



INTERIM FINANCIAL INFORMATION

1Q2023



CEMIG

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

(In thousands of Brazilian Reais)

	Note	Mar. 31, 2023	Dec. 31, 2022
CURRENT			
Cash and cash equivalents	4	440,104	440,700
Marketable securities	5	1,003	279,717
Receivables from customers, traders and concession holders	6	2,989,645	2,761,370
Concession holders - Transport of energy	6	376,365	333,642
Recoverable taxes	7	1,456,922	1,828,665
Inventories		27,479	30,259
Public lighting contribution		225,061	207,286
Reimbursement of tariff subsidies payments	10	90,916	90,923
Low-income subsidy		59,245	62,479
Concession sector assets	11b	714,258	746,031
Others assets		242,029	209,817
TOTAL CURRENT		6,623,027	6,990,889
NON-CURRENT			
Marketable Securities	5	-	1,052
Deferred Income tax and social contribution tax	8c	2,139,002	2,119,494
Recoverable taxes	7	624,597	540,281
Income tax and social contribution tax recoverable	8a	78,718	76,278
Escrow deposits	9	647,628	651,279
Concession holders - Transport of energy	6	41,811	43,386
Others assets		16,752	17,327
Concession sector assets	11b	277,283	198,059
Financial assets related to infrastructure	11a	1,437,515	1,369,652
Contract assets	12	2,225,808	1,849,852
Intangible assets	13	11,383,926	11,314,918
Leasing - right of use assets	14	283,107	240,178
TOTAL NON-CURRENT		19,156,147	18,421,756
TOTAL ASSETS		25,779,174	25,412,645

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

**STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2023 AND DECEMBER 31, 2022
LIABILITIES**

(In thousands of Brazilian Reais)

	Note	Mar. 31, 2023	Dec. 31, 2022
CURRENT			
Loans and debentures	17	898,907	883,795
Suppliers	15	1,656,588	1,929,723
Taxes payable	16	608,951	538,690
Income tax and social contribution	8b	120,567	88,043
Payroll and related charges		144,612	162,661
Regulatory charges payable	18	421,920	393,389
Employee and management profit-sharing		76,887	52,273
Post-employment obligations	19	282,640	274,904
Public lighting contribution		330,992	312,475
Accounts payable related to energy generated by residential consumers		563,397	455,273
Interest on equity, and dividends, payable		635,824	504,052
PIS/Pasep and Cofins taxes to be refunded to customers	16	458,810	1,154,798
Payables to related parties	25	352,806	-
Leasing liabilities	14	55,884	43,602
Other liabilities		408,893	325,837
TOTAL CURRENT		7,017,678	7,119,515
NON-CURRENT			
Loans and debentures	17	3,325,340	3,692,203
Provisions	20	1,367,211	1,342,624
Post-employment obligations	19	3,491,310	3,550,093
Regulatory charges payable	18	37,586	55,437
PIS/Pasep and Cofins taxes to be refunded to customers	16	1,699,493	1,632,200
Interest on equity, and dividends, payable		679,794	679,794
Leasing liabilities	14	248,886	216,271
Other liabilities		19,246	19,248
TOTAL NON-CURRENT		10,868,866	11,187,870
TOTAL LIABILITIES		17,886,544	18,307,385
EQUITY			
Share capital	21	5,371,998	5,371,998
Advance for future capital increase	21	544,000	-
Profit reserves		3,115,956	3,270,982
Equity valuation adjustments	21	(1,508,854)	(1,537,720)
Retained Earnings		369,530	-
TOTAL EQUITY		7,892,630	7,105,260
TOTAL LIABILITIES AND EQUITY		25,779,174	25,412,645

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

STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED AS OF MARCH 31, 2023 AND 2022
 (In thousands of Brazilian Reais, except earnings per share)

	Note	Jan to Mar/2023	Jan to Mar/2022
NET REVENUE	22	5,376,937	4,748,317
OPERATING COSTS			
Cost of energy	23a	(3,053,276)	(2,867,437)
Infrastructure and construction cost	23b	(657,608)	(429,503)
Operating costs	23c	(805,597)	(673,874)
		(4,516,481)	(3,970,814)
GROSS INCOME		860,456	777,503
OPERATING EXPENSES	23c		
Expected credit losses		(8,081)	(44,259)
General and administrative expenses		(116,988)	(112,244)
Other operating expenses, net		(154,539)	(141,846)
		(279,608)	(298,349)
Operating income before financial income (expenses) and taxes		580,848	479,154
Finance income	24	124,238	186,327
Finance expenses	24	(216,586)	(161,524)
Income before income tax and social contribution tax		488,500	503,957
Current income tax and social contribution tax	8c	(153,349)	(155,798)
Deferred income tax and social contribution tax	8c	34,379	27,768
Net income for the period		369,530	375,927
Basic and diluted earnings per shares, R\$	21	0.16	0.16

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED AS OF MARCH 31, 2023 AND 2022
(In thousands of Brazilian Reais)

	Jan to Mar/2023	Jan to Mar/2022
Net income for the period	369,530	375,927
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 19)	43,737	-
Income tax and social contribution tax on remeasurement of defined benefit plans (note 8)	(14,871)	-
	28,866	-
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAXES	398,396	375,927

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

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE-MONTH PERIODS ENDED AS OF MARCH 31, 2023 AND 2022
 (In thousands of Brazilian Reais, except where otherwise stated)

	Share capital	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity	Share capital
AS OF DECEMBER 31, 2021	5,371,998	-	2,653,670	(2,004,037)	-	6,021,631
Net income for the period	-	-	-	-	375,927	375,927
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	375,927	375,927
Interest on equity capital declared (R\$0.0553 per share)	-	-	(130,457)	-	-	(130,457)
AS OF DECEMBER 31, 2022	5,371,998	-	3,270,982	(1,537,720)	-	7,105,260
Net income for the period	-	-	-	-	369,530	369,530
Other comprehensive income, net of taxes	-	-	-	28,866	-	28,866
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	28,866	369,530	398,396
Advance for future capital increase	-	544,000	-	-	-	544,000
Interest on equity capital declared and mandatory dividends (R\$0.0657 per share)	-	-	(155,026)	-	-	(155,026)
AS OF MARCH 31, 2023	5,371,998	544,000	3,115,956	(1,508,854)	369,530	7,892,630

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

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED AS OF MARCH 31, 2023 AND 2022

(In thousands of Brazilian Reais)

	Note	Jan to Mar/2023	Jan to Mar/2022
CASH FLOW FROM OPERATIONS			
Net income for the period		369,530	375,927
ADJUSTMENTS:			
Post-employment obligations	19	79,246	112,759
Depreciation and amortization	13b and 14a	194,240	175,375
Expected credit losses	23c	8,081	44,259
Other provisions	23c	65,231	61,178
Adjustment of assets in progress	13	(15,583)	(7,053)
Write-off of net residual value of unrecoverable Concession financial assets and Intangible assets	11a and 13b	4,563	7,394
Refunded of PIS/Pasep and Cofins over ICMS credits to customers - realization	22	(695,989)	(436,718)
Financial interest and inflation adjustment		144,230	79,220
Adjustment to expectation of contractual cash flow from the concession	11a	(30,844)	(19,732)
Amortization of transaction cost of loans	17	872	432
CVA (Parcel A Compensation) Account and Other Financial Components in tariff adjustment	22	(20,841)	700,107
Deferred income tax and social contribution tax	8a	(34,379)	(27,768)
		<u>68,357</u>	<u>1,065,380</u>
(Increase) decrease in assets			
Receivables from customers, traders and concession holders		(236,356)	(266,013)
Concession holders - Transport of energy		(41,148)	(4,188)
Recoverable taxes	7	150,889	12,998
Income tax and social contribution tax recoverable		(123,265)	(7,557)
Escrow deposits		12,139	10,248
Public lighting contribution		(17,775)	(13,968)
Low-income subsidy		3,234	(1,261)
Others		(39,601)	128,355
		<u>(291,883)</u>	<u>(141,386)</u>
Increase (decrease) in liabilities			
Suppliers		(275,024)	(466,304)
Taxes payable		207,205	256,871
Income tax and social contribution tax payable		153,349	155,798
Payroll and related charges		(18,049)	(9,824)
Public lighting contribution		18,517	19,306
Regulatory charges	18	12,102	(233,098)
Post-employment obligations	19	(86,556)	(80,288)
Provisions	20	(31,315)	(33,882)
Accounts payable related to energy generated by consumers		108,124	31,109
Employees' and managers' profit sharing		24,614	23,999
Others		91,457	(10,766)
		<u>204,424</u>	<u>(347,079)</u>
Cash generated by operating activities		(19,102)	576,915
Interest paid on loans and debentures	17	(69,987)	(88,106)
Interest paid in leasing contracts	14	(173)	(270)
NET CASH FLOW FROM OPERATING ACTIVITIES		(89,262)	488,539
INVESTING ACTIVITIES			
Marketable securities - cash investments	5	279,766	408,764
Intangible assets	13	(24,152)	(14,073)
Contract assets	12	(622,895)	(407,900)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		(367,281)	(13,209)
FINANCING ACTIVITIES			
Leasing liabilities paid	14	(12,328)	(14,992)
Payment of loans and debentures	17	(428,531)	(412,569)
Loan with related parties		352,806	100,000
Advance for future capital increase		544,000	-
NET CASH USED IN FINANCING ACTIVITIES		455,947	(327,561)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period	4	440,700	198,694
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	440,104	346,463

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

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

	Jan to Mar/2023	Jan to Mar/2022
REVENUES		
Sales of energy and services	6,821,326	7,117,256
Distribution construction revenue	657,608	429,503
Adjustment to expectation of reimbursement of distribution concession financial assets	30,844	19,732
Adjustment to estimated credit losses	(8,081)	(44,259)
	7,501,697	7,522,232
INPUTS ACQUIRED FROM THIRD PARTIES		
Energy bought for resale	(2,486,983)	(2,122,658)
Charges for use of national grid	(803,815)	(979,562)
Outsourced services	(652,127)	(473,845)
Materials	(388,539)	(258,932)
Other operating costs	(138,522)	(83,156)
	(4,469,986)	(3,918,153)
GROSS VALUE ADDED	3,031,711	3,604,079
RETENTIONS		
Depreciation and amortization	(194,240)	(175,375)
NET ADDED VALUE PRODUCED BY THE COMPANY	2,837,471	3,428,704
ADDED VALUE RECEIVED BY TRANSFER		
Financial revenues	130,284	186,956
ADDED VALUE TO BE DISTRIBUTED	2,967,755	3,615,660
DISTRIBUTION OF ADDED VALUE		
Employees	314,249	324,448
Direct remuneration	201,778	183,063
Post-employment obligations and Other benefits	100,115	129,803
FGTS fund	12,356	11,582
Taxes	2,053,311	2,743,433
Federal	1,406,672	1,168,133
State	643,970	1,572,610
Municipal	2,669	2,690
Remuneration of external capital	230,665	171,852
Interest	227,147	169,683
Rentals	3,518	2,169
Remuneration of own capital	369,530	375,927
Interest on Equity	155,026	130,457
Retained earnings	214,504	245,470
	2,967,755	3,615,660

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

**NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIODS ENDED AS OF MARCH 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 9,071,034 customers, on March 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 March 31, 2023 the Company had negative net working capital of R\$ 394,651. Management monitors the Company's cash flow, and for this purpose assesses measures to adjust the current situation of its financial assets and liabilities to the levels considered appropriate to meet its needs. On March 31, 2023, Cemig D had totals of loans and debentures, of short and long term, as follows: R\$ 898,907 short-term; and R\$ 3,325,340, long-term.

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.

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. BASIS OF PREPARATION

2.1. Statement of compliance

The Interim Accounting Information has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB), Technical Pronouncement 21 (R1) ('CPC21'), which applies to interim financial statements, and the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Quarterly Information (*Informações Trimestrais*, or ITR).

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

With the exception of the new rules, or alterations to rules, coming into effect on January 1, 2023, this interim accounting information has been prepared according to principles, practices and criteria consistent with those adopted in preparation of the financial statements at December 31, 2022.

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

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

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

2.2. Correlation between the Explanatory Notes published in the Annual Financial Statements and those in the Interim Financial Information

Number of the Notes		Title of the Notes
Dec. 31, 2022	Mar. 31, 2023	
1	1	Operational context
2	2	Basis of preparation
3	-	Concessions
4	3	Operational segments
5	4	Cash and cash equivalents
6	5	Marketable securities
7	6	Customers and traders; Concession holders (power transport)
8	7	Recoverable taxes
9	8	Income tax and social contribution tax
10	9	Escrow deposits
11	10	Reimbursement of tariff subsidies
12	11	Concession financial assets and liabilities
13	12	Contract assets
14	13	Intangible assets
15	14	Leasing - Right of Use
16	15	Suppliers
17	16	Taxes and amounts reimbursement to customers
18	17	Loans and debentures
19	18	Regulatory charges

Number of the Notes		Title of the Notes
Dec. 31, 2022	Mar. 31, 2023	
20	19	Post-employment obligations
21	20	Provisions
22	21	Equity and remuneration to shareholders
23	22	Revenue
24	23	Operating costs and expenses
25	24	Financial revenue and expenses
26	25	Related party transactions
27	26	Financial instruments and risk management
28	-	Insurance
29	-	Contractual obligations
30	27	Risks related to compliance with laws and regulations
31	28	Subsequent events

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

Number of the Notes		Title of the Notes
3		Concessions
28		Insurance
29		Contractual obligations

2.3. Regrouping of items in the Statement of income

Starting in the third quarter of 2022, the Company made some adjustments in the classification of expenses in its profit and loss account (Statement of income), so as to group certain items more accurately in accordance with their function. Description of the nature of each type of expense continues to be presented in the related Notes to the financial statements, without alteration. These adjustments do not affect margins, or indicators, and are merely improvements proposed by the Company's management. To maintain comparability, the corresponding information for the period ended March 31, 2022 is being presented using the same criteria. The Company considers these adjustments not to be material.

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

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

3. OPERATING SEGMENTS

The Company operates only in energy distribution, and only in the Brazilian State of Minas Gerais. Its Income statement reflects this activity. Management believes that its Income statements and the other information contained in these Notes provide the required information about its sole operational segment.

4. CASH AND CASH EQUIVALENTS

	Mar. 31, 2023	Dec. 31, 2022
Bank accounts	36,531	83,858
Cash equivalents		
Bank certificates of deposit (CDBs) (1)	403,573	309,894
Automated applications - Overnight (2)	-	46,948
	403,573	356,842
	440,104	440,700

- (1) Bank Certificates of Deposit (Certificados de Depósito Bancário, or CDBs), 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 March 31, 2023 (80% to 112% on December 31, 2022). For these CDBs, the Company and its subsidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.
- (2) 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 13.38% to 13.87% on March 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 26 of this interim financial information provides information in relation to the exposure of the Company to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

5. MARKETING SECURITIES

	Mar. 31, 2023	Dec. 31, 2022
Bank certificates of deposit (1)	-	30,587
Financial Notes (LFs) - banks (2)	-	182,161
Treasury Financial Notes (LFTs) (3)	-	64,208
Debentures (4)	-	2,647
Others	1,003	1,166
	1,003	280,769
Current asset	1,003	279,717
Non-current asset	-	1,052

- (1) Bank Certificates of Deposit (Certificados de Depósito Bancário, or CDBs), accrued interest varying between 103% 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 March 31, 2023 (103% to 104.4% of the CDI Rate on December 31, 2022).
- (2) Bank Financial Notes (Letras Financeiras, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration rates varying between 103.3% and 110.26% of the CDI rate on March 31, 2023 (103.3% and 110.26% on December 31, 2022).
- (3) Treasury Financial Notes (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity. The LFTs had remuneration rates varying between 13.65% and 13.88% on March 31, 2023 (13.65% and 13.88% on December 31, 2022).
- (4) Debentures are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from TR+1% to 114.29% of the CDI Rate on March 31, 2023 (TR+1% to 114.29% of the CDI Rate on December 31, 2022).

The accounting policy and the classification of these securities and the financial investments in related parties' securities are stated in notes 26 and 25 of this interim financial information. The earnings of these securities are properly stated in the Statements of Cash Flows in the investment activity.

6. RECEIVABLES FROM CUSTOMERS, TRADERS AND 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	Mar. 31, 2023	Dec. 31, 2022
Residential	757,296	309,957	362,647	248,997	293,819	1,972,716	1,800,806
Industrial	33,178	64,181	16,567	26,466	129,561	269,953	255,015
Commercial, services and others	307,287	180,572	104,495	99,250	172,440	864,044	796,559
Rural	109,682	65,124	44,352	36,077	42,157	297,392	292,220
Public authorities	55,658	37,520	3,642	325	17,181	114,326	97,942
Public lighting	13,840	495	22	-	-	14,357	12,303
Public services	66,737	34,645	1,878	3,593	32,471	139,324	125,823
Subtotal - customers	1,343,678	692,494	533,603	414,708	687,629	3,672,112	3,380,668
Concession holders - Transport of energy	87,066	301,282	24,690	4,270	81,891	499,199	460,272
Energy in spot market - supply	-	-	13,853	4,236	3,640	21,729	56,315
Provision for expected credit losses	(130,160)	(12,684)	(17,851)	(136,150)	(488,374)	(785,219)	(758,857)
	1,300,584	981,092	554,295	287,064	284,786	3,407,821	3,138,398
Current							
Receivables from customers, traders and concession holders						2,989,645	2,761,370
Concession holders - Transport of energy						376,365	333,642
Non-current							
Concession holders - Transport of energy						41,811	43,386

The Company exposure to credit risk related to customers and traders is provided in Note 26 of this interim financial information. The transactions involving related parties is provided in Note 25 of this interim financial information.

The expected credit losses are considered sufficient to cover eventual losses in the realization of these assets and their composition, by class of consumer, is as follows:

	Mar. 31, 2023	Dec. 31, 2022
Residential	284,046	269,007
Industrial	123,980	122,227
Commercial, services and others	202,181	194,431
Rural	32,226	31,070
Public authorities	28,512	26,621
Public lighting	295	(88)
Public services	32,957	32,346
Concession holders - Transport of energy	81,022	83,243
	785,219	758,857

Changes in the expected credit losses are as follows:

Balance on December 31, 2022	758,857
Additions, net (Note 23)	8,081
Amounts written off	18,281
Balance on March 31, 2023	785,219

7. RECOVERABLE TAXES

	Mar. 31, 2023	Dec. 31, 2022
Circulante		
ICMS a recuperar	402,026	404,590
Cofins (a)	866,722	1,170,056
PIS/Pasep (a)	187,741	253,606
Outros	433	413
	1,456,922	1,828,665
Não circulante		
ICMS a recuperar	567,277	515,972
Cofins (a)	47,095	19,973
PIS/Pasep (a)	10,225	4,336
	624,597	540,281
	2,081,519	2,368,946

a) Pis/Pasep and Cofins taxes credits over ICMS

The Company has recorded at March 31, 2023 the amount of R\$1,052,486 in current assets (R\$1,421,739 at December 31, 2022) and R\$57,320 in non-current assets (R\$24,309 at December 31, 2022) corresponding to the tax credits of PIS/Pasep and Cofins over ICMS, with updating by the Selic rate to the date of their actual offsetting.

In the first quarter of 2023, credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R\$168,096 (R\$391,915 in 2022).

8. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

	Mar. 31, 2023	Dec. 31, 2022
Income tax	63,024	61,390
Social contribution tax	15,694	14,888
	78,718	76,278
Non-current	78,718	76,278

b) Income tax and social contribution tax payable

	Mar. 31, 2023	Dec. 31, 2022
Current		
Income tax	103,202	77,292
Social contribution tax	17,103	10,751
	120,305	88,043

The Company has some uncertainties relating to the treatments of certain taxes on profit, and management has concluded that it is more probable than not that the tax authority will accept the Company's conclusions. The effects of the potential contingencies are stated in Note 20.

c) Deferred income tax and social contribution tax

Temporary differences of income tax and social contribution tax	Mar. 31, 2023	Dec. 31, 2022
Deferred tax assets		
Post-employment obligations	1,230,533	1,238,981
Expected credit losses	305,489	295,384
Impairment	16,973	22,271
Operational Provisions (1)	540,058	523,338
Provisions for contingencies	402,989	396,213
Administrative tax	4,407	4,500
Provision for profit shares	26,142	17,773
Others	9,235	8,586
	2,535,826	2,507,046
Deferred tax liabilities		
Adjustment to expectation of cash flow - Concession assets	(220,606)	(212,326)
Borrowing costs capitalized	(171,089)	(169,801)
Funding cost	(5,129)	(5,425)
	(396,824)	(387,552)
Total net assets presented in the balance sheet	2,139,002	2,119,494

(1) 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 Annual Tariff Adjustment.

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

Balance on December 31, 2022	2,119,494
Effects allocated to net income	34,379
Effects allocated to Statement of comprehensive income	(14,871)
Balance on March 31, 2023	2,139,002

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

	Jan to Mar/2023	Jan to Mar/2022
Profit before income tax and social contribution tax	488,500	503,957
Nominal rate	34%	34%
Income tax and social contribution tax - nominal expense	(166,090)	(171,345)
Tax effects applicable to:		
Interest on equity and dividends payable	52,709	44,355
Tax incentives	11,953	13,433
Non-deductible contributions and donations	(1,989)	(1,474)
Non-deductible penalties	(27,320)	(12,407)
Selic rate on tax overpayments	11,224	-
Others	543	(592)
	(118,970)	(128,030)
Effective rate	24.35%	25.40%
Current tax	(153,349)	(155,798)
Deferred tax	34,379	27,768

9. ESCROW DEPOSITS

	Mar. 31, 2023	Dec. 31, 2022
Labor claims	190,014	203,119
Tax contingencies		
Income tax on Interest on Equity	12,314	12,198
Income tax and Social Security contribution on 'Anuênio' employee indemnity (1)	220,552	218,771
JCP in the Income tax and Social Security contribution calculation base (2)	85,832	85,832
Others	67,551	64,197
	386,249	380,998
Others		
Regulatory	31,803	31,428
Third party	5,992	5,786
Customer relations	5,786	6,166
Court embargo	16,951	13,056
Patrimonial	4,475	4,448
Others	6,358	6,278
	71,365	67,162
	647,628	651,279

(1) More details in Note 20 - Provisions under the section relating to the 'Anuênio indemnity';

(2) More details in Note 20 - Provisions - Interest on Equity.

10. REIMBURSEMENT OF TARIFF SUBSIDIES

Subsidies given on tariffs charged to users of distribution services are reimbursed to distributors by payments of funds from the Energy Development Account (CDE).

In the first quarter of 2023, the amount recognized as subsidies revenues was R\$225,567 (R\$245,942 in the first quarter of 2022). Of such amounts, Cemig D has a receivable of R\$75,189 (R\$75,189 on December 31, 2022) in current assets.

On March 10, 2023, Cemig D entered into an agreement for the assignment of credits without co-obligation with Banco ABC Brasil S.A. to anticipate the receivables with CDE in the amount of R\$100.000, of which R\$25.000 and R\$75.000 from the invoices of April and May 2023, respectively. The total amount received on March 10, 2023 was R\$97.554.

11. CONCESSION FINANCIAL AND SECTOR ASSETS AND LIABILITIES

FINANCIAL AND SECTORIAL CONCESSION ASSETS	Mar. 31, 2023	Dec. 31, 2022
Ativos financeiros relacionados à infraestrutura (a)	1,437,515	1,369,652
Conta de compensação de variação de valores de itens da “parcela A” CVA e outros componentes financeiros (b)	991,541	944,090
	2,429,056	2,313,742
Current asset	714,258	746,031
Non-current asset	1,714,798	1,567,711

a) Financial assets related to infrastructure

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

Balance on December 31, 2022	1,369,652
Transfers of contract assets (Note 12)	37,097
Disposals	(78)
Adjustment of expectation of cash flow from the concession financial assets	30,844
Balance on Março 31, 2023	1,437,515

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

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

BALANCE SHEET	Mar. 31, 2023			Dec. 31, 2022		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Assets	246,495	745,046	991,541	544,370	399,720	944,090
Current asset	246,495	467,763	714,258	544,370	201,661	746,031
Non-current asset	-	277,283	277,283	-	198,059	198,059
Total current, net	246,495	467,763	714,258	544,370	201,661	746,031
Total non-current, net	-	277,283	277,283	-	198,059	198,059
Total, net	246,495	745,046	991,541	544,370	399,720	944,090

FINANCIAL COMPONENTS	Mar. 31, 2023			Dec. 31, 2022		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Items of 'Parcel A'						
Energy Development Account (CDE) quota	62,993	(91,656)	(28,663)	140,528	(139,639)	889
Tariff for use of transmission facilities of grid participants	(33,344)	310,047	276,703	4,297	211,497	215,794
Tariff for transport of Itaipu supply	2,856	28,334	31,190	180	17,786	17,966
Alternative power source program (Proinfa)	15,844	(32,066)	(16,222)	38,984	(7,872)	31,112
ESS/EER System Service/Energy Charges	174,206	321,652	495,858	377,682	204,843	582,525
Energy bought for resale	120,902	(1,560,695)	(1,439,793)	233,721	(1,321,656)	(1,087,935)
Other financial components						
Over contracting of supply (1)	16,247	876,410	892,657	40,617	708,966	749,583
Neutrality of Parcel A	(13,073)	323,655	310,582	(32,683)	235,990	203,307
Other financial items	(94,390)	635,916	541,526	(235,974)	537,513	301,539
Excess demand and reactive power	(5,746)	(66,551)	(72,297)	(22,983)	(47,707)	(70,690)
TOTAL	246,495	745,046	991,541	544,369	399,721	944,090

(1) Cemig D was over contracted in 2017 and 2018 and the gain arising from the sale of the excess of energy in the spot market was provisionally passed through to customers by Aneel in the tariff adjustments of 2018 and 2019, including the portion in excess of the limit of 105% of the regulatory load - thus reducing the tariff that was determined. To establish whether this is a voluntary over contracting, the Company considers that the portion above the regulatory limit will be recovered in the subsequent tariff adjustment. In 2020, Aneel published the Dispatch 2,508, which set new amounts for distributors' over contracting of 2017 in the amount of R\$39,270, which was considered in the 2021 tariff process. Due to the administrative appeals submitted to Aneel, the amounts of overcontracting had their values adjusted through Aneel's dispatch 2.168, of 2022. With the publication of the order, and considering the current rules, the amount of R\$218,900, pending transfer from 2017, will be considered in the next tariff process. Regarding the amount of R\$26,778 related to the 2018 overcontracting, the Company continues to recognize the right and awaits publication of the respective order.

Changes in balances of sector financial assets and liabilities are as follow:

Balance on December 31, 2022	944,090
Net constitution of financial assets	339,855
Assets realized	(319,014)
Updating - Selic rate (Note 24)	26,610
Balance on March 31, 2023	991,541

12. CONCESSION CONTRACT ASSETS

Changes in concession contract assets are as follows:

Balance on December 31, 2022	1,849,852
Additions	633,456
Transfers to financial assets (Note 11)	(37,097)
Transfers to intangible assets (Note 13)	(235,986)
Adjustment of assets in progress (1)	15,583
Balance on March 31, 2023	2,225,808

(1) (1) Refers to the reversal of provisions recorded in previous years for losses recorded in assets in progress (canceled works).

The amount of additions in the period of January to March 2023 were R\$633,456 and includes the amount of R\$10,561 under the heading capitalized borrowing costs (R\$7,530 in the same period of 2022), as presented in Note 17 of this interim financial information. The capitalization of financial charges is a non-cash transaction, and is therefore not reflected in the cash flow statements

13. INTANGIBLE ASSETS

a) Balance composition

	Mar. 31, 2023			Dec. 31, 2022		
	Historic cost	Accumulated amortization	Amount, net	Historic cost	Accumulated amortization	Amount, net
Assets of concession	26,073,154	(11,371,065)	14,702,089	25,760,065	(11,151,378)	14,608,687
(-) 'Special obligations' (c)	(5,361,278)	1,860,231	(3,501,047)	(5,287,534)	1,809,300	(3,478,234)
Net concession assets	20,711,876	(9,510,834)	11,201,042	20,472,531	(9,342,078)	11,130,453
Intangible assets in progress	182,884	-	182,884	184,465	-	184,465
Total intangible assets	20,894,760	(9,510,834)	11,383,926	20,656,996	(9,342,078)	11,314,918

b) Changes in intangible assets

Balance on December 31, 2022	11,314,918
Additions	24,152
Disposals	(4,485)
Transfers of contract assets (Note 12)	235,986
Amortization	(186,645)
Balance on March 31, 2023	11,383,926

The principal annual amortization rates, which take into account the expected useful life of assets, reflect the level of consumption expected from them and are reviewed annually by management, as follows:

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
3.91%	15.72%

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.

c) Special obligations

The balance of intangible assets is reduced by the obligations linked to the concession, which comprise the following:

Obligations Linked to the Concession	Mar. 31, 2023	Dec. 31, 2022
Customer Financial Participation (1)	(4,890,349)	(4,753,794)
Participation of the Union, States and Municipalities (2)	(606,452)	(593,689)
Universalization of the Public Electricity Service	(306,080)	(306,080)
Others, Exceeding Demand and Surplus Reactives	(335,923)	(351,017)
Energy Efficiency Program (PEE)	(95,552)	(95,552)
Donations and Grants For Investments in the Service Granted	(4,071)	(4,071)
Research and Development	(7,412)	(6,967)
Financial Update - Special Obligations	(6,110)	-
(-) Accumulated Amortization	1,860,231	1,809,300
Total	(4,391,718)	(4,301,870)

Allocation	Mar. 31, 2023	Dec. 31, 2022
Infrastructure under construction - Contract Asset	(781,891)	(732,030)
Infrastructure - Intangible in Service	(3,501,047)	(3,478,234)
Infrastructure - Financial Asset	(108,780)	(91,606)
Total	(4,391,718)	(4,301,870)

(1) Contributions by consumers: these are the participation of outside parties in works for supply of electricity, as governed by specific regulations.

(2) The contributions of the federal government, states and municipalities refer to the participation of these bodies in works for supply of electricity. In this line, the participation of municipalities is the most significant (59% of the total): these are usually works relating to extension and modification of distribution networks that are not made universally available.

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%

14. LEASING

a) Right of use assets

Changes in the right of use asset are as follows:

	Real estate property	Vehicles	Total
Balance on December 31, 2022	149,795	90,383	240,178
Disposals (ended contracts)	(176)	-	(176)
Addition	1,804	-	1,804
Amortization (1)	(2,075)	(5,656)	(7,731)
Remeasurement	82	48,950	49,032
Balance on March 31, 2023	149,430	133,677	283,107

(1) Amortization of the Right of Use recognized in the Statement of income is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R\$136 in the first quarter of 2023 (R\$125 in the same period of 2022).

b) Leasing liabilities

The changes in the lease liabilities are as follows:

Balance on December 31, 2022	259,873
Addition	1,804
Disposals (ended contracts)	(199)
Interest incurred (1)	6,761
Leasing paid	(12,328)
Interest in leasing contracts paid	(173)
Remeasurement	49,032
Balance on March 31, 2023	304,770
Current liabilities	55,884
Non-current liabilities	248,886

(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\$369 in the first quarter of 2023 (R\$347 in the same period of 2022).

Additions and settled in leases are non-cash transactions, and therefore are not reflected in the Statements of Cash Flows.

The potential right to recovery of PIS/Pasep and Cofins taxes embedded in the leasing consideration, according to the periods specified for payment, is as follows:

Cash flow	Nominal	Adjusted to present value
Consideration for the leasing	636,063	304,770
Potential PIS/Pasep and Cofins	43,383	14,896

For lease liability and right of use measuring and remeasuring, the Company used the technique of discounted cash flow, without considering projected future inflation in the flows to be discounted, as per the prohibition imposed by CPC 06 (R2) / IFRS 16.

The cash flows of the leasing contracts are, in their majority, updated by the IPCA inflation index, annually. Below is an analysis of maturity of lease contracts:

Maturity of lease contracts	
2023	43,857
2024	58,268
2025	58,128
2026	57,960
2027	48,084
2028 to 2048	369,766
Undiscounted values	636,063
Embedded interest	(331,293)
Lease liabilities	304,770

15. SUPPLIERS

	Mar. 31, 2023	Dec. 31, 2022
Energy on spot market - CCEE	100,500	95,928
Charges for use of energy network (1)	208,650	204,119
Energy purchased for resale (2)	601,097	682,239
Itaipu Binacional	176,434	273,618
Materials and services	569,907	673,819
	1,656,588	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.
 (2) The improvement in the hydrological conditions of the system between the two periods enabled the National System Operator (ONS) to cease dispatching outside the merit order, which reduced the charges paid to cover these dispatches and the effects of availability of the generation plants.

16. TAXES PAYABLE AND AMOUNTS TO BE REFUNDED TO CUSTOMERS

	Mar. 31, 2023	Dec. 31, 2022
Taxes and contributions		
Current		
ICMS	88,450	53,004
Cofins	80,773	72,901
PIS/Pasep	17,453	15,661
INSS	30,222	27,589
ISSQN	15,670	16,191
Income tax on Interest on Equity	23,254	-
Others	11,956	12,544
	267,778	197,890
Amounts to be refunded to customers		
Current		
PIS/Pasep and Cofins	458,810	1,154,798
ICMS (1)	341,173	340,800
Non-current		
PIS/Pasep and Cofins	1,699,493	1,632,200
	2,499,476	3,127,798
	2,767,254	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 of PIS, Pasep, and Cofins taxes to be repaid to consumers in relation to the credits due to Cemig D as a result of the legal action which ruled that ICMS tax was not applicable, totaled R\$2,158,303 at March 31, 2023. Up to March 2023, a total of R\$4,639,359 had been restituted to clients (R\$3,943,371 up to December 2022).

Complementary to the liabilities for the portion of the tax credits corresponding to the period of the last 10 years, the Company posted, in June 2022, the updated amount of R\$624,251 arising from ratification of the Annual Tariff Adjustment of 2022, which took into account the effects of Draft Law 1280/22, which was converted into Law 14385/22 on June 27, 2022. The balance posted is net of PIS, Pasep and Cofins taxes on the finance income arising from monetary updating of the amounts in question.

That law specifies that 100% of the amounts arising from tax charged in excess (arising from the 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. As a consequence, the updated amount of R\$1,479,010 was posted for the 100% reimbursement of the tax credit to consumers, referring to the amount in excess of the amount that had been included in the 2022 Annual Tariff Adjustment relating to the period as from the 11th year, backdated to the date of the final judgment against which there was no further appeal. The Company's management is assessing, with its legal advisers, any future legal actions related to this matter.

In December 2022, the Brazilian Association of Energy Distributors (Abradee) filed a Direct Unconstitutionality Action (ADI) with the Federal Supreme Court (STF) with a request for an injunction against article 1 of Law 14,385/2022, which, by amending Law 9,427/1996, determines and disciplines the destination to the users of the public service of electricity distribution, through tariffs, of the PIS and Cofins tax overpayments refunded as a consequence of the exclusion of the ICMS from their calculation bases, related to Theme No.

69 of the Supreme Court's General Repercussion and arising from lawsuits filed by the distribution companies.

The Company started the reimbursement of the amounts to its customers, as follows:

- On August 18, 2020, Aneel ratified the inclusion into the tariff adjustment for 2020 of a negative financial component of R\$714,339, in effect from August 19, 2020 to May 27, 2021 - this corresponds to the release of the escrow funds following final judgment in Company's favor against which there is no further appeal.
- On May 25, 2021, Aneel ratified incorporation into the 2021 tariff adjustment, in effect from May 28, 2021 to May 27, 2022, of the negative financial component of R\$1,573,000, corresponding to the total amount of the credits offset and received when the escrow deposit was released.
- On June 22, 2022, Aneel ratified incorporation into the 2022 tariff adjustment, in effect from June 22, 2022 to May 27, 2023, of a negative financial component of R\$2,810,830, corresponding to the reimbursements of the PIS/Pasep and Cofins taxes. There are more details on the credits in Note 7a to this interim financial information. See Note 11b for more information on the Cemig D tariff adjustment.

17. LOANS AND DEBENTURES

Financing source	Mar. 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\$	1,573	-	1,573	2,380
Total of loans				1,573	-	1,573	2,380
Debentures - 3th Issue - 3rd Series (1)	2025	IPCA + 5.10%	R\$	300,929	297,395	598,324	911,878
Debentures - 7th Issue - 1st Series (1)	2024	CDI + 0.454%	R\$	544,272	134,999	679,271	814,697
Debentures - 7th Issue - 2nd Series (1)	2026	IPCA + 4.10%	R\$	22,570	1,901,544	1,924,114	1,864,547
Debentures - 8th Issue - 1st Series (1)	2027	CDI + 1.35%	R\$	21,192	500,000	521,192	503,095
Debentures - 8th Issue - 2nd Series (1)	2029	IPCA + 6.10%	R\$	9,147	516,930	526,077	507,408
(-) Discount on the issuance of debentures (2)				-	(11,220)	(11,220)	(12,048)
(-) Transaction costs				(776)	(14,308)	(15,084)	(15,959)
Total of debentures				897,334	3,325,340	4,222,674	4,573,618
Total loans and debentures				898,907	3,325,340	4,224,247	4,575,998

(1) Nominal, unsecured, book-entry debentures not convertible into shares, with no renegotiation clauses;

(2) Discount on the sale price of the 2nd series of the Seventh and Eighth issue;

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

	2023	2024	2025	2026	2027	2028 onwards	Total
Indexadores							
IPCA (1)	35,250	297,395	1,248,168	950,772	-	516,930	3,048,515
UFIR/RGR (2)	1,573	-	-	-	-	-	1,573
CDI (3)	430,464	269,999	-	-	500,000	-	1,200,463
Total by Indexers	467,287	567,394	1,248,168	950,772	500,000	516,930	4,250,551
(-) Transaction costs	(388)	(1,710)	(1,133)	(1,091)	(910)	(9,852)	(15,084)
(-) Discount	-	-	(5,443)	(5,443)	-	(334)	(11,220)
Total geral	466,899	565,684	1,241,592	944,238	499,090	506,744	4,224,247

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

Changes in loans and debentures are as follows:

Balance on December 31, 2022	4,575,998
Monetary variation	65,428
Financial charges provisioned	80,467
Amortization of transaction cost	872
Financial charges paid	(69,987)
Amortization of financing	(428,531)
Balance on March 31, 2023	4,224,247

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:

	Jan to Mar/2023	Jan to Mar/2022
Costs of loans and debentures	80,467	63,768
Financing costs on intangible assets and contract assets (1) (Notes 12 and 13)	(10,561)	(7,530)
Net effect in Profit or loss	69,906	56,238

(1) A taxa média de capitalização foi de 14,07 % a.a. em 31 de março de 2023 (12,59% a.a. em 31 de março de 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 March 31, 2023, were as follows:

Surety and receivables	2,588,387
Promissory notes and Sureties	598,114
Receivables	1,036,173
Shares	1,530
Unsecured	43
TOTAL	4,224,247

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 contract with financial covenants as follows:

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

- (1) Adjusted Ebtida corresponds to earnings before interest, income taxes and social contribution on net income, depreciation and amortization, calculated in accordance with CVM Resolution 156/2022, from which non-operating income, any credits and non-cash gains that increase net income are subtracted, to the extent that they are non-recurring, and any cash payments made on a consolidated basis during such period in respect of non-cash charges that were added back in the determination of Ebtida in any prior period, and increased by non-cash expenses and non-cash charges, to the extent that they are non-recurring.
- (2) Non-compliance with financial covenants 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.

Management monitors these indexes, so that the conditions are satisfied.

18. REGULATORY CHARGES

	Mar. 31, 2023	Dec. 31, 2022
Liabilities		
Energy Efficiency Program (EEP)	221,110	220,801
Research and development (R&D)	120,393	112,458
Energy System Expansion Research	4,509	3,226
National Scientific and Technological Development Fund	9,300	6,735
Energy Development Account (CDE) (2)	46,557	46,557
CDE on R&D (1)	2,790	2,021
CDE on PEE (1)	1,860	4,041
Global Reversion Reserve (RGR)	24,545	24,545
Emergency capacity charge	26,325	26,325
Aneel inspection charge	2,101	2,101
Customer charges - Tariff flags	16	16
	459,506	448,826
Current liabilities	421,920	393,389
Non-current liabilities	37,586	55,437

- (1) 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.
- (2) 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.

19. POST-EMPLOYMENT OBLIGATIONS

The changes occurred in net liabilities are as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Net liabilities at December 31, 2022	1,389,416	2,392,168	43,413	3,824,997
Expense recognized in statement of income	40,781	71,149	1,306	113,236
Cost of past service	-	(33,123)	(867)	(33,990)
Contributions paid	(49,384)	(36,478)	(694)	(86,556)
Actuarial losses (gains)	-	(43,088)	(649)	(43,737)
Net liabilities at March 31, 2023	1,380,813	2,350,628	42,509	3,773,950
			Mar. 31, 2023	Dec. 31, 2022
Current liabilities			282,640	274,904
Non-current liabilities			3,491,310	3,550,093

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 recorded in the expense recognized in the result for the first quarter of 2023 refer to the installments of costs with post-employment obligation, in the amount of

R\$107,256 (R\$102,588 in the same period of 2022), plus the charges and monetary variation of the debt agreed with Forluz, in the amount of R\$5,980 in the first quarter of 2023 (R\$10,171 in the same period of 2022).

Health Plan and Dental Plan

As from December 2022, Cemig Saúde offered all active employees of Cemig an alternative, new, health plan, called the Premium Plan, in substitution of the Integrated Health Plan (PSI) that was in effect up to that date. The Premium Plan is financed entirely by the Company. In counterpart to the Company bearing the entire cost, those employees who accept the new plan will no longer 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 CPC 33 (R1) – *Employee Benefits*, this situation constitutes a curtailment event, requiring the Company to remeasure its post-employment liabilities for the base date March 31, 2023. The effects of the curtailment have been recognized in the income statement as a cost of past service, as to R\$ 33,123 for the health plan and R\$ 867 for the dental plan.

The curtailment event that was recognized for the quarter 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 gains of R\$ 43,088 for the health plan, and R\$ 649 for the dental plan.

Debt agreed with the pension fund (Forluz)

At March 31, 2023 the Company has an obligation recognized for past actuarial deficits relating to the pension fund in the amount of R\$ 155,940 (R\$ 182,140 on December 31, 2022). This amount has been recognized as an obligation payable, and is being amortized up to June 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Amplified National Consumer Price) inflation index published by the Brazilian Geography and Statistics Institute (IBGE), plus 6% per year. Because the Company is required to pay this debt even if Forluz has a surplus, the Company decided to record the debt in full, and record the effects of monetary updating and interest in Financial revenue (expenses).

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 March 31, 2023 the total amount payable by Cemig as a result of the Plan A deficit is R\$393,433 (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\$261,015, and up to 2033 for the 2017 deficit, in the amount of R\$132,418. 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.

Restricted deposits made to Forluz

Resolution of the 2019 deficit

In December, 2020, in accordance with the applicable legislation, Forluz proposed to Cemig a new Debt Assumption Instrument to be signed, if approved, by Forluz, Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, which occurred in 2019. The total amount to be paid by the Company to cover the deficit, without considering parity of contribution, is R\$116,228, through 166 monthly installments. The remuneration interest rate over the outstanding balance is 6% per year, plus the effect of the IPCA. If the plan reaches actuarial balance before the full period of amortization of the debt, the Company will not be required to pay the remaining installments and the contract will be extinguished.

The Company acknowledged the legal obligation in relation to the deficit of Plan A corresponding to 50% of the minimum amount and thus, obeying the contribution parity rule, made payments of R\$13,880 (R\$12,053 on December 31, 2022) in consignment, to remain at the disposal of Forluz to be redeemed at an account with an official bank. Due to the refusal by Forluz to receive this amount, on May 26, 2021 the Company proposed an Action of Consignment in Payment.

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

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

Resolution of the 2020 deficit

On March 31, 2022, in view of the divergences mentioned in the previous item, payment on account of the 2020 deficit of Plan A was begun, with deposit of the first tranche, limited to 50% of the amounts specified in the Plan proposed by Forluz, in obedience to the constitutional rule of parity of contribution. Forluz appealed, exercising its procedural right, on April 18, 2022. The amount deposited by the Company was R\$10,546 (R\$7,881 on December 31, 2022). This will be held in escrow, available to Forluz, by an official bank.

The total amount to be paid by the Company arising from the deficit ascertained in Plan A, without considering contribution parity, is R\$182,316, in 158 monthly payments, with

remuneratory interest of 6% per year on the outstanding balance, plus inflation as measured by the IPCA-IBGE (Expanded National Consumer Price) index. If the plan reaches actuarial balance before the full period of amortization of the contract, the Company is dispensed from payment of the remaining installments and the contract is extinguished.

20. 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	Mar. 31, 2023
Labor	297,311	15,231	(2,058)	(15,231)	295,253
Civil					
Customer relations	36,679	14,818	(3,606)	(9,547)	38,344
Other civil actions	32,687	3,216	-	(3,066)	32,837
	69,366	18,034	(3,606)	(12,613)	71,181
Tax	937,320	23,922	-	(9)	961,233
Regulatory	34,293	1,081	-	(46)	35,328
Others	4,334	3,871	(573)	(3,416)	4,216
Total	1,342,624	62,139	(6,237)	(31,315)	1,367,211

Also, there are legal actions in which the chances of loss have been assessed as ‘possible’, since the Company’s legal advisers have assessed the actions as having a possibility of being decided in favor of the Company, and provisions have not been constituted for them - as follows:

Possible losses	Mar. 31, 2023	Dec. 31, 2022
Labor	1,123,782	997,927
Civil		
Customer relations	207,055	194,128
Other civil actions	460,906	444,688
	667,960	638,816
Tax	1,232,119	1,191,496
Regulatory	1,017,842	869,338
Others (1)	1,003,886	949,190
Total	5,045,590	4,646,767

(1) The main figures are presented in specific paragraphs in the Provisions chapter.

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 interim financial information in relation to the timing of any cash outflows, or any possibility of reimbursements.

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\$164,350 (R\$152,686 on December 31, 2022), of which R\$10,778 (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\$1,008,674 (R\$982,070 on December 31, 2022), of which R\$852,153 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\$220,552 (R\$218,772 on December 31, 2022), of which R\$98,302 (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\$115,388 (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\$61,946 (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\$369,041 (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. The amount of the contingencies in this case is approximately R\$68,532 (R\$66,693 on December 31, 2022).

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 Proinfra 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\$184,870 (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\$1,419,036 (R\$1,295,238 at December 31, 2022), of which R\$295,253 (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\$245,399 (R\$230,807 at December 31, 2022), of which R\$38,344 (R\$36,679 at December 31, 2022) has been recorded - this being the probable estimate for funds needed to settle these disputes.

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\$493,743 (R\$477,375 on December 31, 2022), of which R\$32,837 (R\$32,687 at December 31, 2022) has been recorded - the amount estimated as probably necessary for settlement of these disputes.

Regulatory

The Company is involved in numerous administrative and judicial proceedings, challenging, principally: (i) 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 energy; 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\$501,820 (R\$374,696 on December 31, 2022), of which R\$35,328 (R\$34,293 at December 31, 2022) has been recorded as provision - the amount estimated as probably 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 arguments of merit for defense in these claims, since the charge at present made is grounded 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\$47,374 (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. The amount of the contingency is approximately R\$503,976 (R\$483,294 on December 31, 2022). The Company has classified the chances of loss as 'possible' due to other favorable decisions on this matter.

Other legal actions in the normal course of business

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\$291,008 (R\$259,881 at December 31, 2022), of which R\$4,070 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\$485,964 (R\$470,248 on December 31, 2022). Of this total, R\$146 (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\$231,129 (R\$223,395 on December 31, 2022). Cemig D has classified the chance of loss as 'possible', after analysis of the case law on this subject.

21. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

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

Advances against Future Capital Increase

On February 27, March 10 and March 17, 2023, the Company's parent company, Cemig (Companhia Energética de Minas Gerais – Cemig) made Advances against Future Capital Increase to the Company, in the amounts of R\$ 100,000, R\$ 94,000 and R\$ 350,000, to strengthen its cash position. These amounts will be used for investments and operational expenses.

b) Equity valuation adjustments

These refer to the adjustments to post-employment benefit obligations, in accordance with an actuarial opinion, which comprise gains or losses resulting from remeasurements of the

net defined-benefit liability – of which the balance on March 31, 2023 was R\$ 1,508,854 (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.

c) 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:

	Jan to Mar/2023	Jan to Mar/2022
Total number of shares	2,359,113,452	2,359,113,452
Net income for the period	369,530	375,927
Basic and diluted earnings per common share (R\$)	0.16	0.16

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

d) Remuneration to stockholders

On March 22, 2023 the Executive Board, upon authorization by the Board of Directors, approved declaration of Interest on Equity for the first quarter of 2023 in the amount of R\$ 155,026, to be paid in two equal installments by June 30, 2024 and December 30, 2024. 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 is not taken into account when imputing the declared amounts of Interest on Equity against the minimum mandatory dividend; and is calculated at 15%.

22. REVENUE

The revenue of the Company is as follows:

	Jan to Mar/2023	Jan to Mar/2022
Revenue from supply of energy - captive customers, in Cemig's concession area (a)	4,721,748	5,993,356
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization (*)	695,989	436,718
Revenue from use of the energy distribution systems (TUSD) - free customers (b)	987,508	868,131
Sector financial assets and liabilities, net	20,841	(700,107)
Distribution construction revenue	657,608	429,503
Adjustment to expectation of cash flow from financial assets of distribution concession	30,844	19,732
Fine for violation of service continuity indicator	(38,469)	(31,894)
Mechanism for the sale of surplus	(3,766)	138,994
Other operating revenues (c)	437,475	412,058
Taxes and charges reported as deductions from revenue (d)	(2,132,841)	(2,818,174)
	5,376,937	4,748,317

(*) For more information, see Note 7a of this interim financial information.

a) Revenue from supply of energy

This table shows supply of energy by type of customer:

	MWh		R\$	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Residential	2,984,825	2,841,768	2,394,793	3,115,808
Industrial	334,141	368,760	267,124	344,268
Commercial, services and others	1,113,679	1,148,033	1,186,640	1,462,294
Rural	517,361	540,836	390,205	487,744
Public authorities	223,654	204,191	164,544	179,314
Public lighting	269,516	285,011	116,991	167,372
Public services	272,353	339,958	164,251	246,977
Subtotal	5,715,529	5,728,557	4,684,548	6,003,777
Own consumption	7,545	9,854	-	-
Wholesale supply to other concession holders	-	-	40,467	12,794
Unbilled revenue	-	-	(3,267)	(23,215)
Total	5,723,074	5,738,411	4,721,748	5,993,356

b) Revenue from use of network - Free Customers

A significant part of the large industrial customers in the concession area of Cemig D have the status of 'Free Clients'. Most of them are buying their supply from Cemig's generation and transmission company, Cemig GT. Thus, the charges for the use of the distribution network ('TUSD') of these Free Clients are made, separately, by Cemig D. They are recorded in the item 'Revenue from use of the network'.

c) Other operating revenues

	Jan to Mar/2023	Jan to Mar/2022
Charged service	5,117	4,294
Other services	4,816	6,822
Low income Subsidies	87,221	72,360
Other Subsidies (1)	243,082	316,546
Rental and leasing	96,930	63,381
Transactions on the CCEE	-	(51,684)
Others	309	339
	437,475	412,058

- (1) This comprises the revenue recognized as a result of the subsidies applied to the tariffs charged to users of public electricity distribution service, in the amount of R\$225,567 in the first quarter of 2023 (R\$245,942 in the first quarter of 2022) - these include: subsidies on load from incentive-bearing sources, rural supply, nocturnal irrigation, generation from incentive-bearing sources and public service; 'Tariff Flag' revenue, of R\$17,523 in the first quarter of 2023 (R\$76,089 in the first quarter of 2022), recognized as a result of the creditor position required by the Company in the Tariff Flag Centralized Credits Account (CCRBT); and reversal of the revenue recognized as a result of the subsidies related to the Program to Encourage Voluntary Reduction of Electricity Consumption, in the amount of R\$7 in the first quarter of 2023 (reversals of R\$5,485 in the first quarter of 2022).

d) Deductions on revenue

	Jan to Mar/2023	Jan to Mar/2022
Taxes on revenue		
ICMS (1)	642,626	1,572,175
PIS/Pasep	98,557	88,234
Cofins	453,959	406,435
ISSQN	240	298
	1,195,382	2,067,142
Charges to the customer		
Energy Efficiency Program (PEE)	8,808	16,219
Energy Development Account (CDE)	884,800	954,744
Research and Development (R&D)	9,735	5,975
National Scientific and Technological Development Fund (FNDCT)	13,907	8,536
Energy System Expansion Research (EPE of MME)	6,954	4,268
Customer charges - the 'Flag Tariff' system	-	(251,821)
CDE on R&D	4,172	2,561
CDE on PEE	2,781	5,122
Energy Services Inspection Charge	6,302	5,428
	937,459	751,032
	2,132,841	2,818,174

(1) On June 23, 2022, Complementary Law 194/2022 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.

23. OPERATING COSTS AND EXPENSES

a) Cost of energy

	Jan to Mar/2023	Jan to Mar/2022
Energy purchased for resale		
Supply from Itaipu Binacional	262,175	394,055
Physical guarantee quota contracts	239,079	226,116
Quotas for Angra I and II nuclear plants	89,917	89,298
Spot market	72,151	63,807
'Bilateral' contracts	125,429	110,083
Energy acquired in Regulated Market auctions	951,606	634,296
Proinfra Program	127,894	151,414
Distributed generation ('Geração distribuída')	618,732	453,589
PIS/Pasep and Cofins credits	(163,169)	(144,173)
	2,323,814	1,978,485
Basic Network Usage Charges		
Tariff for transport of Itaipu supply	40,809	34,311
Transmission charges - Basic Grid	539,422	454,071
Connection Charges	30,145	24,292
Distribution charges	2,004	1,521
System Services Charge (CCEE-ESS)	2,504	348,235
Reserve Energy Charge (CCEE-EER)	188,931	117,131
PIS/Pasep and Cofins credits	(74,353)	(90,609)
	729,462	888,952
	3,053,276	2,867,437

b) Construction infrastructure costs

	Jan to Mar/2023	Jan to Mar/2022
Personnel	25,084	28,080
Materials	363,204	242,671
Outsourced services	247,746	147,870
Financial charges	10,561	7,530
Leasing and Rentals	998	783
Taxes and charges	132	230
Other	9,883	2,339
	657,608	429,503

c) Other operating costs and expenses

	Operating costs		ECL		General and administrative expenses		Other operating expenses, net		Total	
	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Personnel	169,657	148,727	-	-	55,008	51,289	-	-	224,665	200,016
Employees' and managers' income sharing	-	-	-	-	-	-	24,614	23,999	24,614	23,999
Post-employment obligations	-	-	-	-	-	-	73,266	102,587	73,266	102,587
Materials	20,899	11,729	-	-	4,436	4,532	-	-	25,335	16,261
Outsourced services	360,750	286,352	-	-	40,486	37,278	-	-	401,236	323,630
Depreciation and amortization (Note 13b)	183,503	147,994	-	-	3,142	16,104	-	-	186,645	164,098
Amortization of Right of use - lease (note 14)	7,595	11,277	-	-	-	-	-	-	7,595	11,277
Provisions (reversals) for contingencies	55,902	59,467	-	-	-	-	-	-	55,902	59,467
Expected credit losses of accounts receivable (1)	-	-	8,081	44,259	-	-	2,670	1,711	10,751	45,970
Other operation costs and expenses, net	7,291	8,328	-	-	13,916	3,041	53,989	13,549	75,196	24,918
	805,597	673,874	8,081	44,259	116,988	112,244	154,539	141,846	1,085,205	972,223

24. FINANCE INCOME AND EXPENSES

	Jan to Mar/2023	Jan to Mar/2022
FINANCE INCOME		
Income from financial investments	10,687	9,001
PIS/Pasep and Cofins charged on finance income (1)	(6,046)	(7,910)
Accruals on energy bills	61,649	93,124
Foreign exchange variations - Itaipu Binacional	1,889	23,965
Interest	4,439	859
Interests of escrow deposits	8,488	8,701
Interest - CVA (Note 11b)	26,610	51,999
Others	16,522	6,588
	124,238	186,327
FINANCE EXPENSES		
Charges on loans and debentures (Note 17)	(69,906)	(56,238)
Amortization of transaction cost (Note 17)	(872)	(432)
Forluz - Interest charges	(5,980)	(10,172)
Interest - loans and debentures (Note 17)	(65,428)	(62,189)
Interest on PIS/Pasep and Cofins taxes credits over ICMS refundable (2)	(35,736)	(9,363)
R&D and PEE - monetary adjustments	(9,888)	(7,078)
Interest on leases (Note 14)	(6,392)	(4,847)
Interest - Others	(2,835)	(5,387)
Others	(19,549)	(5,818)
	(216,586)	(161,524)
NET FINANCE INCOME (EXPENSES)	(92,348)	24,803

(1) PIS/Pasep and Cofins expenses are levied on financial income and interest on own capital.

(2) The interest 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.

25. RELATED PARTY TRANSACTIONS

Cemig D's main balances and transactions with related parties are as follows:

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Transactions with energy (3)								
Companhia Energética de Minas Gerais	72	70	-	-	-	-	-	-
Cemig Geração e Transmissão	4,175	4,634	28,984	28,488	7,822	9,834	(83,513)	(69,607)
Aliança Geração	4,218	4,070	11,505	11,366	8,506	15,258	(31,292)	(27,998)
Norte Energia	-	-	30,053	30,263	-	-	(67,925)	(58,513)
Taesá	-	-	8,578	10,891	-	-	(31,366)	(29,807)
Hidrelétrica Cachoeirão	-	-	-	-	416	-	-	-
Hidrelétrica Pipoca	-	108	-	-	292	-	-	-
Connection charges								
Cemig Geração e Transmissão (5)	-	-	10,874	10,874	-	-	(24,467)	(19,463)
Customers and traders								
Governo do Estado de Minas Gerais (1)	41,692	36,558	-	-	40,925	43,360	-	-
Cooperation Working Agreement (2)								
Companhia Energética de Minas Gerais	-	-	5,445	26,483	-	-	(5,445)	(5,283)
Cemig Geração e Transmissão	-	-	203	2,565	-	-	-	(229)
Loan with related parties								
Companhia Energética de Minas Gerais (4)	-	-	352,806	-	-	-	(6,342)	(1,020)
Advances against Future Capital Increase								
Companhia Energética de Minas Gerais (6)	-	-	544,000	-	-	-	-	-
Interest on Equity, and dividends								
Companhia Energética de Minas Gerais	-	-	1,315,618	1,183,846	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	-	46,948	-	-	-	-	-	-
Marketable securities	-	278,552	-	-	-	55	-	-
Non-current								

ENTITY	ASSETS		LIABILITIES		REVENUES		EXPENSES	
	Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2023	Dec. 31, 2022	Jan to Mar/2023	Jan to Mar/2022	Jan to Mar/2023	Jan to Mar/2022
Marketable securities	-	1,052	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (7)	-	-	149,917	143,863	-	-	(40,781)	(43,257)
Supplementary pension contributions - Defined contribution plan (8)	-	-	-	-	-	-	(13,011)	(12,318)
Administrative running costs (9)	-	-	-	-	-	-	(6,838)	(5,861)
Operating leasing (10)	-	-	18,686	18,686	-	-	(6,157)	(5,680)
Non-current								
Post-employment obligations (7)	-	-	1,230,896	1,245,553	-	-	-	-
Operating leasing (10)	132,271	133,724	131,861	132,151	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (11)	-	-	153,515	151,833	-	-	(72,455)	(69,502)
Non-current								
Health Plan and Dental Plan (11)	-	-	2,239,622	2,283,748	-	-	-	-

The main conditions related to business between related parties are shown below:

- Refers to the sale of energy to the State Government of Minas Gerais considering that the price of energy is that defined by Aneel through a resolution on the Company's annual tariff adjustment;
- 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;
- 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);
- On February 10 and February 15, 2023, the amounts of R\$150,000 and R\$200,000, respectively, were received in relation to the loan approved by Aneel and authorized by the Board of Directors in 2020 between Cemig D (borrower) and Cemig (lender) in the amount of R\$350,000, for payment by May 2024. The loan is to be repaid with interest at 110% of the CDI rate, payable together with the initial amount. As guarantee, the Company issued a Promissory Note in favor of Cemig, for the principal and the estimated interest under the contract. In March 2023 the Board of Directors authorized signature of the first amendment to the loan contract between Cemig D (borrower) and Cemig (lender), in the same terms set out above, recognized by Aneel, in the total amount of R\$750,000. Up to the present moment no funds have been transferred;
- This refers to the contract (CCT) for connection of the distribution facilities to the transmission system;
- On February 27, March 10 and March 17, 2023, the Company's parent company, Cemig (Companhia Energética de Minas Gerais - Cemig) made advances against future capital increase to the Company, in the amounts of R\$100,000, R\$94,000 and R\$350,000, to strengthen its cash position. These amounts will be used for investments and operational expenses;
- 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 19 of this interim financial information);
- 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.
- 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;
- Rental of the Company's administrative head office, in effect up to August 2024 (Júlio Soares building, able to be extended every five years, up to 2034), with annual inflation adjustment by the IPCA index and price reviewed every 60 months. On September 20, 2021 the lease contract was adjusted upward by 8.72%, corresponding to accumulated IPCA inflation over the prior 12 months. On April 27, 2021, the Company signed with Forluz a contract amendment due to the transfer of the administrative head offices of the investees Cemig SIM and Gasmig to the Júlio Soares building, reducing Cemig D rent expenses;
- Post-employment obligations relating to the employees' health and dental plan (more details in Note 19 of this interim financial information).

Cash investments in FIC Pampulha

Cemig and its subsidiaries and jointly controlled entities invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund are reported as cash and cash equivalent or marketable securities line in current and non-current assets.

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

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 March 31, 2023 and 2022, are as follows:

	Jan to Mar/2023	Jan to Mar/2022
Remuneration	2,160	1,857
Income sharing	751	637
Pension plans	161	143
Health and dental plans	19	22
Life insurance	3	4
Total (1)	3,094	2,663

(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.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments are as follows:

	Level	Mar. 31, 2023		Dec. 31, 2022	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities - Cash investments		1,003	1,003	39,581	39,581
Receivables from customers, traders and concession holders (Note 6)		3,407,821	3,407,821	3,138,398	3,138,398
Restricted cash		1,657	1,657	1,444	1,444
Concession financial assets - CVA (Parcel 'A' Costs Variation Compensation) Account, and Other financial components		991,541	991,541	944,090	944,090
Reimbursement of tariff subsidies		90,916	90,916	90,923	90,923
Low-income subsidy		59,245	59,245	62,479	62,479
Escrow deposits		647,628	647,628	651,279	651,279
		5,199,811	5,199,811	4,928,194	4,928,194
Fair value through profit or loss					
Cash equivalents - cash investments	2	403,573	403,573	356,842	356,842
Marketable securities					
Bank certificates of deposit	2	-	-	30,587	30,587
Treasury Financial Notes (LFTs)	1	-	-	64,208	64,208
Financial Notes - Banks	2	-	-	144,798	144,798
Debentures	2	-	-	1,595	1,595
		-	-	241,188	241,188
Concession financial assets - Distribution infrastructure	3	1,437,515	1,437,515	1,369,652	1,369,652
		1,841,088	1,841,088	1,967,682	1,967,682
		7,040,899	7,040,899	6,895,876	6,895,876
Financial liabilities					
Amortized cost (1)					
Loans and debentures		(4,224,247)	(4,224,247)	(4,575,998)	(4,575,998)
Debt with pension fund (Forluz)		(155,940)	(155,940)	(182,140)	(182,140)
Equalization of pension fund deficit (Forluz)		(393,433)	(393,433)	(396,483)	(396,483)
Suppliers		(1,656,588)	(1,656,588)	(1,929,723)	(1,929,723)
Leasing transactions		(304,770)	(304,770)	(259,873)	(259,873)
		(6,734,978)	(6,734,978)	(7,344,217)	(7,344,217)

(1) On March 31, 2023 and December 31, 2022, the book balances reflect the fair values of the financial instruments.

Information about (i) financial instrument classifications and fair value; and (ii) methodology for calculating the fair value of positions is disclosed in note 27 of the financial statements for the year ended December 31, 2022.

b) Financial risk management

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	Mar. 31, 2023		Dec. 31, 2022	
	Foreign currency	R\$	Foreign currency	R\$
US dólar				
Suppliers (Itaipu Binacional) (Note 15)	(34,728)	(176,434)	(52,440)	(273,618)
Net liabilities exposed		(176,434)		(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 March 31, 2024 will be an appreciation of the dollar by 0.39%, to R\$5.10. 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	Mar. 31, 2023	March 31, 2024	
	Book value	'Probable' scenario US\$ R\$5.10	'Adverse' scenario US\$R\$5.92
US dólar			
Suppliers (Itaipu Binacional) (Note 15)	(176,434)	(177,115)	(205,512)
Net liabilities exposed	(176,434)	(177,115)	(205,512)
Net effect of exchange variation		(681)	(29,078)

Interest rate risk

The Company is exposed to the risk of decrease in Brazilian domestic interest rates on March 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	Mar. 31, 2023	Dec. 31, 2022
Assets		
Cash equivalents - cash investments (Note 4)	403,573	356,842
Marketable securities (Note 5)	1,003	280,769
CVA and Other financial components in tariffs (Note 11b)	991,541	944,090
	1,396,117	1,581,701
Liabilities		
Loans and debentures - CDI rate (Note 17)	(1,200,463)	(1,317,792)
	(1,200,463)	(1,317,792)
Net assets exposed	195,654	263,909

Sensitivity analysis

In relation to the most significant interest rate risk, Company estimates that, in a probable scenario, at March 31, 2024 Selic rates will be 12.50%. The Company made a sensitivity analysis of the effects on its net income arising from a decrease in the rate. Fluctuation in the CDI rate accompanies the fluctuation of Selic rate.

Risk: Increase in Brazilian interest rates	Mar. 31, 2023	March 31, 2024	
	Book value	'Probable' scenario Selic 12.50%	'Adverse' scenario Selic 9.75%
Assets			
Cash equivalents - cash investments (Note 4)	403,573	454,020	442,921
Marketable securities (Note 5)	1,003	1,128	1,101
CVA and Other financial components in tariffs - Selic rate (Note 11b)	991,541	1,115,484	1,088,216
	1,396,117	1,570,632	1,532,238
Liabilities			
Loans and debentures - CDI rate (Note 17)	(1,200,463)	(1,350,521)	(1,317,508)
	(1,200,463)	(1,350,521)	(1,317,508)
Net assets exposed	195,654	220,111	214,730
Net effect of variation in interest rates		24,457	19,076

Inflation risk

The Company is exposed to the risk of increase in inflation index on March 31, 2023. A portion of the loans and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues 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	Mar. 31, 2023	Dec. 31, 2022
Assets		
Concession financial assets related to infrastructure - IPCA index (*) (Note 11a)	1,437,515	1,369,652
	1,437,515	1,369,652
Liabilities		
Loans and debentures - IPCA index (Note 17)	(3,048,515)	(3,283,833)
Debt agreed with pension fund (Forluz) - IPCA index (Note 19)	(155,940)	(182,140)
Forluz deficit solution plan - IPCA index (Note 19)	(393,433)	(396,483)
	(3,597,888)	(3,862,456)
Net liabilities exposed	(2,160,373)	(2,492,804)

(*) 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 March 31, 2024 the IPCA inflation index will be 5.38% and the IGPM inflation index will be 2.68%. The Company made a sensitivity analysis of the effect on the result in an 'Adverse' scenario, as follows:

Risk: increase in inflation index	Mar. 31, 2023	March 31, 2024	
	Book value	'Probable' scenario IPCA 5.38% IGPM 2.68%	'Adverse' scenario IPCA 7.64% IGPM 5.75%
Assets			
Concession financial assets related to infrastructure - IPCA index (*) (Note 11a)	1,437,515	1,514,820	1,547,341
	<u>1,437,515</u>	<u>1,514,820</u>	<u>1,547,341</u>
Liabilities			
Loans and debentures - IPCA index (Note 17)	(3,048,515)	(3,212,454)	(3,281,422)
Debt agreed with pension fund (Forluz) - IPCA index (Note 19)	(155,940)	(164,326)	(167,854)
Equation of the deficit on Pension Plan (Forluz) - IPCA Index (Note 19)	(393,433)	(414,591)	(423,491)
	<u>(3,597,888)</u>	<u>(3,791,371)</u>	<u>(3,872,767)</u>
Net liabilities exposed	<u>(2,160,373)</u>	<u>(2,276,551)</u>	<u>(2,325,426)</u>
Net effect of variation in IPCA and IGP-M indexes		<u>(116,178)</u>	<u>(165,053)</u>

(*) 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

The information on how the Company manages liquidity risk is given in Note 27 to the financial statements for the year ended December 31, 2022.

On March 30, 2023 the Company had negative net working capital of R\$ 394,651. Management monitors the Company's cash flow, and for this purpose assesses measures to adjust the present situation of its financial assets and liabilities to the levels considered appropriate to meet its needs. On March 30, 2023, Cemig D had totals of loans and debentures, as follows: R\$ 898,907 with maturities in the short term; and R\$ 3,325,340 with maturities in the long term.

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 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
Financial instruments at (interest rates):						
- Floating rates (*)						
Loans and debentures	52,852	191,697	873,253	3,373,645	-	4,491,447
Debt with pension plan (Forluz)	10,837	21,792	100,048	34,173	-	166,850
Equation of the deficit on Pension Plan (Forluz) - IPCA Index	4,795	9,665	44,380	259,001	283,594	601,435
	68,484	223,154	1,017,681	3,666,819	283,594	5,259,732
- Fixed rate						
Suppliers	1,504,826	151,499	263	-	-	1,656,588
	1,573,310	374,653	1,017,944	3,666,819	283,594	6,916,320

(*) The lease payment flow is presented in note 14.

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 17 of this interim financial information.

Credit risk and other operational risks

The information on how the Company manages: (i) credit risk; (ii) risk of overcontracting or undercontracting supply of electricity; (iii) risk to continuity of the concession; and (iv) hydrological risk, is given in Note 27 to the financial statements for 2022.

c) Capital management

The Company's net liabilities in relation to its equity at the end of the period are presented as follows:

	Mar. 31, 2023	Dec. 31, 2022
Total liabilities	17,886,544	18,307,385
Cash and cash equivalents	(440,104)	(440,700)
Marketable securities	(1,003)	(279,717)
Net liabilities	17,445,437	17,586,968
Total equity	7,892,630	7,105,260
Net liabilities / equity	2.21	2.48

27. 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. So far there are not known to be any potential accusations that might take place by reason of the results indicated by the CPI.

The Company carries out regular internal audits; and based on the results identified to date, no material impacts on the interim financial information for March 31, 2023, nor for prior fiscal year, have been identified.

28. SUBSEQUENT EVENTS

Advance against future capital increase

On April 25, 2023 the Company's parent company, Cemig (Companhia Energética de Minas Gerais – Cemig) made an Advance against Future Capital Increase to the Company, in the amount of R\$ 100,000, to strengthen its cash position. This will be used for investments and operational expenses.

Capital increase

On April 27, 2023, the Company's Ordinary and Extraordinary General Meeting was held, in which, among other matters, it was approved a capital stock increase in the amount of R\$462,314, from R\$5,371,998 to R\$5,834,312, with no changes in the common shares, nominative, with no par value.

FINANCIAL RESULTS

(The operational information was not examined by the independent auditors)

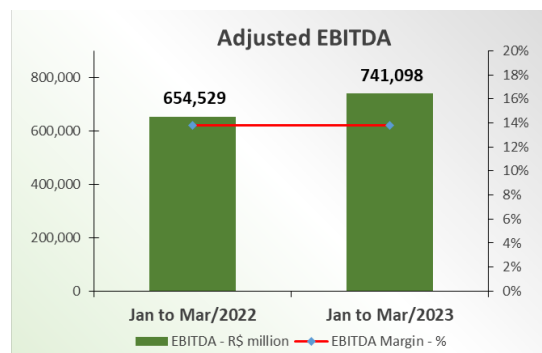
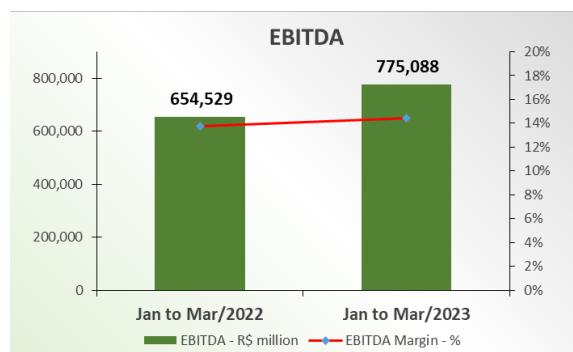
Net income for the period

Cemig Distribuição presented, in the first quarter of 2023, net income of R\$369,530 compared to net income of R\$375,927 in the same period of 2022. The main variations in the comparison of the results of the first three months of 2023 and 2022 are presented below:

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

Ebitda - R\$'000	Note	Jan to Mar/2023	Jan to Mar/2022	Change %
Net income for the period		369,530	375,927	(1.70)
+ Income tax and Social Contribution tax	8d	118,970	128,030	-
+ Net financial revenue (expenses)	24	92,348	(24,803)	-
+ Depreciation and amortization	23c	194,240	175,375	10.76
= Ebitda (1)		775,088	654,529	18.42
Post employment - Cemig Saúde	19	(33,990)	-	-
= Adjusted EBITDA (2)		741,098	654,529	13.23

- (1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated interim financial information in accordance with CVM Circular SNC/SEP n. 1/2007 and CVM Resolution n. 156/2022. 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 calculated in accordance with CVM Resolution 156/2022 by excluding the items that, by their nature, do not contribute to the information on the potential gross cash generation since they are extraordinary.



Cemig D's Ebitda in 1Q23 was 18.42% higher than its Ebitda in 1Q22; and Ebitda margin was 14.42% in 1Q23, compared to 13.78% in 1Q22. Ebitda adjusted for non-recurring items in 1Q23 was 13.23% higher than in 1Q22; Adjusted Ebitda margin was 13.78% in both quarters.

Operational revenue

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

	Jan to Mar/2023	Jan to Mar/2022
Revenue from supply of energy - captive customers, in Cemig's concession area	4,721,748	5,993,356
Reimbursement of PIS/Pasep and Cofins over ICMS credits to customers- realization	695,989	436,718
Revenue from use of the energy distribution systems (TUSD) - free customers	987,508	868,131
Sectoral financial assets and liabilities, net	20,841	(700,107)
Distribution construction revenue	657,608	429,503
Adjustment to expectation from reimbursement of distribution concession financial assets	30,844	19,732
Fine for violation of service continuity indicator	(38,469)	(31,894)
Mechanism for the sale of surplus	(3,766)	138,994
Other operating revenues	437,475	412,058
Taxes and charges levied on revenues	(2,132,841)	(2,818,174)
	5,376,937	4,748,317

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

Total revenue from energy sold to final customers in was R\$4,721,748 in 1Q23, compared to R\$5,993,356 in 1Q22, representing a reduction of 21.22%. The main factors in this revenue, in 1Q23, were:

	Jan to Mar/2023			Jan to Mar/2022		
	MWh	R\$	Average price/MWh billed (R\$/MWh) (1)	MWh	R\$	Average price/MWh billed (R\$/MWh) (1)
Residential	2,984,825	2,394,793	802,32	2,841,768	3,115,808	1,096,43
Industrial	334,141	267,124	799,43	368,760	344,268	933,58
Commercial, Services and Others	1,113,679	1,186,640	1,065,51	1,148,033	1,462,294	1,273,74
Rural	517,361	390,205	754,22	540,836	487,744	901,83
Public authorities	223,654	164,544	735,71	204,191	179,314	878,17
Public lighting	269,516	116,991	434,08	285,011	167,372	587,25
Public services	272,353	164,251	603,08	339,958	246,977	726,49
Subtotal	5,715,529	4,684,548	819,62	5,728,557	6,003,777	1,048,04
Own consumption	7,545	-	-	9,854	-	-
Wholesale supply to other concession holders (2)	-	40,467	-	-	12,794	-
Wholesale supply not yet invoiced, net	-	(3,267)	-	-	(23,215)	-
Total	5,723,074	4,721,748	825,04	5,738,411	5,993,356	1,044,43

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

(2) Includes Regulated Market Energy Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

- The volume of energy billed to consumers in the Services category was 19.89% lower, mainly due to migration of some of the facilities of a large client in the water and sewerage sector to the Free Market;
- The volume of energy billed to consumers in the Industrial category was 9.39% lower, due to migration of clients from the captive market to the Free Market;
- The amount of energy billed for consumers in the rural class reduced 4.34% due mainly to the 8.8% reduction in the number of consumers in this class, who migrated to other classes as a consequence of compliance with Aneel Normative Resolution (ReN) 901/2020, which ordered change of category for clients that did not re-register and provide proof of the status of their activity as qualifying for the tariff benefit applied to Rural consumer;

- The volume of energy billed to Commercial and services consumers was 2.99% lower, mainly due to migration of clients to Mini-and Micro-Distributed Generation;
- The volume billed to Residential consumers was 5.03% higher, reflecting: (i) an increase of 2.8%, year-on-year, in the number of consumers; and (ii) migration of 23,240 consumers from the Rural category, in compliance with Aneel Normative Resolution 1000/2020.

In addition to the above comments, it should also be noted the significant reduction of the ICMS rate in the electricity tariffs in the first quarter of 2023 due to the setting of the ICMS rate, as of the second half of 2022, for all consumption classes, at the maximum limit of 18%.

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 1Q23 this was R\$987,508, compared to R\$868,131 in the same period in 2022, an increase of 13.75%.

This mainly reflects the average tariff for Free Clients being 22.82% higher in 1Q23 than in 2022. Also, the volume of energy transported in 1Q23 was 6.55% higher than in 2022.

	MWh		
	Jan to Mar/2023	Jan to Mar/2022	Change %
Industrial	5,122,930	4,935,505	3.80
Commercial	498,671	433,917	14.92
Rural	10,699	11,986	(10.74)
Public services	104,622	262	-
Public authorities	753	610	23.44
Concessionaires	64,686	63,562	1.77
Total energy transported	5,802,361	5,445,842	6.55

CVA and Other financial components in tariff adjustments

Cemig D recognizes in its interim financial information 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 gain of R\$ 20,841 was posted in the first quarter of 2023, compared to an expense of R\$ 700,107 in 1Q22. The difference mainly reflects the application of the extra 'Flag Tariff' water scarcity charge, at its highest level, in September 2021 through April 2022, due to the worst water scarcity scenario suffered by Brazil in recent times. The effect of the Flag Tariff in the first quarter of 2022 reduced the costs to be passed through to consumers in the corresponding annual tariff adjustment, in proportion to the billing arising from the

Flag Tariff component. This compares with 1Q23 when there was no activation of any level of the Flag Tariff.

See more information in note 11b of this interim financial information.

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

In 1Q23 the company posted a gain from realization of the restitution to consumers of credits of R\$695,989, compared to R\$436,718 in 1Q22. The return of these amounts to revenue reflects the tariff charged by Cemig from June 2022 through May 2023 being discounted by these amounts of the PIS, Pasep and Cofins taxes, which are being returned to consumers. See more details in note 16.

Construction revenue

The construction revenues associated with infrastructure of the electricity distribution concession in 1Q23 totaled R\$ 657,608 – an increase of 53.11% compared with R\$ 429,503 in 1Q22. This is basically due to the higher volume of execution of the Company's investment plan than in 1Q22, with greater mobilization of teams at the construction phase, plus increase in the average cost of works, as prices of various materials and services are higher in 1Q23.

This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

Taxes and regulatory charges reported as Deductions from revenue

The sector charges and taxes that are treated as deductions from revenue totaled R\$2,132,841 in 1Q23, or 24.32% less than in 1Q22 (R\$2,818,174). This is mainly a reflection of (i) reduction of the ICMS tax rate for all categories of consumer, and (ii) removal of applicability of this tax to (a) distribution services and (b) the sector charges linked to electricity operations, as mentioned above.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses totaled R\$4,796,089 in 1Q23, or 12.34% higher than in 1Q22 (R\$4,269,163).

The following paragraphs comment on the main variations. See more on the breakdown of Operating costs and expenses in Note 23 of this interim financial information.

Post-retirement obligations

The expense on post-retirement obligations in 1Q23 was R\$ 73,266, or 28.58% less than in 2Q22 (R\$ 102,587). The lower figure is mainly due to the remeasurement of the post-employment liability, in 1Q23, as a result of current employees accepting the new Health Plan (see more details in Note 19).

Energy bought for resale

The expense on electricity purchased for resale in 1Q23 was R\$2,323,814, or 17.45% higher than in 1Q22 (R\$1,978,814). The main factors are:

- Expenses on electricity acquired at auctions in the Regulated Market were 50.03% higher, at R\$951,606 in 1Q23, compared to R\$634,296 in 1Q22. This is mainly due to lower availability dispatching of the thermal plants, and lower acquisition of energy through the Surplus and Deficits Offsetting Mechanism (MSCD);
- Expenses on Distributed Generation were 36.41% higher in 1Q23, at R\$618,732, compared to R\$453,589 in 1Q22. This higher figure reflects the higher number of generation units installed (212,940 in March 2023, compared to 133,282 in March 2022); and the higher volume of energy injected into the grid (1,020,445 MWh in 1Q23, compared to 630,952 MWh in 1Q22);
- Expenses on individual ('bilateral') contracts were 13.94% higher, at R\$ 125,429, in 1Q23, compared to R\$ 110,083 in 1Q22. This is mainly the result of the annual adjustments of bilateral contracts in the Regulated Market;
- Expenses on supply acquired through physical guarantee quota contracts were 5.73% higher, at R\$239,079 in 1Q23, compared to R\$226,116 in 1Q22 - due to the annual increase in the Annual Generation Revenues (RAG - Receita Anual de Geração) of the plants operating under the quota regime, which is set by a Resolution, always in July;
- Expenses in the cost with binational energy from Itaipu were 33.47% lower, being R\$262,175 in 1Q23, compared to R\$394,055 in the same period of 2022. This reduction is mainly due to the reduction in the price of Itaipu's demand, in dollar, from US\$24.73/KW to US\$16.19KW, defined by 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 23a of this interim financial information.

Charges for use of the transmission network and other system charges

Charges for use of the transmission network in 1Q23 totaled R\$729.462, compared with R\$888,952 in 1Q22, a reduction of 17.94%.

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).

This variation mainly reflects the reduction in costs with the System Services Charge (CCEE-ESS), as a result of lower dispatching of plants outside the merit order.

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 11b of this interim financial information.

Operational provisions

Operating provisions were R\$66,653 in 1Q23 compared to R\$105,437 in 1Q22, representing a decrease of 36.78%. The main variations that explain this decrease are:

- Provisions for employment-law contingencies were 51.76% lower year-on-year: net new provisions of R\$ 13,173 were made in 1Q23, compared to net new provisions of R\$ 27,308 made in 1Q22. This is mainly the result of court judgments in favor of the company given in 2022 in actions related to its employees;
- Provisions for third-party liability legal contingencies were 57.67% higher year-on-year: net new provisions of R\$ 14,428 were made in 1Q23, compared to net new provisions of R\$ 9,151 made in 1Q22. This increase mainly arises from disputes related to consumer relations, in the normal course of business;
- Provisions for client default 81.74% lower in 1Q23, at R\$8,081, compared to R\$44,259 in 1Q22, due to (i) lower default in the period, and (ii) changes in the criteria for measuring default, to be more in line with the real default behavior of the Company's clients in practice.

Net financial revenue (expenses)

O resultado financeiro líquido no primeiro trimestre de 2023 foi uma despesa financeira de R\$92.348, comparada a uma receita financeira líquida de R\$24.803 no mesmo período de 2022. Os itens que compõem o resultado financeiro e que apresentaram as variações mais expressivas estão relacionados a seguir:

- A higher net financial expense on updating of the tax credits for PIS, Pasep and Cofins taxes (which resulted from exclusion of ICMS tax from the basis for their calculation): this figure was R\$35,736 in 1Q23, compared to R\$9,363 in 1Q22. This arises from increase in the liability to reimburse consumers in the third quarter of 2022, to comply with a legal obligation on the distributors to return in full the amounts that were wrongly charged to consumers;
- Expenses on servicing loans and debentures were 24.30% higher, at R\$ 69,906 in 1Q23, compared to R\$ 56,238 in 1Q22. The increase is due to the Company's 8th debenture issue, in June 2022;
- Revenue from late charges on electricity bills was 33.80% lower in 1Q23, at R\$61,649, compared to R\$93,124 in 1Q22. This reflects: (i) the lower level of default in the period, due to increase in use of collection tools; (ii) change in the charging of ICMS tax; (iii) lower electricity bills than in the first quarter of 2022 - when the tariff flag system was in effect; and (iv) alteration of the inflation updating index from the IGPM inflation index (in effect up to May 2022) to the IPCA inflation index (in effect as from June), in accordance with Aneel Normative Resolution 932/2021;
- Net revenue from monetary updating on the balances of the CVA account, and of Other financial components, in the tariff calculation, was 48.83% lower year-on-year: a gain of R\$ 26,610 in 1Q23, compared to a gain of R\$ 51,999 in 1Q22. This is mainly because the balance receivable of CVA and Other financial components that was constituted up to the end of March 2023 was lower than in the first quarter of 2022;
- The net effect of foreign exchange variation applied to the supply from Itaipu was 92.12% lower: a gain of R\$ 1,889 in 1Q23, compared to a gain of R\$ 23,965 in 1Q22. This is due to a lower variation between the average US dollar exchange rate used at the time of posting and at the average rate at the time of actual payment.

For a breakdown of financial revenues and expenses see Note 24 of this interim financial information.

Income tax and social contribution tax

In 1Q23 Cemig D's expense on income tax and the Social Contribution tax totaled R\$118,970, on pretax profit of R\$153,349. In 1Q22 the Company's expense on income tax and the Social Contribution tax was R\$128,030, on pretax profit of R\$503,957.

These effective rates are reconciled with the nominal tax rates in Note 8d of this interim financial information.

Reynaldo Passanezi Filho
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations
Officer

Marney Tadeu Antunes
Chief Distribution and Sales Officer

**Marco da Camino Ancona Lopez
Soligo**
Chief Officer Cemigpar

Thadeu Carneiro da Silva
Chief without portfolio

Henrique Motta Pinto
Chief Regulation and Legal

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

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

To the Board Directors and Shareholders of
Cemig Distribuição S.A.
Campinas - SP

Introduction

We have reviewed the interim financial information of Cemig Distribuição S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended September 30, 2022, which comprises the statement of financial position as of March 31, 2023 and the respective statements of income, and other comprehensive income for the three months period then ended, and changes in shareholders' equity and cash flows for the three month period then ended, and explanatory footnotes.

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

Scope of review

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



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Conclusion on the interim financial information

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

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in note 27 to the interim financial information, there are investigations being conducted by public authorities regarding the Company and in its parent company Companhia Energética de Minas Gerais – Cemig. We are currently unable to foresee future developments or potential impacts of these investigations conducted by public authorities. Our conclusion is not modified in respect of this matter.

Other matters

Statements of Value Added

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

Belo Horizonte, May 4, 2023

KPMG Auditores Independentes Ltda.

CRC SP-014428/O-6 F-MG

Free-translation – Original version issued in Portuguese¹

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

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