed legal actions for recognition of the right of non-taxation on these Anuênio payments, making separate submissions and argument in relation to (a) income tax and (b) the social security contribution, in the aggregate historic amount of R$121,834, which is considered sufficient for payment of the lawsuit.

In the action relating to applicability of the social security contribution, a court judgment was given that impedes consideration of an appeal to the Federal Supreme Court - thus

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consideration by the Higher Appeal Court remains. Additionally, 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 contingency is approximately R$319,341 (R$305,427 on December 31, 2022), of which R$142,338 (R$136,131 on December 31, 2022) has been provisioned.

Lack of approval to offsett tax credit

The federal tax authority did not approve the Company’s offset, 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 and its subsidiaries are contesting the lack of approval of the amounts offseted. The amount of the contingency is R$147,818 (R$164,014 on December 31, 2022), of which R$1,297 (R$1,221 at December 31, 2022), has been provisioned, since the relevant requirements of the National Tax Code (CTN) have been complied with. The probability of loss related to the amount not provisioned has been assessed as ‘possible’.

Social Security contributions

The Brazilian federal tax authority (Secretaria da Receita Federal) has filed administrative proceedings related to various matters: employee income sharing; the Workers’ Food Program (Programa de Alimentação do Trabalhador, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers’ support programs) and fines for non-compliance with accessory obligations. The Company and its subsidiaries have presented defenses and await judgment. The amount of the contingency is approximately R$147,597 (R$124,621 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.

Income tax withheld on capital gain in a shareholding transaction

The federal tax authority issued a tax assessment against Cemig as a jointly responsible party with its jointly controlled entity Parati S.A. Participações em Ativos de Energia Elétrica (Parati), relating to withholding income tax (Imposto de Renda Retido na Fonte, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a shareholding transaction relating to the purchase by Parati, and sale, by Enlighted, at July 7, 2011, of 100.00% of the equity interests in Luce LLC (a company with head office in Delaware, USA), holder of 75.00% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13,03% of the total

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and voting shares of Light S.A. (Light). The amount of the contingency is approximately R$273,786 (R$255,792 on December 31, 2022), and the loss has been assessed as 'possible'.

The social contribution tax on net income (CSLL)

The federal tax authority issued a tax assessment against the Company and its subsidiaries 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$587,338 (R$517,199 on December 31, 2022), and the probability of loss has been assessed as 'possible'.

ICMS (local state value added tax)

From December 2019 to December 2021, the Tax Authority of Minas Gerais State issued infraction notices against the subsidiary Gasmig, in the total amount of R$357,435, relating to reduction of the calculation base of ICMS tax in the sale of natural gas to its customers over the period from December 1, 2014 to September 30, 2021, alleging a divergence between the form of calculation used by Gasmig and the opinion of that tax authority. The claims comprises principal amount of R$124,478, penalty payments of R$200,546 and interest of R$32,411.

Considering that the State of Minas Gerais, over a period of more than 25 years, has never made any allegations against the methodology of calculation by the Company, Management and Company's legal advisors, believe that there is a defense under Article 100, III of the National Tax Code, which removes claims for penalties and interest; and that the contingency for loss related to these amounts is 'remote', In relation to the argument on the difference between the amount of ICMS tax calculated by Gasmig and the new interpretation by the state tax authority, the probability of loss was considered 'possible'. On December 31, 2023 the amount of the contingency for the period relating to the rules on expiry by limitation of time is R$222,713 (R$182,058 on December 31, 2022). In July 2021, Gasmig filed a lawsuit for annulment of a tax debit, against the State of Minas Gerais, and this proceeding suspended the tax claim referred to above.

Interest on Equity

The Company filed an application for mandamus, with interim relief, requesting the right to deduct, from the basis of calculation of corporate income tax and Social Contribution tax, the expense relating to payment of Interest on Equity in 4Q20 calculated on the basis of prior periods (the first and second quarters of 2020), and for cancellation of the demand for new supposed credits of corporate income tax and the Social Contribution relating to the amount that was not paid as a result of the deduction of the said financial expense, with application of fines. Additionally, a judicial deposit was made in the amount of R$81,894 (R$67,852 on December 31, 2022). The amount of the contingencies in this case is R$73,983 (R$66,693 on December 31, 2022). The Company has evaluated the tax treatments adopted, which are

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susceptible to dispute by the tax authorities, and concluded that it is more likely than not that the tax authority will accept the Company's conclusions.

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

The Brazilian tax authority issued, in August 2021, two infringement notices relating to calculation of the PIS/Pasep and Cofins taxes, from August 2016 to December 2017, alleging insufficiency of payment of these contributions due to supposed undue credits deduction of the expenses on the Proinfa charge, and absence of reversal of the credits related to non-technical losses. The Company is contesting these infringement notices. The amount of the contingency is R$199,762 (R$179,848 on December 31, 2022) and the Company has classified the chances of loss as 'possible', due to the scarcity of case law on the subject.

Labor claims

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

The aggregate amount of the contingency is approximately R$1,795,067 (R$1,613,466 at December 31, 2022), of which R$431,918 (R$414,809 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Customers claims

The Company and its subsidiaries are involved in various civil actions relating to indemnity for personal injury and for material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue charging, in the normal course of business, totaling R$287,497 (R$272,127 at December 31, 2022), of which R$44,747 (R$41,208 at December 31, 2022) has been recorded - this being the probable estimate for funds needed to settle these disputes.

Power supply outages

The Attorney General's Office of Uberlândia filed a Public Civil Action against the Company, as a result of recurring electricity outages in that municipality. The amount of the contingency for collective damages for pain and suffering is R$103,227, on December 31, 2023. The chance of loss in this action has been classified as "possible", since the action is at the initial stage: the Company is still preparing its defense.

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Other civil proceedings

The Company and its subsidiaries are involved in various civil actions claiming indemnity for personal and material damages, among others, arising from incidents occurred in the normal course of business, in the amount of R$653,262 (R$573,493 on December 31, 2022), of which R$39,902 (R$36,296 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Regulatory

The Company and its subsidiaries are involved in numerous administrative and judicial proceedings, challenging, principally: (i) tariff charges in invoices for use of the distribution system by a self-producer; and (ii) alleged violation of targets for continuity indicators in retail supply of energy. The aggregate amount of the contingency is approximately R$589,318 (R$322,910 on December 31, 2022), of which R$25,601 (R$24,996 at December 31, 2022) has been recorded as provision - the amount estimated as probably necessary for settlement of these disputes.

Tariff increase – The Cruzado Plan

The Company and its subsidiaries are defendants in actions challenging the tariff increase authorized by Ministerial Orders DNAEE 38/86 and 45/86, which took place during the Federal Government’s economic stabilization plan called the ‘Cruzado Plan’, in 1986. The plaintiffs demand restitution of excess amounts allegedly paid in the period in question, since the Supreme Court's defining judgment on Theme 319 decided the increase in tariffs was unlawful. Currently, most of the actions on this issue are at the phase of calculation of amounts to be repaid. In view of this, the amount of the contingency is estimated at R$ 65,553 (R$ 52,721 on December 31, 2022), of which R$ 26,282 (R$ 22,497 on December 31, 2022) has been provisioned.

Public Lighting Contribution (CIP)

Cemig and Cemig D are defendants in several public civil claims (class actions) requesting nullity of the clause in the Electricity Supply Contracts for public illumination signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed error by Cemig in the estimation of the period of time that was used in calculation of the consumption of energy for public illumination, funded by the Public Lighting Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company and its subsidiaries believes it has arguments of merit for defense in these claims, including a partial favorable decision. As a result it has not constituted a provision for this action, the amount of which is estimated at R$1,581,585 (R$1,432,813 at December 31, 2022). The Company has assessed the probability of loss in this action as ‘possible’, due to the Customer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable,

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because the matter is governed by the specific regulation of the electricity sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

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 Exchange 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 Cemig GT, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$594,151 (R$506,742 on December 31, 2022). On November 9, 2008 Cemig GT 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, Cemig GT has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Electricity Sector, in which the Company has the full documentation to support its arguments.

Energy billing dispute

During 2022, one of the Company's clients filed an arbitration proceeding requesting changes in contractual clauses and questioning the incidence of certain taxes on its electricity bills. In September 2022, the Company was duly notified of the court decision that granted the injunction request, which determined that the Company should start billing the energy supply contract according to the request. After the arbitration procedure was initiated and the parties were heard, in January 2023, the Court revoked the previous decision and determined the reestablishment of the contractual billing system, as well as the payment of the unbilled amounts due to the injunction initially granted in favor of this customer.

The arbitration proceeding is still in progress, in which this client is questioning the points informed above. If the arbitration decision grants the client's request, the Company will have to refund the difference between the contracted amounts and the adjustments demanded, which amounted to R$234,466 on December 31, 2023. Management, based on the opinion of its legal advisors, classified the probability of loss as possible.

Exclusion of customers classified as low-income

The Federal Public Attorneys' Office filed a class action against the Company and the grantor (Aneel), to avoid exclusion of customers from classification in the *Low-income residential tariff* sub-category, requesting an order for Cemig D to pay twice the amount paid in excess

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by customers. A decision was given in favor of the plaintiffs, but the Company and the grantor (Aneel) have filed an interlocutory appeal and await judgment. In July 2023, after the case had been properly processed, the Federal Public Attorneys' Office request was dismissed and the decision became final.

Administrative penalty

The Company and its subsidiary filed an action for annulment of the administrative act, with request for injunctive relief, against the National Electric Energy Agency (Aneel), for cancellation of the punishments, warnings and fines, in the historic amount of R$ 25,778, arising from Infringement Notice 076/2013 – SEF/ANEEL. The amount of the contingency is approximately R$ 131,846 (R$ 108,403 on December 31, 2022). The chance of loss has been assessed as 'possible'. The case is awaiting judgment by the court.

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. Cemig GT, based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, Cemig GT has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$148,656 (R$136,795 on December 31, 2022).

Other legal actions in the normal course of business

The Company and its subsidiaries are involved, as plaintiff or defendant, in other litigation, including environmental causes, removal of residents from risk areas and compensation for contract terminations, of lesser relevance, related to the normal course of its operations, in the estimated amount of R$511,371 (R$433,911 as of December 31, 2022), of which R$12,934 has been provisioned (R$5,912 as of December 31, 2022), this being the probable estimate of resources to settle these discussions.

Breach of contract - Power line pathways and accesses cleaning services contract

The Company and its subsidiaries are involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. In October 2022, the judge authorized the opposing party to withdraw the amount deposited of R$37,792, converting it into payment of the conviction. In February 2023, the payment of R$7,272 was made, referring to the residual issues of the process, and the discussion was closed.

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‘*Luz Para Todos*’ Program

The Company is a party in disputes alleging losses suffered by third parties as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as the ‘*Luz Para Todos’*. The estimated amount of the contingency is approximately R$515,381 (R$470,248 on December 31, 2022). Of this total, R$154 (R$141 on December 31, 2022) has been provisioned the amount estimated as probably necessary for settlement of these disputes.

Contractual imbalance

Cemig D is party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R$245,929 (R$223,395 on December 31, 2022). Cemig D has classified the chance of loss as ‘possible’, after analysis of the case law on this subject.

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 subsidiary Cemig GT, as defendants jointly and severally liable. The amount involved in this dispute is estimated at R$127,048 (R$102,760 on December 31, 2022). The probability of loss has been assessed as ‘possible’.

Clearance of residential occupation under high-voltage lines

The class action brought by the Public Attorneys of Minas Gerais State requests that the Company remove and resettle the inhabitants currently living within the limits of the safety zone of the high-voltage lines in the region. The amount of the contingent liability in dispute has been estimated at R$129,856 on December 31, 2023 (R$25,252 on December 31, 2022).

Volta do Rio wind farm

The Company and its subsidiary Volta do Rio are defendants in a claim presented in 2022 by the Federal Heritage Board (Secretaria de Patrimônio da União – SPU) of Ceará state, which considered that landfills, rockfill and towers for installation of the wind generation system of the Volta do Rio wind farm are located on free beach coastline. This resulted in the following penalties being applied to the Volta do Rio wind farm: (i) demolition and/or removal of buildings, and the installed equipment, if they are unable to be regularized; and (ii) a monthly fine for each square meter affected by the facilities. The Company has presented a defense to the accusation, and filed an administrative appeal. The contingency is estimated at R$ 174,347 at December 31, 2023. The chances of loss have been assessed as ‘possible’.

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Accounting policy

The amounts are recognized only in operational expenses, of which the following may be examples: (i) the amounts related to expropriation and constitution of easements do not impact the Company's profit, since the disbursement is understood as investment in acquisition of real estate; (ii) administrative proceedings, in which discussions take place in the administrative sphere, are evaluated as to their probability of loss in the judicial sphere; (iii) the amount assumed for legal actions related to consortia refers to the share of the Company, specified by contract, and will receive the same treatment as that applied to the other actions; and (iv) in material actions in which deposits have been made in escrow, provisions, based on the updated amount of the balance of the deposit made, are made only when they represent a probable outward payment of cash to settle the obligation, and no other outward cash payment is required.

Estimations and judgments

In relation to the contingent liability, it is a possible obligation that results from past events, the confirmation of which depends on one or more uncertain future events, which are not entirely under the control of the Company. This is an unrecognized obligation, since it is not probable that there will be a requirement to make a payment to settle the obligation, but such items are disclosed in explanatory notes. In the disclosure, a brief description is given of the nature of the contingent liability, with an indication of the uncertainties on the amount of any disbursement, or the amount of any expected reimbursement, where applicable.

26. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On December 31, 2023 and 2022, the Company's issued and share capital is R$11,006,853 represented by 735,847,624 common shares and 1,465,523,064 preferred shares, both of them with nominal value of R$5.00, as demonstrated below:

	Number of shares on December 31, 2023					
	Common	**%**	**Preferred**	**%**	**Total**	**%**
State of Minas Gerais	375,031,302	50.97	17,085	-	375,048,387	17.04
FIA Dinâmica Energia S.A.	233,004,992	31.66	116,951,354	7.98	349,956,346	15.90
BNDES Participações	82,007,784	11.14	-	-	82,007,784	3.73
PZENA	-	-	73,283,989	5.00	73,283,989	3.33
BlackRock	-	-	217,550,174	14.84	217,550,174	9.88
Others						
In Brazil	29,160,676	3.97	101,717,633	6.95	130,878,309	5.94
Foreign shareholders	16,642,870	2.26	956,002,829	65.23	972,645,699	44.18
Total	**735,847,624**	**100.00**	**1,465,523,064**	**100.00**	**2,201,370,688**	**100.00**

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	Number of shares on December 31, 2022					
	Common	%	Preferred	%	Total	%
State of Minas Gerais	375,031,302	50.97	17,085	-	375,048,387	17.04
Other entities of Minas Gerais State	30,021	-	21,880,950	1.49	21,910,971	1.00
FIA Dinâmica Energia S.A.	233,625,046	31.75	118,771,654	8.10	352,396,700	16.01
BNDES Participações	82,007,784	11.14	-	-	82,007,784	3.73
BlackRock	-	-	218,212,381	14.89	218,212,381	9.91
Others						
In Brazil	26,546,632	3.61	178,219,966	12.16	204,766,598	9.30
Foreign shareholders	18,606,839	2.53	928,421,028	63.36	947,027,867	43.01
Total	**735,847,624**	**100.00**	**1,465,523,064**	**100.00**	**2,201,370,688**	**100.00**

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

b) Earnings per share

The number of shares included in the calculation of basic and diluted earnings, is described in the table below:

	Number of shares	
	2023	2022
Common shares already paid up	735,847,624	735,847,624
Shares in treasury	(102)	(102)
Total common shares	**735,847,522**	**735,847,522**
Preferred shares already paid up	1,465,523,064	1,465,523,064
Shares in treasury	(846,062)	(846,062)
Total preferred shares	**1,464,677,002**	**1,464,677,002**
Total	**2,200,524,524**	**2,200,524,524**

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is as follows:

	2023	2022
Net income for the year attributed to equity holders of the parent	**5,764,273**	**4,092,313**
Minimum mandatory dividend from net income for the year - preferred shares	2,079,718	1,485,927
Net income for the year not distributed - preferred shares	1,756,982	1,237,916
Total earnings - preferred shares (A)	**3,836,700**	**2,723,843**
Minimum mandatory dividend from net income for the year - common shares	1,044,859	746,536
Net income for the year not distributed - common shares	882,714	621,934
Total earnings - common shares (B)	**1,927,573**	**1,368,470**
Basic and diluted earnings per share (A / number of shares)	**2.62**	**1.86**
Basic and diluted earnings per share (B / number of shares)	**2.62**	**1.86**

Considering that each class of share participates equally in the income reported, the earning per share in the fiscal years ended on December 31, 2023 and 2022 were, respectively, R$2.62 and R$1.86, calculated based on the Company's number of shares on December 31, 2023, calculated on the basis of the weighted average number of the Company's shares.

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c) Rights and preferences of the common and preferred shares

Every holder of Cemig common shares has the right to vote in an election for members of our Board of Directors. Under the Brazilian Corporate Law, any shareholder holding at least 5% of Cemig's common shares in circulation may request adoption of a multiple vote procedure, which confers upon each share a number of votes equal to the present number of members of the Board of Directors and gives the shareholder the right to accumulate his or her votes in one sole candidate, or distribute them among several.

Under the Brazilian Corporate Law, holders of preferred shares representing at least 10% of Cemig's share capital, and also holders of common shares representing at least 15% of its share capital (other than the controlling shareholder) have the right to appoint a member of the Board of Directors and his or her respective substitute member in a separate election. If none of the holders of common or preferred shares qualifies under the minimum limits specified above, shareholders representing, in the aggregate, a minimum of 10% of the share capital may combine their holdings to elect a member of the Board of Directors, and that member's substitute member.

Under Article 171 of the Corporate Law, every shareholder has a generic right of first refusal in subscription of new shares, or securities convertible into shares, issued in any capital increase, in proportion to their percentage shareholding, except in the event of exercise of any option to acquire shares in our share capital. Shareholders are required to exercise their right of first refusal within 30 days from publication of the notice of increase of capital. Every holder of Cemig preferred shares has preference in the event of share redemption.
The dividend rights of the preferred and common shares are described below.

d) Dividends

Under the by-laws, if the Company is able to pay dividends higher than the mandatory minimum dividends required for the preferred Shareholders, and the remaining net income is sufficient to offer equal dividends for both the common and preferred shares, then the dividends per share will be the same for the holders of common shares and preferred shares. Dividends declared are paid in two equal installments, the first by June 30 and the second by December 30, of the year following the generation of the income to which they refer. The Executive Board decides the location and processes of payment, subject to these periods.

Under its by-laws, Cemig is required to pay to its shareholders, as mandatory dividends, 50% of the net income of each year.

The preferred shares have preference in the event of reimbursement of capital and participate in incomes on the same conditions as the common shares have the right, when there is net income, to a minimum annual dividends equal to the greater of:

(a) 10% of their par value, and
(b) 3% of the portion of equity that they represent.

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Under its by-laws, Cemig's shares held by private individuals and issued up to August 5, 2004 have the right to a minimum dividend of 6% per year on their par value in all years when Cemig does not obtain sufficient incomes to pay dividends to its Shareholders. This guarantee is given by the State of Minas Gerais by Article 9 of State Law 828 of December 14, 1951 and by State Law 15,290 of August 4, 2004.

Calculation of the minimum dividends proposed

The calculation of the minimum dividends proposed for distribution to Shareholders considering the unrealized income assumption, as mentioned in the previous paragraph, is as follows:

	Parent Company	
	2023	2022
Calculation of Minimum Dividends required by the By-laws for the preferred shares		
Nominal value of the preferred shares	7,327,615	7,327,615
	7,327,615	**7,327,615**
Percentage applied to the nominal value of the preferred shares	10.00%	10.00%
Amount of the dividends by the first payment criterion	**732,762**	**732,762**
Equity	24,649,235	21,777,356
Preferred shares as a percentage of Equity (net of shares held in Treasury)	66.56%	66.56%
Portion of Equity represented by the preferred shares	16,406,531	14,495,008
Percentage applied to the portion of Equity	3.00%	3.00%
Amount of the dividends by the second payment criterion	**492,196**	**434,850**
Minimum Dividends required by the Bylaws for the preferred shares	**732,762**	**732,762**
Calculation of the Minimum Dividend under the by-laws based on the net income for the year		
Net income for the year	5,764,273	4,092,313
	50%	50%
Mandatory dividends – 50% of Net income	2,882,137	2,046,157
Unrealized earnings reserve	(834,603)	(834,603)
Reversal of the unrealized earnings reserve	834,603	834,603
Withholding income tax on Interest on equity	242,440	186,306
	3,124,577	**2,232,463**
Dividends recorded, as specified in the by-laws		
Interest on Equity	2,591,459	1,983,650
Ordinary dividends	533,118	248,813
	3,124,577	**2,232,463**
Total dividends for the preferred shares	**2,079,718**	**1,485,927**
Total dividends for the common shares	**1,044,859**	**746,536**
Unit value of dividends – R$		
Minimum dividends required by the by-laws for the preferred shares	0.50	0.50
Mandatory dividends (including withholding income tax on Interest on Equity)	1.42	1.01
Dividends proposed: Common (ON) shares	1.42	1.01
Dividends proposed: Preferred (PN) shares	1.42	1.01

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

	Consolidated	Parent Company
Balance on December 31, 2021	**1,909,050**	**1,911,250**
Dividends proposed	2,232,463	2,232,463
Dividends proposed – Non-controlling interests	1,498	-
Withholding income tax on Interest on equity	(186,306)	(186,306)
Payment	(2,093,907)	(2,096,726)
Balance on December 31, 2022	**1,862,798**	**1,860,681**
Dividends proposed	3,124,577	3,124,577
Dividends proposed – Non-controlling interests	2,514	-
Withholding income tax on Interest on equity	(242,440)	(242,440)
Payment	(1,823,019)	(1,820,225)
Balance on December 31, 2023	**2,924,430**	**2,922,593**

e) Remuneration to shareholders

The obligation to pay dividends is recognized when the distribution is authorized or as provided for by law and/or the Company's bylaws. In view of the applicable legislation and the Company's bylaws, which provide for a minimum dividend payment of 50% of net income for the year, this is considered a present obligation on the closing date of the fiscal year, and is recognized as a liability.

The Company's Executive Board decided to declare Interest on Equity as follows:

Declaration date	Entitled shareholders (1)	Amount (R$ mil)	Income tax withheld (R$ mil)
March 22, 2023	March 27, 2023	424,226	(40,498)
June 20, 2023	June 23, 2023	426,698	(39,908)
September 20, 2023	September 25, 2023	417,974	(38,942)
December 14, 2023	December 21, 2023	1,322,561	(123,092)
		2,591,459	**(242,440)**

(1) Shareholders who have their names entered in the Register of Registered Shares on the dates indicated are entitled.

The amount of income tax withheld at source, due to tax legislation, is not taken into account when attributing JCPs to the mandatory dividend and is calculated at the rate of 15%, in cases where this tax is levied, under the terms of the legislation in force.

f) Allocation of net income for 2023 - Management's proposal

The Board of Directors decided to propose to the Annual General Meeting to be held on April, 2024 the following allocation of the net income for 2023, totaling R$5,764,273, of realization of the deemed cost of PP&E, totaling R$6,217, realization of the unrealized earnings reserve totaling R$834,603, as follow:

- R$288,214 will be held in Stockholders' equity in the Legal Reserve, as established in Brazilian corporate law 6,404/1976.
- R$3,124,577 as minimum mandatory dividends, to the Company's shareholders, to be paid in two equal installments, by June 30 and December 30, 2024, as follows:
    - R$2,591,459 declared as interest on own equity and imputed to the mandatory dividend, as deliberated by the Executive Board in 2023;

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- R$533,118 in the form of dividends, to holders whose names are in the Company's Nominal Share Registry on the date of the AGM.

- R$2,295,105 to be held in Shareholders' equity in the Retained Earnings Reserve, to provide funding for the Company's consolidated investments planned for 2024, as per capital budget.
- R$62,594 to be held in Shareholders' equity in the Tax Incentives Reserve, related to tax incentive due to investment in the region of Sudene.

The amount of R$834,603 remains as Unrealized Earnings Reserve, considering the reversal of the reserve constituted in 2022 and the new constitution in 2023, of the same amount.

Payment of the dividends will be made in 2 equal installments, the first by June 30, 2024 and the second by December 30, 2024.

g) Equity valuation adjustments

Equity valuation adjustments	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Adjustments to actuarial liabilities - Employee benefits (i)	**(236,558)**	**(259,621)**
Subsidiaries, jointly controlled entities and affiliated company		
Adjustments to actuarial liabilities - Employee benefits	(1,834,512)	(2,043,265)
Deemed cost of PP&E	421,270	427,487
Translation adjustments	362	362
Others	1,363	996
	(1,411,517)	**(1,614,420)**
Equity valuation adjustments	**(1,648,075)**	**(1,874,041)**

The adjustments to post-employment benefit obligations comprise gains or losses resulting from re-measurements of the net defined-benefit obligation, in accordance with the actuarial report, net of tax effects.

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

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 on R$60,274 for the health plan, and R$934 for the dental plan.

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h) Reserves

Capital reserves

	Dec. 31, 2023	Dec. 31, 2022
Investment-related donations and subsidies	1,856,628	1,856,628
Goodwill on issuance of shares	394,448	394,448
Inflation adjustment of capital	7	7
Shares in treasury	(1,362)	(1,362)
Total	**2,249,721**	**2,249,721**

The reserve for investment-related donations and subsidies basically refers to the compensation by the Federal Government for the difference between the profitability obtained by Cemig up to March 1993 and the minimum return guaranteed by the legislation in effect at the time.

The reserve for treasury shares refers to the pass-through by Finor ("Fundo de Investimentos do Nordeste") of shares arising from funds applied in Cemig projects in the area covered by Sudene (the development agency for the Northeast) under tax incentive programs.

Income reserves

	Dec. 31, 2023	Dec. 31, 2022
Legal reserve	1,674,667	1,386,453
Statutory reserve	57,215	57,215
Retained earnings reserve	8,841,537	6,546,432
Unrealized earnings reserve	834,603	834,603
Incentive tax reserve	212,868	150,274
Reserve for mandatory dividends not distributed	1,419,846	1,419,846
Total	**13,040,736**	**10,394,823**

Legal reserve

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

Statutory reserve

The reserve under the By-laws is for future payment of extraordinary dividends, in accordance with Article 28 of the by-laws.

Retained earnings reserve

Retained earnings reserves refers to incomes not distributed in prior years, to guarantee execution of the Company's Investment Program, and amortization of loans and financing. The retentions are supported by capital budgets approved by the Board of Directors in the respective years.

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Unrealized earnings reserve

Article 197 of the Brazilian corporate law allows the Company to pay the mandatory dividend, calculated as required by the Bylaws up to the amounts of the realized portion of the net income for the year.

In 2023, Company presented a positive net share of income of subsidiaries, jointly controlled entities and affiliates of R$4,836,338, which can be regarded as unrealized portion of net income for the year, in accordance with the Brazilian corporate law.

Additionally, the above does not apply to the payment of the minimum mandatory dividends on preferred shares, which are required to be paid in full for an amount of R$732,762 as described in further details in (d) below. In addition, since the creation of the Unrealized Earnings Reserve is optional, Management decided to propose the same proportion of dividend payment to shareholders owning common shares, considering Company's expected financial capacity.

The outstanding balance of the Unrealized Earnings Reserve will remain R$834,603, considering the reversal of the reserve recorded in 2022 and the creation of a new one in 2023, in the same amount.

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

Incentives tax reserve

The subsidiaries Cemig D and Cemig GT have a right to 75% reduction in income tax, including the tax paid at the additional rate, calculated on the basis of the operating income in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. In 2023, this benefit was renewed, valid for another 10 years.

The amount of the incentive recognized in the Statement of income was R$62,594 in 2023 (R$26,193 in 2022), and it was subsequently transferred to the incentives tax reserve. This reserve cannot be used for payment of dividends.

Reserve for mandatory dividends not distributed

	2023
Dividends withheld, arising from the net income of 2015	622,530
Dividends withheld, arising from the net income of 2014	797,316
	1,419,846

These dividends were retained in Equity, in years 2015 and 2014, in the account Reserve for mandatory dividends not distributed; and as per the proposal approved in the Annual

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General Meetings of 2016 and 2015, the dividends retained will be paid as soon as the Company's financial situation permits.

The Company's Management, in view of the uncertainties present in the current macroeconomic scenario and the estimated cash requirement for the nex year, concluded that the financial situation does not yet allow the payment of these retained dividends.

i) Social capital increase - Proposal by Management

Considering that on December 31, 2023 the share capital was R$ 11,006,853 and the balance of profit reserves, excluding the Tax Incentives Reserve and the Future Earnings Reserve, was R$ 11,979,172, exceeding the share capital by R$ 972,319, the Board of Directors will propose to the Annual General Meeting (AGM) to increase the share capital, in accordance with Article 199 of the Corporate Law of 1976 (Law 6404/76).

The proposal will be for a capital increase by capitalization of the balance of R$ 1,856,628 of the Capital Reserve, and R$ 1,737,124 from the Retained Earnings Reserve, by issuance of a stock bonus of 718,750,393 new shares, with par value of R$ 5.00 (as specified by the by-laws), of which 240,255,207 will be common shares and 478,495,186 will be preferred shares – increasing the share capital from R$ 11,006,853 to R$ 14,600,605.

27. NET REVENUE

	Consolidated		Parent Company	
	2023	2022	2023	2022
Revenue from supply of energy (a)	31,671,465	30,158,388	4,046,805	2,408,755
Revenue from use of the electricity distribution systems (TUSD)	4,417,051	3,684,574	-	-
CVA and Other financial components (1) (4)	(213,038)	(1,146,560)	-	-
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers-realization (2)	1,908,658	2,360,056	-	-
Transmission revenue				
Transmission operation and maintenance revenue	373,087	413,044	-	-
Transmission construction revenue	241,482	407,193	-	-
Interest revenue arising from the financing component in the transmission contract asset (note 14)	523,772	575,449	-	-
Generation indemnity revenue (note 13.1)	92,595	47,028	-	-
Distribution construction revenue	3,899,245	3,245,688	-	-
Adjustment to expectation of cash flow from indemnifiable financial assets of distribution concession	149,238	39,369	-	-
Revenue on financial updating of the Concession Grant Fee (note 13.2)	411,722	466,857	-	-
Transactions in energy on the CCEE	145,509	182,893	74,385	48,792
Mechanism for the sale of surplus	(3,766)	453,131	-	-
Supply of gas	4,139,415	4,529,123	-	-
Fine for violation of service continuity indicator	(138,925)	(94,035)	-	-
PIS/Pasep and Cofins credits to be refunded to consumers (3)	-	(829,783)	-	-
Other operating revenues (c)	2,315,759	2,657,114	60,186	16,451
Deductions on revenue (d)	(13,083,500)	(12,686,721)	(579,296)	(355,066)
Net operating revenue	**36,849,769**	**34,462,808**	**3,602,080**	**2,118,932**

(1) As per GREG/MME Resolution 3, the effect of the water scarcity tariff 'Flag', which was in force until April 2022, resulted in a significant reduction of revenue in 2022. Due to the better hydrological conditions, the tariff flag was 'green' as from May 2022, and produced no effect in the whole of 2023.
(2) More information in note 20.
(3) This is the result of recognition of the effects of Law 14.385/22, which ordered that the amounts of credits of PIS, Pasep and Cofins wrongly charged on the ICMS tax component of electricity bills should be reimbursed in their entirety to the customers of electricity distributors.
(4) This income derives from the total additions and amortizations shown in note 13.4..

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a) Revenue from energy supply

	Consolidated				Parent Company			
	MWh (1) (2)		R$		MWh (1)		R$	
	2023	2022	2023	2022	2023	2022	2023	2022
Residential	12,092,422	11,216,803	10,794,345	10,133,141	-	-	-	
Industrial	18,087,784	18,203,746	5,902,939	5,991,208	4,591,403	2,218,136	1,667,860	524,624
Commercial, services and others	9,469,095	8,956,518	6,314,237	6,154,960	870,333	287,176	303,514	80,796
Rural	3,063,035	3,092,932	2,237,921	2,050,022	22,396	15,074	8,495	4,286
Public authorities	955,889	855,672	785,797	660,453	-	-	-	-
Public lighting	1,055,562	1,138,039	497,637	534,658	-	-	-	-
Public services	1,045,141	1,400,256	743,793	840,675	-	-	-	-
Subtotal	**45,768,928**	**44,863,966**	**27,276,669**	**26,365,117**	**5,484,132**	**2,520,386**	**1,979,869**	**609,706**
Own consumption	29,703	30,942	-	-	-	-	-	-
Unbilled revenue	-	-	166,418	(188,662)	-	-	83,683	74,316
	45,798,631	**44,894,908**	**27,443,087**	**26,176,455**	**5,484,132**	**2,520,386**	**2,063,552**	**684,022**
Wholesale supply to other concession holders (2)	17,328,482	16,776,567	4,183,077	3,893,503	5,170,968	5,720,301	1,985,548	1,633,523
Wholesale supply unbilled, net	-	-	45,301	88,430	-	-	(2,295)	91,210
Total	**63,127,113**	**61,671,475**	**31,671,465**	**30,158,388**	**10,655,100**	**8,240,687**	**4,046,805**	**2,408,755**

(1) Data not audited by external auditors.
(2) The volume reported does not include the distributed generation market, which corresponded to 3,910,204 MWh in 2023 (2,672,285 MWh in 2022).
(3) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

b) Transmission concession revenue

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

	2023			2022		
Consolidated	Construction and upgrades	Operation and maintenance (1)	Total	Construction and upgrades	Operation and maintenance (1)	Total
Permitted Annual Revenue (Receita Anual Permitida – RAP)	241,482	373,087	**614,569**	407,193	413,044	**820,237**
Transmission infrastructure construction cost	(172,468)	(292,436)	**(464,904)**	(290,754)	(285,673)	**(576,427)**
Margin	**69,014**	**80,651**	**149,665**	**116,439**	**127,371**	**243,810**
Mark-up (%)	**40.02%**	**27.58%**	**32.19%**	**40.05%**	**44.59%**	**42.30%**

1) Transmission operation and maintenance revenue from intercompany operations is eliminated from consolidated revenue..

c) Mechanism for the sale of energy surplus

The revenue from the surplus sale mechanism ('Mecanismo de Venda de Excedentes - MVE') refers to the sale of power surpluses by distributor agents. This mechanism is an instrument regulated by Aneel enabling distributors to sell over contracted supply - the energy amount that exceeds the quantity required to supply captive customers.

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d) Other operating revenues

	Consolidated	
	2023	2022
Charged service	20,958	19,057
Services rendered	84,756	65,738
Low-income subsidy	401,337	320,625
SCEE subsidy (1)	128,651	-
Eletrobras subsidy (2)	50,947	432,412
Tariff flags subsidy	77,979	289,897
Other subsidies (3)	1,031,108	961,356
Rental and leasing (4)	411,541	493,313
Contractual indemnities	6,152	-
Other	102,330	74,716
Total	**2,315,759**	**2,657,114**

(1) Revenue under the Electricity Offsetting System (Sistema de Compensação de Energia Elétrica – SCEE), governing offsetting for distributed generation, released by Aneel in the 2023 Tariff Review.

(2) This refers to the amounts injected by Eletrobras or by its subsidiaries under CNPE Resolution 15/2021, passed through to companies holding electricity distribution concessions or permissions.

(3) This is revenue arising from subsidies applying to tariffs paid by users of distribution service, it includes tariff subsidies applying to tariffs paid by or relating to: supply from incentive-bearing source load; rural supply; nocturnal irrigation; incentive-bearing generation; public services; as well as revenue recognizing subsidies related to the Program to Encourage Voluntary Reduction of Electricity Consumption.

(4) The amount shown for from January to December 2022 comprises R$ 186,871 for the debt recognition agreement signed with a major client in June 2022, for use of infrastructure (distribution poles) in the period January 2019 to May 2022.

e) Deductions on revenue

	Consolidated		Parent company	
	2023	2022	2023	2022
Tributos sobre a receita				
ICMS (1)	5,043,099	4,891,878	222,508	139,087
Cofins	3,032,232	2,947,895	293,142	177,453
PIS/Pasep	658,292	643,027	63,646	38,526
Others	6,384	5,976	-	-
	8,740,007	**8,488,776**	**579,296**	**355,066**
Charges to the customer				
Global Reversion Reserve (RGR)	12,275	14,476	-	-
Energy Efficiency Program (PEE)	73,520	68,944	-	-
Energy Development Account (CDE)	3,948,748	4,057,142	-	-
Research and Development (R&D)	37,455	34,556	-	-
National Scientific and Technological Development Fund (FNDCT)	53,454	49,159	-	-
Energy System Expansion Research (EPE of MME)	26,727	24,579	-	-
Customer charges - Proinfa alternative sources program	62,874	77,287	-	-
Energy services inspection fee	36,660	32,850	-	-
Royalties for use of water resources	52,563	54,395	-	-
Customer charges - the ‘Flag Tariff’ system	-	(251,821)	-	-
CDE on R&D	16,000	14,606	-	-
CDE on PEE	23,217	21,772	-	-
	4,343,493	**4,197,945**	**-**	**-**
Total	**13,083,500**	**12,686,721**	**579,296**	**355,066**

(1) On June 23, 2022, Complementary Law 194 came into force with immediate effect, making changes to the National Tax Code (CTN) and to Complementary Law 87/96 (the ‘Kandir Law’) including: (i) classifying electricity, among other goods, as essential, (ii) prohibiting the setting of rates of ICMS tax for transactions with these goods at a level higher than those of transactions in general, and (iii) removing this tax from electricity transmission and distribution services, and from sector charges linked to electricity operations. In February 2023 judgment was given in Action for Unconstitutionality (Ação Direta de Inconstitucionalidade – ADI) No. 7195, which suspended the effects of Article 3, Sub-item X, of Complementary Law 87/96, as amended by Complementary Law 194/2022, which had excluded transmission and distribution services, and sector charges related to electricity operations, from the calculation base for ICMS tax. Cemig has adjusted its procedures due to this decision.

Accounting policy

Revenue recognition

In general, for the Company and its subsidiaries’ business in the energy sector, gas and others, revenue from contracts with customers is recognized when the performance obligation is satisfied, at an amount that reflects the consideration to which the Company and its subsidiaries expects to be entitled in exchange for the goods or services transferred,

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which must be allocated to that performance obligation. The revenue is recognized only when it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer, considering the customer's ability and intention to pay that amount of consideration when it is due. Below are the material accounting policies linked to the Company's revenues.

Revenue from energy supply

Revenues from the sale of energy are measured based on the energy supplied and the tariffs specified in the terms of the contract or in effect in the market. Revenues from supply of energy to final customers are recorded when the delivery has taken place. The billing is carried out monthly.

Wind farms are subject to a minimum amount of energy generation to be sold through Proinfa. When the difference between the energy actually generated and the energy contracted is positive, the Company recognizes a receivable that will be settled during the following year. On the other hand, when the difference is negative, the Company makes a provision for non-performance, deducting the revenue for the period.

Revenue from gas

Revenues from the sale of gas are recognized on a monthly basis, when gas is supplied, based on the volume measured and invoiced, measured in accordance with the tariffs specified in the contractual terms. Revenues from gas distribution are calculated on the basis of the volumes contracted and the volumes actually distributed, in accordance with the contractual terms and regulations.

Revenue from Use of Distribution Systems (TUSD)

Revenues from use of the distribution system (TUSD) received by the Company from other concession holders and other customers that use the distribution network are recognized in the period in which the services are provided.

CVA and Other financial components in tariff adjustments

The results from variations in the CVA account (Parcel A Costs Variation Compensation Account), and in Other financial components in calculation of tariffs, refer to the positive and negative differences between the estimated non-manageable costs of the subsidiary Cemig D and the cost actually incurred. The amounts recognized arise from balances recorded in the current period, homologated or to be homologated in tariff adjustment processes. For more information please see Note 13.

Revenue from transmission concession

Revenues from transmission concession services are recognized in the income monthly and include:

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- **Construction revenue:** corresponds to the performance obligation to build the transmission infrastructure. They are recognized according to the stage of completion of the works (construction phase) and measured based on the cost incurred, including PIS/Pasep and Cofins taxes over the total revenues and the income margin of the project. More information in Note 14.
- **Operation and maintenance revenue:** corresponds to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and the invoices for the RAPs are issued.
- **Financial revenue related to financing component of transmission:** corresponds to the significant financing component in the contract asset and is recognized by the effective interest rate method based on the rate determined at the start of the investments, which is not subsequently changed. The average of the implicit rates is 6.86%. The rates are determined for each authorization and are applied on the amount to be received (future cash flow) over the contract duration. This includes financial updating by the inflation index specified for each transmission contract.

The services provided include charges for connection and other related services; the revenues are recognized when the services are rendered.

The Resolution Aneel 729/2016 regulates the Variable Portion ('Parcela Variável' or 'PV'), which is the pecuniary penalty applied by the grantor as a result of any unavailability's or operational restrictions on facilities that are part of the National Grid and the surcharge corresponding to the pecuniary bonuses provided to concessionaries as an incentive to improve the transmissions facilities availability.

Revenue on financial updating of the 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. See Note 13.

Energy transactions on the CCEE (Power Trading Chamber)

The revenue from transactions made through the Power Trading Chamber (Câmara de Comercialização de Energia Elétrica, or CCEE) is the monthly 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 energy sold at the Spot Price.

Government subsidies

Government grants are recognized when there is reasonable assurance that all conditions established and related to the grant will be met and that it will be received, in accordance with CPC 07 (R1) / IAS 20.

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The subsidiaries Cemig D e GT receive amounts from the Energy Development Account (CDE) as reimbursement for subsidies on tariffs granted to users of the public energy distribution service - TUSD and EUST (charges for use of the transmission system). These amounts are recognized in the Statement of income in a monthly basis as those subsidiaries acquire the right of receive them.

Estimations and judgments

Supply and distribution of electricity and gas

Not billed for the period between the most recent billing and the end of each month, estimated based on the supply contracted and the volume of gas consumed and not invoiced in the period.

The revenues of the gas distribution service are recognized monthly, even if there is no use of the system, namely:

- Utilization of the contracted capacity in amounts as from 85%: The revenue recognized will correspond to the utilization;
- Utilization of the contracted capacity in amounts less than 85%: Revenue is capped at a maximum of 85% of the value relative to full utilization.

Revenues from the sale of energy are measured based on the energy supplied and the tariffs specified in the terms of the contract or in effect in the market. Revenues from supply of energy to final customers are recorded when the delivery has taken place. The billing is carried out monthly.

Unbilled supply of energy, from the period between the last billing and the end of each month, is estimated based on the supply contracted and on the volume of energy delivered but not yet billed.

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

Any adjustment of expected cash flows from the concession financial asset of the energy distribution concession contract is presented as operating revenue, together with the other revenues related to the energy distribution services.

The construction margin is defined on the basis of the Company's best estimates of profitability at the time the investment projects are initially conceived. Changes in the initial measurement of the transaction price, which may give rise to a change in the profitability determined organically and remeasurement of the contract asset, are dealt with at the time of the periodic tariff review.

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Revenue from transmission concession

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

The Company assessed the PV effects, based on historical data, and concluded that the variable consideration arising from the PV estimated is not material. Therefore, for both situations described, it is recognized as an adjustment to revenue, either as an increase in or a reduction of operation and maintenance revenue, when it occurs.

28. OPERATING COSTS AND EXPENSES

The operating costs and expenses of the Company and its subsidiaries are as follows:

a) Cost of energy and gas

	Consolidated		Parent company	
	2023	2022	2023	2022
Energy purchased for resale				
Supply from Itaipu Binacional	1,207,091	1,644,066	-	-
Physical guarantee quota contracts	917,807	924,520	-	-
Quotas for Angra I and II nuclear plants	363,571	357,192	-	-
Spot market	477,974	529,588	(1,849)	23,849
Proinfa Program	510,606	597,815	-	-
'Bilateral' contracts	510,114	492,855	-	-
Energy acquired in Regulated Market auctions	3,940,493	3,334,482	-	-
Energy acquired in the Free Market (1)	5,612,245	6,003,112	2,958,186	1,498,819
Distributed generation ('Geração distribuída')	2,331,020	1,977,195	-	-
PIS/Pasep and Cofins credits	(1,222,831)	(1,246,840)	(273,462)	(140,847)
	14,648,090	**14,613,985**	**2,682,875**	**1,381,821**
Basic Network Usage Charges				
Transmission charges - Basic Grid	3,219,977	2,924,769	-	-
Distribution charges	54,192	50,065	-	-
PIS/Pasep and Cofins credits	(337,379)	(304,119)	-	-
	2,936,790	**2,670,715**	**-**	**-**
Gas purchased for resale (2)	**2,237,013**	**2,735,482**	**-**	**-**
Total	**19,821,893**	**20,020,182**	**2,682,875**	**1,381,821**

(1) The energy acquired in the free environment by the Parent Company derives from the contracts transferred by Cemig GT, as a result of the process of partial segregation of the Company's energy trading business.

(2) The price of the gas molecule acquired by Gasmig is corrected for the variation in Brent-type oil and the variation in the exchange rate.

b) Infrastructure and construction cost

	Consolidated	
	2023	2022
Personnel and managers	155,429	135,265
Materials	2,007,334	2,233,101
Outsourced services	1,458,445	1,052,395
Others	450,504	115,681
Total	**4,071,712**	**3,536,442**

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c) Other operating costs and expenses

Consolidated	Operating costs		ECL		General and administrative expenses		Other expenses		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022		
Personnel	1,000,321	975,759	-	-	307,579	376,240	-	-	**1,307,900**	**1,351,999**
Employees' and managers' income sharing	-	-	-	-	-	3,554	157,121	79,489	**157,121**	**83,043**
Post-employment benefits - note 21	-	-	-	-	-	-	591,012	626,028	**591,012**	**626,028**
Materials	100,158	93,383	-	-	39,655	55,187	-	-	**139,813**	**148,570**
Outsourced services (C.1)	1,652,437	1,433,430	-	-	249,727	272,736	-	-	**1,902,164**	**1,706,166**
Depreciation and amortization	1,247,234	1,110,307	-	-	26,840	71,777	-	-	**1,274,074**	**1,182,084**
Provisions and adjustments for losses	333,428	277,674	-	-	-	-	100,523	123,182	**433,951**	**400,856**
Expected credit losses	-	-	174,663	108,731	-	-	-	-	**174,663**	**108,731**
Reversal of provisions for expected credit losses with related party - Renova	-	-	-	-	-	-	1,250	(53,860)	**1,250**	**(53,860)**
Writ-off of financial asset (note 11) (1)	-	-	-	-	-	-	-	171,770	**-**	**171,770**
Gains arising from the sale of equity interest (2)	-	-	-	-	-	-	(318,795)	(51,512)	**(318,795)**	**(51,512)**
Other costs and expenses, net (C.2)	238,746	204,838	-	-	83,614	9,895	181,656	178,282	**504,016**	**393,015**
Total	**4,572,324**	**4,095,391**	**174,663**	**108,731**	**707,415**	**789,389**	**712,767**	**1,073,379**	**6,167,169**	**6,066,890**

(1) In the second quarter of 2022, with the conclusion of the appraisal report, Cemig GT wrote off the financial asset in the amount of R$171,770. More details in note 13. This amount is shown in the Income Statement under "Other expenses, net".

(2) Refers to the gains obtained on the sale of investments in 2023, of which R$261,344 refers to the sale of Baguari Energia, R$26,964 refers to the sale of Retiro Baixo and R$30,487 refers to the sale of the direct stake in MESA. Further details on these operations are disclosed in note 15.

Parent Company	Operating costs		ECL		General and administrative expenses		Other expenses		2023	2022
	2023	2022	2023	2022	2023	2022	2023	2022		
Personnel	12,932	7,939	-	-	19,986	23,066	-	-	**32,918**	**31,005**
Employees' and managers' income sharing	-	-	-	-	-	449	17,996	9,038	**17,996**	**9,487**
Post-employment benefits - note 21	-	-	-	-	-	-	76,055	74,999	**76,055**	**74,999**
Materials	-	-	-	-	89	63	-	-	**89**	**63**
Outsourced services (1)	-	-	-	-	13,515	21,034	-	-	**13,515**	**21,034**
Depreciation and amortization	-	-	-	-	543	1,115	-	-	**543**	**1,115**
Provisions and adjustments for losses	-	-	-	-	-	-	26,595	63,990	**26,595**	**63,990**
Expected credit losses	-	-	13,455	-	-	-	-	-	**13,455**	**-**
Reversal of provisions for expected credit losses with related party	-	-	-	-	-	-	-	(504)	**-**	**(504)**
Gains arising from the sale of equity interest	-	-	-	-	-	-	-	(44,868)	**-**	**(44,868)**
Other costs and expenses, net (C.2)	-	-	-	-	1,040	-	(6,412)	68,004	**(5,372)**	**68,004**
Total	**12,932**	**7,939**	**13,455**	**-**	**35,173**	**45,727**	**114,234**	**170,659**	**175,794**	**224,325**

C.1) Outsourced services

	Consolidated		Parent company	
	2023	2022	2023	2022
Meter reading and bill delivery	161,032	145,824	-	-
Communication	168,610	153,036	165	234
Maintenance and conservation of electrical facilities and equipment	708,394	589,052	22	22
Building conservation and cleaning	85,170	73,315	338	279
Security services	20,054	16,611	-	-
Consultancy	21,459	39,187	3,605	3,502
Information technology	174,013	145,989	1,862	2,816
Disconnection and reconnection	87,008	89,746	-	-
Legal services and procedural costs	31,784	39,558	2,352	7,777
Environment services	57,728	49,384	-	-
Cleaning of power line pathways	117,205	91,135	-	-
Copying and legal publications	16,855	17,692	-	-
Inspeção de unidades consumidoras	44,549	40,513	-	-
Others	208,303	215,124	5,171	6,404
Total	**1,902,164**	**1,706,166**	**13,515**	**21,034**

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C.2) Other costs and expenses, net

	Consolidated		Parent company	
	2023	2022	2023	2022
Leasing and rentals	2,727	15,548	1	13
Advertising	13,804	8,687	1,209	44
Own consumption	22,613	24,064	-	-
Subsidies and donations	29,104	26,262	-	-
Paid concessions	4,340	4,072	-	-
Insurance	22,380	23,562	2,969	2,872
CCEE annual charge	7,311	6,285	1,206	357
Forluz – Administrative running cost	39,614	36,078	1,945	1,802
Collecting agents	72,169	76,938	-	-
Net loss (gain) on deactivation and disposal of assets	209,576	126,350	-	-
Obligations deriving from investment contracts	2,930	2,408	-	-
Taxes (IPTU, IPVA and others)	10,127	8,236	305	811
Other (reversals) (1)	67,321	34,525	(13,008)	62,105
Total	**504,016**	**393,015**	**(5,373)**	**68,004**

(1) The following expenses were recognized in 2023, posted in Other operational expenses: a regulatory fine of R$10,660 resulting from an Aneel inspection in 2019 to check the procedures and criteria adopted by the Company in application of the conditions required by regulations established for Micro- and Mini-Distributed Generation; and financial compensation totaling R$84,765 for delay in the commercial services arising from alterations in Aneel Normative Resolution 1000 of December 7, 2021.

29. FINANCE INCOME AND EXPENSES

	Consolidated		Parent company	
	2023	2022	2023	2022
FINANCE INCOME				
Income from financial investments	452,222	468,419	45,903	59,336
Interest on sale of energy	285,853	337,353	5,757	758
Foreign exchange variations - Itaipu Binacional	6,722	16,722	-	-
Foreign exchange variations – loans and debentures	276,687	338,265	-	-
Interest	162,566	108,397	3,410	9,343
Interest - CVA	76,069	185,120	-	-
Interests of escrow deposits	81,702	82,310	17,892	15,822
PIS/Pasep and Cofins charged on finance income (1)	(196,910)	(116,921)	(141,374)	(72,725)
Prepayments rents	4,486	4,729	-	-
Borrowing costs paid by related parties	-	-	15,194	3,024
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (2)	-	-	31,432	20,920
Other financial income (3)	122,682	75,400	2,992	4,281
	1,272,079	**1,499,794**	**(18,794)**	**40,759**
FINANCE EXPENSES				
Interest on loans and debentures (Note 20)	(1,012,883)	(928,179)	-	(5,151)
Cost of debt - amortization of transaction cost	(13,908)	(7,422)	-	-
Discount and premium on repurchase of debt securities (*Eurobonds*)	-	(46,763)	-	-
Interest - loans and debentures	(148,404)	(166,910)	-	-
Charges and monetary updating on post-employment obligations	(19,859)	(39,753)	(977)	(1,956)
Losses with financial instruments – Swap	(177,326)	(437,887)	-	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (2)	(41,096)	(1,293,826)	-	-
Interest on leases	(35,370)	(26,835)	(278)	(265)
Financial expenses R&D and PEE	(37,700)	(38,068)	-	-
Other financial expenses	(164,499)	(80,772)	(1,879)	(513)
	(1,651,045)	**(3,066,415)**	**(3,134)**	**(7,885)**
NET FINANCE INCOME (EXPENSES)	**(378,966)**	**(1,566,621)**	**(21,928)**	**32,874**

(1) PIS/Pasep and Cofins expenses are levied on financial income and interest on own capital.
(2) The interet of the tax credits related to PIS/Pasep and Cofins, arising from the exclusion of ICMS from its calculation basis, and the liability to be refunded to consumers is presented by net value. With the offsetting of the credits, the liability to be refunded to consumers exceeded the value of the credits to be received, generating a net financial expense.
(3) This includes inflation correction, in the amount of R$14,203, on the court escrow deposits received by the Company as ordered in the arbitration proceedings. More details in note 24 – Provision: Dispute on billing of electricity.

Accounting policy

Finance income is mainly comprised of interest income on financial investments and interest on sale of energy. Interest income is recognized using the effective interest method.

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

30. RELATED PARTY TRANSACTIONS

The relationships between Cemig and its investees are described in the investment note (No. 15). The main consolidated balances and transactions, as well as the main conditions relating to the Company's business with related parties, are shown below:

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Transactions with energy								
Aliança Geração	3,446	4,070	21,897	18,567	49,347	56,340	(233,605)	(222,303)
Norte Energia	-	-	30,975	30,263	96	-	(278,213)	(259,901)
Paracambi	-	-	2,211	2,476	-	-	(29,584)	(33,058)
Hidrelétrica Pipoca	-	108	3,286	3,491	1,781	1,425	(46,856)	(45,618)
Hidrelétrica Cachoeirão	-	-	-	-	1,788	1,604	-	-
Retiro Baixo	357	1,046	-	702	5,124	6,567	(6,454)	(6,029)
Taesa	-	-	-	-	-	-	-	(476)

The sale and purchase of electricity between generators and distributors are carried out through auctions in the regulated contracting environment organized by the Federal Government. In the free contracting environment, in turn, they are carried out by means of auctions or direct contracting, according to the applicable legislation. Electricity transport operations, on the other hand, are carried out by the transmitters and result from the centralized operation of the National Interconnected System by the National System Operator (ONS).

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Charges								
Connection charges								
Taesa	-	-	104	-	-	-	(6,215)	(3,547)
Transmission charges								
Aliança	-	-	-	-	970	711	-	-
Norte Energia	2,668	2,352	-	-	29,771	26,350	-	-
Taesa	-	-	12,361	12,226	-	-	(138,232)	(135,352)

Connection charges are financial amounts set and approved by Aneel for use of connection facilities and/or connection points in the transmission system, payable by the accessing party to the connected agent.

Transmission charges are monthly amounts payable by users to holders of transmission concessions for the provision of transmission services, calculated according to the tariffs and the contracted amounts of use of the transmission system, in accordance with regulations set by Aneel.

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COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Customers and traders								
Governo do Estado de Minas Gerais	45,292	36,558	-	-	193,531	166,331	-	-

The "Consumers and Traders" balance that the Company holds with the controlling entity refers to sale of electricity to the government of Minas Gerais State – the price of the supply is that decided by Aneel through a Resolution which decides the Company's annual tariff adjustment.

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Provision of services								
Aliança Geração	546	673	-	-	6,938	5,578	-	-
Taesa	435	125	-	-	1,814	1,315	-	-

The balances for services rendered refer to contracts for the provision of operation and maintenance services for power plants, transmission networks and distribution networks.

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Accounts Receivable - AFAC								
Governo do Estado de Minas Gerais	13,366	13,366	-	-	-	3,024	-	-

This refers to the recalculation of the monetary correction of amounts related to AFAC returned to the State of Minas Gerais. These receivables are guaranteed by the retention of dividends or interest on equity distributed to the State, in proportion to its participation, while the delay and/or default persists.

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Other credits								
FIP Melbourne	-	160,644	-	-	-	-	-	-

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 15).

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Provision of services								
Aliança Geração	-	-	57,835	54,905	-	-	(2,930)	(3,066)

This refers to contractual obligations to the investee Aliança Geração corresponding to contingencies arising from events that occurred before the closing of the transaction that resulted in the contribution of assets by Cemig and Vale S.A. in the capital of this investee. The total value of the shares is R$166 million on December, 31, 2023 (R$156 million on

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December 31, 2022), of which R$58 million on December 31, 2023 (R$55 million on December 31, 2022) is attributable to Cemig.

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Interest on Equity, and dividends								
Retiro Baixo	-	5,867	-	-	-	-	-	-
Hidrelétrica Pipoca	-	3,882	-	-	-	-	-	-
Hidrelétrica Cachoeirão	-	3,867	-	-	-	-	-	-

The table above indicates the asset position of dividends receivable from the investees presented in “Other” in the “Dividends receivable” table.

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
FIC Pampulha								
Current								
Cash and cash equivalents	351,348	293,688	-	-	-	-	-	-
Marketable securities	771,267	1,742,502	-	-	26,447	77,470	-	-
Non-current								
Marketable securities	-	6,579	-	-	-	-	-	-

Cemig and its subsidiaries and jointly controlled entities invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company’s cash investment policy. The amounts invested by the fund are reported as cash and cash equivalent or marketable securities line in current and non-current assets.

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

COMPANY	ASSETS		LIABILTIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Current								
Operating leasing	-	-	27,157	25,607	-	-	(33,449)	(31,202)
Non-current								
Operating leasing	184,895	181,637	187,083	178,661	-	-	-	-

This is a contract with Fundação Forluminas de Seguridade Social (Forluz), the closed private pension fund (Entidade Fechada de Previdência Complementar – EFPC) of employees of the Cemig Group, the owner of the building (the Júlio Soares Building), for rental of the Company’s administrative headquarters, valid until August 2024. The rental can be extended every 5 years, up to 2034, is adjusted annually by the IPCA inflation index, and is subject to a price review every 60 months. On September 19, 2023 the rental contract was adjusted upward by 4.61%, corresponding to accumulated IPCA inflation over the prior 12 months.

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COMPANY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Jan to Dec/2023	Jan to Dec/2022	Jan to Dec/2023	Jan to Dec/2022
Post-employment benefit								
FORLUZ								
Current								
Post-employment obligations (1)	-	-	126,447	198,569	-	-	(279,644)	(284,818)
Supplementary pension contributions - Defined contribution plan (2)	-	-	-	-	-	-	(81,127)	(79,997)
Administrative running costs (3)	-	-	-	-	-	-	(39,611)	(36,076)
Non-current								
Post-employment obligations (1)	-	-	2,230,095	2,119,052	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (4)	-	-	230,336	218,040	-	-	(388,190)	(385,258)
Non-current								
Health Plan and Dental Plan (4)	-	-	2,829,717	3,156,322	-	-	-	-

The Company has contractual obligations to a group of retired former employees in which it is responsible for ensuring funds for the cost of a supplementary pension plan, called Forluz, and for the running costs of a health plan, called Cemig Saúde. The main conditions related to the post-employment benefits are as follows:

(1) Forluz's contracts are adjusted by the Broad National Consumer Price Index - IPCA of the Brazilian Institute of Geography and Statistics - IBGE, plus interest of 6% per year and will be amortized until 2031 (see note 15);
(2) Company's contributions to the Pension Fund regarding the employees participating in the Mixed Plan and calculated over monthly remunerations in conformity with the Fund's regulation;
(3) Funds for the annual administrative funding of the Pension Fund in accordance with the specific legislation for the sector. The amounts are estimated as a percentage of the Company's payroll;
(4) Post-employment obligations related to the employees' health and dental plan (see note 15).

Details of post-employment benefits can be found in note 24.

Dividends receivable

Dividends receivable	Consolidated		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Cemig GT	-	-	1,565,563	1,406,958
Cemig D	-	-	1,499,524	1,183,846
Gasmig	-	-	-	55,170
Sete Lagoas Transmissora	-	-	3,801	3,801
Aliança Geração	-	126,634	-	-
Taesa	49,421	5,646	49,421	5,646
Cemig SIM	482	-	-	-
Others	11	13,628	11	12
Total	**49,914**	**145,908**	**3,118,320**	**2,655,433**

The table above shows the Company's active position with its investees in relation to the balances of dividends receivable. The subsidiaries that make up the amounts shown under “Other” are disclosed in the “Interest on equity and dividends” table.

Guarantees on loans and debentures

Cemig has provided guarantees on Loans and debentures of the following related parties - not consolidated in the financial statements because they relate to jointly controlled entities or affiliated companies:

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Related party	Relationship	Type	Objective	Dec. 31, 2023	Maturity
Norte Energia (NESA) (1)	Affiliated	Surety	Financing	2,574,159	2042
Norte Energia S.A (NESA)/Light (2)	Affiliated	Counter-guarantee	Financing	683,615	2042
Norte Energia (NESA)	Affiliated	Surety	Debentures	82,405	2030
				3,340,178	

(1) Related to Norte Energia financing.
(2) Counter-guarantee to Light, related to execution of guarantees of the Norte Energia financing.

At December 31, 2023, Management believes that there is no need to recognize any provisions in the Company's financial statements for the purpose of meeting any obligations arising under these sureties and/or guarantees.

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 Statement of income of the in period ended December 31, 2023 and December 30, 2022, are as follows:

	2023	2022
Remuneration	29,438	28,864
Income sharing	6,765	6,239
Pension plans	2,001	1,968
Health and dental plans	212	241
Life insurance	28	46
Total	**38,444**	**37,358**

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments, classified in accordance with the accounting principles, are as follows:

	Level	Dec. 31, 2023		Dec. 31, 2022	
		Book value	Fair value	Book value	Fair value
Financial assets					
Amortized cost					
Marketable securities - Cash investments		10,602	10,602	379,390	379,390
Customers and Traders; Concession holders (transmission service)		5,477,162	5,477,162	4,812,880	4,812,880
Restricted cash		30,615	30,615	15,933	15,933
Accounts receivable from the State of Minas Gerais (AFAC)		13,366	13,366	13,366	13,366
Concession financial assets - *CVA* (Parcel 'A' Costs Variation Compensation) Account and *Other financial components*		805,571	805,571	944,090	944,090
Concession grant fee - Generation concessions		3,031,036	3,031,036	2,950,418	2,950,418
Receivables - FIP Melbourne		-	-	160,643	160,643
		9,368,352	**9,368,352**	**9,276,720**	**9,276,720**
Fair value through income or loss					
Cash equivalents - Cash investments	2	1,342,145	1,342,145	1,345,175	1,345,175
Marketable securities					
Bank certificates of deposit	2	73,635	73,635	191,338	191,338
Financial Notes - Banks	2	475,388	475,388	905,790	905,790
Treasury Financial Notes (LFTs)	1	214,357	214,357	401,659	401,659
		2,105,525	**2,105,525**	**2,843,962**	**2,843,962**
Derivative financial instruments (Swaps)	2	368,051	368,051	702,734	702,734
Concession financial assets - Distribution infrastructure	3	1,920,068	1,920,068	1,406,597	1,406,597
Reimbursements receivable - Generation	3	784,055	784,055	691,460	691,460
		5,177,699	**5,177,699**	**5,644,753**	**5,644,753**
		14,546,051	**14,546,051**	**14,921,473**	**14,921,473**
Financial liabilities					
Amortized cost					
Loans and debentures		(9,831,139)	(9,831,139)	(10,579,498)	(10,579,498)

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	Level	Dec. 31, 2023		Dec. 31, 2022	
		Book value	Fair value	Book value	Fair value
Debt with pension fund (Forluz)		(90,293)	(90,293)	(251,401)	(251,401)
Deficit of pension fund (Forluz)		(520,898)	(520,898)	(545,196)	(545,196)
Concessions payable		(27,602)	(27,602)	(27,291)	(27,291)
Suppliers		(3,016,696)	(3,016,696)	(2,832,049)	(2,832,049)
Leasing transactions		(432,936)	(432,936)	(354,633)	(354,633)
		(13,919,564)	**(13,919,564)**	**(14,590,068)**	**(14,590,068)**
Fair value through income or loss					
Derivative financial instruments	2	-	-	(90,526)	(90,526)
SAAG put options	3	-	-	(672,416)	(672,416)
		-	-	**(762,942)**	**(762,942)**
		(13,919,564)	**(13,919,564)**	**(15,353,010)**	**(15,353,010)**

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

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

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

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

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

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the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

Distribution infrastructure concession financial assets: these are measured at New Replacement Value (Valor novo de reposição, or VNR), according to criteria established by the Concession-granting power ('Grantor'), based on fair value of the concession assets in service and which will be revertible at the end of the concession, and on the weighted average cost of capital (WACC) defined by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig respectively. The gas distribution assets are measured at the construction cost adjusted by the General Market Prices Index (Índice Geral de Preços de Mercado - IGPM). Changes in concession financial assets are disclosed in Note 13.

Indemnifiable receivable - generation: measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession. For more information, see Note 13.2.

Marketable securities: Fair value of marketable securities is determined taking into consideration the market prices of the investment, or market information that makes such calculation possible, considering future interest rates and exchange of investments to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount rate obtained from the market yield curve.

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

Other financial liabilities: Fair value of its Loans, financing and debentures were determined using 123.85% of the CDI rate - based on its most recent funding. For the loans, financing, debentures and debt renegotiated with Forluz, with annual rates between IPCA + 4.10% to 7.62% and CDI + 1.18% to 6.96%, Company believes that their carrying amount is approximated to their fair value.

b) Derivative financial instruments

Put option - SAAG

Early liquidation of Funds, and early maturity of put option

The judgment of the arbitration tribunal was published on February 10, 2023, ordering Cemig GT to make full payment of the exercise price of the options contained in the contracts.

On May 8, 2023, a Transaction Agreement was signed between Cemig GT and the private pension funds ('the Funds') which participated in the investment structure of the Santo

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Antônio hydroelectric plant through SAAG (a structure comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec – jointly, 'the Investment Structure").

The total value of the agreement was R$780 million, which was settled by Cemig GT on May 12, 2023. An additional effect of R$25 million, relating to the fair value of the liabilities up to the date of settlement, was posted in the second quarter of 2023.

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

	Consolidated
Balance on December 31, 2021	**636,292**
Adjustment to fair value	36,124
Balance on December 31, 2022	**672,416**
Adjustment to fair value	57,801
Related assets (1)	50,131
Liquidation	(780,348)
Balance on December 31, 2023	-

(1) With the acquisition of the share units then held by the Funds in the Investment Structure, Cemig GT became the holder of the related assets, which have aggregate value of approximately R$50 million. This amount is recognized in Other assets in the Statement of financial position.

Swap transactions, currency options and NDF

Considering that part of the loans of the Cemig GT is denominated in foreign currency, the Company uses derivative financial instruments (swaps, currency options and NDF) 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 gains and losses realized in 2023 and 2022 are shown below:

Assets	Liability	Maturity	Trade market	Notional amount	Realized gain / loss	
					2023	2022
US$ Exchange variation + Rate (9.25% p.y.)	R$149.99% of CDI	Interest:half-yearly Principal:De.2024	Over the counter	US$120,000	96,820	184,548
US$ Exchange variation + Rate (9.25% p.y.)	R$125.54% of CDI	Interest:half-yearly Principal:De.2024	Over the counter	US$261,110	87,316	(53,612)
US$ exchange variation higher than R$5.0984	US$ exchange variation of less than R$5.0984	December 16, 2022	Over the counter	US$280,000	-	32,014
US$ exchange variation higher than R$5.1110	US$ exchange variation of less than R$5.1110	April 13, 2023 December 05, 2023	Over the counter	US$392,344	(79,198)	-
US$ exchange variation higher than R$4.9675	US$ exchange variation of less than R$4.9675	December 05, 2023 December 19, 2023	Over the counter	US$376,550	(38,107)	-
					66,831	**162,950**

In 2023, the interest on the swap was settled every six months, with a negative result of R$98,815 and a cash outflow of the same amount (negative R$94,580 in 2022 and a cash outflow of the same amount). In June 2023, the hedge was partially dismantled in the amount of US$368,890 thousand, with a positive result of R$282,951 and a net cash inflow of R$240,508.

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On April 13, 2023 and June 14, 2023, Cemig GT contracted a short-term hedge against dollar fluctuations in the amount of US$392 million, locking the dollar at R$5.1110, maturing on December 5, 2023. On the same date, a new short-term operation was contracted for a volume of US$376 million maturing on December 19, 2023. The instrument contracted was an NDF (Non Deliverable Foward), a forward exchange derivative contract, without physical delivery of the currency, which guaranteed Cemig GT a predetermined rate at the time of maturity. The result of the settlement of the NDFs corresponded to a cash outflow of R$117,305.

The principal amounts of derivative transactions are not recorded in the balance sheet, since they refer to transactions that do not require the transit of full cash, but only of the gains or losses earned or incurred. The net results of these operations represent a negative adjustment, on December 31, 2023, in the amount of R$177,326 (negative adjustment of R$437,887 on December 31, 2022), recorded in the financial result.

The Company is the guarantor of these derivative instruments contracted by Cemig GT.

The following table shows the derivative instruments in force on December 31, 2023 and 2022:

Assets (1)	Liability	Maturity period	Trade market	Notional amount (2)	Unrealized gain / loss		Unrealized gain / loss	
					Carrying amount on Dec. 31, 2023	Fair value on Dec. 31, 2023	Carrying amount on Dec. 31, 2022	Fair value on Dec. 31, 2022
US$ exchange variation + Rate (9.25% p.y.)	R$ + 149.99% do CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$120,000	190,876	161,465	428,134	272,846
US$ exchange variation + Rate (9.25% p.y.)	R$ + 125.54% do CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$261,110	254,239	206,586	568,487	339,362
					445,115	**368,051**	**996,621**	**612,208**
Current assets						**368,051**		-
Non-current assets						-		**702,734**
Current liabilities						-		**(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 Cemig GT 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.

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The fair value on December 31, 2023 was R$368,051 (R$612,208 on December 31, 2022), which would be the reference if Cemig GT would liquidate the financial instrument on December 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$445,115 at December 31, 2023 (R$996,621 on December 31, 2022).

Market risk and sensitivity analysis

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 December 31, 2024, in the amount of R$129,033. The fair value of the financial instrument was estimated in R$497,084.

c) Financial risk management

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

There is economic-financial risk associated with inefficacious management and control of the organization's financial resources, and with market variations, such as availability of credit, exchange rates, and movements in interest rates.

The Company monitors the financial risk of operations that could negatively affect its liquidity and profitability, and when necessary recommends protection strategies (hedges) in relation to exchange rate, interest rate and inflation risk, which are effective in line with the Company's strategy.

Among other directives, the Company's Risk Management Policy aims to achieve and maintain transparency and quality in information disclosed internally and externally, with a view to always improving its reputation with the market, and a differential in generation of value for stockholders and other stakeholders, adopting best corporate governance practices, in a systematic, structured and timely manner.

Exchange rate risk

The Company and its subsidiaries are exposed to the risk of appreciation in exchange rates, with effect on loans and financing, suppliers (energy purchased from Itaipu) and cash flow. For Cemig GT debt denominated in foreign currency, were 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.

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The Cemig GT exposures to market risk associated to this instrument is described in the topic “Swap transaction” of this Note. The risk exposure of Cemig D is mitigated by the account for compensation of variation of parcel A items (CVA).

The net exposure to exchange rates is as follows:

Exposure to exchange rates	Dec. 31, 2023		Dec. 31, 2022	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financing (Note 21)	(383,558)	(1,856,920)	(761,824)	(3,974,971)
Suppliers (Itaipu Binacional	(49,528)	(239,780)	(52,440)	(273,618)
	(433,086)	**(2,096,700)**	**(814,264)**	**(4,248,589)**
Net liabilities exposed		**(2,096,700)**		**(4,248,589)**

<u>Sensitivity analysis</u>

Based on finance information from its financial consultants, the Company estimates that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real on December 31, 2024 will be an apreciation of the dollar by 2.86% to R$4.98.

The Company has prepared a sensitivity analysis of the effects on the Company’s net income arising from depreciation of the Real exchange rate considering an adverse scenario in relation to the probable scenario.

Risk: foreign exchange rate exposure	Amount Book value	‘Probable’ scenario US$=R$4.98	‘Adverse’ scenario US$= R$6.00
US dollar			
Loans (Note 21)	(1,856,920)	(1,910,120)	(2,301,349)
Suppliers (Itaipu Binacional)	(239,780)	(246,650)	(297,168)
Net liabilities exposed	**(2,096,700)**	**(2,156,770)**	**(2,598,517)**
Net effect of exchange rate fluctuation		**(60,070)**	**(501,817)**

Company has entered into swap operations to replace the exposure to the US dollar fluctuation with exposure to fluctuation in the CDI rate, as described in more detail in the item ‘Swap Transactions’ in this Note.

Interest rate risk

and its subsidiaries are exposed to the risk of decrease in Brazilian domestic interest rates on December 31, 2023. This risk arises from the effect of variations in Brazilian interest rates on net financial income comprised by financial revenues from cash investments made by the Company, and also to the financial assets related to the CVA and other financial components, net of the effects on financial expenses associated to loans, financings and debentures in Brazilian currency, and also sectorial financial liabilities.

Part of the loans and financings in Brazilian currency comprises financings obtained from various financial agents that specify interest rates taking into account basic interest rates, the risk premium compatible with the companies financed, their guarantees, and the sector in which they operate.

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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.

This exposure occurs as a result of net assets indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Assets		
Cash equivalents - Cash investments (Note 6) - CDI	1,342,145	1,345,175
Marketable securities (Note 7) - CDI / Selic	773,982	1,878,177
Indemnities receivable - Generation	784,055	691,460
Restricted cash - CDI	30,615	15,933
CVA and in tariffs – Selic (note 13)	805,571	944,090
	3,736,368	**4,874,835**
Liabilities		
Loans and debentures (Note 19) - CDI	(3,508,445)	(2,041,000)
	(3,508,445)	**(2,041,000)**
Net assets exposed	**227,923**	**2,833,835**

Sensitivity analysis

In relation to the most significant interest rate risk, the Company and its subsidiaries estimate that in a probable scenario the Selic rate will be 9.25% and the TJLP rate will be 6.27% on December 31, 2024.

The Company and its subsidiaries made a sensitivity analysis of the effects on results considering an adverse scenario in relation to the probable scenario, as shown in the table below. The CDI rate follows the Selic rate.

Increase in Brazilian interest rates	Dec. 31, 2023	Dec. 31, 2024	
	Amount Book value	'Probable' scenario Selic 9.25% TJLP 6.27%	'Adverse' scenario Selic 13.25% TJLP 7.27%
Assets			
Cash equivalents (Note 6)	1,342,145	1,466,293	1,519,979
Marketable securities (Note 7)	773,982	845,575	876,535
Restricted cash	30,615	33,447	34,671
CVA and *Other financial components* - SELIC (Note 13)	805,571	880,086	912,309
	2,952,313	**3,225,401**	**3,343,494**
Liabilities			
Loans and financing (Note 21)	(3,508,445)	(3,832,976)	(3,973,314)
	(3,508,445)	**(3,832,976)**	**(3,973,314)**
Net assets exposed	**(556,132)**	**(607,575)**	**(629,820)**
Net effect of fluctuation in interest rates		**(51,443)**	**(73,688)**

Increase in inflation risk

The Company and its subsidiaries are exposed to the risk of increase in inflation index on December 31, 2023. A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues are also adjusted using the IPCA and IGP-M index, mitigating part of the Company risk exposure.

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This table presents the Company's net exposure to inflation index:

Exposição da Companhia à inflação	Dec. 31, 2023	Dec. 31, 2022
Assets		
Concession financial assets related to Distribution infrastructure - IPCA	1,920,068	1,406,597
Concession Grant Fee - IPCA (Note **13**)	3,031,036	2,950,418
	4,951,104	**4,357,015**
Liabilities		
Loans and debentures - IPCA and IGP-DI (Note **21**)	(4,521,817)	(4,629,992)
Debt with pension fund (Forluz) - IPCA (Note **24**)	(90,293)	(251,401)
Deficit of pension plan (Forluz) - IPCA (Note **24**)	(520,898)	(545,196)
Leasing liabilities	(432,936)	(354,633)
	(5,565,944)	**(5,781,222)**
Net assets exposed	**(614,840)**	**(1,424,207)**

Sensitivity analysis

In relation to the most significant risk of reduction in inflation index, reflecting the consideration that the Company has more assets than liabilities indexed to inflation indexes, the Company estimates that, in a probable scenario, at December 31, 2024 the IPCA inflation index will be 4.23% and the IGPM inflation index will be 3.81%. The Company has prepared a sensitivity analysis of the effects on its net income arising from reductions in rates in an adverse scenario.

Consolidated	Dec. 31, 2023	Dec. 31, 2024	
	Amount Book value	'Probable scenario' IPCA 4.23% IGPM 3.81%	'Adverse Scenario' IPCA 6.84% IGPM 5.087%
Assets			
Concession financial assets related to Distribution infrastructure - IPCA	1,881,509	1,961,097	2,010,119
Concession financial assets related to gas distribution infrastructure - IGPM	38,559	40,028	40,520
Concession Grant Fee - IPCA (Note 13)	3,031,036	3,159,249	3,238,222
	4,951,104	**5,160,374**	**5,288,861**
Liabilities			
Loans and debentures - IPCA and IGP-DI (Note 21)	(4,521,817)	(4,713,090)	(4,830,904)
Debt agreed with pension fund (Forluz) - IPCA (Note 24)	(90,293)	(94,112)	(96,465)
Deficit of pension plan (Forluz) (Note 24)	(520,898)	(542,932)	(556,504)
Leasing liabilities	(432,936)	(451,249)	(462,529)
	(5,565,944)	**(5,801,383)**	**(5,946,402)**
Net liabilities exposed	**(614,840)**	**(641,009)**	**(657,541)**
Net effect of fluctuation in IPCA and IGP-M indexes		**(26,169)**	**(42,701)**

Liquidity risk

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

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

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

Short-term investments must comply with investing principles established in the Company's Cash Investment Policy. These include applying its resources in private credit investment

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funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

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

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

The flow of payments of the Company and subsidiaries 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
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
Financial instruments at interest rates:											
- Floating rates*											
Loans and debentures	45,000	2,346	398,205	62,091	2,151,605	767,751	6,313,928	1,090,901	1,140,097	95,581	**12,067,505**
Onerous concessions	355	-	692	-	2,916	-	12,866	-	15,892	-	**32,721**
Debt with pension plan (Forluz) (Note 24)	14,874	441	30,297	669	46,378	451	-	-	-	-	**93,110**
Deficit of the pension plan (FORLUZ) (Note 24)	4,230	2,546	8,591	5,070	40,505	22,206	270,633	92,484	286,964	28,701	**761,930**
	64,459	**5,333**	**437,785**	**67,830**	**2,241,404**	**790,408**	**6,597,427**	**1,183,385**	**1,442,953**	**124,282**	**12,955,266**
- Fixed rate											
Suppliers	2,853,441	-	163,255	-	-	-	-	-	-	-	**3,016,696**
Total	**2,917,900**	**5,333**	**601,040**	**67,830**	**2,241,404**	**790,408**	**6,597,427**	**1,183,385**	**1,442,953**	**124,282**	**15,971,962**

Parent company	Up to 1 month		1 to 3 months		3 months to 1 year		1 to 5 years		Over 5 years		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
Financial instruments at interest rates:											
- Floating rates*											
Debt with pension plan (Forluz) (Note 24)	732	22	1,491	33	2,282	22	-	-	-	-	**4,582**
Deficit of the pension plan (FORLUZ) (Note 24)	208	125	423	249	1,993	1,093	13,315	4,550	14,119	1,412	**37,487**
	940	**147**	**1,914**	**282**	**4,275**	**1,115**	**13,315**	**4,550**	**14,119**	**1,412**	**42,069**
- Fixed rate											
Suppliers	317,721	-	2	-	-	-	-	-	-	-	**317,723**
Total	**318,661**	**147**	**1,916**	**282**	**4,275**	**1,115**	**13,315**	**4,550**	**14,119**	**1,412**	**359,792**

(*) The lease payment flow is presented in note 18.

Risk of debt early maturity

The Company's subsidiaries have loan contracts with restrictive covenants normally applicable to this type of transaction, related to compliance with a financial index. Non-compliance with these covenants could result in earlier maturity of debts. More details in Note 21.

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Credit risk

The distribution concession contract requires levels of service on a very wide basis within the concession area, and disconnection of supply of defaulting customers is permitted. Additionally, the Company uses numerous tools of communication and collection to avoid increase in default. These include: telephone contact, emails, text messages, collection letters, posting of customers with credit protection companies, and collection through the courts.

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its customers is considered to be low. The credit risk is also reduced by the extremely wide customers' base.

The estimated credit losses recorded on December 31, 2023, considered to be adequate in relation to the credits in arrears receivable by the Company and its subsidiaries was R$910,035 (R$820,324 on December 31, 2022).

Company and its subsidiaries manage the counterparty risk of financial institutions based on an internal policy, which is constantly updated. This Policy assesses and scales the credit risks of the institutions, the liquidity risk systemic risk related to macroeconomic and regulatory conditions, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate, and may be of public or private capital as well as financial or non-financial entities. The Company does not carry out any transactions in variable income securities or that would bring volatility risk into its financial statements.

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

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

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

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

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

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

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

Further to these points, Cemig also sets two concentration limits:

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

Risk of over-contracting and under-contracting of energy supply

Sale or purchase of energy supply in the spot market to cover a positive or negative exposure of supply contracted, to serve the captive market of Cemig D, is an inherent risk to the energy distribution business. The regulatory agent limits for 100% pass-through to customers the exposure to the spot market, valued at the difference between the distributor's average purchase price and the spot price (PLD), is only the margin 105% of the distributor's contracted supply. Any exposure that can be proved to have arisen from factors outside the distributor's control ('involuntary exposure') may also be passed through in full to customers. Company's management is continually monitories its contracts for purchase of energy supply to mitigate the risk of exposure to the spot market.

Risk of continuity of the concession

The risk to continuity of the distribution concession arises from the new terms included in the extension of Cemig D's concession for 30 years from January 1, 2016, as specified by Law 12,783/13. The extension introduced changes to the present contract, conditional upon compliance by the distributor with new criteria for quality, and for economic and financial sustainability.

Non-compliance with the quality criteria for three consecutive years, or the minimum parameters for economic/financial sustainability for two consecutive years, results in opening of proceedings for termination of the concession.

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The efficiency criteria for continuity of supply and for economic and for financial management, required to maintain the distribution concession, were met in the year ended December 31, 2023.

Hydrological risk

The greater part of the energy sold by the Company's subsidiaries is generated by hydroelectric plants. A prolonged period of drought can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to replacement by thermoelectric generation, or reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of energy. Prolongation of the generation of energy using the thermal plants could pressure costs of acquisition of supply for the distributors, causing a greater need for cash, and could result in future increases in tariffs.

This risk is mitigated by the Energy Reallocation Mechanism (MRE). The MRE was designed to share among its members the financial risks associated with the sale of energy by the hydroelectric plants centrally dispatched by the ONS.

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

d) Capital management

The Company has the policy of maintaining a solid capital base to maintain the confidence of investors, creditors and the market and to enable the implementation of its investment program and the maintenance of its credit quality, with access to capital markets, seeking to invest in projects that offer minimum real internal rates of return equal to or greater than those provided for in the Long Term Strategy, with the cost of capital for its various businesses as a reference.

The Company monitors capital using a leverage ratio represented by net debt divided by Adjusted EBITDA. Net debt is calculated as the total of loans and debentures, less cash and cash equivalents and marketable securities. The Company aims to keep its consolidated net indebtedness at or below 2.5 times Adjusted EBITDA.

	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Loans and debentures	9,831,139	10,579,498
(-) Cash and cash equivalents	(1,537,482)	(1,440,661)
(-) Marketable securities	(773,982)	(1,878,177)
(-) Hedge derivative instrument	(368,051)	(612,208)
Net debt	**7,151,624**	**6,648,452**
Ebtida adjusted	**8,078,467**	**6,928,227**
Net debt / ebtida adjusted	**0.89**	**0.96**

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This table shows comparisons of the Company's net liabilities and its equity:

	Consolidated	
	Dec. 31, 2023	Dec. 31, 2022
Total liabilities	30,344,887	31,887,571
(-) Cash and cash equivalents	(1,537,482)	(1,440,661)
(-) Restricted cash	(773,982)	(1,744,546)
Net liabilities	**28,033,423**	**28,702,364**
Total equity	**24,655,193**	**21,783,266**
Net liabilities / equity	**1.14**	**1.32**

Accounting policy

Financial instruments are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, depending on the financial asset's contractual cash flow characteristics and the Company's and its subsidiaries business model for managing them. The Company and its subsidiaries do not have financial instruments measured at fair value through Other comprehensive income.

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

Measured at amortized cost

Financial assets in this category: (i) are maintained within the Company's business model with the objective of receiving contractual cash flows; and (ii) the contractual terms of these assets give rise to known cash flows that constitute, exclusively, payment of principal and interest, as follows:

- credits owed by consumers, traders, and energy transport concession holders;
- restricted cash;
- securities for which there is a positive intention to keep them until maturity and their contractual terms originate known cash flows that exclusively comprise payments of principal and interest;
- financial assets of the concession related to the Concession Grant Fee on energy generation contracts; and
- amounts receivable from related parties.

The following financial liabilities are in this category:

- suppliers;
- leasing;
- loans and debentures;
- debt agreed with pension fund (Forluz);
- concessions payable and other credits.

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

Estimations and judgments

Fair value through profit or loss

In this category are: Cash equivalents, Securities not classified as at amortized cost, Derivative financial instruments, and Reimbursements receivable for generation assets.

The Company holds derivative instruments to regulate its exposures to risk of changes in foreign exchange rates. These are recognized initially at fair value. The attributable transaction costs are recognized in the income statement when incurred. After initial recognition, derivatives are measured at fair value and changes in fair value are recorded in the income statement.

The corresponding disclosures of the principal assumptions used in assessing fair value are summarized in the related Notes.

32. 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. These assets are part of the electricity generation segment.

Generation plant	Ledger	Beginning of the operation	Installed capacity (MW)[1]	Physical guarantee (MWm)[1]	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 Generation: 0.28	In operation	Minas Gerais
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 Generation: 0.32	In operation	Minas Gerais
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.

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In March 2023 the assets were transferred to Current assets held for sale, in accordance with the terms of CPC 31 / IFRS 5. There are no accumulated gains or losses included in other comprehensive income relating to this held for sale group and there are no liabilities associated with the held for sale asset.

It was concluded that that the assets classified as held for sale do not qualify within the concept of discontinued operations, under Item 32 of CPC 31/ IFRS 5, 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.

On August 10, 2023, the Company held a public auction for the sale of these assets as a single lot. The winning bid was R$100.5 million, representing a premium of 108.6% to the minimum price of R$48.2 million.

The carrying value of the plants in the asset group held for sale on December 31, 2023 is as follows:

Plant	Net book value Fixed assets and Intangible assets on Dec. 31, 2023
Cemig GT (1) (2)	**45,663**
CGH Bom Jesus do Galho	110
CGH Xicão	8,200
CGH Sumidouro	1,906
PCH São Bernardo	5,959
CGH Santa Marta	249
CGH Santa Luzia	1,050
CGH Salto Morais	810
PCH Rio de Pedras	21,640
CGH Pissarrão	1,474
CGH Lages	948
CGH Jacutinga	1,603
CGH Anil	1,714
Horizontes (2)	**12,203**
CGH Salto do Paraopeba	-
CGH Salto Passo Velho	2,827
PCH Salto Voltão	9,376
Total	**57,866**

Cemig GT and its wholly owned subsidiary Horizontes signed the sale agreement with the winning bidder, Mang Participações e Agropecuária Ltda. (‘Mang’), on September 13, 2023. The sale was completed on February 29, 2024, after all the conditions precedent of the CCVA had been met. The amount received for the sale was R$101 million. The accounting effects of this transaction will be reflected in the first quarter of 2024.

This disposal aims to comply with the directives of the Company’s strategic planning, in optimizing its portfolio of assets and allocation of capital.

Accounting policy

The Company and its subsidiaries classify a non-current asset as held for sale when its carrying amount will be recovered primarily through a sale transaction rather than through continuing use.

Property, plant and equipment and intangible assets are not depreciated or amortized while

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they are classified as held for sale. Dividends received from joint ventures classified as held for sale are recognized in the income statement, given the interruption of measurement by the equity method.

Estimations and judgments

They are measured at the lower of their book value and fair value net of selling expenses. Selling expenses are represented by the incremental expenses directly attributable to the sale, excluding financial expenses and income taxes. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheet.

33. COMMITMENTS

The Company and its subsidiaries have contractual obligations and commitments that include, mainly purchase of energy from Itaipu, as follows:

	2024	2025	2026	2027	2028	2029 onwards	Total
Purchase of energy from Itaipu	1,096,139	1,096,139	1,096,139	1,096,139	1,096,139	20,826,635	**26,307,330**
Purchase of energy - auctions	4,661,462	4,098,697	4,217,557	4,342,094	4,575,134	61,219,606	**83,114,550**
Purchase of energy - ‘bilateral contracts’	490,920	319,059	99,133	20,011	-	-	**929,123**
Quotas of Angra 1 and Angra 2	384,274	383,224	383,224	385,149	386,274	7,224,526	**9,146,671**
Transport of energy from Itaipu	247,581	258,150	265,833	273,897	250,799	4,555,281	**5,851,541**
Other energy purchase contracts	5,431,228	5,008,941	4,285,079	4,071,063	2,814,061	25,998,788	**47,609,160**
Physical quota guarantees	833,525	737,747	659,439	581,132	581,181	10,698,685	**14,091,709**
Total	**13,145,129**	**11,901,957**	**11,006,404**	**10,769,485**	**9,703,588**	**130,523,521**	**187,050,084**

(1) Amounts stated at present value as at 31 December 2023.

The payment flows for leases, loans and suppliers are presented in Explanatory Notes 18 and 31.

34. 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, to be submitted to the Public Attorneys’ Office of Minas Gerais State, and other control bodies, for assessment of what further referrals of it should be made.

In August 2023, the prosecutors of the Public Attorneys’ Office of Minas Gerais decided to set aside the Public Civil Inquiries that were investigating events referred to in the CPI. The decisions stated that all acts of Cemig's management were regular. The only matter pending is conclusion of the investigation by the Minas Gerais Civil Police in relation to the IBM contract.

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It should be noted that the Company carries out regular audits of its contracting processes, and no material impacts were identified in the financial statements for the year ending December 31, 2023 or in the financial statements for previous years.

35. SUBSEQUENT EVENTS

Antecipation of CDE

On February 9, 2024, Cemig D entered into a private instrument for the assignment of credits without co-obligation with Banco Safra for the prepayment of three maturing installments of CDE receivables between March and May 2024, in the amount of R$101,458 each, totaling R$304,374. The total received on February 9, 2024 was R$297,309. Payments to Banco Safra will be made as and when CCEE receives the original funds from Cemig D.

Debenture issue

On March 13, 2024 the Company published notice to the market of the start of public offering for distribution of its tenth debenture issue, comprising two million unsecured non-convertible debentures without asset guarantee, in up to two series, of the 10th issue of debentures, with nominal unit value of one thousand Reais, comprising total value of two billion Reais, to be carried out in accordance with CVM regulations.

On March 15, 2024, the Company concluded the financial settlement of its 10th debenture issue, in two series, with a surety guarantee from Cemig. Two million debentures were issued, characterized as 'sustainable ESG debentures', with total value of two billion Reais, which were subscribed as follows:

Series	Quantity	Amount	Remuneration	Maturity	Amortization
First Series	400,000	R$400,000,000.00	CDI + 0.80%	5 years	48th and 60th months
Second Series	1,600,000	R$1,600,000,000.00	IPCA + 6.1469%	10 years	96th, 108th and 120th months

Cemig D's net proceeds from the issue will be allocated to replenishment of its cash position, including, but not limited to, operations, and reimbursement of prior expenditure, including on investments, already made in projects involving social and environmental issues.

We note, additionally, that Fitch Ratings allocates a credit risk of AA+(bra) to this Issue.

Share capital increase - Management proposal

Considering that, on December 31, 2023, the share capital was R$11,006,853 and the balance of profit reserves, excluding tax incentive reserves and unrealized profit reserves, reached the amount of R$11,993,265, exceeding the share capital by R$986,412, the Board of Directors will forward to the Annual General Meeting ("AGM") the proposal to increase the share capital, in accordance with article 199 of the Brazilian Corporate Law of 1976 (Law 6,404/76).

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A share capital increase will be proposed through the capitalization of the balance of R$1,856,628 from the capital reserve and R$1,445,428 from the profit retention reserve, by means of a share bonus, with a total issue of 660,411,207 new shares, at a nominal value of R$5.00 (in accordance with the Bylaws), of which 220,754,287 are common shares and 439,656,920 are preferred shares. The share capital will increase from R$11,006,853 to R$14,308,909.

Declaration of Interest on Equity

On March 21, 2024, the Executive Board, upon authorization of the Board of Directors, approved the declaration of interest on shareholders' equity relative to fiscal year 2024 in the amount of R$386,337 thousand, to be paid in two equal installments, the first up to June 30, 2025 and the second up to December 30, 2025, being entitled to the shareholders whose names are registered in the Book of Registration of Registered Shares on March 26, 2024.

The Executive Board is responsible for determining the places and processes for payment and imputing the IOE to the mandatory dividends for 2024, in a proposal to be submitted to the General Meeting.

****

Reynaldo Passanezi Filho
President

Leonardo George de Magalhães
Vice President of Finance and Investor Relations

Cristiana Maria Fortini Pinto e Silva
Vice President Legal

Marney Tadeu Antunes
Vice President of Distribution

Marco da Camino Ancona Lopez Soligo
Vice President of Participations

Thadeu Carneiro da Silva
Vice President Generation and Transmission

Dimas Costa
Vice President of Trading

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Independent auditors' report on the individual and consolidated financial statements

To the Stockholders, Board of Directors and Management

Companhia Energética de Minas Gerais

Belo Horizonte - MG

Opinion

We have audited the individual and consolidated financial statements of Companhia Energética de Minas Gerais (the "Company"), identified as the parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2023 and the respective statements of income, comprehensive income, changes in shareholder´s equity and cash flows for the year then ended, and the corresponding notes comprising material accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements present fairly, in all material aspects, the individual and consolidated financial position of Companhia Energética de Minas Gerais as of December 31, 2023, and of its individual and consolidated operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Electric power distribution concession infrastructure.

Notes 13, 14 and 17 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
Investments in the expansion and improvement of the electric power distribution concession infrastructure are recognized as a contract asset during the construction period, in accordance with the technical pronouncement CPC 47/IFRS 15 - Revenue from Contracts with Customers. From the effective start of operations, in accordance with the technical interpretation ICPC 01 (R1)/IFRIC 12 - Service Concession Arrangements, investments are bifurcated between intangible asset, due to its recovery being conditional on the use of the public service through energy consumption by consumers, and financial asset, for investments made and not amortized until the end of the concession contract, as an unconditional right to receive cash or other financial asset directly from the grantor. The measurement and accounting classification of assets related to the concession infrastructure between contract asset, financial asset, and intangible asset, during the construction process and upon entering into operation, involves complexity and judgments on the part of the company and may impact the balances of these assets in the individual and consolidated financial statements. For these reasons, as well as the values and disclosures involved, we consider this matter relevant in our audit.	Our audit procedures included, but were not limited to: - We evaluate the design, implementation, and effectiveness of internal controls related to the recognition and measurement of amounts recognized as contract asset, financial asset, and intangible asset. - We recalculate the bifurcation between financial asset and intangible asset, which were capitalized during the year. - We inspected documents, on a sample basis, of the additions made during the year to the contract asset and assessment if their classification was appropriate. - We obtained the approved asset base in the last periodic tariff review and comparing it with the company's asset base. - We recalculate the fair value of the financial asset of the concession related to the infrastructure, considering the indices that affect the update of the value of the assets that make up the remuneration base approved by the regulator in the last tariff reviews and the items that were added after the tariff review was approved. - We assessed the disclosures made in the financial statements are in accordance with applicable standards and consider all relevant information. Based on the evidence obtained through the above summarized procedures, we consider acceptable the balance recognized in the contract asset, financial asset, and intangible asset related to the distribution concession infrastructure, in the context of the individual and consolidated financial statements taken as a whole, for the year ended December 31, 2023.

Measurement of the post-employment obligations	
Note 24 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The Company and its subsidiaries sponsor defined benefit pension plans and health plans that ensure supplementary retirement benefits and medical assistance to their employees. The measurement of the actuarial obligation of defined benefit pension and health plans involves management's judgments for the choice of actuarial assumptions that are used, mainly: (i) the discount rate; (ii) life expectancy; and (iii) real growth in contributions and wages. The Company and its subsidiaries hire external actuaries to assist in the process of evaluating actuarial assumptions and calculating the obligation of pension and health plans. We consider this matter to be a key audit matter, due to the uncertainties related to the assumptions for estimating the actuarial obligation of defined benefit pension and health plans, which have a risk of resulting in a material adjustment to the balances of the individual and consolidated financial statements.	Our audit procedures included, but were not limited to: - We evaluated the design, implementation and effectiveness of certain internal controls associated with the actuarial liability measurement process, including controls related to the preparation, review and approval of discount rate assumptions, life expectancy and actual growth of contributions and salary; - We assess the scope, independence, competence, professional qualifications, experiences and objectivity of the external actuary hired, to assist in estimating the actuarial obligation of pension and health plans; - We evaluated, with the help of our specialists in actuarial calculations, the reasonableness and consistency of the assumptions used, such as the discount rate, life expectancy and the real growth of contributions and salaries, including comparison with data obtained from external sources. - We assess whether the disclosures made in the individual and consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained through the procedures summarized above, we consider acceptable the measurement of the actuarial obligation of defined benefit pension and health plans, as well as the respective disclosures, in the context of the individual and consolidated financial statements, related to the year ended in December 31, 2023.

Other matters – Statements of Value Added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted for the auditing procedures jointly with audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompanies the individual and consolidated financial statements and the auditor's report

Management is responsible for the other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of the financial statements are free from material misstatement, due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the group entities or business activities within the Company to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and therefore, responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 21, 2024.

KPMG Auditores Independentes Ltda.

CRC (Regional Accounting Council) SP-014428/O-6 F-MG

(Original in Portuguese signed by)

Thiago Rodrigues de Oliveira

Contador CRC 1SP259468/O-7

OPINION OF THE AUDIT BOARD

The members of the Audit Board of Cemig Geração e Transmissão S.A., undersigned, in performance of their function under the law and the Company's by-laws, have examined the financial statements for the business year ended December 31, 2023 and the related complementary documents, approved by the Company's Board of Directors, on March 21, 2024. After verifying these documents, and considering the examinations carried out by this Board and the explanations provided by the Company's Management in relation to acts of management and the related records in the 2023 financial year, and also based on the unqualified Opinion of KPMG Auditores Independentes (EY) issued on March 21, 2024, hereby express the following favorable opinion, namely that these statements are adequately presented in all material aspects, and thus merit approval by the stockholders in the Annual General Meeting to be held in 2024.

Belo Horizonte, March 21, 2024.

Gustavo de Oliveira Barbosa – President

Pedro Bruno Barros de Souza – Board Member

Lucas de Vasconcelos Gonzalez – Board Member

Michele da Silva Gonsales Torres – Board Member

João Vicente Silva Machado – Board Member

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DIRECTORS' STATEMENT OF REVIEW OF THE FINANCIAL STATEMENTS

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A., held on March 19, 2024, we approved the conclusion, on that date, of the Company's financial statements for the business year 2023; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2023 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the said Financial Statements.

Belo Horizonte, March 19, 2024.

Reynaldo Passanezi Filho - President
Dimas Costa - Vice President of Trading
Leonardo George de Magalhães - Vice President of Finance and Investor Relations
Marney Thadeu Antunes - Vice President of Distribution
Marco da Camino Ancona Lopes Soligo - Vice President of Participations
Thadeu Carneiro da Silva - Vice President Generation and Transmission
Cristina Maria Fortini Pinto e Silva - Vice President Legal

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DIRECTORS' STATEMENT OF REVIEW OF THE REPORT BY THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A), held on March 22, 2023, we approved the conclusion, on that date, of the Company's financial statements for the business year 2022; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2022 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the opinions expressed by the representatives of the Independent External Auditors.

Belo Horizonte, March 19, 2024.

Reynaldo Passanezi Filho - President
Dimas Costa - Vice President of Trading
Leonardo George de Magalhães - Vice President of Finance and Investor Relations
Marney Thadeu Antunes - Vice President of Distribution
Marco da Camino Ancona Lopes Soligo - Vice President of Participations
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REPORT OF THE AUDIT COMMITTEE

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE - March 21, 2024

INTRODUCTION

The purpose of the Audit Committee, a statutory body of Companhia Energética de Minas Gerais-Cemig, Cemig Distribuição S.A.-Cemig D, Cemig Geração e Transmissão S.A.-Cemig GT and their respective controlled companies and subsidiaries is to advise the Board of Directors on the exercise of its functions of audit and inspection, and, among other duties specified in its Internal Regulations, evaluate and state opinions on: the quality and integrity of the accounting statements; adherence to the rules of law, the bylaws and regulations; and the effectiveness of the systems of internal control, and of independent and external auditing. The assessments made by the Committee are based (i) on information received from Management, from the external auditors, from internal audits, and from those responsible for management of risk and internal controls; and (ii) on its own analyses arising from direct observation. It is a function of the Committee, with the technical and operational support of the Company's Compliance area, to carry out analysis of the appropriateness of nominations to the post of Manager or member of the Audit Board by carrying out background checks of integrity and compliance.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is made up of the coordinator Pedro Carlos de Mello, the members Roberto Tommasetti, and Roberto Cesar Guindalini, the latter from February 6, 2024. The members of the Statutory Audit Committee in 2023 were Afonso Henriques Moreira Santos (until January 31, 2024) and Márcio de Lima Leite (until May 4, 2023).

ACTIVITIES CARRIED OUT IN THE SCOPE OF ITS DUTIES IN YEAR OF 2023

In 2023 the Committee met 30 times. At the beginning of the first quarter of 2024 it has met 5 times. It has taken part in meetings of the Board of Directors 11 times in 2023 and one in 2024. Five meetings were held jointly with the Audit Board in 2023, and one so far in the first half of 2024. The Committee has maintained permanent contact with the managers of the various areas of the Company, aiming to accompany the work carried out, and obtain input information on which to base its assessments. 12 meetings were held with participation by the external auditors, KPMG Auditores Independentes Ltda., to become aware of methodology, planning and results of the work, with a view to preparation of the Financial Statements at December, 31, 2023. The Committee met with members of the Executive Board of the Company to deal with subjects related to general aspects of the management of the institution, in particular those relating to accounting, internal controls, internal auditing, management of capital, financial management and management of risks. The Committee has presented recommendations for enhancement of processes, and accompanied the implementations of improvements that it has recommended and recommendations in relation to internal and external audits, indicated in the course of its work. The Committee has maintained regular contacts with the Company's Board of Directors, and has also issued

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opinions of aspects related to its duties under regulations, and provided information to that Board on its activities.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The work carried out by Director of Compliance, were the subject of accompaniment by the Committee. The Audit Committee considers that the activity of the Company's management in ensuring the effectiveness of the institution's systems of internal controls and risk management is positive (although in its opinion some points require more attention).

INTERNAL AUDITING

Several meetings have been held with the General Manager and the Managers of Internal Auditing (AI), with a view to accompanying the work carried out by these units. The Committee has made an assessment of the scope and quality of the audits carried out, and the level of independence of the area - assessing it to be positive. In the work carried out by internal auditing, no failures to comply with the legislation in effect and/or the internal rules were found of which the degree of severity could put the solidity and continuity of the Company at risk.

EXTERNAL AUDITING

The Committee met with the external auditors, KPMG Auditores Independentes Ltda., to ascertain the principal events in the works carried out in the preparation of the financial statements for 2023, and in their assessment of the Company's present internal controls. The Committee considers the work carried out to be satisfactory, and has not identified any situations that could affect the objectivity and independence of the external auditors.

THE FINANCIAL STATEMENTS

The Committee has accompanied the process of preparation of the financial statements for 2023, examining trial balances, balance sheets and explanatory notes, and has considered the financial statements, the Report of Management, the Report of the External Auditors and other documents destined for publication. It has taken cognizance of the accounting practices used in the preparation of the financial statements, which are aligned with the fundamental principles of accounting and with Brazilian corporate legislation, and which adequately portray the institution's equity situation.

CONCLUSION

By the closing date of this report the Audit Committee had not received any reports of any accusation of non-compliance with rules, or absence of controls, or any act or omission by the Company's Management, that might indicate the existence of fraud, failings or errors that might put at risk the continuity of the institution or the fidelity of its accounting statements. Based on the considerations above, the Audit Committee, having duly weighed and considered its responsibilities and the natural limitations arising from the scope of its activity,

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recommends to the Board of Directors that the Financial Statements of Cemig for 2023 should be approved.

Belo Horizonte, March 21, 2024.

THE AUDIT COMMITTEE

PEDRO CARLOS DE MELLO – Coordinator

ROBERTO TOMMASETTI – Member

ROBERTO CESAR GUINDALINI – Member

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CAPITAL BUDGET

In accordance with Clause 196 of the Corporate Law and Article 27, § 1, Sub-item IV of CVM ('*Comissão de Valores Mobiliários*') Instruction 80, we present for analysis and subsequent approval of submission to the Ordinary General Meeting of Shareholders to be held on April, 2024, the proposal for the consolidated Capital Budget for the 2024 business year. The amount forecast for the capital budget will be met exclusively by own resources from the Company's operations, including the amount of R$2,295,105 from retained earnings for the year 2023.

Investments planned for 2024	
Distribution	
Distribution Development Program	4,154,006
Infrastructure and others	276,694
	4,430,700
Generation	
Expansion	116,220
Electricity generation system	100,666
Infrastructure and others	35,453
Subsidiaries	321,130
	573,469
Transmission	
Reinforcements and improvements	269,068
Infrastructure and others	26,608
Subsidiaries	38,240
	333,916
Holding	**6,640**
Total	**5,344,725**

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