Distribuição S.A.

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REPORT OF MANAGEMENT FOR 2023

Dear Shareholders,

Cemig Distribuição (‘Cemig D’ or ‘the Company’) submits for your consideration the Report of Management, the Financial Statements, the Opinion of the Audit Board 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$1.6 billion for 2023, an increase of 264% in relation to 2022, with Ebitda of R$3.1 billion, a significant increase of 41%.

In terms of debt, our financial leverage, as measured by Adjusted net debt/Adjusted Ebitda, was 1.77 at the end of the year, which gives us room to leverage the significant program of investments that we have planned for the coming years, and at the same time maintain adequate and attractive remuneration for our shareholders.

In 2023, we invested the significant amount of R$3.17 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 we are providing to our customers.

We achieved a successful result in the 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 of significant growth in the results of Cemig D in the coming years, considering the major investments planned for the next tariff cycle, from 2023 to 2028 - once again highlighting the importance of these investments for our customers, who will have access to a greater energy supply, and with higher quality.

Once again, our operational expenses were entirely covered by tariffs, and Ebitda was higher than the required regulatory level. We expect the same results in 2024.

Cemig, our parent company, is recognized by the general public for the sustainability of its operations: 100% of its energy comes from renewable sources, and it is included in the main international and Brazilian sustainability indices - the only electricity company outside Europe included in the Dow Jones Sustainability World Index, and it has been in this 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.

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

BRIEF HISTORY OF CEMIG DISTRIBUIÇÃO

Cemig D is one of Brazil's leading electricity operators and is the largest distribution company in Latin America.

Its concession area covers 567,478 km², comprising approximately 97% of the State of Minas Gerais with 551,379 km of distribution networks comprising 129,704 km in urban areas and 421,675 km in rural regions, and 19,156 km of distribution lines, with 9,215 million customers invoiced in 2023.

Cemig D also has the country's highest percentage of low-income customers benefiting from the Brazilian Social Tariff - serving an average of 1,180 thousand of qualifying customers with this profile, or 16% of its total of customers in the residential category.

Our mission, vision and values

Ethical Principles and Code of Professional Conduct

Code of Professional Conduct

The Board of Directors of Cemig approved the new Cemig Code of Conduct (https://ri.cemig.com.br/en), which 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 culture 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.

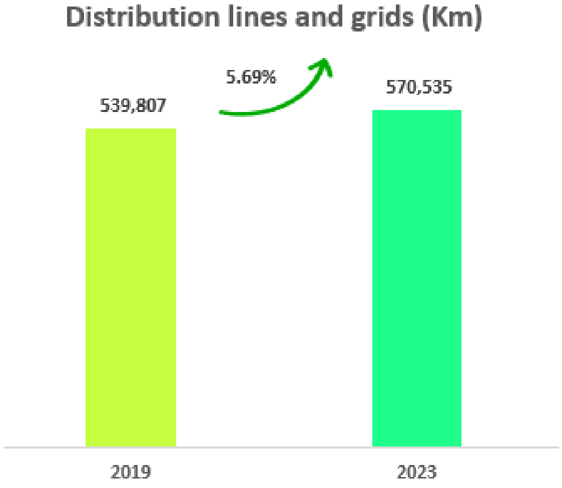
The Commission is made up of 8 members including Superintendents and Managers, appointed by the Executive Board. It may be contacted through our Ethics Channel - the anonymous reporting channel on the corporate Intranet, or by email, internal or external letter or by an exclusive phone line - these means 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

Concession area

Distribution lines

Changes in Cemig D's sub-transmission and distribution line in the last five years.



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.

THE REGULATORY ENVIRONMENT

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.

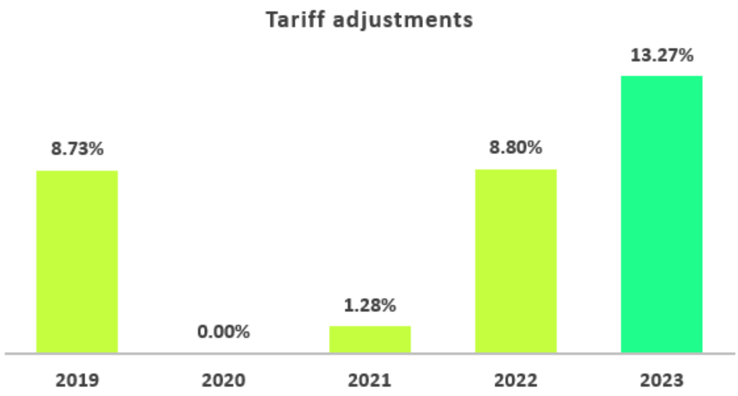
The Annual Tariff Adjustment - Cemig D

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 composition of the approved readjustment, 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.



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.

Criteria of efficiency

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.

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

- Operational cash generation (-) QRR[1] (-) interest on the debt[2] ≥ 0; and
- {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 EBITDA 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 to maintain the concession of Cemig D was in compliance with above criteria of efficiency as of December 31, 2023 and 2022.

OPERATING CONTEXT

Energy Sources and Uses

(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**

Number of customers 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.

FINANCIAL RESULTS

Net income for the year

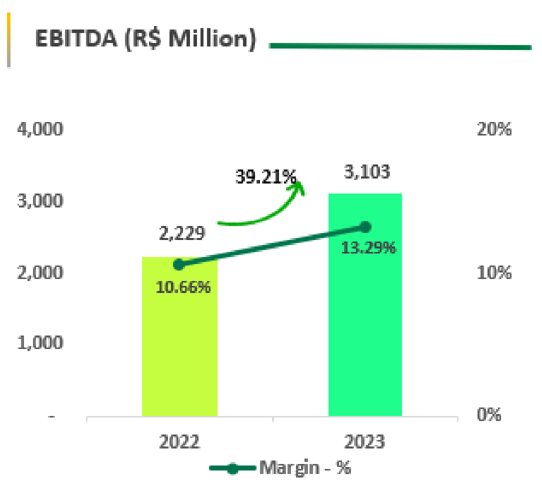
Cemig Distribuição reports net income of R$1,607 million for 2023, compared to net income of R$443 million in 2022. The following items describe the main variations between the two periods in revenues, costs, expenses and financial items:

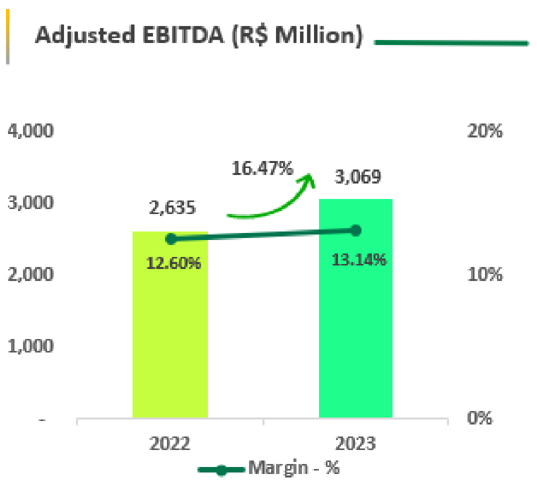
Ebitda (Earnings before interest, tax, depreciation and amortization)

EBITDA - 2023 - R$Million	Note	2023	2022	Changes %
Net income for the year		1,611	443	263.66
+/- Income tax and Social Contribution tax	9c	405	(67)	-
+/- Net financial revenue (expenses)	27	253	1,115	-
+ Depreciation and amortization	26c	834	738	13.01
= Ebitda (1)		**3,103**	**2,229**	**39.21**
- Remeasurement of post-employment liabilities	22	(34)	-	-
+ Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers		-	830	-
- TARD related to infrastruture		-	(145)	-
- Reversal of tax provisions - Social security contributions on profit sharing		-	(42)	-
+ Tax provisions - Indemnity of employess' future benefit (the 'Anuênio')		-	98	-
- Change in estimate of expected losses		-	(131)	-
- Gain in the MVE - Mechanism for the Sale of Surplus, net of taxes		-	(204)	-
= Adjusted EBITDA (2)		**3,069**	**2,635**	**16.47**

(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. 156/2022. 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 adjusts the Ebitda measured according to CVM Resolution n. 156/2022 removing non-current items, which, because of their nature, do not contribute towards information on the potential of future cash generation, since they are extraordinary items.





The Company's Ebitda, calculated in accordance with CVM Resolution 156/2022, was R$3.103 billion in 2023, or 39.21% higher than in 2022 (R$2.229 billion). Ebitda margin was 13.26% in 2023, compared to 10.66% in 2022.

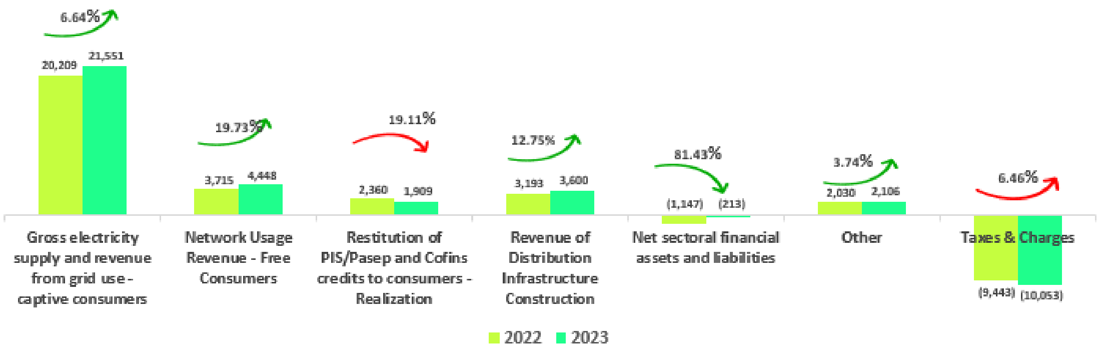
Adjusted Ebitda, which excludes non-recurring items, was 16.47% higher in 2023 than in 2022, at R$3.063 billion in 2023, compared to R$2.635 billion in 2022. Ebitda margin was 13.14% in 2023, compared to 12.60% in 2022.

Net revenue

The composition of the Company's revenue is as follows:

	2023	2022
Revenue from supply of energy - captive customers, in Cemig's concession area	21,551	20,209
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization	1,909	2,360
Revenue from use of the energy distribution systems (TUSD) - free customers	4,448	3,715
Sectoral financial assets and liabilities, net	(213)	(1,147)
Distribution construction revenue	3,600	3,193
PIS/Pasep and Cofins credits to be refunded to consumers	-	(830)
Adjustment to expectation from reimbursement of distribution concession financial assets	149	39
Fine for violation of service continuity indicator	(139)	(94)
Mechanism for the sale of surplus	(4)	453
Other operating revenues	2,100	2,462
Taxes and charges levied on revenues	(10,053)	(9,443)
	23,348	**20,919**

Net Revenue (R$ Million)



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

Total revenue from energy sold to final customers in was R$21,551 million in 2023, compared to R$20,209 million in 2022, representing na increase of 6.64%.

	2023			2022			Changes %	
	MWh(1)	R$million	Average Price Billed (R$/MWh) (2)	MWh	R$million	Average MWh Price Billed (R$/MWh) (2)	MWh	R$million
Residential	12,092,422	10,794	892,63	11,216,803	10,133	903,38	7.81	6.52
Industrial	1,297,599	1,174	904,75	1,532,562	1,240	809,10	(15.33)	(5.32)
Commercial, services and others	4,380,051	5,019	1,145,88	4,541,506	5,024	1,106,24	(3.56)	(0.10)
Rural	3,003,978	2,224	740,35	3,061,899	2,041	666,58	(1.89)	8.97
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	**23,830,642**	**21,239**	**891,25**	**23,746,737**	**20,474**	**862,18**	**0.35**	**3.74**
Own consumption	29,703	-	-	30,942	-	-	(4.00)	-
Wholesale supply to other concession holders (3)	-	172	-	-	60	-	-	-
Wholesale supply unbilled, net	-	140	-	-	(325)	-	-	-
Total	**23,860,345**	**21,551**	-	**23,777,679**	**20,209**	-	**0.35**	**6.64**

(1) Data not audited by external auditors.
(2) Calculation of the average price excludes: Revenue related to the Company's own consumption, supply to other concession holders, and supply not yet invoiced.
(3) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents.

The main changes in supply of electricity are as follows:

Residential

The amount of residential energy invoiced increased by 7.81% from 2022 to 2023. The main factors are:

I) an increase of 3.10% in the number of consumers;
II) average monthly consumption per consumer 5.60% higher, at 131.9 kWh/month in the first quarter of 2023 compared to 139.2 kWh/month in the same period in 2024;
III) higher temperatures; and,
IV) action by the Company for recovery of losses.

Industrial

The volume of energy billed to Industrial consumers was 15.33% lower, due mainly to migration of clients from the captive market to the Free Market, and to mini- and micro-distributed generation.

Public authorities

Electricity billed to consumers in the Public authorities category was 11.71% higher, mainly reflecting the slow recovery in consumption by this category after the Covid-19 pandemic, which had produced a low comparison base figure in 2022.

Public services

The amount of energy billed to this category was 25.36% lower in 2023 than 2022, mainly due to the migration of some facilities of a large client in the water and sewerage sector to the Free Market.

Public lighting

The amount of energy invoiced in this segment was 7.25% lower in 2023, due to replacement of incandescent lamps with LED lamps.

Another important factor was the significant reduction in ICMS tax included in electricity tariffs in the period from the second half of 2022 to February 2023. Complementary Law 194/2022 removed charges for transmission and distribution from the ICMS calculation base - but in February 2023, Decree 45572/2023 returned these charges to the basis for calculation of the tax.

Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Customers the Tariff for Use of the Distribution System (TUSD), on the volume of energy distributed. From 2023 this was R$4,448 million, compared to R$3,715 million in the same period in 2022, an increase of 19.73%.

This mainly reflects the average tariff for Free Clients being 1.62% higher in 2023 than in 2022, partially offset by the reduction in the rate of ICMS tax. In addition, there was a 4.62% increase in the energy transported in 2023 compared to the previous year.

	MWh(1)		
	2023	2022	Changes %
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)
Concessionaire	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.

A reduction in revenue of R$213 million was recognized in 2023, compared to a reduction of R$1,147 million recognized in 2022. This variation is mainly due to the increase in the costs of energy purchased for resale, and charges for use of the National Grid, combined with lower revenue obtained through the Surpluses Sales Mechanism (MVE).

See more information in note 12 of these financial statements.

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

In 2023 the company posted a gain from realization of the restitution to consumers of credits of R$1,909 million, compared to R$2,360 million in 2022. The return of these amounts to revenue reflects the tariff charged by Cemig being discounted by these amounts of the PIS, Pasep and Cofins taxes, which are being returned to consumers. See more details in note 18.

Construction revenue

The revenue posted for construction of assets related to electricity distribution infrastructure was R$3,600 million in 2023, compared to R$3,193 million in 2022, an increase of 12.75%. This increase basically reflects greater execution of the Company's investment plan compared to the previous year, among which we highlight realization of a large volume of works on services to clients, due to heating of the market, especially in agribusiness, and the rise in the prices of the inputs for works (materials and services). This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession.

Taxes and charges reported as deductions from revenue

Sector charges and other deductions on revenue, including taxes, totaled R$10,053 million in 2023, compared to R$9,443 million in 2022, an increase of 6.46%. This variation arises substantially from the variation in the ICMS tax calculation base between the two periods - for all consumer categories - as already mentioned.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses totaled R$21,079 million in 2023, or 8.50% higher than in 2022 (R$19,427 million).

The following paragraphs comment on the main variations. See more on the breakdown of Operating costs and expenses in Note 26 of these financial statements.

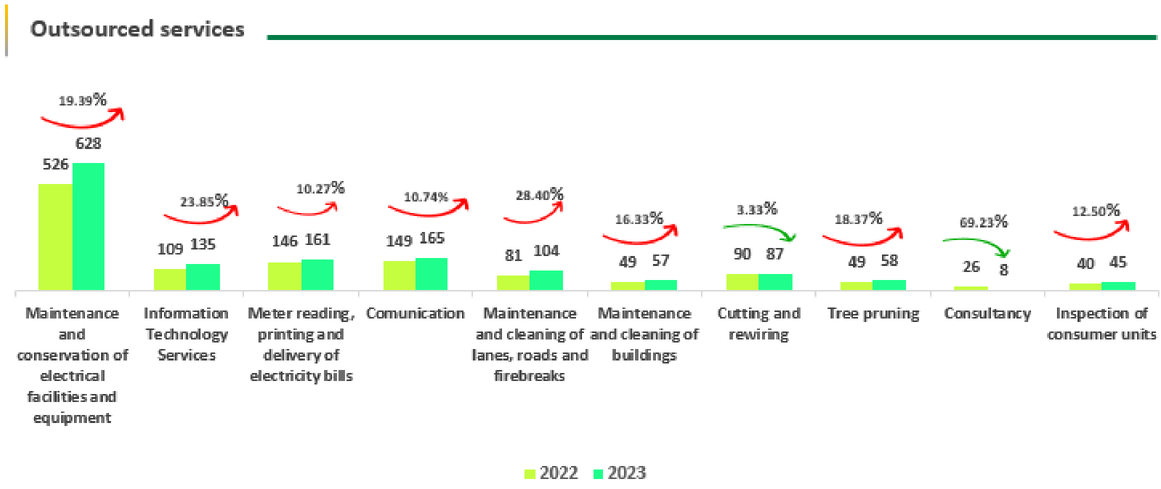
Employees' and managers' profit shares

The expense on employees' and managers' profit shares was R$102 million in 2023, 155% higher than in 2022 (R$40 million). The difference is basically due to acceptance by all the unions of the 2023 Collective Work Agreement, and compares with 2022, when some unions did not accept the agreement.

Post-retirement obligations

The impact of the Company's post-retirement liabilities on operational profit in 2023 was an expense of R$400 million, compared to an expense of R$420 million in 2022. This variation is mainly due to voluntary adherence of active employees to the new health plan, called the Premium Plan, offered by the Company (there are more details in Explanatory Note 22 to these financial statements).

Outsourced services



The expense on outsourced services in 2023 was R$1,614 million, 13.66% higher than in 2022 (R$1,420 million). The main factors are:

- The expense on maintenance and conservation of electrical facilities and equipment was 19.39% higher, at R$628 million in 2023, compared to R$526 million in 2022. This mainly reflects an increase of approximately 18% in the total value of the services contracted, and a higher total volume of services contracted.

- Expenses on information technology were 23.85% higher, at R$135 million in 2023, compared to R$109 million in 2022. This reflects (i) strengthening of cybersecurity and resilience practices, as part of Cemig's structuring digital transformation plan; and (ii) startup of the services of a Cybersecurity Operations Center, to conduct monitoring and defense of the information technology environment.

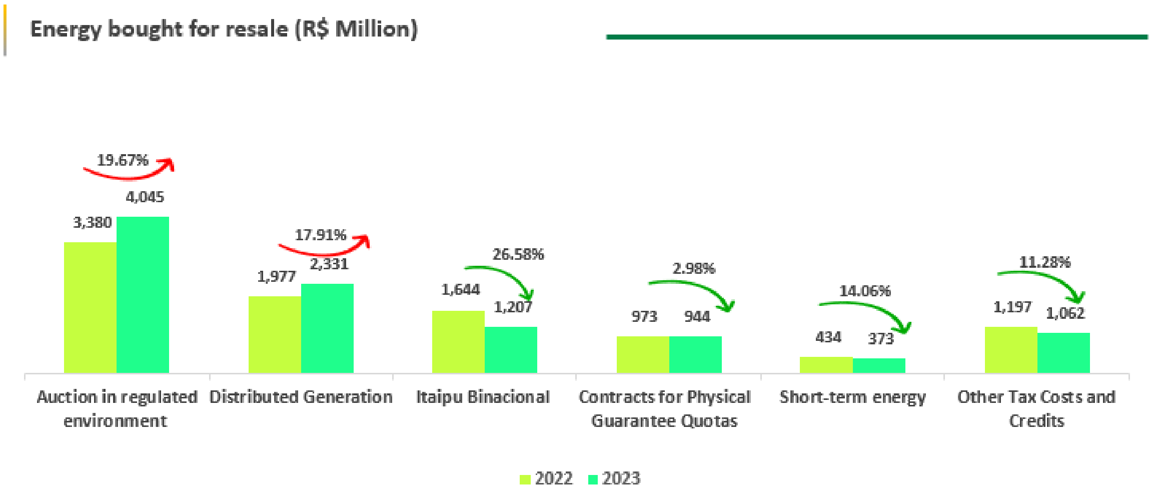
- Expenses on conservation and cleaning of power line pathways, roads and firebreaks 28.39% higher, at R$104 million in 2023, compared to R$81 million in 2022; and expenses on tree pruning 18.37% higher, at R$58 million in 2023, compared to R$49 million in 2022 - both variations mainly result from the increase in the price of the service in 2023.

- Expenses on consultancy were 69.23% lower in 2023, at R$8 million, compared to R$26 million in 2022. This variation stems from services that were contracted, in 2022, to consolidate and monitor implementation of the Company's zero-base budget.

- Expenses on inspections of consumer units were 12.50% higher, at R$45 million in 2023, compared to R$40 million in 2022. This mainly reflects a higher number of inspections to combat commercial losses, and also an increase in the cost of the service.

- The expense on maintenance and conservation of vehicles was 50% lower, at R$4 million in 2023, compared to R$8 million in 2022. This reflects acquisition of 312 new trucks in 2022, replacing the obsolete fleet of trucks in operation. The change called for transposition and maintenance of the hydraulic equipment installed in the old trucks.

Energy bought for resale



The expense on electricity purchased for resale in 2023 was R$9,589 million, or 4.56% more than in 2022 (R$9,171 million). The main factors are:

- Expenses on electricity acquired at auctions in the Regulated Market 19.67% higher, at R$4,045 million in 2023, compared to R$3,380 million in 2022. This increase reflects (i) the annual adjustments to contracts, by the IPCA inflation index, and (ii) entry of new contracts;

- Expenses on Distributed Generation 17.91% higher in 2023, at R$2,331 million, compared to R$1,977 million in 2022. This higher figure reflects the higher number of generation units installed (249,241 in December 2023, compared to 191,153 in December 2022); and the higher volume of energy injected into the grid (4,720 GWh in 2023, compared to 3,041 GWh in 2022);

- The expense on electricity from Itaipu Binacional was 26.58% lower: R$1,207 million in 2023, compared to R$1,644 million in 2022. This mainly reflects the price of power from Itaipu being reduced by 35%, in US dollars, from US$24.73/kW in 2022 to US$16.19 KW (in April 2023), and a new regulatory change to US$ 20.23 in May 2023, set by a Resolution.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. For more details, please see Note 26a of these financial statements.

Charges for use of the transmission network and other system charges

Charges for use of the transmission network in 2023 totaled R$3,067 million, compared with 2022 (R$2,767 million), an increase of 10.84%.

These charges are payable by energy distribution and generation agents for use of the facilities that are components of the national grid as well as the electric system. The amounts to be paid and/or received by the Company are set by a Resolution from the Regulator (Aneel).

The difference primarily reflects: (i) a higher need for dispatching of thermoelectric generation plants in 2023, due to high temperatures, plus (ii) entry into operation of the Reserve Energy Contracts arising from the Simplified Competitive Procedure (*Procedimento Competitivo Simplificado* - PCS) of 2021, with a consequent increase in the costs of Reserve Energy in the period.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. More details see note 12b of these financial statements.

Provisions

Operational provisions totaled R$463 million in 2023, compared to R$399 million in 2022. The main factors in this difference are:

- Employment-law contingencies 42.65% higher: net new provisions were R$97 million in 2023, compared to R$68 million in 2022. This variation is mainly due to recent decisions against the Company on various subjects.

- Net new provisions for third-party damage contingencies 66.67% higher, at R$80 million in 2023, compared to net new provisions of R$48 million in 2022. This variation is mainly due to the increase in the number of new legal actions in 2022, related to distribution issues, such as inspections, works on the grid, combating default, and suspension of electricity supply.

- Contingency provisions for tax litigation were 31.43% lower in 2023, at R$96 million, compared to R$140 million in 2022. The difference mainly reflects a provision made in 3Q22 for the possibility of social security contributions being ruled to be chargeable on the time-of-service payments (anuênios) made to the employees in 2006 (for more information see Note 23).

- Net provisions for client default of R$160 million in 2023, compared to R$108 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.

- Revenue of R$76 million from monetary updating on the balances of the *CVA* account, and of *Other financial components*, in the tariff calculation, in 2023, compared to R$185 million in 2022. This variation is basically due to a lower balance of items updated by the Selic rate, constituted up to December 31, 2023, compared to the balance of the same items in 2022.

- Revenue from late charges on electricity bills 17.23% lower in 2023, at R$269 million, compared to R$325 million in 2022. This variation is due in particular to the capture of the entire effect of the change in the index used to calculate late charges in the second half of 2022 (from the IGPM index to the IPCA index), as determined by Article 343 of Aneel Normative Resolution 1000, and a lower level of customer default in 2023 due to stronger use of collection tools.

- Reduction of 90.34% in the net financial expense on updating of the 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$129 million in 2023, compared to R$1,335 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.

- Higher net monetary updating of loans and debentures: a finance expense of R$386 million in 2023, compared to a finance expense of R$265 million in 2022. This variation mainly arises from the Second Series of the 8th debenture Issue being contracted in June 2022, impacting only the second half of the year. In 2023, the monetary updating affected the entire financial year.

Net financial revenue (expenses)

Cemig D posted net financial expenses of R$253 million in 2023, compared to net financial expenses of R$1,115 million in 2022. The most significant variations in components of Net financial revenue (expenses) between the two years were:

- reduction in the net result of monetary variation relating to the balances of CVA and other financial components, with financial revenue of R$76 million in 2023, compared to financial revenue of R$185 million in 2022. This variation is basically due to the reduction in the balance of items updated by Selic, constituted until December 31, 2023, compared to the balance of the same items in the previous year;

- reduction of 17.23% in financial revenue from late payments on energy bills, of which R$269 million in 2023, compared to R$325 million in 2022. This variation is due in particular to capturing the full effect of the change in the index used to calculate late payment surcharges (IGPM to IPCA) which took place in the second half of 2022, as determined in Article 343 of REN1000 - ANEEL, and the company's lower level of delinquency in 2023 due to increased use of collection tools.

- reduction of 90.34% in the net financial expense with the updating of tax credits relating to PIS/Pasep and Cofins resulting from the exclusion of ICMS from their calculation basis, amounting to R$129 million in the 2023 financial year, compared to R$1,335 million in the previous financial year. This variation is due to the supplement, in the second quarter of 2022, of the monetary restatement of the liability relating to the portion of the tax credits corresponding to the period of the last 10 years, in compliance with the legal determination of full allocation by the company;

- variation in the net result with monetary variation of loans and debentures, with a financial expense of R$386 million in 2023, compared to a financial expense of R$265 million in the previous year. This variation is mainly due to the fact that the 8th Debentures - 2nd series was contracted in June 2022, impacting only the second half of the year. In 2023, the monetary variation affected the entire year.

For a breakdown of financial revenues and expenses see Note 27 of these financial statements.

Income tax and Social Contribution tax

For 2023 the Company posted an expense of R$405 million in income tax and the Social Contribution tax, on pre-tax profit (profit before income tax and Social Contribution) of R$2,017 million. In 2022 the Company posted a gain (revenue item) of R$67 million on income tax and the Social Contribution tax, on pretax profit of R$377 million.

These effective rates are reconciled with the nominal tax rates in Note 9d of these financial statements.

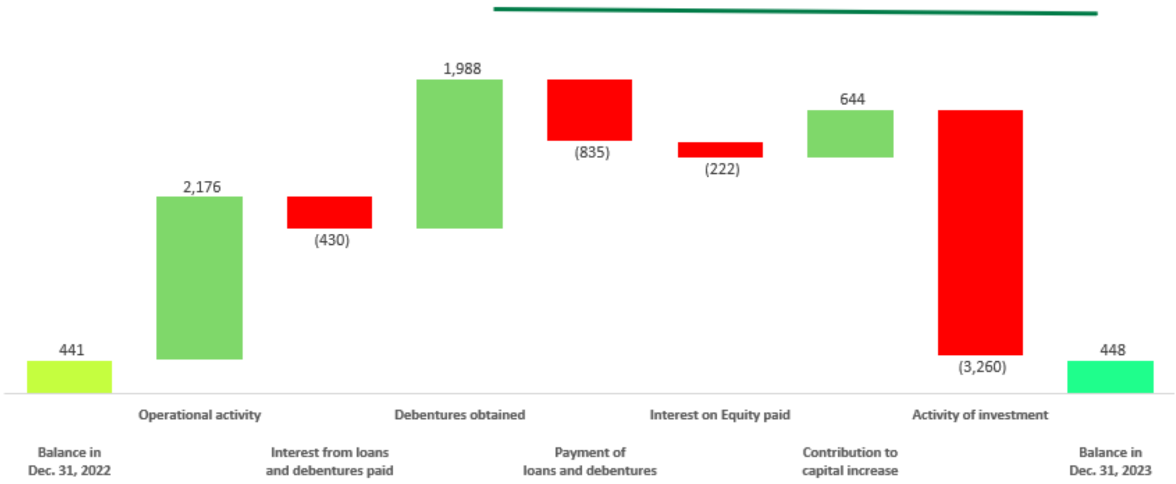
Liquidity and capital resources

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

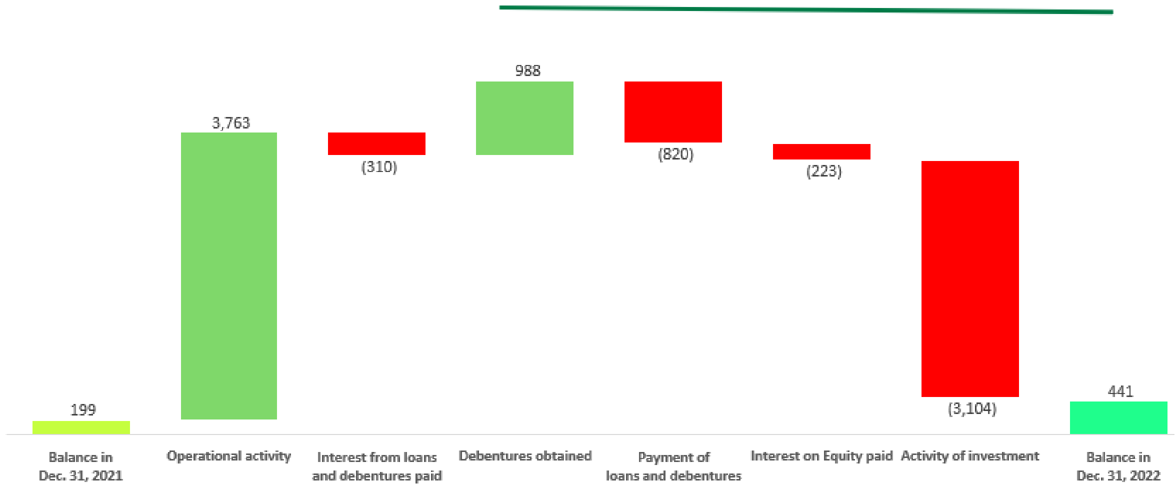
Cash and cash equivalents

Cash and cash equivalents on December 31, 2023 totaled R$448 million, compared to R$441 million on December 31, 2022. No cash nor cash equivalents were held in any other currency than the Real.

Cash and cash equivalents (R$ Million) 2023



Cash and cash equivalents (R$ Million) 2022



PROPOSAL FOR ALLOCATION OF NET INCOME

The Board of Directors decided to propose to the Annual General Meeting to be held on April 30, 2024 the following allocation of the net income for 2023, totaling R$1,611 million, as follow:

- R$79 million, being 5% of net profit after adjustment for the Tax incentives reserve, should be allocated to the Legal reserve;
- R$31 million to be held in Shareholders' equity in the Tax incentives reserve, for tax incentive amounts gained in 2023 due to investment in the region of Sudene;
- R$667 million to be paid as dividends, in the form of Interest on Equity;
- R$238 million of the mandatory dividends to be reverted to Stockholders' equity, in the Retained earnings reserve, to ensure funding for the Company's investments planned for 2024;

- R$596 million to be held in Stockholders' equity in the Retained earnings reserve, to ensure funding for the Company's investments planned for 2024.

FUNDING AND DEBT MANAGEMENT POLICY

The Company generated a significant total of cash flow from operations in 2023, resulting from higher revenues, rigorous combat of default, and due to losses and operational expenses being kept within the regulatory limits. This financial balance 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 2nd and 3rd years.

The international risk rating agencies Standard & Poor's, Fitch Ratings and Moody's maintained their ratings for Cemig D, reflecting the success in implementing measures that resulted in an improvement of the Company's credit quality, with highlights for: improvement of the liquidity profile, sale of assets, refinancing of debts, better operational efficiency, and increase in Ebitda, combined with a strategy of prudent management of liabilities. It is important to note that the ratings of Cemig D accompany the ratings of its controlling shareholder, Cemig H.

This table shows Cemig D current ratings by the three main agencies:

Fitch	*Investment grade*										*Especulative Grade*											
National / *Global*	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
dec - 22																						
dec - 23																						

Moodys	*Investment grade*										*Especulative Grade*											
Global	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	
dec - 22																						
dec - 23																						
National	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
dec - 22																						
dec - 23																						

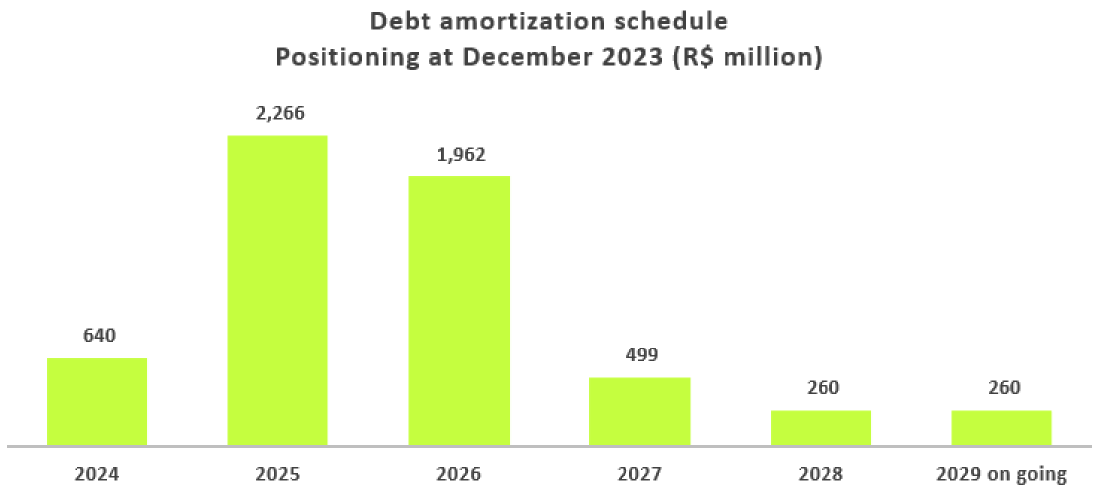
S&P	*Investment grade*										*Especulative Grade*											
National / *Global*	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
dec - 22																						
dec - 23																						

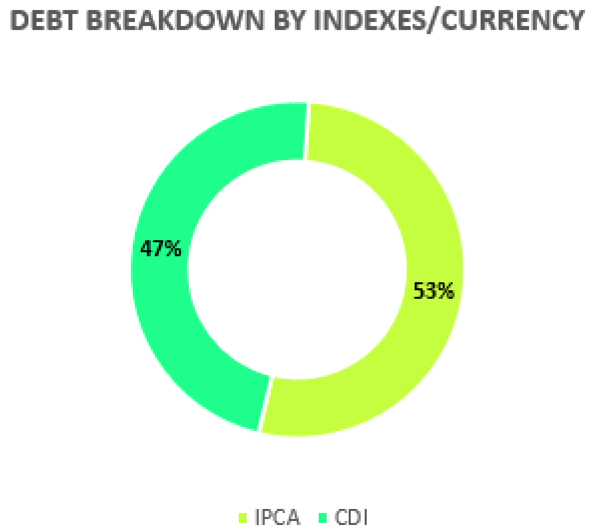
The details of the Company's loans, financings and debentures, including costs and maturities, are given in Note 19 to these financial statements.

The Company has restrictive covenants applying to all of its debenture issues, which limit the capacity of Cemig D, and of Cemig as guarantor, to take on new debt.

Cemig D's debt on December 31, 2023 totaled R$5,888 million, with average tenor of 2.7 years.

This chart shows the present amortization timetable:





The Company has a natural hedge in the updating of the value of its distribution services by the IPCA index. The average cost of the debt of Cemig D is 6.55% p.a. in real terms, and 11.50% p.a. in nominal terms.

INVESTING IN OPERATIONS

In our strategy of concentrating investment in Minas Gerais, we invested R$3.17 billion in our distribution business - 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.

This greater investment by Cemig D will also have a positive impact on improving the quality of electricity supply, customer service and reducing operating and maintenance costs, given the greater reliability of the electricity system.

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.

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:

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.

RELATIONSHIP WITH OUR 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.
- 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 21^{st} 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.

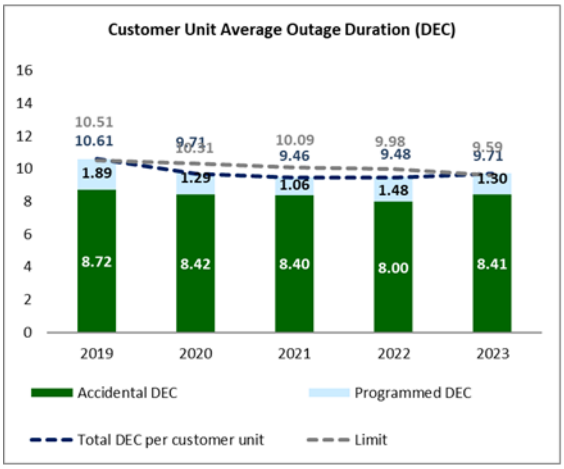
This global event, held from November 14 to 16, in California, brought together global leaders from the water and energy sectors to discuss transformation of the industry, challenges, and solutions, seeking to engage, educate and empower its professionals.

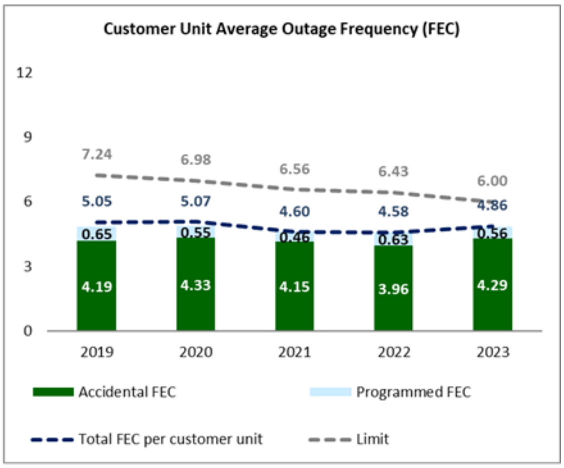
The award recognized the innovations and results achieved by Cemig in the control of energy losses, and customer default, highlighting the protagonist role of the practices adopted by Cemig in Latin America.

Quality of retail supply

Cemig D's outage duration indicator, DEC (the average total outage time per consumer), at 9.71 hours in 2023, was 1.24% above the regulatory level for the year (9.59 hours). The FEC indicator, the average number of outages per year per consumer, at 4.86, was higher in 2023 than in 2022, but below the regulatory limit of 6.00.

The charts below show the figures for DEC and FEC in the last 5 years:





Service policy

To provide quality customer service, and to 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 all the segments of the market.

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

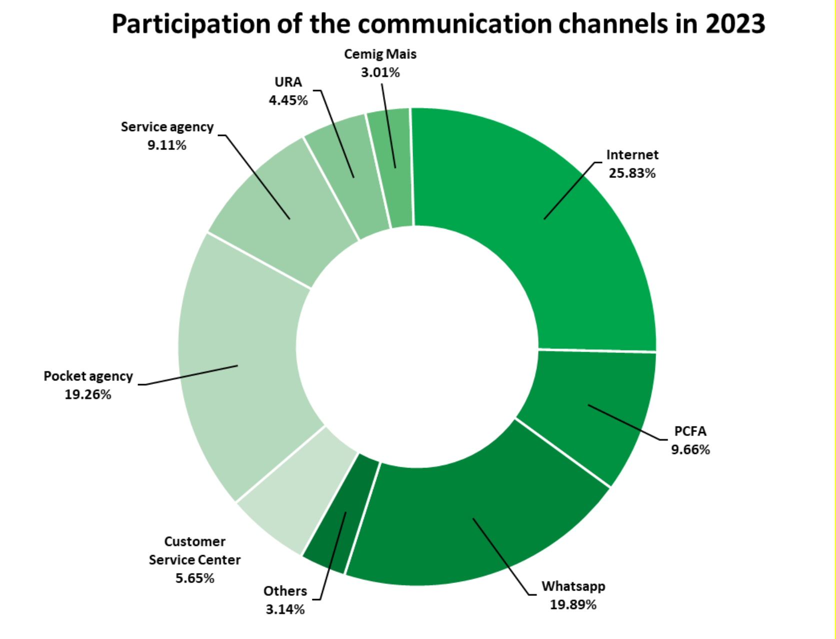
Telephone service is provided through the Fale com a Cemig ("Talk to Cemig") facility. This includes a specific number for the hearing-challenged. This channel also handles service to customers via video and the various chats of social media. The number of contacts reported in 2023 was 142 million.

As well as its website, which received 38 million contacts in 2023, Cemig also has service channels via WhatsApp and Chatbot 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 attended 29 million contacts in 2023.

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

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



Customer satisfaction

Customer satisfaction is inherent to the Company's culture and is a responsibility of all employees. This attitude increases the value of the brand, the Company's good reputation in the markets in which it operates, and its recognition through satisfaction surveys. This is seen, for example, in the residential Consumer Satisfaction Index (IASC), researched by the regulator, Aneel, and the Perceived Quality Satisfaction Index (ISQP), researched by the Electricity Distributors' Association (Abradee).

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).

The result was released at the end of July 2023, in which the company achieved 76.2 points in the satisfaction index, up 12.55% compared to the previous year. This score was higher than Abradee's overall result, which was 72.5 points, a fact that indicates the result of the utility's efforts to improve its customer service.

In the quest for continued 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 in response to their complaints.

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 IASC 2023 survey was carried out between August and October 2023, with questionnaires being administered in randomly selected municipalities in the concession areas.

The results of the survey will only be known in May 2024.

Digital Transformation

In February 2021 Cemig began a strategic partnership with IBM. In the first year there was 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 several other aspects.

The transformation process uses IBM's CX - Customer Experience methodology and started with identifying clients' different types and needs of customers (personas and segments), detailed in their comparison of their experience with the experience Cemig wants to provide, in four categories: to be Simple, Affordable, Reliable and to "Charm the Client". These considerations are 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 strategies and positionings, to be adopted through (i) transformation of the channels, and (ii) use of advanced technologies with artificial intelligence, cognitivity and integration of the service channels, to result in construction of a full omnichannel structure.

Management of billing

Cemig's project to deliver electricity bills by email had reached 1,315 million customers by the end of 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.

Management of default and revenue collection

The results achieved by our distribution segment were positive, as a result of a number of initiatives taken by the Company:

- Intensification of collection activities - an increase of 30% from 2022 in the number of individual actions - and improvement of their methods and effectiveness. More than 60 million collection demand communications were issued by text message and email (including notifications prior to the date of electricity bills becoming due); 5 million collection letters were delivered jointly with new bills issued 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 Noteries system;

- Use of optimization techniques and machine learning to classify clients' solvency patterns, aiming to apply the most appropriate collection tool and the optimum cost-benefit for that profile and customer behavior;

- There was strong third-party collection activity by contracted collection companies on past due debts for retail supply that had proved more difficult to collect - those more than one year past due, or those arising from irregular consumption;

- Implementation of a specific collection center for irregular consumption, with treatment of a selected portfolio;

- Systematic action by a specialized team dedicated to collection from large clients, hospitals and public authorities;
- Stimuli for 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;

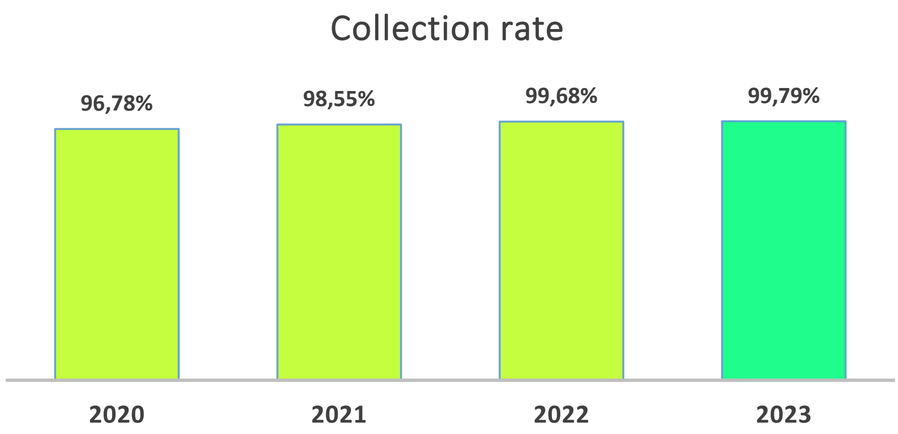
- Participation in the federal government Desenrola Brasil ('Decomplicate Brazil') Program, which provides an opportunity to negotiate debts that have been difficult to receive, usually for clients of low solvency or purchasing power;

- Improvement of the ECL (Expected Credit Losses) method of calculation of the provision for double receivables.

The ARFA collection index (total collection / total invoiced)

In the 12 months to the end of 2023, this index reached a historic peak of 99.79%, as can be seen in the following graph:

Historic values of the collection index

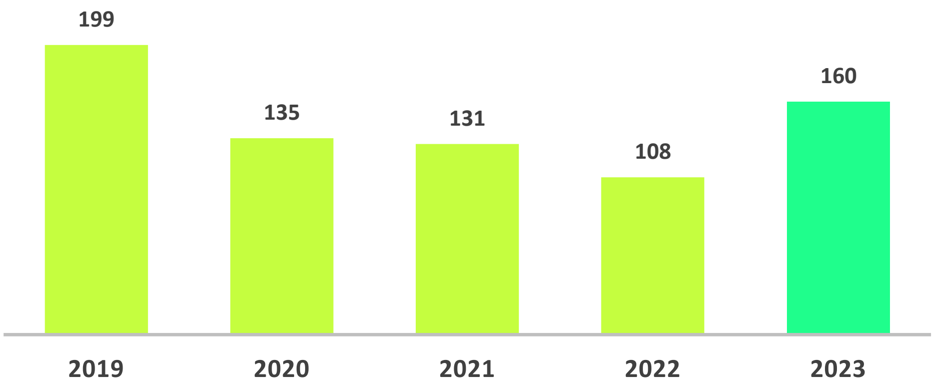


Allowance for doubtful receivables

The result of this calculation for 2023 was R$160 million. Comparison with prior years is limited, since the criteria for qualifying a receivable as in default has been improved to provide a better reflection of the company's experience in practice in collection of defaulted receivables as a result of various collection initiatives in recent.

In addition, due to improvements in management and intensification of actions to combat fraud and losses, we increased the total of collection related to 'irregular consumption' to a peak of R$277 million in 2022, compared to R$38 million in 2020. Due to the difficulty of receiving this type of credit, the expectation was for approximately 40% each year. The effect on net profit in 2023 was approximately 50% of the total we had calculated for losses on default in the year.

ECL annual - R$ Mn



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 through its Integrated Metering Center, Cemig remotely monitors large captive and free clients receiving high, medium and low voltage supply, thus monitoring 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.

For 2024, aiming to maintain the trend to reduction of losses to levels below regulatory limits, various actions to combat and control losses are planned, including: inspections at consumer units; campaigns of communication to the population; criminal proceedings against re-offending perpetrators of fraud; modernization of the metering system; increase in the number of smart meters; and regularization of clandestine connections in low-income communities (the “Legal Energy Program” - Programa Energia Legal).

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 ancillary obligations (1)	1,588	1,230

(1) Tax Compliance Review; Real Estate and Property Control Report (RCP); and the Audit Report on the Regulatory Financial Statements (DCR).

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 CVM 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 since that index was created, and in the ISE Corporate Sustainability Index (Índice de Sustentabilidade Empresarial) of 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 management of hydrological risk.

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 2023, 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 to 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, since 2007 Cemig has participated 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 promote the sustainable economy.

In 2023, Cemig totaled a little more than R$28 million of resources invested in the environment, encompassing waste management, Research and Development projects, and compliance with environmental obligations and improvements.

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 renewable resources, Green Hydrogen 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 CH2V 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 CO2 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.

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.

Management of waste

In 2023 a total of 59,350 tons of waste and scrap was allocated for disposal. Practically all of this was recycled or sold, generating a gross revenue for the Company of approximately R$38 million. This was lower than in 2022, due to the high volume of telephone poles, which have lower resale value.

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

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

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.

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 Learning 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 Course for Workers on Aerial Electricity Distribution Lines allocated specific openings for direct family members of homeless people living in the streets. Also, 50% of the total places on the Course were allocated to people of the feminine gender.

Cemig has now begun the 2024 Course for Workers on Aerial Electricity Distribution Lines - with 125 apprentices inscribed - a solid commitment by the Company to professional and social development.

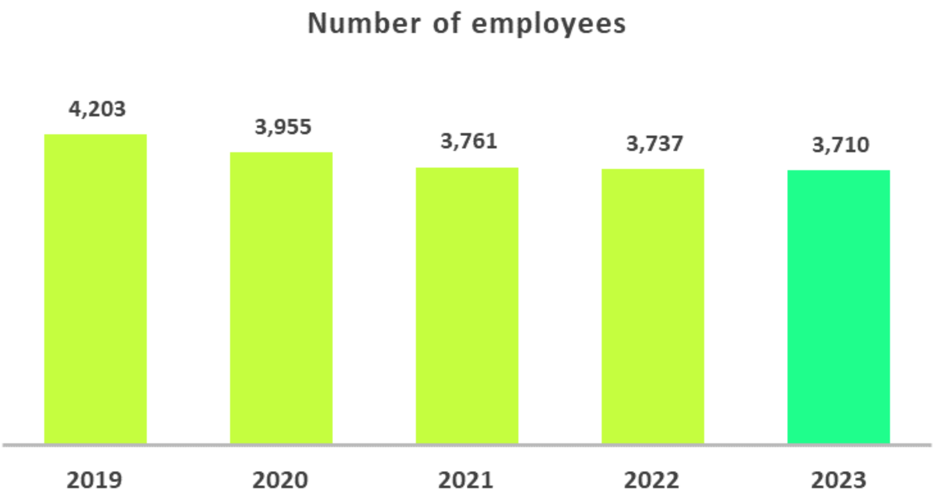
Cemig has directed efforts to serve a number of vulnerable groups, including apprentices coming out of the army, direct family members of homeless people, adolescents from shelters, and refugees from Morocco, Venezuela and Colombia. A total of 66 people in vulnerable situations will have the opportunity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

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

Cemig's workforce

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.

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 4,203 in 2019 to 3,710 employees in 2023, as shown in the graph below:



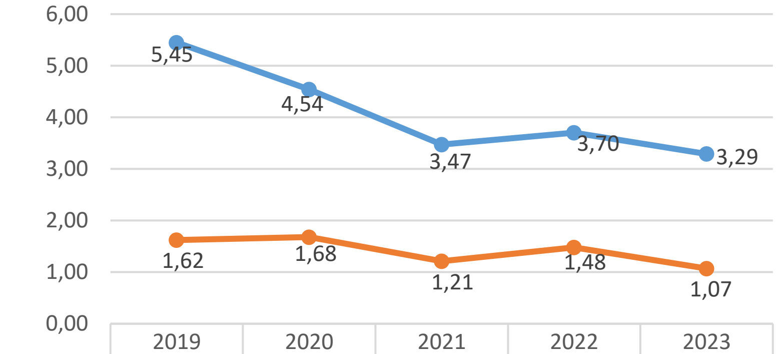
Cemig hired 202 people in 2023. These hirings were to fill vacancies at the technical, operational, administrative and university levels, replenishing the Company's team principally in essentially technical areas.

In addition to hiring through public examinations, management positions were also filled in cases where external recruitment proved more appropriate, in accordance with the new personnel policy, which now allows market professionals to be hired for management positions at the company, up to a limit 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.

Our accident rates, measured as the Basic accident frequency rate (TF) and the Rate of Accidents with Time off Work (TFA), in 2023, we present the best indices of the last 5 years.



	2019	2020	2021	2022	2023
TF	5,45	4,54	3,47	3,70	3,29
TFA	1,62	1,68	1,21	1,48	1,07

Both the TF and the TFA indicators show a clear trend of reduction compared to 2022. The company has been promoting internal actions and reviewing processes in order to maintain 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.

Organization climate 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.

Cemig in low-income 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.

Here are some of the outstanding projects of 2023:

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

The 2023 AI6% Campaign involved the participation of 1,427 employees, who voluntarily allocated R$1 million to 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.

A total of R$2.8 million was donated to entities spread out over 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 promoted from volunteer work. Offering help without receiving any financial consideration for it changes the way you look at the world, sets an example for new generations, and brings benefits such as increased empathy, personal development, and strengthened ties with those around you.

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) suggestion of 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.

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.

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 company with the largest investment in culture in Minas Gerais, with investments in 2023 of R$69.8 million in 146 cultural projects. In addition to encouraging producers and artists, Cemig's support brings direct benefits to the population, which has safer and more democratic access to cultural goods.

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, with installation of photovoltaic generation plants and replacement of inefficient equipment with more up-to-date equipment.

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 invitations to submit projects for selection of social projects to be included in the initiatives it supports in Minas Gerais.

These include projects to support sports.

For Cemig, diversity is a value and must also be present in sports.

Furthermore, in the last four years, almost 12% of the resources allocated to sports have been directed to projects that work exclusively with people with disabilities in several sports modalities and regions of the state.

The company remains committed to making a difference in people's lives and to contributing to the construction of 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.

A Request for Proposals from the public was published in 2023 to select projects to support the elderly, aligned with the organizational guidelines.

Technological management and innovation

Information security is one of Cemig's permanent concerns, as it increasingly invests in (i) its IT structure, seeking robustness in the governance and management of IT services, (ii) management of information security to meet the requirements of the Sarbanes Oxley Law (to which it is subject due to its shares being traded on the New York Stock Exchange), and (iii) its IT security controls system, which 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 electricity sector 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 the economy using energy from renewable sources, as part of global efforts to mitigate climate change.

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

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

Constant innovation is one of Cemig's major principles, and the process of becoming aware of new ideas for the sector is a part of this. For this purpose, the Cemig 2021 Innovation Challenge was launched in August 2021, to take place over a period of 18 months, with expiration until April 2023.

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

The Cemig Challenge expects proposals on the following macro themes:

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

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

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 which 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.

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. Linked to this historic investment milestone, we managed to bring 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 the specified research period.

The program's actions are always aimed at energy efficiency associated with social responsibility and innovation, aligned with Cemig D'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 (RD&I) 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, Cemig invested in 16 RD&I projects in several themes. Cemig D's investment was R$27.3 million, the following being highlights:

- *An Integrated Computer Vision System for Revenue Protection and Work Safety.* This project seeks gains in productivity and optimization of operations, using AI (artificial intelligence) technology. The proposed system will capture images and interpret them replicating the functions which until now have required human vision, and will also be able to classify them, group them, and even distinguish them according to specified patterns.
- *A Platform for the Collection and Processing of Satellite Data.* Development of a proprietary methodology for using data and images collected from nanosatellites to detect situations, helping the System Operator in making decisions.
- *A System for Prioritization of Investments in the Distribution Segment from the point of view of Regulations for Tariff Reviews, and Return on Capital:* A computer system oriented by a method of optimization, which will evaluate various works, giving priority to those that provide the company with the best rate of return, aiming to optimize reliability of supply, minimize costs and maximize results, based on the criteria involved in regulation.
- *A Method for Ranking of Investments*: An integrated system operating to anticipate risks and possible failures in the Cemig distribution network.
- *Study for a Technical and Commercial Structure Based on a Pilot Plant for a Distributed System of Energy Storage Providing Critical Feed for the Distribution Network:* Battery storage systems have significant versatility, since they are able to provide a range of services such as backup and arbitrage, compensating for the variability of wind and solar generation.
- *Agrivoltaic Systems - Joint Production of Photovoltaic Electricity and Food*: Development of agrivoltaic production will unite agriculture, one of the strong points of the economy of Minas Gerais, with solar generation, an increasingly important energy source.

Management systems: Certification

Cemig is always looking for the best way to manage its processes, with the aim of continuously improving its management and achieving its strategic objectives, with the consequent satisfaction of its clients.

For this purpose, Cemig maintains certification of its processes under three Brazilian ISO standards: NBR ISO 9001 - *Quality Management System*, NBR 14001 - *Environmental Management System,* and NBR 45001 - *Health and Safety Management System*. At the end of 2023 Cemig also earned certification under NBR ISO 31000 - *Corporate Risk Management*.

Currently, there are four certified scopes in the company: The Cemig Generation and Transmission Unit, The Cemig Distribution Unit, Corporate Risk Management, and the Ombudsman Unit. The scope of each of these businesses includes management and support processes.

In 2023, the Cemig Generation and Transmission Unit underwent recertification; the Cemig Distribution Unit underwent a maintenance audit; and the Ombudsman Unit underwent its second maintenance audit. The certification cycles are always three years (Recertification, 1st maintenance and 2nd maintenance).

Maintenance of certification was recommended for all the units, which confirms the commitment of all those involved in meeting the requirements of the ISO standards - which as is well known have international recognition as witnessing the best management practices in the market.

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 appointed 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 as a whole and other stakeholders. To sustain a well-structured corporate governance model, Cemig follows the good practices and recommendations of the Brazilian Corporate Governance Institute (Instituto Brasileiro de Governança Corporativa - IBGC), fostering a relationship of trust and integrity with its stakeholders. Since 2001 Cemig has followed the Level I Corporate Governance Practices of the São Paulo stock exchange (B3).

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 11 sitting members, 10 nominated and elected by the shareholders, and one elected by the employees. One member is the Chair, and another the 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.

The present period of office began with the EGM on April 29, 2022, with election by the multiple voting system.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Shareholders 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: https://ri.cemig.com.br/en.

Meetings

The Board of Directors held 20 meetings until December 31, 2023, dealing with matters including strategic planning, projects, acquisition of new assets, and investments.

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: https://ri.cemig.com.br/en.

Meetings

In 2023, 29 meetings of the Audit Committee (COAUD) were held.

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.

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: https://ri.cemig.com.br/en

Meetings

In 2023, 62 Executive Board meetings were held.

Fiscal Council

Composition, election and mandate

We have a permanent Fiscal Board, composed of five effective members and their respective alternates, elected by the General Assembly for a mandate of two (2) years.

In the composition of the Fiscal Board, the following nomination rules will be observed:

- minority common stockholders and preferred stockholders shall be assured the right to elect, in a separate vote, one (1) member, respectively, in accordance with the applicable legislation; and,

- the majority of the members must be elected by the Company's controlling shareholder, and at least 1 (one) of them must be a public servant, with permanent ties to the Public Administration.

The composition of the Fiscal Board and curricular information about its members is available on our website at https://ri.cemig.com.br/en

Meetings

In the 2022 financial year, the Audit Board held 14 meetings.

Internal auditing, management of risks and internal controls

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

These risks, associated with execution of strategy and scenarios of the Company's exposure, conflicts of interest, fraud and corruption are under the responsibility of the members of the Executive Board, and are monitored and reported periodically to Senior Management. The Matrix is divided into separate risk components: Distribution, Generation, Trading, IT, Institutional Regulations, Agile Management with Safety, Corporate Enabling Factors, and Financial.

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 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 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.

ISO 31000:2018 Compliance Statement - Risk Management

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.

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.

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.

The UN Global Compact 100% Transparency movement

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.

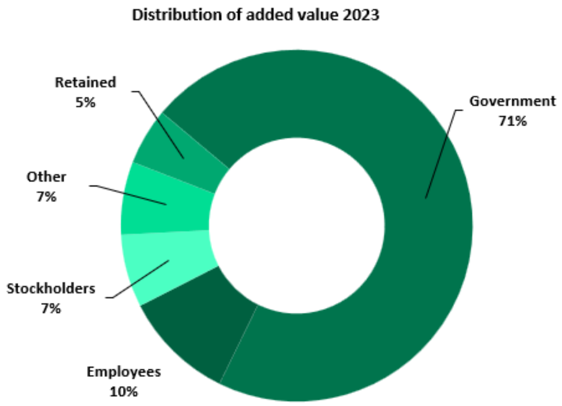
In joining the 100% Transparency movement, Cemig undertakes to advance toward the following goals:

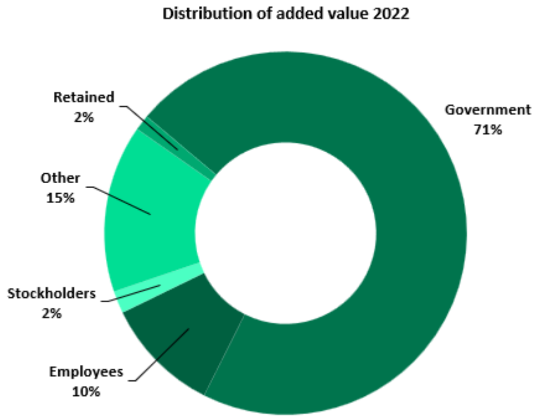
- 100% transparency in interaction with the Public Administration;
- 100% ethical remuneration of senior management;
- 100% ethics training of the high-risk value chain;
- 100% transparency of the Compliance and Governance structure; and
- 100% transparency in operation of whistle blower channels.

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.

Added value

The Added Value 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 assessed as R$13,513 million, compared to R$13,155 million in 2022:





FINAL REMARKS - APPRECIATION

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

SOCIAL STATEMENT

AS OF DECEMBER 31, 2023 AND 2022

1) Basis of calculations	2023	2022
	Amount (R$'000)	Amount (R$'000)
Net revenue (NR)	23,348,437	20,918,716
Operational profit (OP)	2,269,734	1,492,156
Gross payroll (GP)	641,741	585,749

2) Internal social indicators	2023 Amount (R$'000)	% of GP	% of NR	2022 Amount (R$'000)	% of GP	% of NR
Food	70,650	11.01	0.30	66,682	11.38	0.32
Mandatory charges/costs on payroll	216,497	33.74	0.93	195,179	33.32	0.93
Private pension plan	55,154	8.59	0.24	54,365	9.28	0.26
Health	51,476	8.02	0.22	49,146	8.39	0.23
Safety and medicine in the workplace	3,478	0.54	0.01	17,993	3.07	0.09
Education	34	0.01	0.00	460	0.08	0.00
Training and professional development	4,873	0.76	0.02	16,599	2.83	0.08
Provision of or assistance for day-care centers	1,691	0.26	0.01	1,632	0.28	0.01
Profit sharing	101,503	15.82	0.43	39,834	6.80	0.19
Others	6,241	0.97	0.03	9,201	1.57	0.04
Internal social indicators - Total	**511,597**	**79.72**	**2.19**	**451,091**	**77.01**	**2.16**

3) External social indicators	2023 Amount (R$'000)	% of OP	% of NR	2022 Amount (R$'000)	% of OP	% of NR
Education	1,240	0.05	0.01	9,929	0.67	0.05
Culture	68,296	3.01	0.29	66,096	4.43	0.32
Sport	18,382	0.81	0.08	4,250	0.28	0.02
Other donations/subsidies / ASIN project	143,981	6.34	0.62	94,707	6.35	0.45
Total contributions to society	**231,899**	**10.22**	**0.99**	**174,982**	**11.73**	**0.84**
Taxes (excluding obligatory charges on payroll)	9,476,786	417.53	40.58	8,419,928	564.28	40.25
Internal social indicators - Total	**9,708,685**	**427.75**	**41.58**	8,594,910	576.01	41.09

4) Environmental indicators	2023 Amount (R$'000)	% of OP	% of NR	2022 Amount (R$'000)	% of OP	% of NR
Related to the company's operations	27,839	1.23	0.12	20,861	1.40	0.10
Total investment in the environment	**27,839**	**1.23**	**0.12**	**20,861**	**1.40**	**0.10**

5) Workforce indicators	2023	2022
Number of employees at end of business year	3,710	3,737
Hirings during the business year	202	317
Number of outsourced employees	76	23
Number of interns hired	64	70
Employees' levels of education		
- University and university extension	720	788
- 2 Secondary	2,959	2,904
- 1 Primary	31	45
Number of employees over 45 years old	1,731	1,735
Number of women employed	514	537
% of supervisory positions held by women	21.11%	11.36%
Number of African-Brazilian employees	225	228
% of supervisory positions held by African-Brazilians	2.22%	1%
Number of employees with disabilities	120	127

6) Corporate citizenship	2023		
Ratio between highest and lowest compensation in the Company	23.02		
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 the employees	( ) All + Accident Prevention
In relation to labor union freedom, the right to collective bargaining, and/or internal employee representation, the company:	( ) does not get involved	(x) ILO guidelines	( ) 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:	( ) does not get involved	( ) supports	(x) organizes and encourages
Total number of customer complaints and criticisms:	Company 238,172	Via Procon 5,209	In the court 13,810

Total added value to be distributed (in thousand R$)	**In 2023**: R$13,513 million	
Distribution of Added Value (DVA)	71.13% government 10.24% employees 6.70% stockholders 6.71% third parties	71.31% government 10.39% employees 1.98% stockholders 14.93% third parties

7) Other information	2023
Investments in environmental issues	R$28 million
Waste and unusable material	60.82 mil tons
Revenue from sales of waste	R$44 million

CEMIG D IN NUMBERS

Item	2023	2022
Service		
Number of customers (in million)	9,214	9,035
Number of employees	3,710	3,737
Number of customers per employee	2,484	2,418
Number of locations served	5,415	5,415
Number of counties (municipalities) served	774	774
Market		
Concession area (Km²)	567,478	567,478
Average residential consumption (KWh/annual)	1,565	1,495
Average supply rates - including ICMS tax (R$/MWh)		
Residential	892.65	903.39
Commercial	1,145.86	1,106.32
Industrial	904.79	809.20
Rural	740.43	666.61
DECi (hours) - indicator for outage	9.71	9.48
FECi (number of interruptions) - indicator for outage	4.86	4.58
Deprivation of supply per customer - minutes/month	48.55	47.40
Operating		
Number of energy substation	462	448
Distribution line (Km)	19,156	18,485
Distribution network (Km)		
Urban	129,704	124,946
Rural	421,675	431,413
Financial		
Net operational revenue, R$mn	23,348	20,919
Operational margin, %	9.72	7.13
Ebitda, R$mn	3,103	2,229
Profit, R$mn	1,611	443
Earnings per lot of 1000 shares R$	683	188
Stockholders' equity - R$mn	8,883	7,105
Book value per share	3.77	3.00
Return on equity, %	18,14	6,24
Debt / Stockholder's equity, %	210.51	257.67
Current liquidity ratio	0.87	0.98
General liquidity ratio	0.83	0.77

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 without portfolio
Marco da Camino Ancona Lopez Soligo	Vice President of Participations
Dimas Costa	Vice President of Trading
Cristiana Maria Fortini Pinto e Silva	Vice President Legal

THE EXECUTIVE BOARD	
SITTING MEMBERS	**MEMBROS SUPLENTES**
Márcio Luiz Simões Utsch - President (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 shareholders)	None
José João Abdalla Filho (preferred shareholders)	None
Roger Daniel Versieux (minority shareholders)	None
Paulo César de Souza e Silva (minority shareholders)	None
Anderson Rodrigues (employee representative)	None

BOARD OF DIRECTORS	
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 shareholders)	Ricardo José Martins Gimenez (minority shareholders)

FISCAL BOARD	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Pedro Carlos de Mello (Coordinator and Financial Specialist)	None
Roberto Tommasetti	None
Roberto Cesar Guindalini	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)	José Luis França dos Santos
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
Tel: +5531 3506-5024 and 3506-5028
Fax: +5531 3506-5025 and 3506-5026

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

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
ASSETS

(In thousands of Brazilian Reais)

	Note	Dec. 31, 2023	Dec. 31, 20232
CURRENT			
Cash and cash equivalents	5	447,967	440,700
Marketable securities	6	2,781	279,717
Receivables from customers, traders and concession holders	7	3,545,064	2,761,370
Concession holders - Transport of energy	7	374,362	333,642
Recoverable taxes	8	550,472	1,828,665
Public lighting contribution		260,730	207,286
Concession sector assets	12b	493,934	746,031
Others assets		510,773	393,478
TOTAL CURRENT		**6,186,083**	**6,990,889**
NON-CURRENT			
Marketable Securities	6	-	1,052
Deferred Income tax and social contribution tax	9c	1,884,164	2,119,494
Recoverable taxes	8	698,446	540,281
Income tax and social contribution tax recoverable	9a	113,122	76,278
Escrow deposits	10	662,233	651,279
Concession holders - Transport of energy	7	38,817	43,386
Others assets		16,648	17,327
Concession sector assets	12b	311,637	198,059
Financial assets related to infrastructure	12a	1,881,509	1,369,652
Contract assets	13	3,430,870	1,849,852
Intangible assets	14	12,099,390	11,314,918
Leasing - right of use assets	16	259,647	240,178
TOTAL NON-CURRENT		**21,396,483**	**18,421,756**
TOTAL ASSETS		**27,582,566**	**25,412,645**

The accompanying notes are an integral part of the financial statements.

CEMIG Distribuição S.A.

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

	Note	Dec. 31, 2023	Dec. 31, 20232
CURRENT			
Loans and debentures	19	639,713	883,795
Suppliers	17	2,024,449	1,929,723
Taxes payable	18	268,455	197,890
Income tax and social contribution	9b	80,888	88,043
Payroll and related charges		153,285	162,661
Regulatory charges payable	20	373,039	393,389
Employee and management profit-sharing		95,134	52,273
Post-employment obligations	22	231,390	274,904
Public lighting contribution		424,713	312,475
Accounts payable related to energy generated by residential consumers		704,653	455,273
Interest on equity, and dividends, payable		1,499,524	504,052
Amounts to be refunded to consumers	18	853,652	1,495,598
Leasing liabilities	16	56,294	43,602
Other liabilities		354,578	325,837
TOTAL CURRENT		**7,759,767**	**7,119,515**
NON-CURRENT			
Loans and debentures	19	5,247,909	3,692,203
Provisions	23	1,480,183	1,342,624
Post-employment obligations	22	3,379,693	3,550,093
Regulatory charges payable	20	81,147	55,437
Amounts to be refunded to consumers	18	501,159	1,632,200
Interest on equity, and dividends, payable	24	-	679,794
Leasing liabilities	16	230,235	216,271
Other liabilities		19,248	19,248
TOTAL NON-CURRENT		10,939,574	11,187,870
TOTAL LIABILITIES		**18,699,341**	**18,307,385**
EQUITY			
Share capital	24	6,284,312	5,371,998
Profit reserves	23	3,976,565	3,270,982
Equity valuation adjustments	24	(1,377,652)	(1,537,720)
TOTAL EQUITY		**8,883,225**	**7,105,260**
TOTAL LIABILITIES AND EQUITY		**27,582,566**	**25,412,645**

The accompanying notes are an integral part of the financial statements.

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

	Note	2023	2022
NET REVENUE	**25**	**23,348,437**	**20,918,716**
OPERATING COSTS			
Cost of energy	26a	(12,656,237)	(11,938,473)
Infrastructure and construction cost	26b	(3,600,374)	(3,193,092)
Operating costs	26c	(3,262,761)	(2,956,091)
		(19,519,372)	**(18,087,656)**
GROSS INCOME		**3,829,065**	**2,831,060**
OPERATING EXPENSES	26c		
Expected credit losses		(159,694)	(108,141)
General and administrative expenses		(530,776)	(569,188)
Other operating expenses, net		(868,861)	(661,575)
		(1,559,331)	**(1,338,904)**
Operating income before financial income (expenses) and taxes		**2,269,734**	**1,492,156**
Finance income	27	583,789	790,885
Finance expenses	27	(836,914)	(1,906,130)
Income before income tax and social contribution tax		**2,016,609**	**376,911**
Current income tax and social contribution tax	9d	(252,278)	(548,585)
Deferred income tax and social contribution tax	9c	(152,871)	615,149
Net income (loss) for the period		**1,611,460**	**443,475**
Basic and diluted earnings (losses) per shares, R$	24	0.68	0.19

The accompanying notes are an integral part of the financial statements.

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

	2023	2022
Net income (loss) for the period	1,611,460	443,475
OTHER COMPREHENSIVE INCOME		
Items not to be reclassified to profit or loss in subsequent Years		
Post retirement liabilities adjustment - remeasurement of obligations of the defined benefit plans (note 22)	242,527	447,957
Income tax and social contribution tax on remeasurement of defined benefit plans (note 9c)	(82,459)	(152,306)
	160,068	**295,651**
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAXES	**1,771,528**	**739,126**

The accompanying notes are an integral part of the financial statements.

CEMIG Distribuição S.A.

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	Resources for capital increase	Profit reserves			Equity valuation adjustments	Retained earning	Total equity
			Legal reserve	Tax incentives reserve	Retained earning reserve			
AS OF DECEMBER 31, 2021	**5,371,998**	**-**	**477,144**	**75,473**	**2,851,422**	**(1,833,371)**	**-**	**6,942,666**
Net income for the year	-	-	-	-	-	-	443,475	443,475
Remeasurement of obligations of the defined benefit plans, net of taxes	-	-	-	-	-	295,651	-	295,651
COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**-**	**-**	**295,651**	**443,475**	**739,126**
Legal reserve	-	-	21,384	-	-	-	(21,384)	-
Interest on Equity (R$0.2444 per share)	-	-	-	-	(315,664)	-	(260,868)	(576,532)
Tax incentives reserve	-	-	-	15,796	-	-	(15,796)	-
Retained earning reserve	-	-	-	-	145,427	-	(145,427)	-
AS OF DECEMBER 31, 2022	**5,371,998**	**-**	**498,528**	**91,269**	**2,681,185**	**(1,537,720)**	**-**	**7,105,260**
Net income for the year	-	-	-	-	-	-	1,611,460	1,611,460
Remeasurement of obligations of the defined benefit plans, net of taxes	-	-	-	-	-	160,068	-	160,068
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**-**	**-**	**-**	**160,068**	**1,611,460**	**1,771,528**
Capital increase	644,000	(644,000)	-	-	-	-	-	-
Capital increase with interest on equity capital declared	268,314	-	-	-	-	-	-	268,314
Advance for future capital increase	-	644,000	-	-	-	-	-	644,000
Legal reserve	-	-	79,026	-	-	-	(79,026)	-
Tax incentives reserve	-	-	-	30,933	-	-	(30,933)	-
Retained earning reserve	-	-	-	-	595,624	-	(595,624)	-
Interest on Equity (R$0.3831 per share)	-	-	-	-	-	-	(905,877)	(905,877)
AS OF DECEMBER 31, 2023	**6,284,312**	**-**	**577,554**	**122,202**	**3,276,809**	**(1,377,652)**	**-**	**8,883,225**

The accompanying notes are an integral part of the financial statements.

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

	Note	2023	2022
CASH FLOW FROM OPERATIONS			
Net income (loss) for the period		1,611,460	443,475
ADJUSTMENTS:			
Post-employment obligations	22	414,550	448,434
Depreciation and amortization	14b and 16a	833,857	738,025
Expected credit losses	26c	177,071	108,141
Other provisions	26c	285,451	397,377
Adjustment of assets in progress	13	(7,500)	595
Write-off of net residual value of unrecoverable Concession financial assets and Intangible assets	12a and 14b	81,943	57,513
Refunded of PIS/Pasep and Cofins over ICMS credits to customers - realization	25	(1,908,658)	(2,360,056)
Financial interest and inflation adjustment		464,185	1,463,990
Adjustment to expectation of contractual cash flow from the concession	12a	(149,238)	(39,369)
Amortization of transaction cost of loans	19	5,809	2,655
CVA (Parcel A Compensation) Account and Other Financial Components in tariff adjustment	25	213,038	1,146,559
Deferred income tax and social contribution tax	9a	405,149	(66,564)
		2,427,117	2,340,775
(Increase) decrease in assets			
Receivables from customers, traders and concession holders		(979,539)	88,495
CVA (Parcel A Compensation) Account and Other Financial Components in tariff adjustment		-	190,661
Recoverable taxes	8	(164,808)	692,490
Income tax and social contribution tax recoverable		35,185	(375,520)
Escrow deposits		36,452	16,736
Contractual assets and concession financial assets		-	91,607
Public lighting contribution		(53,444)	26,029
Others		(132,443)	(2,816)
		(1,258,597)	727,682
Increase (decrease) in liabilities			
Suppliers		88,003	(106,993)
Taxes payable		874,569	1,159,636
Payroll and related charges		(9,376)	21,233
Public lighting contribution		112,238	(44,631)
Regulatory charges	20	5,360	(246,387)
Post-employment obligations	22	(385,937)	(348,875)
Provisions	23	(147,892)	(128,556)
Employees' and managers' profit sharing		42,861	(34,843)
Others		335,604	334,141
		915,430	604,725
Cash generated by operating activities		**2,083,950**	**3,673,182**
Interest paid on loans and debentures	19	(430,493)	(310,066)
Interest paid in leasing contracts	16	(2,581)	(2,555)
Interest received		94,968	92,690
NET CASH FLOW FROM OPERATING ACTIVITIES		**1,745,844**	**3,453,251**
INVESTING ACTIVITIES			
Marketable securities	6	(2,675,077)	(5,890,752)
Marketable securities - redemption (cash investments)	6	2,953,120	6,030,525
Intangible assets	14	(122,157)	(187,121)
Contract assets	13	(3,415,735)	(3,056,452)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(3,259,849)**	**(3,103,800)**
FINANCING ACTIVITIES			
Loans, financial and debentures obtained, net	19	1,987,943	987,522
Leasing liabilities paid	16	(53,830)	(51,792)
Payment of loans and debentures	19	(835,103)	(820,008)
Interest on capital and dividends paid		(221,738)	(223,167)
Contribution for capital increase	24	644,000	-
NET CASH USED IN FINANCING ACTIVITIES		**1,521,272**	**(107,445)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**7,267**	**242,006**
Cash and cash equivalents at the beginning of the year	5	440,700	198,694
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	**447,967**	**440,700**

The accompanying notes are an integral part of the financial statements.

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

	2023	2022
VALUE ADDED PRODUCED BY THE COMPANY		
Sales of energy and services	29,651,519	27,958,657
Distribution construction revenue	3,600,374	3,193,092
Adjustment to expectation of reimbursement of distribution concession financial assets	149,238	39,369
Adjustment to estimated credit losses	(159,694)	(108,141)
	33,241,437	**31,082,977**
(-) INPUTS ACQUIRED FROM THIRD PARTIES		
Energy bought for resale	(10,284,923)	(9,856,672)
Charges for use of national grid	(3,379,555)	(3,049,306)
Outsourced services	(3,022,847)	(2,418,233)
Materials	(2,018,415)	(2,135,575)
Other operating costs	(803,947)	(536,346)
	(19,509,687)	**(17,996,132)**
GROSS VALUE ADDED	**13,731,750**	**13,086,845**
RETENTIONS		
Depreciation and amortization	(833,857)	(738,025)
NET ADDED VALUE PRODUCED BY THE COMPANY	**12,897,893**	**12,348,820**
ADDED VALUE RECEIVED BY TRANSFER		
Financial revenues	615,923	806,069
ADDED VALUE TO BE DISTRIBUTED	**13,513,816**	**13,154,889**
DISTRIBUTION OF ADDED VALUE		
Employees	**1,383,314**	**1,366,177**
Direct remuneration	816,948	728,006
Post-employment obligations and Other benefits	520,164	539,043
FGTS fund	46,202	44,849
Voluntary retirement program	-	54,279
Taxes	**9,612,241**	**9,380,829**
Federal	5,763,897	5,814,484
State	3,843,251	3,562,045
Municipal	5,093	4,300
Remuneration of external capital	**906,801**	**1,964,408**
Interest	899,396	1,947,256
Rentals	7,405	17,152
Remuneration of own capital	**1,611,460**	**443,475**
Interest on Equity	905,877	260,868
Retained earnings	705,583	182,607
	13,513,816	**13,154,889**

The accompanying notes are an integral part of the financial statements.

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

Cemig Distribuição S.A. ('Cemig D', 'Cemig Distribuição' or 'the Company') is a Brazilian corporation registered for trading with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), and in the Brazilian Register of Corporate Taxpayers (CNPJ) under No. 06.981.180/0001-16. A wholly-owned subsidiary of Companhia Energética de Minas Gerais - Cemig ('Cemig'), it was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the separation of activities ('unbundling') of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office in Belo Horizonte city, Minas Gerais.

Its corporate objects are: to study, plan, project, build and commercially operate systems of distribution and sale of energy and related services for which concessions are granted to it under any form of law.

The Company has a concession area of 567,478 km², comprising approximately 97% of the Brazilian state of Minas Gerais, serving 9,214,710 customers, on December 31, 2023.

The Fifth Amendment to the concession contracts, signed with the Mining and Energy Ministry, extended the concession for 30 years, from January 1, 2016. The amendment establishes standards of service quality and economic-financial indicators that the Company must meet during the new concession period.

On December 31, 2023 the Company had negative net working capital (current assets less current liabilities) of R$1,574 million (R$129 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. In addition, the Company has a history of positive operating cash flow and profitability.

The Company estimates that the cash balances, cash flow from operations, and raising of new financings are sufficient to meet the need for working capital, investments, debt servicing, and other cash needs in the next 12 months. The Company also has credit lines in the financial institutions in which it operates, in addition to support from its shareholder.

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

2. CONCESSION

The Company 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 Company 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 the Company, subject to the amounts and the dates on which they were incorporated into the energy system.

The Company does not have obligations to make payment in compensation for commercial operation of the distribution concessions, but it 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.

The Company also has the right to request an extraordinary review of tariffs in the event that any unforeseen development significantly affects the economic-financial equilibrium of the concession. Periodic reviews and extraordinary reviews are subject to procedures of tariff review inspection and supervision by Aneel, specified by regulations prior to each review cycle.

Under the distribution concession contracts, the Company 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, Cemig D signed The Fifth Amendment to its concession contracts with the Mining and Energy Ministry 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 to the rules set for in Clause 6 of the Amendment will be applied;

- Distribution of dividends and/or payment of Interest on Equity limited to the minimum established by law, if there is non-compliance with the annual indicators for overall outages (DEC and FEC) for two consecutive years, or for three of any five years, until the regulatory parameters are restored. DEC (Duração Equivalente de Interrupção por Unidade Consumidora) is the average outage duration per consumer in a given year; and FEC (Frequência Equivalente de Interrupção por Unidade Consumidora) is the average number of outages per consumer in a year;

- 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;

- 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.

Periodic Tariff Review

On May 23, 2023 Aneel ratified the result of Cemig D's Periodic Tariff Review by Ratifying Resolution (ReH) 3202, of May 23, 2023. The effect of this result was an average tariff increase of 13.27% for consumers: For Group A (high and medium voltage) the average increase was 8.94%; and for Group B (low voltage) the average increase was 15.55%.

Voltage level	Average effect for the consumer
Group A - High and medium voltage	8.94%
Group B - Low voltage	15.55%
Average increase	**13.27%**

The percentage increase corresponding to the Company's Manageable Costs ('Portion B') was 0.66%; the remaining, 12.61%, portion of the total percentage has a null effect on the Company's profit, since it consists of direct pass-throughs to the tariff of the following items of increased costs: (i) increase of 5.09% in Non-manageable ('Portion A') costs - mainly purchase of power supply, transmission costs, sector charges and non-recoverable revenues; and (ii) 7.52% increase in the Other financial components element of the tariff. These increases are in effect from May 28, 2023 to May 27, 2024.

As a result of Cemig's 5th Periodic Tariff Review (RTP), as approved by Ratifying Resolution 3202 of May 23, 2023, R$39,516 was added to the value of Financial assets, with reference to November 30, 2022 as base date. The increase arises from the difference between (a) the estimate of updating of the assets used by the Company and (b) the New Replacement Value for these assets ratified in the Periodic Tariff Review process.

3. BASIS OF PREPARATION

3.1. Statement of compliance

The financial statements have been prepared and are being presented in accordance with the accounting policies adopted in Brazil, which include the standards issued by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements of the Accounting Pronouncements Committee (CPC) and in compliance with the International Financial Reporting Standards (IFRS) issued by the 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).

The presentation of Value Added Statements ("DVA") is required by Brazilian corporate law for publicly traded companies. Under IFRS, this statement is not required and is presented as supplementary information, without detriment to the financial statements as a whole.

The relevant information contained in the financial statements is disclosed and corresponds to that used by management in its administration.

On March 21, 2024, the Company's Board of Directors authorized the issue of these financial statements for the year ended December 31, 2023.

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 29.

3.3. Functional currency and presentation currency

The financial statements is presented in Reais - R$, which is the functional currency of the Company. The information is expressed in thousands of Reais (R$'000), except when otherwise indicated.

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

3.4. Significant accounting practices

The accounting policies, described in detail in the notes, have been applied consistently in all the years presented in these financial statements, except as described in note 3.8, in compliance with the rules and regulations described in note 3.1.

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

3.5. 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 annually 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 related to the financial statements are described in the following explanatory notes:

- Note 7 - Consumers, traders and energy transport concession holders (Loss of expected credits);
- Note 9 - Income tax and Social Contribution tax (deferred);
- Note 12 - Financial and sectoral assets and liabilities of concession (fair value measurement);
- Note 14 - Intangible assets (useful lives);
- Note 16 - Leases (measurement of right of use and leasing liability);
- Note 22 - Employee post-retirement liabilities (measurement).
- Note 23 - Provisions (reliable estimate of the value of obligations);
- Note 25 - Net revenue (supply not yet invoiced);
- Note 29 - Financial instruments and risk management (fair value measurement).

3.6. Impairment

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

Additionally, the Management assesses at the end of each reporting period whether there were events or changes in economic, operating or technological circumstances that may indicate deterioration or loss of its recoverable value. If such evidence is identified, the Company estimates the recoverable value of the asset and, if the net book value exceeds the recoverable value, an impairment loss is recognized by adjusting the net book value to the recoverable value. In this case, the recoverable value of an asset or a certain cash generating unit is defined as the higher between the value in use and the net sales value.

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.

Rule	Main alterations
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 correction of 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 01 / 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 alterations	Date of coming into force
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.	January 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; the 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 that are not part of a supplier financing agreement; and information on liquidity risk.	January 1, 2024.
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 formerly 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 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 in 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.	January 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 Statement of cash flows

The Company and its subsidiaries have made adjustments to the classification of items in the Statement of cash flows, to improve the quality of the disclosure of accounting information. The Company and its subsidiaries have made adjustments to the classification of items in the Cash flow statement, to improve the quality of the disclosure of accounting information.

Movements in the Securities line are presented on a net basis, in the flow of investment activities. Starting in the fourth quarter of 2023, the Company and its subsidiaries segregated this movement, and began to present the interest actually received as part of the cash flow of operational activities, and the cash investments and their redemptions, separately, in Cash flow from investment activities. In addition, the Company and its subsidiaries began to adjust profit with the total amount of income tax recognized in the result.

To maintain comparability, the corresponding information for the first quarter of 2023 is presented using the same criterion.

4. INFORMATION BY OPERATIONAL SEGMENT

The Company has a single operating segment - distribution of electricity in the State of Minas Gerais. For operational, commercial, managerial and administrative purposes its performance is evaluated as a single business unit, the results being monitored and evaluated centrally by the CEO of the Company. Its income statement reflects this activity. Management believes that its income statement and the other information contained in these explanatory notes provide the required information about its sole operational segment.

5. CASH ADN CASH EQUIVALENTS

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

	Dec. 31, 2023	Dec. 31, 2022
Bank accounts	183,361	83,858
Cash equivalents		
Bank certificates of deposit (CDBs)	263,957	309,894
Automated applications - Overnight	649	46,948
	264,606	**356,842**
	447,967	**440,700**

Bank Certificates of Deposit (*Certificados de Depósito Bancário*, or CBDs), accrued interest at 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 and 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.

Automated applications (*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 27 to these interim financial information gives: (i) the Company's exposure 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 shown in note 26.

6. MARKETABLE SECURITIES

	Dec. 31, 2023	Dec. 31, 2022
Bank certificates of deposit	136	30,587
Financial Notes (LFs) - banks	878	182,161
Treasury Financial Notes (LFTs)	396	64,208
Others	1,371	3,813
	2,781	**280,769**
Current asset	**2,781**	**279,717**
Non-current asset	**-**	**1,052**

Bank Certificates of Deposit (Certificados de Depósito Bancário, or CBDs), accrued interest varying between 103% to 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).

The accounting policy and the classification of these securities and the financial investments in related parties' securities are stated in notes 28 and 27 of these financial statements. The earnings of these securities are properly stated in the Statements of Cash Flows in the investment activity.

The Company consistently classifies the income from these securities as part of Cash flow from operations, because they believe that this is the most appropriate presentation, in accordance with its activity.

7. CONSUMERS, TRADERS, AND POWER TRANSPORT CONCESSION HOLDERS

Customer type	Balances not yet due		Balances past due			Total	
	Billed energy	Not yet billed energy	Up to 90 days	91 to 360 days	More than 360 days	2023	2022
Residential	1,027,654	369,471	283,067	276,440	328,064	2,284,696	1,800,806
Industrial	44,354	63,836	10,399	19,614	129,997	268,200	255,015
Commercial, services and others	407,046	198,346	48,662	90,843	220,586	965,483	796,559
Rural	189,204	111,078	29,023	32,734	44,422	406,461	292,220
Public authorities	83,114	49,192	1,887	215	12,663	147,071	97,942
Public lighting	48,191	562	185	-	646	49,584	12,303
Public services	62,446	43,014	1,485	3,748	28,109	138,802	125,823
Subtotal - customers	**1,862,009**	**835,499**	**374,708**	**423,594**	**764,487**	**4,260,297**	**3,380,668**
Concession holders - Transport of energy	78,835	304,324	23,489	6,680	39,115	452,443	460,272
Energy in spot market - supply	15,573	-	16,052	-	2,134	33,759	56,315
Provision for expected credit losses	(149,272)	(15,792)	(19,239)	(60,636)	(543,317)	(788,256)	(758,857)
	1,807,145	**1,124,031**	**395,010**	**369,638**	**262,419**	**3,958,243**	**3,138,398**
Current							
Receivables from customers, traders and concession holders						**3,545,064**	**2,761,370**
Concession holders - Transport of energy						**374,362**	**333,642**
Non-current							
Concession holders - Transport of energy						**38,817**	**43,386**

The Company exposure to credit risk related to customers and traders is provided in Note 29 of these financial statements. The transactions involving related parties is provided in Note 28 of these financial statements.

Expected Credit Losses ("ECL") are considered sufficient to cover possible losses on the realization of these assets and their composition, by consumer class, is as follows:

	2023	2022
Residential	318,772	269,007
Industrial	117,450	122,227
Commercial, services and others	219,451	194,431
Rural	38,304	31,070
Public authorities	26,474	26,621
Public lighting	1,404	(88)
Public services	27,137	32,346
Concession holders - Transport of energy	39,264	83,243
	788,256	**758,857**

Changes in the expected credit losses are as follows:

Balance on December 31, 2021	**774,871**
Additions, net	238,710
Amounts written off	(124,155)
Change in estimation criteria	(130,569)
Balance on December 31, 2022	**758,857**
Additions, net (Note 26)	159,694
Amounts written off	(130,295)
Balance on December 31, 2023	**788,256**

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.

Estimations and judgments

The adjustment for expected credit losses (ECL) is recorded based on policies approved by management and in line with 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.

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.

Expected losses for invoices unbilled, not yet due or less than 12 months past due are measured according to the potential default events, or losses of credit expected for the whole life of a financial instrument, if the credit risk has significantly increased since its initial recognition.

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.

8. RECOVERABLE TAXES

	Dec. 31, 2023	Dec. 31, 2022
Current		
ICMS (VAT)	424,743	404,590
Cofins (a)	103,373	1,170,056
PIS/Pasep (a)	21,984	253,606
Others	372	413
	550,472	**1,828,665**
Non-current		
ICMS (VAT)	666,452	515,972
Cofins (a)	26,287	19,973
PIS/Pasep (a)	5,707	4,336
	698,446	**540,281**
	1,248,918	**2,368,946**

a) Pis/Pasep and Cofins taxes credits over ICMS

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

In the first quarter of 2024, credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R$24,532 (R$168,096 in the same period of 2023).

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 interim financial information reporting date.

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

9. INCOME TAX AND SOCIAL CONTRIBUTION TAX

a) Income tax and social contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of previous years and to advance payments which will be offset against federal taxes eventually payable.

Current tax assets and current tax liabilities related to income tax and social contribution tax are offset in the statement of financial position subject to criteria established in CPC 32/IAS 12.

	Dec. 31, 2023	Dec. 31, 2022
Income tax	66,297	61,390
Social contribution tax	46,825	14,888
	113,122	**76,278**
Non-current	**113,122**	**76,278**

b) Income tax and social contribution tax payable

The income tax and social contribution tax balances posted in current liabilities refer mainly to taxes due by the company, which are paid on a quarterly basis.

	Dec. 31, 2023	Dec. 31, 2022
Current		
Income tax	54,130	77,292
Social contribution tax	26,758	10,751
	80,888	**88,043**

c) Deferred income tax and social contribution tax

The Company has deferred taxed assets 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:

The breakdown and changes in deferred tax assets and liabilities are as follows:

Temporary differences of income tax and social contribution tax	Balance on Dec. 31, 2022	DRE	DRA	Balance on Dec. 31, 2023
Deferred tax assets		-	-	
Tax loss / negative basis	-	219,698	-	219,698
Post-employment obligations	1,238,981	49,414	(82,459)	1,205,936
Expected credit losses	295,384	15,891	-	311,275
Impairment	22,271	(2,586)	-	19,685
Provision related to the exclusion of ICMS from the PIS/Pasep and Cofins calculation basis (1)	523,338	(523,338)	-	-
Provisions	396,213	125,401	-	521,614
Administrative tax	4,500	(375)	-	4,125
Provision for profit shares	17,773	14,573	-	32,346
Right of use (2)	88,357	9,063	-	97,420
Others	1,890	2,467	-	4,357
	2,588,707	**(89,792)**	**(82,459)**	**2,416,456**
Deferred tax liabilities		-	-	
Accelerated depreciation and amortization	-	(97)	-	(97)
Adjustment to expectation of cash flow - Concession assets	(212,326)	(41,819)	-	(254,145)
Borrowing costs capitalized	(169,801)	(12,191)	-	(181,992)
Funding cost	(5,425)	(2,124)	-	(7,549)
Lease liabilities (2)	(81,661)	(6,619)	-	(88,280)
Others	-	(229)	-	(229)
	(469,213)	**(63,079)**	**-**	**(532,292)**
Total net assets presented in the balance sheet	**2,119,494**	**(152,871)**	**(82,459)**	**1,884,164**

(1) In 2022 this provision arises from 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 to 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 has been reflected in the 2022 business year, based on the same criteria. For more details please see Note 3.7.

According to the Company's estimates, future taxable profits allow the realization of the deferred tax asset, existing on December 31, 2023, as follows:

2024	512,401
2025	343,402
2026	301,880
2027	301,880
2028	301,880
2029 to 2031	393,009
2032 to 2033	262,004
	2,416,456

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 (expense recovery) in the statement of income:

	2023	2022
Profit before income tax and social contribution tax	2,016,609	376,911
Nominal rate	34%	34%
Income tax and social contribution tax - nominal expense	(685,647)	(128,150)
Tax effects applicable to:		
Interest on equity and dividends declared	227,000	196,021
Tax incentives	36,568	42,010
Non-deductible contributions and donations	(4,860)	(7,419)
ECF adjustments from previous fiscal years	25,209	-
Non-deductible penalties	(92,887)	(40,372)
Selic rate on tax overpayments (1)	82,578	-
Others	6,890	4,474
	(405,149)	**66,564**
Effective rate	20.09%	17.66%
Current tax	**(252,278)**	**(548,585)**
Deferred tax	**(152,871)**	**615,149**

(1) This corresponds to the monetary updating of credits of PIS, Pasep and Cofins taxes on ICMS tax amounts that the company has separated and paid. In 2022 the balance of this monetary updating was taxed, but with the favorable judgment by the Federal Supreme Court (STF), the Company began excluding this balance 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'. The company is subject to the real profit regime for the calculation of taxes on results.

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

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

Current

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

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

Deferred

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

Government grants

The Company has ventures in an area incentivized by SUDENE area, which result in the recognition of its right to a 75% reduction in income tax, including the additional. Such tax incentives, in the form of exemption or reduction of income tax, comply with the concept of government grants and are recognized 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. More details in note 24 of these financial statements.

Estimations and judgments

Deferred

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

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

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

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

Estimates of future taxable income, the basis for analyzing the realization of net deferred tax assets, are based on annual and long-term budgets, both of which are reviewed periodically, and on historical profitability. However, future taxable income may be higher or lower than the estimates considered by management when deciding whether or not to record the amount of the deferred tax asset.

Uncertainties on the treatment of taxes on profit

There are certain matters regarding treatment of taxes on profit on 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's estimates of the probability of the tax authority accepting the uncertain tax treatment are based on technical assessments of its legal advisors. The potential effects are stated in Note 23.

10. ESCROW DEPOSITS

	Dec. 31, 2023	Dec. 31, 2022
Labor claims	**173,400**	**203,119**
Tax contingencies		
Income tax on Interest on Equity	12,849	12,198
Income tax and Social Security contribution on 'Anuênio' employee indemnity (1)	228,737	218,771
JCP in the Income tax and Social Security contribution calculation base (2)	81,894	67,852
IRPJ/CSLL tax	34,231	17,980
Others	59,175	64,197
	416,886	**380,998**
Others		
Regulatory	33,339	31,428
Third party	8,546	5,786
Customer relations	4,725	6,166
Court embargo	20,259	13,056
Patrimonial	497	4,448
Others	4,581	6,278
	71,947	**67,162**
	662,233	**651,279**

(1) More details in Note 21 - Provisions under the section relating to the 'Anuênio indemnity'.
(2) More details in Note 23 - Provisions - Interest on Equity.

11. REIMBURSEMENT OF TARIFF SUBSIDIES

The Company recognizes as revenue from tariff subsidies the amounts applying to the tariffs paid by or relating to users of public electricity distribution service from incentive-bearing sources, rural supply, nocturnal irrigation, generation by incentive-bearing sources and public services. These amounts are reimbursed through transfers of funds from the Energy Development Account (Conta de Desenvolvimento Energético - CDE). Also reimbursed from the CDE are: subsidies for low-income users, 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 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 2023, the total appropriated as revenue from subsidies reimbursed via the CDE was R$1,564,705 (R$1,689,264 in the same period of 2022); and the total of Other subsidies - which include the 'Flag Tariffs', and the Program to Incentivize Voluntary Reduction of Electricity Consumption - was R$77,984 (R$284,423 in the same period of 2022).

Of such amounts, Cemig D has a receivable of R$187,066 (R$153,402 on December 31, 2022) in current assets.

12. CONCESSION FINANCIAL AND SECTOR ASSETS AND LIABILITIES

FINANCIAL AND SECTORIAL CONCESSION ASSETS	Dec. 31, 2023	Dec. 31, 2022
Financial assets related to infrastructure (a)	1,881,509	1,369,652
CVA (Parcel A Compensation) Account and Other Financial Components in tariff-setting (b)	805,571	944,090
	2,687,080	**2,313,742**
Current asset	**493,934**	**746,031**
Non-current asset	**2,193,146**	**1,567,711**

a) Financial assets related to infrastructure

Contracts concession's distribution 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. These financial assets are measured at fair value through profit or loss, in accordance with regulation of the energy segment and concession contracts executed by the Company and the granting authorities.

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

Balance on December 31, 2021	**683,729**
Transfers of contract assets (Note 13)	761,711
Transfers to intangible asset (Note 14)	(22,581)
Special obligations - Additions	(91,607)
Disposals	(969)
Adjustment of expectation of cash flow from the concession financial assets	39,369
Balance on December 31, 2022	**1,369,652**
Transfers of contract assets (Note 13)	363,838
Disposals	(1,219)
Adjustment of expectation of cash flow from the concession financial assets (Note 25)	149,238
Balance on December 31, 2023	**1,881,509**

b) 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.

As established in the amendment to the concession contract, there is a guarantee that in the event of extinction of the concession, for any reason, the Concession-granting power must include, in the total of the reimbursement, the remaining balances (assets and liabilities) of any shortfall in payment or reimbursement through the tariff. The balances on the CVA (Compensation for Variation of Parcel A items) Account, the account for Neutrality of Sector Charges, and 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 adjustment using the Selic rate and considered in the subsequent tariff adjustments.

The balance and changes 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:

Sector financial assets	Balances at December 31, 2022	Additions	Amortization	Remuneration	Transfers (2)	Balances at December 31, 2023	Amortization amounts	New amounts posted	Current	Non-current
CVA asset amounts	**(344,768)**	**1,597,476**	**(2,527,525)**	**259,544**	**331,434**	**(683,839)**	**(434,529)**	**(249,310)**	**(582,250)**	**(101,589)**
Acquisition of power (CVA - supply)	(1,787,316)	1,212,934	(1,222,604)	160,984	527,782	(1,108,220)	(442,509)	(665,711)	(836,600)	(271,620)
Cost of power from Itaipu	594,261	(40,412)	(455,193)	43,857	(113,674)	28,839	142,514	(113,675)	75,256	(46,417)
Proinfa	31,112	-	(41,958)	834	(9,726)	(19,738)	(18,760)	(978)	(19,339)	(399)
Transport on national grid	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
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 sector 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**
Nuclear energy quota	105,120	102,784	(85,832)	16,212	-	138,284	50,905	87,379	102,604	35,680
Neutrality of Portion A	203,307	168,444	(50,991)	5,017	60,504	386,281	(28,614)	414,895	362,900	23,381
Overcontracting of supply (1)	749,583	643,203	(528,852)	57,966	-	921,900	348,740	573,160	687,860	234,040
Tariff repayments	(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 sector financial assets	**944,090**	**2,852,032**	**(3,915,935)**	**464,401**	**460,983**	**805,571**	**88,613**	**716,958**	**493,934**	**311,637**
Sector financial liabilities	-	-	-	-	-	-	-	-	-	-
CVA liability amounts	**-**	**(1,706,410)**	**2,379,230**	**(341,386)**	**(331,434)**	**-**	**-**	**-**	**-**	**-**
Acquisition of power (CVA - supply)	-	(1,178,579)	1,940,513	(234,152)	(527,782)	-	-	-	-	-
Cost of power from Itaipu	-	(109,148)	-	(4,526)	113,674	-	-	-	-	-
Proinfa	-	(31,319)	25,259	(3,666)	9,726	-	-	-	-	-
Transport on national grid	-	-	35,107	-	(35,107)	-	-	-	-	-
Transport of Itaipu supply	-	-	4,590	217	(4,807)	-	-	-	-	-
ESS	-	(506,581)	370,804	(112,688)	248,465	-	-	-	-	-
CDE	-	119,217	2,957	13,429	(135,603)	-	-	-	-	-
Other sector financial liabilities	**-**	**(729,464)**	**907,509**	**(46,946)**	**(131,099)**	**-**	**-**	**-**	**-**	**-**
Neutrality of Portion A	-	(58,381)	123,734	(4,849)	(60,504)	-	-	-	-	-
Tariff repayments	-	(87,869)	73,113	(2,290)	17,046	-	-	-	-	-
Other	-	(583,214)	710,662	(39,807)	(87,641)	-	-	-	-	-
Total, sector financial liabilities	**-**	**(2,435,874)**	**3,286,739**	**(388,332)**	**(462,533)**	**-**	**-**	**-**	**-**	**-**
Total, sector net financial assets and liabilities	**944,090**	**416,158**	**(629,196)**	**76,069**	**(1,550)**	**805,571**	**88,613**	**716,958**	**493,934**	**311,637**

(1) The gain resulting from sale of surplus energy in the spot market in 2017 and 2018, provisionally passed on to consumers by Aneel in the tariff adjustments of 2018 and 2019, was recovered by the Company in the tariff adjustments of 2021 (partially) and 2023, both related to the overcontracting of 2017. This effect was possible due to the publication of Aneel Dispatch 2168 of 2022, recognizing the entirety of the overcontracting as voluntary. In relation to the overcontracting of 2018, in the amount of R$30,024, Involuntary Action Recognition Dispatch 4395 was issued on November 10, 2023, guaranteeing recovery in the next tariff adjustment. The context of the amount constituted in this period includes a high volume of energy surplus throughout the market, settled in the spot market for a low spot price. These surpluses are mainly due to the growing increases in energy injected by micro- and mini-distributed generation plants.

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

Accounting policy

Assets related to the concession

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 - Concession Contracts.
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. This portion is subsequently measured at the estimated fair value, which represents the New Replacement Value (Valor Novo de reposição, or VNR), based on the Regulatory Remuneration Base of Assets ratified by the regulator (Aneel) in the tariff processes.

CVA and other financial components

The sector's financial assets and liabilities originate from the difference in time between the costs forecast (Parcel A and other financial components) and included in the tariff at the start of the tariff period, and those actually incurred over the tariff period. This tariff repositioning mechanism guarantees the economic and financial balance of electricity distributors. The calculations are in line with current regulations, and if the concession is terminated for any reason, the remaining balances of these assets or liabilities that have not been passed on in the tariff must be included in the compensation base at the end of the concession. These sectoral financial assets and liabilities are measured at amortized cost. The variations calculated are monetarily restated based on the Selic rate and offset in subsequent tariff adjustments.

Estimates and judgments

Assets related to the concession

Amortization reflects the consumption pattern of the rights acquired and is calculated on the balance of the assets linked to the concession using the straight-line method, based on the application of rates that take into account the expected useful life of electricity distribution assets, which are taken into account by the regulator during the tariff review 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. Those added after the RTP process are estimated and may be altered for the purposes of defining compensation 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.

13. CONTRACTUAL ASSETS

Changes in concession contract assets are as follows:

Balance on December 31, 2021	**1,926,652**
Additions	3,097,578
Transfers to financial assets (Note 12)	(761,711)
Transfers to intangible assets (Note 14)	(2,412,072)
Adjustment of assets in progress (1)	(595)
Balance on December 31, 2022	**1,849,852**
Additions	3,478,217
Transfers to financial assets (Note 12)	(363,838)
Transfers to intangible assets (Note 14)	(1,540,861)
Adjustment of assets in progress (1)	7,500
Balance on December 31, 2023	**3,430,870**

(2) 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 additions in 2023, totaling R$3,478,217, include an amount of R$62,482 (R$41,126 in 2022) under the heading Capitalized borrowing costs, as presented in Note 19. The rate used to determine the amount of borrowing costs able to be capitalized was 12.25%. The nature of the additions to contractual assets is given in Note 26b. The additions are shown in “Distribution infrastructure construction revenue” in Note 25.

The company has not identified any signs of impairment of its contract assets.

The capitalization of financial charges is a non-cash operation and is therefore not reflected in the cash flow statements.

Accounting policy

The assets related to the infrastructure of the concession still under construction are initially recorded as contract assets, considering the Company's right to charge for services rendered to consumers or receive an indemnity at the end of the concession for assets not yet amortized. Under IFRS 15 / CPC 47 - Revenue from contracts with customers, assets recognized in counterpart to concession infrastructure revenue for assets still under construction are posted initially as contract assets, measured at acquisition cost, including borrowing costs. After the assets start operation, the performance obligation related to construction having been concluded, the assets are split between financial assets and intangible assets.

Once the assets are put into operation, the completion of the performance obligation linked to the construction is evidenced, and the assets are then bifurcated between the financial asset of the concession and the intangible asset. Assets amortized within the period of the concession are classified as Intangible assets. The portion of assets not amortized within the concession period, which will be subject to compensation at the end of the concession, is classified in Financial assets. Note 3.6 describes the accounting practice of the Company in relation to impairment.

14. INTANGIBLE ASSETS

The portion of the distribution infrastructure that will be fully used during the concession is recorded in intangible assets. Assets linked to the concession's infrastructure that are still under construction are posted initially as contract assets, as detailed in Note 13 of these financial statements.

a) Balance composition

	Dec. 31, 2023			Dec. 31, 2022		
	Historic cost	Accumulated amortization	Amount, net	Historic cost	Accumulated amortization	Amount, net
Assets of concession	**27,525,998**	**(11,928,214)**	**15,597,784**	**25,760,065**	**(11,151,378)**	**14,608,687**
(-) 'Special obligations' (Note 15)	(5,690,916)	2,019,803	(3,671,113)	(5,287,534)	1,809,300	(3,478,234)
Net concession assets	**21,835,082**	**(9,908,411)**	**11,926,671**	**20,472,531**	**(9,342,078)**	**11,130,453**
Intangible assets in progress	172,719	-	172,719	184,465	-	184,465
Total intangible assets	**22,007,801**	**(9,908,411)**	**12,099,390**	**20,656,996**	**(9,342,078)**	**11,314,918**

b) Changes in intangible assets

Balance on December 31, 2021	**9,449,638**
Additions	95,514
Transfers of financial assets (Note 12)	22,581
Others transfers	91,607
Disposals	(56,544)
Transfers of contract assets (Note 13)	2,412,072
Amortization	(699,950)
Balance on December 31, 2022	**11,314,918**
Additions	122,157
Disposals	(80,724)
Transfers of contract assets (Note 13)	1,540,861
Amortization	(797,822)
Balance on December 31, 2023	**12,099,390**

The main annual depreciation rates are shown below:

Distribution	(%)	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		
Eletronic meder	7.69		

The average annual and amortization rate of assets linked to the distribution concession is 4.09%, which is represents by activity as follows:

Distribution	Administration
3.95%	14.84%

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 Grantor. The nature of the additions to Intangible assets is given in Note 26b. The additions are shown in Distribution infrastructure construction revenue in Note 25.

Accounting policy

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 - Concession Contracts.

The Company's intangible assets mainly comprise the assets relating to the service concession contracts described above and software.

Any gains or losses arising on derecognition of intangible assets, calculated as the difference between their book value and the net sale proceeds, are recognized in the income statement in Other expenses, net.

Estimates and judgments

The amortization of these concession assets 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 that consider the expected useful life of the electricity distribution assets. These rates are taken into consideration by the regulator during the process of tariff review.

Intangible assets are measured at total acquisition cost, less expenses of amortization, and any accumulated impairments when applicable.

Annual amortization rates take into account the expected useful life of the assets and reflect their expected consumption pattern. They are reviewed annually by the Administration.

15. SPECIAL OBLIGATIONS

Obligations linked to the concession representing contributions by outside parties, consumers, the federal government, states and municipalities, among others, in works for supply of electricity, as governed by specific regulations.

These obligations linked to concession break down as follows:

Obligations Linked to the Concession	2023	2022
Customer Financial Participation	(5,283,276)	(4,753,794)
Participation of the Union, States and Municipalities (1)	(637,219)	(593,689)
Universalization of the Public Electricity Service	(306,080)	(306,080)
Others, Exceeding Demand and Surplus Reactives	(356,225)	(351,017)
Engergy Efficiency Program (PEE)	(95,552)	(95,552)
Donations and Grants For Investments in the Service Granted	(4,071)	(4,071)
Research and Development	(12,156)	(6,967)
Financial Update - Special Obligations	(18,513)	-
(-) Accumulated Amortization	2,019,803	1,809,300
Total	**(4,693,289)**	**(4,301,870)**

Allocation	2023	2022
Infrastructure under construction - Contract Asset	(889,790)	(732,030)
Infrastructure - Intangible in Service (Note 14)	(3,671,113)	(3,478,234)
Infrastructure - Financial Asset	(132,386)	(91,606)
Total	**(4,693,289)**	**(4,301,870)**

(1) The participation of municipalities is the most relevant under the heading Participation of the Union, States and Municipalities (70% of the balance) and, in general, these are works related to the extension and modification of non-universalized distribution networks.

The amortization rate of the linked obligations is the average rate for the activity into which the asset was incorporated. The annual average is 4.09%, which breaks down by activity as follows:

Distribution	Administration
3.91%	15.72%

16. LEASING

The Company and its subsidiaries recognized a right of use and a lease liability for the following contracts, under the terms of CPC 06 (R2) / IFRS 16:

- Lease of commercial real estate used to serve consumers;
- Lease of building used as administrative headquarters; and
- Leases of commercial vehicles used in operations.

The discount rates were obtained based on incremental rates, as follows:

	Annual rate (%)	Monthly rate (%)
Contracts entered - from January, 2022 to 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
Contracts entered - from January, 2022 to December, 2023 (1)		
Up to seven years	6.82	0.55
Eight to nine Years	6.90	0.56
Ten to twelve Years	6.99	0.57
Thirteen to twenty two years	7.19	0.58

(1) The company calculates the incremental rate to be applied to new contracts on a monthly basis. For disclosure purposes, the average rates used are as follows.

a) Right of use assets

Changes in the right of use asset are as follows:

	Imóveis	Veículos	Total
Balance on December 31, 2021	**148,401**	**28,408**	**176,809**
Disposals (ended contracts)	(4,090)	-	(4,090)
Addition	1,272	89,583	90,855
Amortization	(7,813)	(30,768)	(38,581)
Remeasurement (2)	12,025	3,160	15,185
Balance on December 31, 2022	**149,795**	**90,383**	**240,178**
Disposals (ended contracts)	(4,310)	-	(4,310)
Addition	4,231	-	4,231
Amortization (1)	(8,546)	(28,053)	(36,599)
Remeasurement (2)	7,197	48,950	56,147
Balance on December 31, 2023	**148,367**	**111,280**	**259,647**

(1) The amortization of the right of use recognized in the income statement is net of the use of PIS/Pasep and Cofins credits on rental payments, in the amount of R$565 in 2023 (R$506 in the same period of 2022); the weighted average annual amortization rate is 5.92% for Real Estate and 21.01% for Vehicles.
(2) The Company has identified events which lead to re-evaluation and modifications of its principal contracts: in these cases the leasing liability is remeasured with an adjustment, in Assets, to Rights of use.

b) Leasing liabilities

The changes in the lease liabilities are as follows:

Balance on December 31, 2021	**191,012**
Addition	90,855
Disposals (ended contracts)	(4,418)
Interest incurred	21,586
Leasing paid	(51,792)
Interest in leasing contracts paid	(2,555)
Remeasurement	15,185
Balance on December 31, 2022	**259,873**
Addition	4,231
Disposals (ended contracts)	(5,092)
Interest incurred (1)	27,781
Leasing paid	(53,830)
Interest in leasing contracts paid	(2,581)
Remeasurement	56,147
Balance on December 31, 2023	**286,529**
Current liabilities	**56,294**
Non-current liabilities	**230,235**

(1) Financial expenses recognized in the Income Statement are net of incorporation of the credits for PIS/Pasep and Cofins taxes on payments of rentals, in the amounts of R$1,483 in 2023 (R$1,404 in the same period of 2022).
(2) The Company has identified events which lead to re assessment and modifications of its principal contracts: in these cases the leasing liability is remeasured with an adjustment, in Assets, to the Right of use.

The additions, write-offs and remeasurements of leases are non-cash transactions and are therefore not reflected in the cash flow statements. Transactions involving related parties are shown in note 28.

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	Nominal	Adjusted to present value
Consideration for the leasing	608,305	286,529
Potential PIS/Pasep and Cofins	43,505	15,238

The cash flows of the lease contracts are mostly adjusted annually by the IPCA. The maturity analysis of lease liabilities is presented below:

Maturity of lease contracts	
2024	58,879
2025	58,666
2026	58,440
2027	48,556
2028	22,703
2029 to 2049	361,061
Undiscounted values	**608,305**
Embedded interest	(321,776)
Lease liabilities	**286,529**

Accounting policy

Right of use assets

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.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The company applies the exemption from recognizing short-term leases, i.e. leases with a lease term of 12 months or less from the start date, without a purchase option and for low-value assets. Payments related to these leasing agreements are recognized as expenses by the straight-line method over the period of the leasing agreement.

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 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 16.
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 recognizes separately the expenses of interest on the leasing liability and the expense of depreciation of the asset of the right to use.

17. SUPPLIERS

	Dec. 31, 2023	Dec. 31, 2022
Energy on spot market - CCEE	128,122	95,928
Charges for use of energy network (1)	242,661	204,119
Energy purchased for resale	746,018	682,239
Itaipu Binacional	239,780	273,618
Materials and services	667,868	673,819
	2,024,449	**1,929,723**

(1) The charges payable by distribution and generation agents for use of the facilities that are components of the national grid are set by an Aneel Resolution.

The Company's exposure to exchange rate and liquidity risks related to suppliers is given in Note 29 to these financial statements.

18. TAXES PAYABLE AND AMOUNTS TO BE REFUNDED TO CUSTOMERS

	Dec. 31, 2023	Dec. 31, 2022
Taxes and contributions		
Current		
ICMS	63,813	53,004
Cofins	92,459	72,901
PIS/Pasep	19,989	15,661
INSS	35,021	27,589
ISSQN	18,112	16,191
Others	39,061	12,544
	268,455	**197,890**
Amounts to be refunded to customers		
Current		
PIS/Pasep and Cofins	512,852	1,154,798
ICMS (1)	340,800	340,800
	853,652	**1,495,598**
Non-current		
PIS/Pasep and Cofins	501,159	1,632,200
	1,354,811	**3,127,798**
	1,623,266	**3,325,688**

(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'), (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. The amounts to be returned, as well as the form of return, are still pending definition, since the issue is being discussed in the Federal District's Direct Action for Unconstitutionality (ADI) No. 7,195, as well as with Sefaz/MG by Cemig. In this sense, the amount provisioned by the Company did not change in the period due to this uncertainty. In addition, the Company recorded an asset relating to ICMS to be recovered from the State of Minas Gerais in the same proportion, which also did not change.

The movement of PIS/Pasep and Cofins to be refunded to consumers is as follows:

Balance on December 31, 2021	**2,836,314**
ICMS to be refunded	340,800
Refund to customers	(2,360,056)
Financial update - Selic	831,730
Tax credit supplement Law No. 14.385/2022	1,479,010
Balance on December 31, 2022	**3,127,798**
Refunds to consumers	(1,908,658)
Federal Revenue Inspection	(66,681)
Financial update - Selic	202,352
Balance on December 31, 2023	**1,354,811**

As a result of the inspection carried out by the Brazilian Federal Revenue Service, with the aim of auditing the credit authorized by the Company, a reduction of R$66,681 was found in the total credit, of which R$23,223 corresponds to the original credit. This reduction was recorded in May 2023 in both assets and liabilities, resulting in an equivalent decrease in the amount to be refunded to consumers.

As of December 31, 2023, the amount of R$5,852,029 had already been refunded to consumers.

19. LOANS AND DEBENTURES

Financing source	Dec. 31, 2023						Dec. 31, 2022
	Principal maturity	Annual financial cost %	Currency	Current	Non-current	Total	Total
BRAZILIAN CURRENCY							
Eletrobrás	2023	UFIR + 6 to 8.00%	R$	-	-	-	2,380
Total of loans				-	-	-	2,380
Debentures - 3th Issue - 3rd Series (1)	2025	IPCA + 5.10%	R$	330,746	304,242	634,988	911,878
Debentures - 7th Issue - 1st Series (1)	2024	CDI + 0.454%	R$	271,109	-	271,109	814,697
Debentures - 7th Issue - 2nd Series (1)	2026	IPCA + 4.10%	R$	2,794	1,945,316	1,948,110	1,864,547
Debentures - 8th Issue - 1st Series (1)	2027	CDI + 1.35%	R$	2,212	500,000	502,212	503,095
Debentures - 8th Issue - 2nd Series (1)	2029	IPCA + 6.10%	R$	1,238	528,830	530,068	507,408
Debentures - 9th Issue - Single Series (1)	2026	CDI + 2.05%	R$	32,032	2,000,000	2,032,032	-
(-) Discount on the issuance of debentures (2)				-	(8,692)	(8,692)	(12,048)
(-) Transaction costs				(418)	(21,787)	(22,205)	(15,959)
Total of debentures				**639,713**	**5,247,909**	**5,887,622**	**4,573,618**
Total loans and debentures				**639,713**	**5,247,909**	**5,887,622**	**4,575,998**

(1) Nominal, unsecured, book-entry debentures not convertible into shares, with no renegotiation clauses;
(2) Discount on the 7th and 8th issue of debentures fully allocated to the 2nd series.

Raising of funds

On June 6, 2023, the Company concluded all the procedures for settlement of its 9th issue of unsecured non-convertible debentures, with additional surety guarantee, in a single series, for public distribution under the automatic distribution regime, in accordance with the CVM regulations.

Two million debentures were issued, for a total value of R$2,000,000 (two billion Reais), with remuneration at the CDI rate +2.05%, and maturity in 3 years. The nominal unit value of the debentures will be paid in two equal installments: 50% on May 15, 2025, and 50% on May 15, 2026, the principal maturity date. The proceeds will be used to replenish the cash position of Cemig D, including financing its operations and investment program.

Financing source	Entry Date	Due Date Principal	Financial charges	Value
BRAZILIAN CURRENCY				
Debentures - 9th Issue - Single Series	June, 2023	2026	CDI + 2.05%	2,000,000
(-) Transaction costs				(12,057)
Total funding raised				**1,987,943**

Fitch Ratings has allocated a credit risk rating of AA+(bra) to this issue.

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

	2024	2025	2026	2027	2028	2029 onwards	Total
Indexers							
IPCA (1)	334,778	1,276,900	972,658	-	264,415	264,415	3,113,166
CDI (3)	305,353	1,000,000	1,000,000	500,000	-	-	2,805,353
Total by Indexers	640,131	2,276,900	1,972,658	500,000	264,415	264,415	5,918,519
(-) Transaction costs	(418)	(6,212)	(6,154)	(749)	(4,336)	(4,336)	(22,205)
(-) Discount	-	(4,199)	(4,199)	-	(147)	(147)	(8,692)
Total	**639,713**	**2,266,489**	**1,962,305**	**499,251**	**259,932**	**259,932**	**5,887,622**

(1) Expanded National Customer Price (IPCA) Index;
(2) Fiscal Reference Unit (Ufir / RGR);
(3) CDI: Interbank Rate for Certificates of Deposit.

The variations in the indexors used for inflation correction of loans in the years presented were as follows:

Indexer	Accumulated change in 2023 (%)	Accumulated change in 2022 (%)
IPCA	4.62	5.79
CDI	13.04	12.39

Changes in loans and debentures are as follows:

Balance on December 31, 2021	**4,247,161**
Debentures obtained	1,000,000
Transaction costs	(12,103)
Discount on the issue of securities	(375)
Net borrowings	**987,522**
Monetary variation	162,341
Financial charges provisioned	306,393
Amortization of transaction cost	2,655
Financial charges paid	(310,066)
Amortization of financing	(820,008)
Balance on December 31, 2022	**4,575,998**
Debentures obtained	2,000,000
Transaction costs	(12,057)
Net borrowings	**1,987,943**
Monetary variation	134,791
Financial charges provisioned	448,677
Amortization of transaction cost	5,809
Financial charges paid	(430,493)
Amortization of financing	(835,103)
Balance on December 31, 2023	**5,887,622**

Borrowing costs, capitalized

Costs of loans directly related to acquisition, construction or production of an asset, that necessarily requires a substantial time to be concluded for the purpose of use or sale are capitalized as part of the cost of the corresponding asset. All other costs of loans are recorded in Expenses in the period in which they are incurred. Borrowing costs include interest and other costs incurred by the Company in relation to loans and debentures.

The Company transferred to intangible assets and to concession contract assets the costs of loans linked to construction in progress, as follows:

	2023	2022
Costs of loans and debentures	448,677	306,393
Financing costs on intangible assets and contract assets (1) (Note 13)	(62,482)	(41,126)
Net effect in Profit or loss	**386,195**	**265,267**

(1) The average capitalization rate was 11.99% p.a. on December 31, 2023 (11.33% p.a. 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.

Guarantees

The guarantees of the debt balance on loans, on December 31, 2023, were as follows:

Surety and receivables	2,207,947
Promissory notes and Sureties	634,862
Guarantee	3,044,813
TOTAL	**5,887,622**

Restrictive covenants

There are early maturity clauses for cross-default in the event of non-payment by the Company, of any pecuniary obligation with individual or aggregate value greater than R$50 million (“cross default”).

The Company has contracts with financial and non-financial covenants. This table shows the financial covenants:

Security	Covenant	Ratio required Cemig D- Issuer	Ratio required Cemig (guarantor)	Compliance required
7th, 8th and 9th debenture issue (1)	Net debt / (Ebitda adjusted) (2)	The following or less: 3.5	Ratio to be the following, or less: 3.0	Half-yearly and anual

(1) Non-compliance with financial covenants leads to early maturity, creating immediate demandability of payment by the Company of the Nominal Unit Value or the Updated Nominal Unit Value (as the case may be) of the debentures, plus any other charges due, without the need for advice, notification or any action through the courts or otherwise.
(2) Adjusted Ebtida corresponds to earnings before interest, income taxes and social contribution on net income, depreciation and amortization, calculated from which non-operating income, any credits and non-cash gains that increase extraordinary 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.

Management monitors this index on an ongoing basis.

20. REGULATORY CHARGES AND COSTS

	Dec. 31, 2023	Dec. 31, 2022
Liabilities		
Energy Efficiency Program (EEP) (1)	187,177	220,801
Research and development (R&D) (a)	126,468	112,458
Energy System Expansion Research (a)	3,468	3,226
National Scientific and Technological Development Fund (a)	7,219	6,735
Energy Development Account (CDE) (3)	66,818	46,557
CDE on R&D (2)	2,166	2,021
CDE on PEE (2)	7,785	4,041
Global Reversion Reserve (RGR)	24,545	24,545
Emergency capacity charge	26,325	26,325
Aneel inspection charge	2,199	2,101
Customer charges - Tariff flags	16	16
	454,186	**448,826**
Current liabilities	**373,039**	**393,389**
Non-current liabilities	**81,147**	**55,437**

(1) The Energy Efficiency Program (EPE) aims to promote the efficient use of electricity in all sectors of the economy. For this purpose, holders of electricity distribution concessions and permissions are required to apply an amount of their net revenue each year in research and development in relation to the electricity sector;
(2) Refers to the amount transferred from the R&D account, which will be paid as CDE over R&D, in accordance with Aneel Dispatch 904 of March 30, 2021;
(3) Charging of the 'CDE Covid Account' began in May 2021, as ratified by Dispatch 939 of April 5, 2021, under Normative Resolution 885 of June 23, 2020.

a) Research & Development and innovation

The Company is required to allocate 1% of its regulatory net operational revenue for research and development projects in the electricity sector. The movement of the related balances follows below.

	Balance at December 31, 2022	Additions	Collection	Investment	Monetary adjustment (Selic)	Balance at December 31, 2023
National Scientific and Technological Development Fund	6,735	49,459	(48,975)	-	-	7,219
Energy System Expansion Research	3,226	24,729	(24,487)	-	-	3,468
Research and Development (R&D)	112,458	27,087	-	(27,307)	14,230	126,468

	Balance at December 31, 2021	Additions	Collection	Investment	Monetary adjustment (Selic)	Balance at December 31, 2022
National Scientific and Technological Development Fund	7,638	36,286	(37,189)	-	-	6,735
Energy System Expansion Research	3,677	18,143	(18,594)	-	-	3,226
Research and Development (R&D)	89,947	25,400	-	(14,207)	11,318	112,458

21. ACCOUNTS PAYABLE RELATED TO ENERGY GENERATED BY CONSUMERS

The Electricity Compensation System (SCEE) consists of a system in which the electricity injected by a consumer unit with distributed microgeneration or minigeneration is transferred, by means of a free loan, to the local distributor and subsequently compensated as electricity consumption.

The balance of the obligation represents the volume of energy to be offset measured by the distribution energy tariff in force.

On December 31, 2023, the amount recorded 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).

22. POST-EMPLOYMENT OBLIGATIONS

Forluz Pension plan (a Supplementary retirement pension plan)

The Company is one of the 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:

Mixed Benefit Plan ('Plan B') - 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.

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

The Company also maintain, independently of the plans made available by Forluz, contribute to a health plan (Integrated Health Plan - PSI) and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

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.

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, which was offered on an optional basis to 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 have the contribution by Cemig to payment for their 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 - *Employee Benefits*, this situation constitutes a curtailment event, requiring the Company to remeasure its post-employment liabilities. In the first half of 2023, the effects of the curtailment have been recognized in the income statement as a cost of past service, as to R$33,123 for the health plan and R$867 for the dental plan.

It is worth noting that the shortening event calculated for the first quarter of 2023 affected the actuarial assumptions, in the sense of changing the discount rates applied 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$43,088 for the health plan, and R$649 for the dental plan. These were recorded in Other comprehensive income in the first quarter of 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 e 2017. On December 31, 2023 the total amount payable by Cemig as a result of the Plan A deficit is R$377,390 (R$396,483 on December, 31, 2022, referring to the Plan A deficits of 2015, 2016 and 2017). The monthly amortizations, calculated by the constant installments system (Price Table), will be paid until 2031 for the 2015 and 2016 deficits, in the amount of R$248,910, and up to 2033 for the 2017 deficit, in the amount of R$128,480. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

In 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, 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.

Recognizing the legal obligation in relation to the deficit of Plan A, corresponding to 50% of the minimum amount, and obeying the contribution parity rule, the Company has made payments into a court escrow account at the official bank, which remain at the disposal of Forluz to be redeemed at any moment. The deposits are made monthly in the amount of 50% of the installment of each one of the Deficit Resolution Agreements relating to 2019, 2020 and 2021, as follows:

	Resolution of the 2019 deficit	Resolution of the 2020 deficit	Resolution of the 2021 deficit
Start of escrow payments	May, 2021	April, 2022	June, 2023
Total amount requested by Forluz	R$116,228	R$182,316	R$485,205
Amount based on contribution parity	R$58,114	R$91,158	R$242,603
Number of installments	166	158	159
Remuneratory interest	IPCA + 6%	IPCA + 6%	IPCA + 6%
Balance deposited on December 31, 2023	R$19,519	R$18,771	R$14,684

In relation to the 2019 Deficit Equalization, 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 the consignment payments made by the Company, filed a lawsuit against the sponsor Cemig D on April 27, 2021, requesting that the request be upheld to ensure compliance with the contracting of the debt to cover the deficit of Plan A, in the amount of R$116.228. In 2022, the first instance of the Minas Gerais Court of Justice ruled in favor of Forluz, dismissing the Company's claims. However, this dispute can be continued in higher courts. For this reason, the Company, based on the assessment of its specialists, opted to maintain the loss contingency as possible.

Debt agreed 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$65,417 (R$182,140 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.

Actuarial information

The movements in net liabilities are as follows:

2023	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Present value of obligations	7,186,243	2,177,881	38,483	9,402,607
Fair value of plan assets	(5,804,379)	-	-	(5,804,379)
Initial net liabilities	**1,381,864**	**2,177,881**	**38,483**	**3,598,228**
Adjustment to asset ceiling	12,855	-	-	12,855
Net liabilities in the statement of financial position	**1,394,719**	**2,177,881**	**38,483**	**3,611,083**

2022	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Present value of obligations	6,766,866	2,392,168	43,413	9,202,447
Fair value of plan assets	(5,441,522)	-	-	(5,441,522)
Initial net liabilities	**1,325,344**	**2,392,168**	**43,413**	**3,760,925**
Adjustment to asset ceiling	64,072	-	-	64,072
Net liabilities in the statement of financial position	**1,389,416**	**2,392,168**	**43,413**	**3,824,997**

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 are as follows

	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Defined-benefit obligation at December 31, 2021	**7,225,191**	**2,503,024**	**46,763**	**9,774,978**
Cost of current service	987	11,448	261	12,696
Cost of past servisse (2)	(2,601)	-	-	(2,601)
Interest on actuarial obligation	735,238	261,416	4,883	1,001,537
Actuarial losses (gains):				
Due to changes in demographic assumptions	(4,312)	(1,046)	67	(5,291)
Due to changes in financial assumptions	(508,981)	(222,897)	(3,950)	(735,828)
Due to adjustments based on experience	(36,130)	(10,544)	(2,011)	(48,685)
	(549,423)	**(234,487)**	**(5,894)**	**(789,804)**
Benefits paid	(642,526)	(149,233)	(2,600)	(794,359)
Defined-benefit obligation at December 31, 2022	**6,766,866**	**2,392,168**	**43,413**	**9,202,447**
Cost of current service	161	8,598	197	8,956
Cost of past servisse (2)	-	(33,123)	(867)	(33,990)
Interest on actuarial obligation	756,780	267,946	4,847	1,029,573
Actuarial losses (gains):				
Due to changes in demographic assumptions	-	21,348	402	21,750
Due to changes in financial assumptions	443,432	170,240	3,120	616,792
Due to adjustments based on experience	(130,878)	(491,060)	(9,879)	(631,817)
	312,554	**(299,472)**	**(6,357)**	**6,725**
Benefits paid	(650,118)	(158,236)	(2,750)	(811,104)
Defined-benefit obligation at December 31, 2023	**7,186,243**	**2,177,881**	**38,483**	**9,402,607**

(1) Refers to the alterations of the conditions in Plan B for applying for Improvement of pension for time of contribution, or due to special reasons, or age ('MAT').
(2) Refers to acceptances by employees of the new health plan offered by the Company, called the Premium Plan.

Changes in the fair values of the plan assets

	Pension plans and retirement supplement plans
Fair value of plan assets at December 31, 2021	**5,614,388**
Return on investments	272,618
Contributions from employer	197,042
Benefits paid	(642,526)
Fair value of plan assets at December 31, 2022	**5,441,522**
Return on investments	788,024
Contributions from employer	224,951
Benefits paid	(650,118)
Fair value of plan assets at December 31, 2023	**5,804,379**

The amounts recognized in 2023 and 2022 statement of income are as follows:

2023	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Current service cost	161	8,598	197	8,956
Past service cost	-	(33,123)	(867)	(33,990)
Interest on the actuarial obligation	756,780	267,946	4,846	1,029,572
Expected return on the assets of the Plan	**(589,988)**	-	-	**(589,988)**
Expense (recovery of expense) in 2023 according to actuarial calculation	**166,953**	**243,421**	**4,176**	**414,550**

2022	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Current service cost	987	11,448	261	12,696
Past service cost	(2,601)	-	-	(2,601)
Interest on the actuarial obligation	735,238	261,416	4,883	1,001,537
Expected return on the assets of the Plan	**(563,198)**	**-**	**-**	**(563,198)**
Expense (recovery of expense) in 2022 according to actuarial calculation	**170,426**	**272,864**	**5,144**	**448,434**

Changes in net liabilities

	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Net liabilities at December 31, 2021	**1,623,608**	**2,503,024**	**46,763**	**4,173,395**
Expense recognized in statement of income	173,027	272,864	5,144	451,035
Cost of past service	(2,601)	-	-	(2,601)
Contributions paid	(197,042)	(149,233)	(2,600)	(348,875)
Actuarial losses (gains)	(207,576)	(234,487)	(5,894)	(447,957)
Net liabilities at December 31, 2022	**1,389,416**	**2,392,168**	**43,413**	**3,824,997**
Expense recognized in statement of income	166,953	276,544	5,043	448,540
Cost of past service	-	(33,123)	(867)	(33,990)
Contributions paid	(224,951)	(158,236)	(2,750)	(385,937)
Actuarial losses (gains)	63,302	(299,472)	(6,357)	(242,527)
Net liabilities at December 31, 2023	**1,394,720**	**2,177,881**	**38,482**	**3,611,083**
			2023	**2022**
Current liabilities			**231,390**	**274,904**
Non-current liabilities			**3,379,693**	**3,550,093**

Actuarial losses and gains, net of income tax and social contribution, do not involve cash and are therefore not reflected in the cash flow statements.

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.

The amounts reported as expenses, recognized in the income statement of 2023, refer to the portions of the costs of post-employment obligations, totaling R$400,163 (R$419,633 on December 31, 2022), plus the financial costs and monetary updating of the debt agreed with Forluz, in the amount of R$14,388 (R$28,801 on December 31, 2022), recognized in the income statement for 2023 (R$24,522 on December 31, 2022).

Sensitivity analysis and estimates for the following year

The independent actuary's estimation for the expense to be recognized for 2024 is as follows:

2024	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Current service cost	736	4,908	93	5,737
Interest on the actuarial obligation	620,550	190,163	3,345	814,058
Expected return on the assets of the Plan	(494,672)	-	-	(494,672)
Estimated total expense in 2024 as per actuarial report	**126,614**	**195,071**	**3,438**	**325,123**

The expectation for payment of benefits for 2024 is as follows:

2024	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Estimated payment of benefits	658,914	158,692	3,129	820,735

Cemig Distribuição expects to make contributions to the pension fund in 2024 in the amount of R$111,527 to amortize the deficit of Plan A and R$57,419 for the Defined Contribution Plan (recorded directly in the result for the year).

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	Pension plans and retirement supplement plans	Health plan	Dental plan	Total
Reduction of one year in the mortality table	201,216	43,387	781	245,384
Increase of one year in the mortality table	(183,517)	(44,133)	(794)	(228,444)
Reduction of 1% in the discount rate	670,738	251,764	4,408	926,910
Increase of 1% in the discount rate	(573,463)	(227,707)	(3,990)	(805,160)

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 plan's assets, as a percentage of total plan's assets are as follows:

	2023	2022
Shares	786,598	350,968
Fixed income securities	4,390,326	4,183,966
Real estate property	258,308	266,071
Others	369,147	640,517
Total	**5,804,379**	**5,441,522**

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
Non-convertible debentures issued by the Company	95,536	136,672
Real estate properties of the Foundation, occupied by the Company	212,575	208,710
	308,111	345,382

Main actuarial assumptions

	2023		2022	
	Pension plans and retirement supplement plans	Health plan and Dental plan	Pension plans and retirement supplement plans	Health plan 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 table	AT-2000 M S10% by sex	AT-2000 M&F S10% D20%	AT-2000 M S10% by sex	AT-2000 M&F S10% D20%
Disability table	Not applicable	Not applicable	Not applicable	Álvaro Vindas Outrage 30%
Disabled mortality table	AT-83 IAM Male	MI-85 Female	AT-83 IAM Male	MI-85 Female
Real growth of contributions above inflation	-	1.00%	-	1.00%

The Company made no changes to the methods used to calculate its post-employment obligations for the years ended December 31, 2023 and 2022.

Accounting policy

For the Company's retirement benefit pension plan obligations, the liability recorded in the statement of financial position in relation to the defined benefit plans is the present value of the actuarial obligation, less the fair value of the plan's assets.

Estimates and judgments

The present value of the defined benefit obligation is calculated by discounting of the estimated future cash disbursements. The interest rates used in this discounting are consistent with market securities denominated in the currency in which the benefits will be paid and with maturities close to those of the respective pension plan obligation.

In the 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. There is no additional payment obligation after the contribution is made. Contributions are recognized, when they become due, as an expense of benefit to employees.

The liabilities of the health and dental plans are calculated as the present value of future obligations to be paid by the Company, based on: continuation of the present level of contributions; forecasts of real-terms adjustment of the amounts; future updating of contributions by an index compatible with the Regulations; and the cost history of the plans.

The actuarial calculations are made at the end of each business year, and involve 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 the assumptions are reviewed at each base-date.

The actuarial gains and losses arising from adjustments based on experience and on changes in actuarial assumptions are recognized in Other comprehensive income, and will not be reclassified to the income statement in the future.

Both (i) the cost of past service, arising from alteration or reduction of the defined benefit plan, and (ii) the gain or loss on settlement of obligations, are determined based on remeasurement of the net present value of the obligation when there is a revision of actuarial assumptions, and are recognized directly in the income statement for the period in which the alteration takes place.

23. PROVISIONS

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

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

	Dec. 31, 2022	Additions	Reversals	Settled	Dec. 31, 2023
Labor	297,311	99,337	(2,458)	(74,812)	319,378
Civil					
Customer relations	36,679	65,166	(8,591)	(51,178)	42,076
Other civil actions	32,687	22,963	-	(17,962)	37,688
	69,366	**88,129**	**(8,591)**	**(69,140)**	**79,764**
Tax	937,320	96,194	-	(387)	1,033,127
Regulatory	34,293	4,758	(294)	(2,157)	36,600
Others	4,334	8,969	(593)	(1,396)	11,314
Total	**1,342,624**	**297,387**	**(11,936)**	**(147,892)**	**1,480,183**

	Dec. 31, 2021	Additions	Reversals	Settled	Dec. 31, 2022
Labor	293,731	87,052	(18,991)	(64,481)	297,311
Civil					
Customer relations	31,015	40,713	(7)	(35,042)	36,679
Other civil actions	36,127	10,856	(3,439)	(10,857)	32,687
	67,142	**51,569**	**(3,446)**	**(45,899)**	**69,366**
Tax	797,442	182,686	(42,436)	(372)	937,320
Regulatory	32,545	4,547	(2,063)	(736)	34,293
Others	12,730	17,081	(8,409)	(17,068)	4,334
Total	**1,203,590**	**342,935**	**(75,345)**	**(128,556)**	**1,342,624**

There are legal actions for which expectation of loss with disbursement of cash is considered 'possible', based on the assessment of the Company's management, supported by the opinion of its legal advisors, who have assessed the chances of success in these actions as 'possible'. As a result no provision has been made for these actions. They are:

Possible losses	Dec. 31, 2023	Dec. 31, 2022
Labor	1,145,327	997,927
Civil		
Customer relations	306,055	194,128
Other civil actions	486,699	444,688
	792,754	638,816
Tax	1,373,073	1,191,496
Regulatory	684,929	869,338
Others	1,116,568	949,190
Total	**5,112,651**	**4,646,767**

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

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

Tax

The Company is 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 Social Integration Program (Programa de Integração Social, or PIS-Pasep) and the Contribution to Finance Social Security (Contribuição para o Financiamento da Seguridade Social, or Cofins). The amount of the contingency is approximately R$230,949 (R$152,686 on December 31, 2022), of which R$12,506 (R$10,091 on December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

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

The amount of the contingencies is approximately R$1,073,574 (R$982,070 on December 31, 2022), of which R$918,668 has been provisioned (R$829,721 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$127,058, 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$87,268, 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 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$228,738 (R$218,772 on December 31, 2022), of which R$101,953 (R$97,508 on December 31, 2022) has been provisioned.

Social Security contributions

The Brazilian federal tax authority (Secretaria da Receita Federal) has filed administrative proceedings related to several matters: employee profit 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 has presented defenses and await judgment. The amount of the contingency is approximately R$124,361 (R$112,362 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.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company’s declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes - IRPJ, CSLL, PIS/Pasep and Cofins - identified by official tax deposit receipts (‘DARFs’ and ‘DCTFs’). The Company is contesting the non-homologation of the amounts offset. The amount of the contingency is R$65,558 (R$60,454 on December 31, 2022), and the chance of loss was classified as ‘possible’, since the relevant requirements of the National Tax Code (CTN) have been complied with.

The Social Contribution tax on net income (CSLL)

The federal tax authority issued a tax assessment against the Company for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91), and (iii) fines for several alleged infringements. The amount of this contingency is R$409,275 (R$355,930 on December 31, 2022). The Company evaluated the tax treatments adopted, which are susceptible to questioning by the tax authorities, and concluded that it is more likely than not that they will be accepted by the tax authorities.

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. Further, an escrow deposit was paid into court, currently valued at R$81,894 (R$67,852 on December 31, 2022). The amount of the contingencies in this case is approximately R$73,983 (R$66,693 on December 31, 2022). The Company has evaluated the tax treatments adopted, which are susceptible to questioning by the tax authorities, and has concluded that it is more likely than not that they will be accepted by the tax authority.

Reversal of credits in calculation of PIS/ Pasep and Cofins taxes

On August of 2021 the Brazilian tax authority (Receita Federal do Brasil) issued two infringement notices relating to calculation of the PIS, Pasep and Cofins taxes, for tax triggering events from August 2016 and December 2017, alleging insufficiency of payment of these contributions on the basis of supposed undue posting as credits 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); the Company has classified the chances of loss as 'possible', due to the scarcity of case law on the subject.

Labor claims

The Company is 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 amount of the contingency is approximately R$1,464,705 (R$1,295,238 on December 31, 2022), of which R$319,378 (R$297,311 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Customers claims

The Company is 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$244,904 (R$230,807 at December 31, 2022), of which R$42,076 (R$36,679 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.

Other civil proceedings

The Company is 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$524,387 (R$477,375 on December 31, 2022), of which R$37,688 (R$32,687 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Regulatory matters

The Company is a defendant in numerous administrative and court proceedings in which the main issues disputed are:(i) the tariff charges in invoices for use of the distribution system by a self-producer; (ii) alleged violation of targets for continuity indicators in retail supply of electricity; and (iii) the tariff increase made during the federal government's economic stabilization plan referred to as the 'Cruzado Plan', in 1986. The amount of the contingency is approximately R$539,640 (R$266,293 on December 31, 2022), of which R$36,000 (R$34,293 at December 31, 2022) has been provisioned - the amount estimated as the probable outflow of funds necessary for settlement of these disputes.

Public Lighting Contribution (CIP)

The Company is defendant in several public civil claims (class actions) requesting nullity of the clause in the Energy Supply Contracts for public illumination signed between the Company and the several 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 believes it has legal arguments of merit for defense of these claims, since the charges now made are based on Aneel Normative Resolution 456/2000. As a result, it has not constituted a provision for this action, the amount of which is estimated at R$50,044 (R$45,642 on December 31, 2022).

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 the Company to pay twice the amount paid in excess 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, in a judgment against which there is no further appeal, the Federal Attorneys' application was rejected.

Administrative penalty

The Company and its subsidiary filed an action for annulment of an administrative act, with request for injunctive relief, against the National Electricity 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 estimated at 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.

<u>Other legal actions in the normal course of business</u>

The Company is involved, on the plaintiff or defendant side, in other litigation, on a lesser scale, including: environmental matters; removal of residents from risk areas; and indemnities for rescission of contracts, related to the normal course of its operations - in the estimated amount of R$366,571 (R$259,881 at December 31, 2022), of which R$11,159 has been provisioned (R$4,193 on December, 31, 2022), this being the probable estimate of funds required to settle these matters.

'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' due to the analysis of case law on this topic.

Accounting practices

The amounts are recognized only in operational expenses, of which the following cases 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 legal actions; (iv) in material actions in which deposits have been made in escrow, provisions are made based on the updated amount of the balance of the deposit made, only when they represent a probable outward payment of cash to settle the obligation, and no other outward cash payment is required.

Estimates and judgments

A contingent liability is a possible obligation that may result from past events, the confirmation of which depends on one or more uncertain future events, which are not entirely under the Company's control. 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.

24. EQUITY AND REMUNERATION TO STOCKHOLDERS

a) Share Capital

On December 31, 2023, the Company's issued and outstanding share capital is R$6,284,312 (R$5,371,998 on December 31, 2022), represented by 2,359,113,452 nominal common shares (2,359,113,452 on December 31, 2022), fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

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

Advances against Future Capital Increase

Advances against Future Capital Increase	Amount	Capital increase
Feb. 27, 2023	R$100,000	Apr. 27, 2023
Mar. 10, 2023	R$94,000	Apr. 27, 2023
Mar. 17, 2023	R$350,000	Jul. 14, 2023
Apr. 25, 2023	R$100,000	Jul. 14, 2023

These advances for future capital increase are intended to strengthen the cash position, and will be used for investment operations and operational expenses.

On April 27 and July 14, 2023, subscriptions of capital totaling R$912,314 were made, comprising R$268,314 as a capital increase through Interest on Equity and R$644,000 as an advance against future capital increase, as shown in the above table.

The share capital was increased from R$5,371,998 to R$6,284,312, with no change in the number of shares (nominal common shares without par value).

Balance on December 31, 2022	**5,371,998**
Capital payment with AFAC	644,000
Capital payment with JCP declared in 2022 (1)	268,314
Balance on December 31, 2023	**6,284,312**

(1) Since the Interest on Equity declared was higher than the dividends specified in the bylaws, management proposed to a Stockholders' Meeting, which approved it, that of the R$576,532 declared, the amount of R$268,314 (this amount being net of income tax) should be allocated to an increase in the share capital.

b) Earnings per share

Earnings per share was calculated based on the weighted average number of the Company's shares (it has only common shares) in each of the periods referred to, as follows:

	2023	2022
Total number of shares	2,359,113,452	2,359,113,452
Net income (loss) for the period	1,611,460	443,475
Basic and diluted earnings (losses) per common share (R$)	**0.68**	**0.19**

The Company does not have any dilutive instruments. Hence its diluted earnings per share is the same as its basic earnings per share.

c) Equity valuation adjustments

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: on December 31, 2023 this balance is R$1,377,652 (R$1,537,720 on December 31, 2022).

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$43,088 for the health plan, and R$649 for the dental plan.

d) Remuneration to stockholders

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.

As specified in the by-laws, the Company may, at the discretion of management, declare interim dividends, in the form of Interest on Equity, to be paid from Retained earnings, Profit reserves calculated in half-yearly or interim balance sheets. The amounts paid or credited as Interest on Equity, under the applicable legislation, are imputed as on account of the amounts of the mandatory dividend or of the dividend payable under the by-laws, being for legal purposes a part of the amount of the dividends distributed by the Company.

Article 9 of Law 9,249 of December 26, 1995, allows Interest on Equity paid to stockholders to be deductible from taxable profit for the purposes of income tax and the Social Contribution tax. In the case of Cemig D Interest on Equity is calculated as stockholders' equity multiplied by the TJLP long-term interest rate.

The Executive Board, on authorization by the Board of Directors, approved declaration of Interest on Equity totaling R$667,647, itemized by date and amount below, on account of the minimum mandatory dividend for 2023.

Declared on	Amount	Withholding tax (1)
March 22, 2023	155,026	23,254
June 20, 2023	165,375	24,806
September 19, 2023	174,675	26,201
December 12, 2023	172,572	25,886
-	**667,647**	**100,147**

(1) Withholding tax of 15% in accordance with current legislation.

The Executive Board is responsible for determining the locations and processes of payment and posting the amounts of Interest on Equity against the mandatory dividend for the 2023 business year, in a proposal to be submitted to the General Meeting of Stockholders. Under the tax legislation, the amount of income tax withheld at source, calculated at 15%, is not taken into account when imputing the declared amounts of Interest on Equity against the minimum mandatory dividend.

The tax benefits arising from the payments totaled R$227,000. This is recognized in the income statement for 2023.

	2023
Mandatory dividend	
Net income for the year	1,611,460
Mandatory dividend - 50% of Net income	805,730
Income tax withheld at source on Interest on Equity	100,147
	905,877
Dividends to be distributed - Proposal	
Interest on Equity	667,647
Income tax on Interest on Equity	238,230
	905,877
Interest on Equity per share - R$	0.2830
Dividends per share - R$	0.1010

This table gives the amounts of dividends and Interest on Equity for the years shown:

Balance on December 31, 2021	**916,961**
Interest on Equity declared	576,532
Income tax on Interest on Equity	(86,480)
Payment	(223,167)
Balance on December 31, 2022	**1,183,846**
Mandatory dividends	238,230
Interest on Equity declared	667,647
Income tax on Interest on Equity	(100,147)
Allocation for capital increase	(268,314)
Payment	(221,738)
Balance on December 31, 2023	**1,499,524**

Proposal for allocation of 2023 net profit

The Board of Directors will propose to the Annual General Meeting to be held by April 30, 2024 that the profit for 2023, in the amount of R$1,611,460, should be allocated as follows:

- R$79,026, being 5% of net profit after adjustment for the Tax incentives reserve, should be allocated to the Legal reserve;
- R$30,933 to be held in Stockholders' equity in the Tax incentives reserve, for tax incentive amounts gained in 2023 due to investments in the region of Sudene;
- R$667,647 to be paid as dividends, in the form of Interest on Equity;
- R$238,230 as payment of the minimum mandatory dividend be returned to shareholders' equity in the Profit Retention Reserve account to guarantee the Company's investments planned for the 2024 financial year; and
- R$595,624 to be held in Stockholders' equity in the Retained earnings reserve, to ensure funding for the Company's planned investments for 2024.

e) Profit Reserves

The composition of the Profit reserves account is shown as follows:

	2023	2022
Profit Reserves		
Legal reserve	577,554	498,528
Tax Incentives Reserve - SUDENE	122,202	91,269
Profit Retention Reserve	3,276,809	2,681,185
-	**3,976,565**	**3,270,982**

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. As of December 31, 2023, the legal reserve constituted totals R$79,026 (R$21,384 as of December 31, 2022).

Retained earnings reserve

Retained earnings reserves refers to profits not distributed in prior years, to guarantee execution of the Company's Investment Program. The retentions are supported by capital budgets approved by the Board of Directors in the respective years.

Incentives tax reserve

The Company has a right to 75% reduction in income tax, including the tax paid at the additional rate, calculated on the basis of the operating profit 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$30,933 in 2023 (R$15,796 in 2022), and it was subsequently transferred to the incentives tax reserve. The amount of the tax incentives reserve on December 31, 2023 was R$122,202 (R$91,269 at December 31, 2022). This reserve cannot be used for payment of dividends.

25. NET REVENUE

The revenue of the Company is as follows:

	2023	2022
Revenue from supply of energy - captive customers, in Cemig's concession area (a)	21,550,740	20,209,439
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization (*)	1,908,658	2,360,056
Revenue from use of the energy distribution systems (TUSD) - free customers	4,447,516	3,715,074
Sector financial assets and liabilities, net (1) (2)	(213,038)	(1,146,559)
Distribution construction revenue (Notes 13 and 14))	3,600,374	3,193,092
PIS/Pasep and Cofins credits to be refunded to consumers (3)	-	(829,783)
Adjustment to expectation of cash flow from financial assets of distribution concession (Note 12)	149,238	39,369
Fine for violation of service continuity indicator	(138,925)	(94,035)
Mechanism for the sale of surplus (b)	(3,766)	453,131
Other operating revenues (c)	2,100,334	2,461,551
Taxes and charges reported as deductions from revenue (d)	(10,052,694)	(9,442,619)
	23,348,437	**20,918,716**

(*) For more information, see Note 18 of these financial statements.

(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 from January to September 2022. Due to the better hydrological conditions, the tariff flag was 'green' as from May 2022, and produced no effect in the whole of in 2023.
(2) This amount derives from the total additions and amortizations in note 12b.
(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.

a) Revenue from supply of energy

This table shows supply of energy by type of customer:

	MWh (1)		R$	
	2023	2022	2023	2022
Residential	12,092,422	11,216,803	10,794,350	10,133,148
Industrial	1,297,599	1,532,562	1,174,059	1,240,145
Commercial, services and others	4,380,051	4,541,506	5,018,937	5,024,343
Rural	3,003,978	3,061,899	2,224,234	2,041,079
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	840,669
Subtotal	**23,830,642**	**23,746,737**	**21,238,807**	**20,474,495**
Own consumption	29,703	30,942	-	-
Wholesale supply to other concession holders	-	-	172,198	59,673
Unbilled revenue	-	-	139,735	(324,729)
Total	**23,860,345**	**23,777,679**	**21,550,740**	**20,209,439**

(1) Data not reviewed by independent 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).

b) Transactions in the Surpluses Sales Mechanism (MVE)

Revenue from transactions under the Surplus Sales Mechanism (MVE) refers to the sale of power surpluses by distributor. The MVE is an instrument regulated by Aneel enabling distributors to sell overcontracted supply - supply in excess of what turns out to be their need to meet demand from captive consumers.

c) Other operating revenues

	2023	2022
Charged service	20,958	19,057
Other services	30,898	22,513
Low income subsidies	401,337	320,625
Subsidy SCEE (1)	128,651	-
Subsidy Eletrobrás (2)	50,947	432,412
Tariff flag subsidy	77,979	289,897
Other grants (3)	983,775	930,753
Rental and leasing (4)	395,794	490,806
Transactions on CCEE	2,124	(51,684)
Others	7,871	7,172
	2,100,334	**2,461,551**

(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 in 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.

d) Deductions on revenue

	2023	2022
Taxes on revenue		
ICMS (1)	3,841,039	3,560,687
PIS/Pasep	410,452	389,714
Cofins	1,890,566	1,795,048
ISSQN	1,478	1,101
	6,143,535	**5,746,550**
Charges to the customer		
Engergy Efficiency Program (PEE)	73,520	68,944
Energy Development Account (CDE)	3,689,689	3,742,707
Research and Development (R&D)	27,086	25,400
National Scientific and Technological Development Fund (FNDCT)	38,695	36,286
Energy System Expansion Research (EPE of MME)	19,347	18,143
Customer charges - the ‘Flag Tariff’ system	-	(251,821)
CDE on R&D	11,608	10,886
CDE on PEE	23,217	21,772
Energy Services Inspection Charge	25,997	23,752
	3,909,159	**3,696,069**
	10,052,694	**9,442,619**

(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

In general, 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, 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 supply of energy

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.

Revenue from use of network - Free Customers

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.

The CVA account, and Other financial components

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 Company 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.

Adjustment to expected cash flow from financial assets on residual value of infrastructure asses of distribution concessions

The revenue from the adjustment of the cash flow expectation of the indemnifiable financial asset of the distribution concession, resulting from the variation in the fair value of the Asset Remuneration Base, is presented as operating revenue, together with the other revenues related to the Company's core business.

Distribution construction revenue

Construction revenue corresponds to the performance obligation to build the distribution infrastructure, embodied in investments in assets of the concession made by the Company in the year. The recognition of this revenue is directly related to the expenses incurred with the construction of the assets of the concession infrastructure. Considering that construction and improvements are substantially carried out through specialized third-party services, and that all construction revenue is related to infrastructure construction, the Company's management records revenue from construction contracts with a zero profit margin.

Other revenues
Government grants

In addition, the Company receives 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 income statement in a monthly basis as those subsidiaries acquire the right of receive them, against "Other assets" in current assets.

Estimations and judgments

Revenue from supply of energy

Unbilled retail supply of energy, from the period between the last measured consumption, according to the schedules specified in the concession regulation, and the end of each month is estimated based on the billing from the previous month or the contractual amount.

Revenue from use of network - Free Customers

In the case of the distribution concession contract, the unbilled revenue is estimated based on the volume of energy consumed and unbilled in the period. The supply is billed in monthly basis in accordance with the metering calendar in accordance with the sector's regulations.

26. COSTS AND EXPENSES

a) Cost of energy

	2023	2022
Energy purchased for resale		
Supply from Itaipu Binacional	1,207,091	1,644,066
Physical guarantee quota contracts	944,175	972,986
Quotas for Angra I and II nuclear plants	363,571	357,192
Spot market	373,487	434,229
‘Bilateral’ contracts	510,114	492,855
Energy acquired in Regulated Market auctions	4,044,859	3,380,335
Proinfa Program	510,606	597,815
Distributed generation (‘Geração distribuída’)	2,331,020	1,977,194
PIS/Pasep and Cofins credits	(695,633)	(685,444)
	9,589,290	**9,171,228**
Basic Network Usage Charges		
Tariff for transport of Itaipu supply	203,849	155,604
Transmission charges - Basic Grid	2,340,870	1,962,681
Connection Charges	137,645	109,637
Distribution charges	7,954	7,187
System Services Charge (CCEE-ESS)	49,548	370,425
Reserve Energy Charge (CCEE-EER)	639,690	443,772
PIS/Pasep and Cofins credits	(312,609)	(282,061)
	3,066,947	**2,767,245**
	12,656,237	**11,938,473**

b) Construction infrastructure costs

	2023	2022
Personnel	143,874	122,847
Materials	1,903,829	2,017,448
Outsourced services	1,399,741	987,843
Financial charges	62,482	41,126
Leasing and Rentals	5,860	6,047
Taxes and charges	895	4,377
Other	83,693	13,404
	3,600,374	**3,193,092**

c) Other operating costs and expenses

	Operating costs		ECL		General and administrative expenses		Other operating expenses		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Personnel	641,741	668,477	-	-	232,783	244,628	-	-	874,524	913,105
Employees' and managers' income sharing	147	82	-	-	-	2,326	101,356	37,426	101,503	39,834
Post-employment obligations	-	-	-	-	-	-	400,163	419,634	400,163	419,634
Materials	77,792	66,702	-	-	36,794	51,425	-	-	114,586	118,127
Outsourced services (C.1)	1,432,309	1,219,771	-	-	181,470	200,067	-	-	1,613,779	1,419,838
Depreciation and amortization (Note 14b)	772,040	643,222	-	-	25,782	56,728	-	-	797,822	699,950
Amortization of Right of use - lease (note 16)	36,035	38,075	-	-	-	-	-	-	36,035	38,075
Provisions (reversals) for contingencies	285,451	267,590	-	-	-	-	-	-	285,451	267,590
Expected credit losses of accounts receivable (reversals)	-	-	159,694	108,141	-	-	17,377	23,068	177,071	131,209
Other operation costs and expenses, net (C.2)	17,246	52,172	-	-	53,947	14,014	349,965	181,447	421,158	247,633
	3,262,761	**2,956,091**	**159,694**	**108,141**	**530,776**	**569,188**	**868,861**	**661,575**	**4,822,092**	**4,294,995**

C.1) Outsourced services

	2023	2022
Meter reading and bill delivery	161,032	145,824
Maintenance and conservation of electrical facilities and equipment	628,141	526,369
Communication	164,587	148,975
Building conservation and cleaning	57,170	49,294
Cleaning of power line pathways	104,179	80,752
Disconnection and reconnection	87,008	89,746
Tree pruning	57,728	49,383
Costs of proceedings	28,282	30,149
Maintenance and conservation of furniture and utensils	4,789	9,042
Information technology	135,189	108,769
Contracted labor	28,652	13,121
Accommodation and meals	15,582	11,456
Security services	12,015	9,499
Maintenance and conservation of vehicles	3,792	7,841
Costs of printing and legal publications	15,403	15,682
Consultancy	7,995	26,433
Transportation expenses (reversal) - legal entity	1,809	4,947
Inspection of customer units	44,549	40,483
Logistics services	1,609	2,294
Freight and tickets	2,233	1,366
Others	52,034	48,413
	1,613,778	**1,419,838**

C.2) Other expenses, net

	2023	2022
Leasing and rentals	(807)	8,417
Advertising	7,953	5,884
Own consumption of energy	22,613	24,064
Subsidies and donations	14,295	21,824
CCEE annual charge	3,407	3,095
Insurance	8,766	9,473
Forluz - Administrative running cost	28,999	26,365
Result on decommissioning and disposal of assets (1)	185,198	79,666
Collection agents	72,169	76,938
Taxes and charges	5,836	5,058
Provision (reversal) for recoverable amount	(7,607)	(827)
Aneel penalty (2)	10,660	-
Other expenses (reversal) (3)	69,677	(12,324)
	421,159	**247,633**

(1) In accordance with the Company's current investment policy, deactivations and sales of assets have increased due to replacement of equipment.

(2) 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.

(3) Includes, among other expenses, financial compensation for delays in commercial services resulting from changes in Aneel Normative Resolution No. 1,000, of December 7, 2021, in the amount of R$84,765.

27. FINANCE INCOME AND EXPENSES

	2023	2022
FINANCE INCOME		
Income from financial investments	100,272	113,525
PIS/Pasep and Cofins charged on finance income	(32,134)	(15,184)
Accruals on energy bills	268,882	324,821
Foreign exchange variations - Itaipu Binacional	6,723	16,722
Interest	21,984	57,055
Interests of escrow deposits	47,406	48,243
Interest - CVA (Note 12b)	76,069	185,121
Others	94,587	60,582
	583,789	**790,885**
FINANCE EXPENSES		
Charges on loans and debentures (Note 19)	(386,195)	(265,267)
Amortization of transaction cost (Note 19)	(5,809)	(2,655)
Forluz - Interest charges	(14,387)	(28,800)
Interest - loans and debentures (Note 19)	(134,791)	(162,341)
Interest on PIS/Pasep and Cofins taxes credits over ICMS refundable (1)	(129,457)	(1,335,034)
R&D and PEE - monetary adjustments	(35,871)	(36,850)
Interest on leases (Note 16)	(26,299)	(20,182)
Interest - Others	(28,998)	(24,932)
Others	(75,107)	(30,069)
	(836,914)	**(1,906,130)**
NET FINANCE INCOME (EXPENSES)	**(253,125)**	**(1,115,245)**

(1) 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. The amounts for reimbursement to consumers were ratified by Aneel and incorporated into the tariff adjustments of 2020, 2021, 2022 and 2023.

Accounting policy

Financial income refers mainly to income from financial investments, moratorium accruals on energy sales, restatement of tax credits, restatement of the concession's sectorial financial assets, restatement of deposits linked to litigation and variation of fair value or interest on other financial assets and liabilities. Interest income is recognized in the income statement using the effective interest method.

Finance expenses include interest expense on borrowings, and foreign exchange and monetary adjustments on borrowing costs of debt 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.

28. RELATED PARTY TRANSACTIONS

The main consolidated balances and transactions, and the main conditions related to business with related parties of the Company are shown below:

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Transactions with energy								
Companhia Energética de Minas Gerais	-	70	-	-	-	-	-	-
Cemig Geração e Transmissão	3,417	4,634	8,862	8,837	2,417	33,966	(67,731)	(85,161)
Aliança Geração	3,446	4,070	11,591	11,366	49,344	55,629	(128,084)	(122,553)
Norte Energia	-	-	30,975	30,263	-	-	(278,213)	(259,901)
Taesa	-	-	-	-	-	-	-	(476)
Retiro Baixo	357	1,046	-	702	5,124	6,567	(6,454)	(6,029)
Cemig Sim	-	-	-	-	933	-	-	-
Hidrelétrica Cachoeirão	-	-	-	-	1,733	1,604	-	-
Hidrelétrica Pipoca	-	108	-	-	1,781	1,425	-	-

The transactions in purchase and sale of energy between generators and distributors take place through auctions in the Regulated Market, organized by the federal government. In the Free Market, the transactions are carried out either through auctions, or by direct contracting, under the applicable legislation. Operations in transport of energy, on the other hand, are carried out by the transmission companies, and arise from the centralized operation of the National Grid, executed by the National System Operator (ONS).

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Charges								
Connection charges								
Cemig Geração e Transmissão	-	-	12,407	10,874	-	-	(106,063)	(88,360)
Sete Lagoas	-	-	295	-	-	-	(2,602)	-
Taesa	-	-	104	-	-	-	(6,215)	(3,547)
Transmission charges								
Cemig Geração e Transmissão	-	-	22,021	19,651	30,107	-	(254,926)	(217,857)
Centroeste	-	-	-	-	-	-	(1,514)	-
Sete Lagoas	-	-	-	-	-	-	(4,988)	-
Taesa	-	-	11,005	10,891	-	-	(122,512)	(119,428)

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 for use of the transmission system and the contracted amounts, in accordance with regulations set by Aneel.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 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.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Cooperation Working Agreement								
Companhia Energética de Minas Gerais	7,119	-	22,833	26,483	-	-	(57,997)	(45,923)
Cemig Geração e Transmissão	-	-	203	2,565	-	-	(134)	(431)

Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3,208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Loan with related parties								
Companhia Energética de Minas Gerais	-	-	-	-	-	-	(15,194)	(3,024)

These refer to loan contracts signed between the Company and its parent company, on February 10 in the amount of R$150,000, and on February 15, 2023 in the amount of R$200,000. The loans in question, which were guaranteed by a Promissory Note issued by Cemig D to the benefit of its parent company, were settled on June 7, 2023, plus interest in the amounts of R$6,657 and R$8,538, respectively, corresponding to interest at 110% of the CDI rate. The loans had the consent of Aneel.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Interest on Equity and dividends								
Companhia Energética de Minas Gerais	-	-	1,497,494	1,183,846	-	-	-	-

The Executive Board, on authorization by the Board of Directors, approved the declaration of interest on Equity and dividends totaling R$1,497,494. Note 24 gives details on the composition and movement of Interest on Equity and dividends.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
FIC Pampulha								
Current								
Cash and cash equivalents	649	46,948	-	-	-	-	-	-
Marketable securities	1,424	278,552	-	-	46	6,632	-	-
Non-current								
Marketable securities	-	1,052	-	-	-	-	-	-

Cemig D invests part of its cash holdings in a reserved investment fund, which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund are presented in Securities and Cash and cash equivalents, 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.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current								
Operating leasing	-	-	18,686	18,686	-	-	(24,864)	(23,245)
Non-current								
Operating leasing	134,742	133,724	131,252	132,151	-	-	-	-

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.

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Post-employment benefits								
Forluz								
Current								
Post-employment obligations (1)	-	-	91,198	143,863	-	-	(166,953)	(173,027)
Supplementary pension contributions - Defined contribution plan (2)	-	-	-	-	-	-	(55,136)	(54,636)
Administrative running costs (3)	-	-	-	-	-	-	(28,999)	(26,365)
Non-current								
Post-employment obligations (1)	-	-	1,303,522	1,245,553	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (4)	-	-	160,985	151,833	-	-	(281,588)	(278,008)
Non-current								
Health Plan and Dental Plan (4)	-	-	2,055,379	2,283,748	-	-	-	-

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) The contracts of Forluz are updated by the Expanded Customer Price Index (Índice Nacional de Preços ao Consumidor Amplo, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) and will be amortized up to business year 2024 (more details in Note 22 of this financial statements);
(2) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
(3) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll;
(4) Post-employment obligations relating to the employees' health and dental plan (more details in Note 22 of this financial statements).

Details of post-employment benefits can be found in note 22.

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 year ended December 31, 2023 and 2022, are as follows:

	Jan to Dec, 2023	Jan to Dec, 2022
Remuneration	13,551	11,995
Income sharing	3,141	3,200
Pension plans	1,284	1,134
Health and dental plans	96	146
Life insurance	20	33
Total (1)	**18,092**	**16,508**

(1) The company does not directly remunerate the members of the key personnel. They are paid by the controlling stockholder. These expenses are refunded through the sharing agreement for human resources and infrastructure between Cemig, Cemig Distribuição, Cemig Geração e Transmissão and other subsidiaries of the Group, consented to by Aneel in its Dispatch 3,208/2016.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments are as follows:

	Level	Dec. 31, 2023		Dec. 31, 2022	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities - Cash investments		1,356	1,356	39,581	39,581
Receivables from customers, traders and concession holders (Note 7)		3,958,243	3,958,243	3,138,398	3,138,398
Restricted cash		11,532	11,532	1,444	1,444
Concession financial assets - CVA (Parcel 'A' Costs Variation Compensation) Account, and Other financial components		805,571	805,571	944,090	944,090
Reimbursement of tariff subsidies		187,066	187,066	153,402	153,402
		4,963,768	**4,963,768**	**4,276,915**	**4,276,915**
Fair value through profit or loss					
Cash equivalents - cash investments	2	264,606	264,606	356,842	356,842
Marketable securities					
Bank certificates of deposit	2	136	136	30,587	30,587
Treasury Financial Notes (LFTs)	1	396	396	64,208	64,208
Financial Notes - Banks	2	878	878	144,798	144,798
Debentures	2	15	15	1,595	1,595
		1,425	1,425	241,188	241,188
Concession financial assets - Distribution infrastructure	3	1,881,509	1,881,509	1,369,652	1,369,652
		2,147,540	**2,147,540**	**1,967,682**	**1,967,682**
		7,111,308	**7,111,308**	**6,244,597**	**6,244,597**
Financial liabilities					
Amortized cost (1)					
Loans and debentures		(5,887,622)	(5,887,622)	(4,575,998)	(4,575,998)
Debt with pension fund (Forluz)		(65,417)	(65,417)	(182,140)	(182,140)
Equalization of pension fund deficit (Forluz)		(377,390)	(377,390)	(396,483)	(396,483)
Suppliers		(2,024,449)	(2,024,449)	(1,929,723)	(1,929,723)
Leasing transactions		(286,529)	(286,529)	(259,873)	(259,873)
		(8,641,407)	**(8,641,407)**	**(7,344,217)**	**(7,344,217)**

(1) The book value presented is a reasonable approximation of fair value.

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, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

<u>Distribution infrastructure concession financial assets</u>: distribution system assets 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. Changes in concession financial assets are disclosed in Note 12 of these financial statements.

Marketable securities: are measured 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.

Other financial liabilities: Fair value of its Loans and debentures were determined using 113.20% of the CDI rate - based on its most recent funding. For the loans and debentures and debt renegotiated with Forluz, with annual rates between IPCA + 4.10% to 6.11% and CDI + 1.18% to 6.96%, Company believes that their carrying amount is approximated to their fair value.

b) Financial risk management

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

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

The company's main exposure risks are listed below. The scenarios for the sensitivity analysis were drawn up using market sources and specialized sources.

Exchange rate risk

The Company is exposed to the risk of appreciation in exchange rates due to the payment of energy purchased from Itaipu. 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	2023		2022	
	Foreign currency	R$	Foreign currency	R$
US US$				
Suppliers (Itaipu Binacional) (Note 17)	(49,528)	(239,780)	(52,440)	(273,618)
Net liabilities exposed		**(239,780)**		**(273,618)**

Sensitivity analysis

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 deppreciation 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 in relation to this 'adverse' scenario.

Risk: foreign exchange rate exposure	2023	Dec. 31, 2024	
	Balance	'Probable' scenario US$ R$4.98	'Adverse' scenario US$ R$6.00
US dollar			
Suppliers (Itaipu Binacional) (Note 17)	(239,780)	(246,650)	(297,168)
Net liabilities exposed	**(239,780)**	**(246,650)**	**(297,168)**
Net effect of exchange variation		**(6,870)**	**(57,388)**

Interest rate risk

The Company is 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, and to the financial expenses associated to loans and debentures in Brazilian currency, and also sectorial financial liabilities.

Part of the loans in Brazilian currency is obtained from several 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.

This exposure occurs as a result of net assets indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	2023	2022
Assets		
Cash equivalents - cash investments (Note 5)	264,606	356,842
Marketable securities (Note 6)	2,781	280,769
CVA and Other financial components in tariffs (Note 12b)	805,571	944,090
	1,072,958	**1,581,701**
Liabilities		
Loans and debentures - CDI rate (Note 19)	(2,805,353)	(1,317,792)
	(2,805,353)	**(1,317,792)**
Net liabilities exposed	**(1,732,395)**	**263,909**

Sensitivity analysis

In relation to the most significant interest rate risk, Company estimates that, in a probable scenario, at December 31, 2024 Selic rates will be 9.25%. The Company made a sensitivity analysis of the effects on its net income arising from a increase in the rate. Fluctuation in the CDI rate accompanies the fluctuation of Selic rate.

Risk: Increase in Brazilian interest rates	2023	Dec. 31, 2024	
	Balance	'Probable' scenario Selic 9.25%	'Adverse' scenario Selic 13.25%
Assets			
Cash equivalents - cash investments (Note 5)	264,606	289,082	299,666
Marketable securities (Note 6)	2,781	3,038	3,149
CVA and Other financial components in tariffs - Selic rate (Note 12b)	805,571	880,086	912,309
	1,072,958	**1,172,206**	**1,215,124**
Liabilities			
Loans and debentures - CDI rate (Note 19)	(2,805,353)	(3,064,848)	(3,177,062)
	(2,805,353)	**(3,064,848)**	**(3,177,062)**
Net liabilities exposed	**(1,732,395)**	**(1,892,642)**	**(1,961,938)**
Net effect of variation in interest rates		**(160,247)**	**(229,543)**

Inflation risk

The Company is exposed to the risk of increase in inflation index on December 31, 2023. A portion of the loans and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues are also adjusted using the IPCA or IGP-M index, mitigating part of the Company risk exposure. This table presents the Company's net exposure to inflation index:

Exposure to increase in inflation	2023	2022
Assets		
Concession financial assets related to infrastructure - IPCA index (*) (Note 12a)	1,881,509	1,369,652
	1,881,509	**1,369,652**
Liabilities		
Loans and debentures - IPCA index (Note 19)	(3,113,166)	(3,283,833)
Debt agreed with pension fund (Forluz) - IPCA index (Note 22*)*	(65,417)	(182,140)
Forluz deficit solution plan - IPCA index (Note 22)	(377,390)	(396,483)
Leasing liabilities	(2,024,449)	(1,929,723)
	(5,580,422)	**(5,792,179)**
Net liabilities exposed	**(3,698,913)**	**(4,422,527)**

(*) Portion of the concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the grantor (Aneel) after the 4rd tariff review cycle.

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 made a sensitivity analysis of the effect on the result in an 'Adverse' scenario, as follows:

Risk: increase in inflation index	2023	Dec. 31, 2024	
	Balance	'Probable' scenario IPCA 4.23% IGPM 3.81%	'Adverse' scenario IPCA 6.84% IGPM 5.09%
Assets			
Concession financial assets related to infrastructure - IPCA index (*) (Note 12a)	1,881,509	1,961,097	2,010,204
	1,881,509	**1,961,097**	**2,010,204**
Liabilities			
Loans and debentures - IPCA index (Note 19)	(3,113,166)	(3,244,853)	(3,326,107)
Debt agreed with pension fund (Forluz) - IPCA index (Note 22*)*	(65,417)	(68,184)	(69,892)
Equation of the deficit on Pension Plan (Forluz) - IPCA Index (Note 22)	(377,390)	(393,354)	(403,203)
Leasing liabilities	(2,024,449)	(2,110,083)	(2,162,921)
	(5,580,422)	**(5,816,474)**	**(5,962,123)**
Net liabilities exposed	**(3,698,913)**	**(3,855,377)**	**(3,951,919)**
Net effect of variation in IPCA and IGP-M indexes		**(156,464)**	**(253,006)**

(*) Portion of the concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the grantor (Aneel) after the 4rd tariff review cycle.

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 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:

	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	34,688	135,000	450,241	5,030,726	643,090	264,415	15,558	7,019,269
Debt with pension plan (Forluz)	10,776	319	21,950	485	33,601	327	-	-	-	-	67,458
Equation of the deficit on Pension Plan (Forluz) - IPCA Index	3,065	1,845	6,224	3,674	29,346	16,088	196,074	67,005	207,905	20,794	552,020
	58,841	**4,510**	**426,379**	**38,847**	**197,947**	**466,656**	**5,226,800**	**710,095**	**472,320**	**36,352**	**7,638,747**
- Fixed rate											
Suppliers	1,863,035	-	161,414	-	-	-	-	-	-	-	2,024,449
	1,921,876	**4,510**	**587,793**	**38,847**	**197,947**	**466,656**	**5,226,800**	**710,095**	**472,320**	**36,352**	**9,663,196**

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

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 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 allowance for doubtful accounts receivable recorded on December 31, 2023, considered to be adequate in relation to the credits in arrears receivable by the Company was R$788,256 (R$758,857 on December 31, 2022).

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

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

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

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

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

Group	Equity	Limit per bank (% do equity) (1) (2)			
		AAA	AA	A	BBB
Federal Risk (RF)	-	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.

In addition to these points, Cemig, Cemig D's parent company, also establishes 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 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 Fifth Amendment to the concession contracts 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 to the new criteria for quality, and for economic and financial sustainability.

The extension is conditional on compliance with indicators contained in the contract itself, which aim to guarantee quality of the service provided and economic and financial sustainability of the company. These are determinant for actual continuation of the concession in the first five years of the contract, since non-compliance with them in two consecutive years, or in the fifth year, results in cancellation of the concession.

Also, as from the sixth calendar year after signature of the contract, 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

The efficiency criteria for continuity of supply and for economic and financial management, required to maintain the distribution concession, were met in the period ended December 31, 2023.

Hydrological risk

The greater part of the electricity sold by the Company is produced by hydroelectric plants. A prolonged period of scarce rainfall can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to their replacement by thermoelectric sources, or to reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of electricity. Prolonged generation by thermal plants can pressure distributors' costs of acquisition of supply, causing a greater need for cash, and can cause tariff increases in the future.

This risk is mitigated by the Energy Reallocation Mechanism (MRE). The MRE was conceived to share among its members the financial risks associated with the sale of energy by the hydroelectric plants, dispatched centrally by 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.

Risk of debt early maturity

The Company has loan and debentures contracts with restrictive covenants related to compliance with a financial index. More details in Note 19 of these financial statements.

c) 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 EBITDA.

	Dec. 31, 2023	Dec. 31, 2022
Loans and debentures (Note 19)	5,887,622	4,575,998
(-) Cash and cash equivalents (Note 5)	(447,967)	(440,700)
(-) Marketable securities (Note 6)	(2,781)	(280,769)
Net debt	**5,436,874**	**3,854,529**
Ebtida adjusted (1)	**3,069,601**	**2,634,828**
Net debt / ebtida adjusted	1.77	1.46

(1) The reconciliation of adjusted Ebitda with Ebitda calculated according to CVM Resolution 156/2022 is presented in the Consolidated Economic and Financial Performance section.

This table shows comparisons of the Company's net liabilities in the end of period:

	Dec. 31, 2023	Dec. 31, 2022
Total liabilities	18,699,341	18,307,385
Cash and cash equivalents	(447,967)	(440,700)
Marketable securities	(2,781)	(279,717)
Net liabilities	**18,248,593**	**17,586,968**
Total equity	**8,883,225**	**7,105,260**
Net liabilities / equity	2.05	2.48

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 business model for managing them. The Company does not have financial instruments measured at fair value through Other comprehensive income.

The corresponding disclosures on the main assumptions used in the fair value valuations are summarized in the respective notes.

Amortized cost

This category includes financial assets that (i) are held within the Company's business model with the aim of receiving contractual cash flows and (ii) the contractual terms of these assets give rise to known cash flows that exclusively constitute payment of principal and interest, as follows:

- receivables from customers, traders and concession holders;
- restricted cash;
- marketable debt securities with the intention of holding them until maturity and the terms of their contracts originate known cash flows that constitute exclusively payments of principal and interest;
- financial assets related to the compensation account for changes in the costs of the A portion (CVA) and other tariff adjustments;
- reimbursement of tariff subsidies; and
- accounts receivable from related parties.

This category includes the following financial liabilities:

- suppliers;
- leasing;
- loans and debentures;
- debt agreed with the pension fund (Forluz); and
- concessions payable and other credits.

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

30. COMMITMENTS

The Company has contractual obligations and commitments not yet incurred, therefore not recognized in these financial statements. These mainly include long-term energy purchase contracts, as shown in this table:

	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
Transport of energy from Itaipu	247,581	258,150	265,833	273,897	250,799	4,555,281	5,851,541
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
Physical guarantee quotas	833,525	737,747	659,439	581,132	581,181	10,698,685	14,091,709
	7,713,901	**6,893,016**	**6,721,325**	**6,698,422**	**6,889,527**	**104,524,733**	**139,440,924**

* Amounts presented at present value on December 31, 2023.

The payment flows for leases, loans and suppliers are shown in notes 16, 19 and 29 to these financial statements.

31. RISKS RELATED TO COMPLIANCE WITH LAWS AND REGULATIONS

Parliamentary Committee of Inquiry ('CPI')

On June 17, 2021, the Legislative Assembly of Minas Gerais has established a Parliamentary Committee of Inquiry ('CPI') to investigate management acts of Cemig since 2019. The CPI was empowered to investigate the facts that were the basis for the request for its establishment, and by means of requirements, the CPI requested various information and documents related mainly to people management and procurement processes, which were fully met by the Company in compliance with 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 public control bodies, for assessment of what further submissions of it should be made.

In August 2023, the prosecutors of the Public Attorneys' Office of Minas Gerais decided to terminate the Public Civil Inquiries that were investigating events referred to in the CPI. The related report on this decision stated that all acts by Cemig's management were regular. One matter pending is only conclusion of the investigation by the Minas Gerais Civil Police in relation to the IBM contract.

The Company carries out regular internal audits; and no material impacts on these financial statements for the year ending December 31, 2023, nor for prior fiscal year, have been identified.

32. 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, 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:

Serie	Quantity	Amount	Fee	Term	Amortization
1ª	400,000	R$400,000,000,00	CDI + 0.80%	5 years	48th and 60th months
2ª	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.

Declaration of Interest on Equity

On March 21, 2024, the Executive Board approved the declaration of interest on equity in the amount of R$161,609 for the fiscal year of 2024, to be paid in two equal installments, the first up to June 30, 2025, and the second up to December 30, 2025.

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Reynaldo Passanezi Filho
President

Dimas Costa
Vice President of Trading

Leonardo George de Magalhães
Vice President of Finance and Investor Relations

Marney Tadeu Antunes
Vice President of Distribution

Marco da Camino Ancona Lopez Soligo
Vice President of Participations

Thadeu Carneiro da Silva
Vice President without portfolio

Cristiana Maria Fortini Pinto e Silva
Vice President Legal

Mário Lúcio Braga
Controller
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Independent auditors' report on the financial statements

To the Stockholders, Board of Directors and Management

Cemig Distribuição S.A.

Belo Horizonte - MG

Opinion

We have audited the financial statements of Cemig Distribuição S.A. (the "Company"), 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 financial position of Cemig Distribuição S.A. as of December 31, 2023, and of its 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 financial statements" section of our report. We are independent of the Company 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 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.

<table>
<tr><td colspan="2">Notes 12, 13 and 14 to the financial statements</td></tr>
<tr><td>Key audit matter</td><td>How this matter has been conducted in our audit</td></tr>
<tr><td>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 financial statements. For these reasons, as well as the values and disclosures involved, we consider this matter relevant in our audit.</td><td>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 financial statements taken as a whole, for the year ended December 31, 2023.</td></tr>
</table>

Measurement of the post-employment obligations	
Note 22 to the financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The Company 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 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 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 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 financial statements, related to the year ended in December 31, 2023.

Other matters – Statements of Value Added

The 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 financial statements taken as a whole.

Other information that accompanies the financial statements and the auditor's report

Management is responsible for the other information, which comprises the Management Report.

Our opinion on the 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 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 financial statements

Management is responsible for the preparation and fair presentation of the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Distribuição 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 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

DIRECTOR'S STATEMENTS 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

DIRECTOR’S STATEMENTS OF REVIEW OF THE REPORT BY THE INDEPENDET AUDITORS 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
Thadeu Carneiro da Silva - Vice President Generation and Transmission
Cristina Maria Fortini Pinto e Silva - Vice President Legal

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 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, 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

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$593.875 thousand from retained earnings for the year 2023.

Investments planned for 2024	
Distribution Development Program	4,154,006
Infrastructure and others	276,694
	4,430,700