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

# STATEMENTS OF FINANCIAL POSITION
# AS OF MARCH 31, 2022 AND DECEMBER 31, 2021
# ASSETS
# (In thousands of Brazilian Reais)

| | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **CURRENT** | | | | | |
| Cash and cash equivalents | 5 | 342,470 | 123,071 | 255,769 | 86,064 |
| Marketable securities | 6 | 675,397 | 943,789 | 381,536 | 618,130 |
| Receivables from customers and traders | 7 | 873,591 | 681,255 | 719,385 | 534,579 |
| Concession holders – transmission service | 7 | 93,273 | 113,324 | 90,875 | 111,164 |
| Recoverable taxes | 8 | 29,424 | 31,874 | 24,487 | 27,921 |
| Income tax and social contribution tax recoverable | 9a | 423,790 | 652,515 | 422,287 | 650,523 |
| Dividends receivables | 13 | 127,151 | 232,098 | 422,013 | 280,204 |
| Concession financial assets | 11 | 291,879 | 283,233 | - | - |
| Contract assets | 12 | 630,635 | 592,337 | 602,290 | 565,659 |
| Other | | 122,568 | 79,924 | 114,837 | 75,529 |
| **TOTAL CURRENT** | | **3,610,178** | **3,733,420** | **3,033,479** | **2,949,773** |
| | | | | | |
| **NON-CURRENT** | | | | | |
| Marketable securities | 6 | 131,998 | 194,110 | 74,400 | 127,128 |
| Receivables from customers and traders | 7 | 2,348 | 3,393 | 515 | 715 |
| Recoverable taxes | 8 | 73,418 | 71,546 | 28,443 | 27,614 |
| Escrow deposits | 10 | 200,503 | 161,820 | 194,288 | 152,759 |
| Derivative financial instruments | 28 | 866,223 | 1,219,176 | 866,223 | 1,219,176 |
| Other | | 51,174 | 55,000 | 54,942 | 62,084 |
| Concession financial assets | 11 | 3,375,288 | 3,325,170 | 816,202 | 816,202 |
| Contract assets | 12 | 3,771,484 | 3,684,645 | 3,680,296 | 3,595,441 |
| Investments | 13 | 3,500,328 | 3,330,193 | 7,592,456 | 7,481,708 |
| Property, plant and equipment | 14 | 2,387,888 | 2,417,525 | 1,636,203 | 1,656,846 |
| Intangible | 15 | 1,076,140 | 1,112,912 | 743,015 | 773,405 |
| Leasing – right of use assets | 16a | 40,296 | 41,864 | 38,429 | 40,427 |
| **TOTAL NON-CURRENT** | | **15,477,088** | **15,617,354** | **15,725,412** | **15,953,505** |
| **TOTAL ASSETS** | | **19,087,266** | **19,350,774** | **18,758,891** | **18,903,278** |

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



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Geração e Transmissão S.A.

## STATEMENTS OF FINANCIAL POSITION
## AS OF MARCH 31, 2022 AND DECEMBER 31, 2021
## LIABILITIES

## (In thousands of Brazilian Reais)

| | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **CURRENT** | | | | | |
| Loans, financings and debentures | 19 | 164,700 | 470,536 | 164,700 | 470,536 |
| Suppliers | 17 | 366,534 | 383,786 | 343,183 | 334,379 |
| Income tax and social contribution tax | 9b | 53,931 | 157,444 | - | - |
| Taxes payable | 18 | 137,352 | 144,387 | 115,140 | 123,747 |
| Regulatory charges | 20 | 103,140 | 111,160 | 91,227 | 100,052 |
| Post-employment obligations | 21 | 76,371 | 75,257 | 76,371 | 75,257 |
| Interest on equity, and dividends, payable | 23d | 799,947 | 799,947 | 799,947 | 799,947 |
| Payroll and related charges | | 53,887 | 58,625 | 52,928 | 57,655 |
| Derivative financial instruments - Swaps | 28 | 109,824 | 6,130 | 109,824 | 6,130 |
| Put option - SAAG | 28 | 663,719 | 636,292 | 663,719 | 636,292 |
| Lease liabilities | 16b | 8,691 | 9,829 | 8,050 | 9,637 |
| Other | | 394,686 | 326,500 | 393,339 | 325,574 |
| **TOTAL CURRENT** | | **2,932,782** | **3,179,893** | **2,818,428** | **2,939,206** |
| | | | | | |
| **NON-CURRENT** | | | | | |
| Loans, financings and debentures | 19 | 4,717,783 | 5,558,924 | 4,717,783 | 5,558,924 |
| Deferred income tax and social contribution tax | 9c | 655,779 | 678,897 | 569,374 | 593,588 |
| Taxes payable | 18 | 342,836 | 334,047 | 332,736 | 324,730 |
| Regulatory charges | 20 | 3,901 | 2,541 | - | - |
| Post-employment obligations | 21 | 1,241,447 | 1,231,957 | 1,241,447 | 1,231,957 |
| Provisions | 22 | 449,005 | 438,043 | 447,638 | 437,772 |
| Lease liabilities | 16b | 35,548 | 35,621 | 34,218 | 34,289 |
| Other | | 139,217 | 135,397 | 28,299 | 27,358 |
| **TOTAL NON-CURRENT** | | **7,585,516** | **8,415,427** | **7,371,495** | **8,208,618** |
| **TOTAL LIABILITIES** | | **10,518,298** | **11,595,320** | **10,189,923** | **11,147,824** |
| | | | | | |
| **SHAREHOLDERS' EQUITY** | **23** | | | | |
| Share capital | | 4,123,724 | 4,123,724 | 4,123,724 | 4,123,724 |
| Profit reserves | | 2,464,672 | 2,464,672 | 2,464,672 | 2,464,672 |
| Valuation adjustments | | (184,764) | (182,942) | (184,764) | (182,942) |
| Advance for future capital increase | | 1,350,000 | 1,350,000 | 1,350,000 | 1,350,000 |
| Retained earnings | | 815,336 | - | 815,336 | - |
| **TOTAL SHAREHOLDERS' EQUITY** | | **8,568,968** | **7,755,454** | **8,568,968** | **7,755,454** |
| **TOTAL LIABILITIES AND EQUITY** | | **19,087,266** | **19,350,774** | **18,758,891** | **18,903,278** |

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## STATEMENTS OF INCOME
## FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021
## (In thousands of Brazilian Reais - except earnings per share)

| | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **NET REVENUE** | **24** | **2,124,164** | **1,945,526** | **1,826,492** | **1,633,350** |
| | | | | | |
| **OPERATING COSTS** | | | | | |
| **COST OF ENERGY** | **25** | | | | |
| Charges for use of the national grid | | (57,935) | (48,920) | (41,241) | (36,551) |
| Energy purchase for resale | | (906,797) | (979,386) | (902,789) | (966,427) |
| | | **(964,732)** | **(1,028,306)** | **(944,030)** | **(1,002,978)** |
| **OTHER COSTS** | **25** | | | | |
| Personnel and managers | | (61,665) | (58,775) | (57,569) | (55,054) |
| Materials | | (2,233) | (3,914) | (1,168) | (1,066) |
| Outsourced services | | (21,278) | (17,032) | (9,380) | (8,184) |
| Depreciation and amortization | | (79,412) | (42,742) | (60,766) | (30,907) |
| Operating provisions, net | 25c | (16,385) | (9,363) | (15,287) | (9,360) |
| Transmission infrastructure construction cost | 25e | (50,696) | (19,065) | (50,696) | (19,065) |
| Other operating costs | | (3,981) | (4,542) | (2,270) | (1,620) |
| | | **(235,650)** | **(155,433)** | **(197,136)** | **(125,256)** |
| | | | | | |
| **TOTAL COSTS** | | **(1,200,382)** | **(1,183,739)** | **(1,141,166)** | **(1,128,234)** |
| | | | | | |
| **GROSS PROFIT** | | **923,782** | **761,787** | **685,326** | **505,116** |
| | | | | | |
| **OPERATING EXPENSES** | | | | | |
| Sales reversals | 25c | 1,173 | 1,112 | 957 | 973 |
| General and administrative expenses | | (46,292) | (39,872) | (46,292) | (39,872) |
| Other operating expenses | | (72,075) | (27,623) | (72,168) | (24,556) |
| | | **(117,194)** | **(66,383)** | **(117,503)** | **(63,455)** |
| | | | | | |
| Periodic Tariff Review adjustments, net | | - | 5,816 | - | 5,816 |
| Share of profit (loss), net, of affiliates and jointly controlled entities | 13 | 56,080 | (3,493) | 243,449 | 188,539 |
| **Operating income before financial revenue (expenses) and taxes** | | **862,668** | **697,727** | **811,272** | **636,016** |
| | | | | | |
| Finance income | **26** | 897,909 | 22,970 | 882,358 | 19,906 |
| Finance expenses | 26 | (601,028) | (1,220,217) | (595,080) | (1,213,828) |
| **Income before income tax and social contribution tax** | | **1,159,549** | **(499,520)** | **1,098,550** | **(557,906)** |
| | | | | | |
| Current income tax and social contribution tax | 9d | (369,268) | (57,463) | (309,250) | - |
| Deferred income tax and social contribution tax | 9d | 23,233 | 245,610 | 24,214 | 246,533 |
| **NET INCOME (LOSSES) FOR THE PERIOD** | | **813,514** | **(311,373)** | **813,514** | **(311,373)** |
| **Basic earnings (losses) per share –R$** | **23** | **0.28** | **(0.11)** | **0.28** | **(0.11)** |
| **Diluted earnings (losses) per share – R$** | **23** | **0.28** | **(0.12)** | **0.28** | **(0.12)** |

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## STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021

## (In thousands of Brazilian Reais)

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| NET INCOME (LOSSES) FOR THE PERIOD | 813,514 | (311,373) | 813,514 | (311,373) |
| COMPREHENSIVE INCOME FOR THE PERIOD | 813,514 | (311,373) | 813,514 | (311,373) |

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

## STATEMENTS OF CHANGES IN CONSOLIDATED EQUITY

## FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021

## (In thousands of Brazilian Reais – except where otherwise stated)

| | Share capital | Advance for future capital increase | Profit reserves | Valuation adjustments | Retained earnings | Total equity |
|---|---|---|---|---|---|---|
| **Balances on December 31, 2020** | **4,000,000** | **-** | **2,072,877** | **(230,706)** | **-** | **5,842,171** |
| Losses for the period | - | - | - | - | (311,373) | (311,373) |
| Realization of PP&E deemed cost | - | - | - | (2,578) | 2,578 | - |
| **Balances on March 31, 2021** | **4,000,000** | **-** | **2,072,877** | **(233,284)** | **(308,795)** | **5,530,798** |
| | | | | | | |
| **Balances on December 31, 2021** | **4,123,724** | **1,350,000** | **2,464,672** | **(182,942)** | **-** | **7,755,454** |
| Net income for the period | - | - | - | - | 813,514 | 813,514 |
| Realization of PP&E deemed cost | - | - | - | (1,822) | 1,822 | - |
| **Balances on March 31, 2022** | **4,123,724** | **1,350,000** | **2,464,672** | **(184,764)** | **815,336** | **8,568,968** |

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## STATEMENTS OF CASH FLOWS
## FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021
## (In thousands of Brazilian Reais)

| | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **CASH FLOW FROM OPERATIONS** | | | | | |
| Net income (losses) for the period | | 813,514 | (311,373) | 813,514 | (311,373) |
| Adjustments for: | | | | | |
| **Expenses (revenues) not affecting cash and cash equivalents:** | | | | | |
| Depreciation and amortization | 25 | 81,877 | 47,875 | 63,358 | 33,194 |
| Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets | | 54 | 1,514 | 6 | 1,514 |
| Adjustment to expectation of cash flow from the concession financial and contract assets | 11 and 12 | (337,836) | (272,988) | (196,053) | (148,428) |
| Share of profit (loss), net, of affiliates and jointly controlled entities | 13b | (56,080) | 3,493 | (243,449) | (188,539) |
| Interest and monetary variation | | 129,016 | 266,363 | 128,995 | 263,059 |
| Exchange variation on loans, financing and debentures | 19 | (842,700) | 750,900 | (842,700) | 750,900 |
| Periodic tariff review adjustments | 12 | - | (6,036) | - | (6,036) |
| Amortization of transaction cost of loans and financings | 19 | 605 | 3,051 | 605 | 3,051 |
| Deferred income tax and social contribution tax | 09c | (23,233) | (245,610) | (24,214) | (246,533) |
| Reimbursement of PIS/Pasep and Cofins taxes credits over ICMS | | (575) | (976) | - | (904) |
| Provisions for operating losses, net | 25b | 15,212 | 8,251 | 14,330 | 8,387 |
| Net gain on derivative instruments at fair value through profit or loss | 28 | 456,647 | 187,348 | 456,647 | 187,348 |
| Variation in fair value of derivative financial instruments (Put options) | 28 | 27,427 | (13,167) | 27,427 | (13,167) |
| Post-employment obligations | 21 | 35,408 | 26,851 | 35,408 | 26,851 |
| Other | | (10,738) | (6,148) | (10,738) | (5,832) |
| | | **288,598** | **439,348** | **223,136** | **353,492** |
| ***Increase (decrease) in assets*** | | | | | |
| Receivables from customers and traders | | (190,118) | 97,635 | (183,649) | 108,350 |
| Recoverable taxes | | 1,153 | 353,906 | 2,605 | 352,184 |
| Income tax and social contribution tax recoverable | | (241,443) | (134,497) | (81,014) | (3,025) |
| Power transport concession holders | | 20,051 | (61) | 20,289 | (405) |
| Escrow deposits | | (36,434) | (507) | (39,319) | (434) |
| Concession financial assets and Contract assets | 11 and 12 | 153,935 | 215,925 | 74,567 | 148,704 |
| Other | | (17,303) | 14,196 | (10,651) | (4,061) |
| | | **(310,159)** | **546,597** | **(217,172)** | **601,313** |
| ***Increase (decrease) in liabilities*** | | | | | |
| Suppliers | | (17,252) | (86,179) | 8,804 | (29,473) |
| Taxes | | (8,851) | (272,534) | (11,207) | (273,061) |
| Income tax and social contribution tax | | 369,268 | 57,463 | 309,250 | - |
| Payroll and related charges | | (4,738) | (3,812) | (4,727) | (3,785) |
| Regulatory charges | | (6,660) | (8,726) | (8,825) | (8,339) |
| Post-employment obligations | 21 | (24,804) | (22,342) | (24,804) | (22,342) |
| Other | | 56,756 | (9,973) | 53,343 | (8,856) |
| | | **363,719** | **(346,103)** | **321,834** | **(345,856)** |
| **Cash from operations activities** | | **342,158** | **639,842** | **327,798** | **608,949** |
| Income tax and social contribution tax paid | | (2,613) | (1,659) | - | - |
| Interest paid on loans, financings and debentures | 19 | (25,390) | (45,801) | (25,390) | (45,573) |
| Interest paid on lease contracts | 16 | (57) | (54) | (53) | (50) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **314,098** | **592,328** | **302,355** | **563,326** |



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| | Note | Consolidated | | Parent Company | |
|---|---|---|---|---|---|
| | | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **CASH FLOW IN INVESTMENT ACTIVITIES** | | | | | |
| Funding of investments | 13b | - | - | - | (250) |
| Property, plant and equipment | 14 | (12,180) | (27,791) | (9,139) | (20,700) |
| Intangible assets | 15 | (440) | (2,552) | (440) | (2,552) |
| Marketable securities | | 330,504 | 264,974 | 289,322 | 299,704 |
| **NET CASH FROM INVESTMENT ACTIVITIES** | | **317,884** | **234,631** | **279,743** | **276,202** |
| | | | | | |
| **CASH FLOW IN FINANCING ACTIVITIES** | | | | | |
| Payments of loans, financings and debentures | 19 | (409,512) | (657,646) | (409,512) | (648,780) |
| Lease payments | 16 | (3,071) | (2,890) | (2,881) | (2,685) |
| **NET CASH (USED IN) FINANCIAL ACTIVITIES** | | **(412,583)** | **(660,536)** | **(412,393)** | **(651,465)** |
| | | | | | |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **219,399** | **166,423** | **169,705** | **188,063** |
| **Cash and cash equivalents at beginning of the period** | **5** | **123,071** | **384,397** | **86,064** | **290,995** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | | **342,470** | **550,820** | **255,769** | **479,058** |

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CEMIG Geração e Transmissão S.A.

# STATEMENTS OF ADDED VALUE
# FOR THE THREE-MONTHS PERIODS ENDED MARCH 31, 2022 AND 2021
# (In thousands of Brazilian Reais)

| | Consolidated | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan to Mar/2022 | | Jan to Mar/2021 | | Jan to Mar/2022 | | Jan to Mar/2021 | |
| **REVENUES** | | | | | | | | |
| Sales of energy and services | 2,228,391 | | 2,121,937 | | 2,021,930 | | 1,882,984 | |
| Construction revenue | 68,395 | | 22,451 | | 68,395 | | 22,451 | |
| Interest revenue arising from the financing component in the transmission contract asset | 188,542 | | 145,042 | | 178,354 | | 145,042 | |
| Gain on financial updating of the concession grant fee | 131,595 | | 124,560 | | - | | - | |
| Periodic tariff review adjustments | - | | 6,036 | | - | | 6,036 | |
| Investments in property, plant and equipment | 23,819 | | 22,473 | | 23,819 | | 22,473 | |
| Provision for expected credit losses of accounts receivable | 1,173 | | 1,112 | | 957 | | 973 | |
| Other revenues, net | - | | 17 | | - | | 17 | |
| | **2,641,915** | | **2,443,628** | | **2,293,455** | | **2,079,976** | |
| **INPUTS ACQUIRED FROM THIRD PARTIES** | | | | | | | | |
| Energy purchase for resale | (998,460) | | (1,076,675) | | (994,152) | | (1,062,727) | |
| Charges for use of national grid | (63,103) | | (53,484) | | (45,414) | | (40,225) | |
| Outsourced services | (62,842) | | (59,017) | | (50,938) | | (50,167) | |
| Materials | (57,878) | | (18,764) | | (56,813) | | (15,916) | |
| Paid concession | (959) | | (792) | | (957) | | (789) | |
| Other operating costs | (45,927) | | (8,875) | | (44,388) | | (6,346) | |
| | **(1,229,169)** | | **(1,217,607)** | | **(1,192,662)** | | **(1,176,170)** | |
| **GROSS VALUE ADDED** | **1,412,746** | | **1,226,021** | | **1,100,793** | | **903,806** | |
| **RETENTIONS** | | | | | | | | |
| Depreciation and amortization | (81,877) | | (47,875) | | (63,358) | | (33,194) | |
| **NET VALUE ADDED** | **1,330,869** | | **1,178,146** | | **1,037,435** | | **870,612** | |
| **ADDED VALUE RECEIVED BY TRANSFER** | | | | | | | | |
| Share of profit (loss), net, of affiliates and jointly controlled entities | 56,080 | | (3,493) | | 243,449 | | 188,539 | |
| Finance income | 897,909 | | 22,970 | | 882,358 | | 19,906 | |
| | **953,989** | | **19,477** | | **1,125,807** | | **208,445** | |
| **ADDED VALUE TO BE DISTRIBUTED** | **2,284,858** | | **1,197,623** | | **2,163,242** | | **1,079,057** | |
| **DISTRIBUTION OF ADDED VALUE** | | | | | | | | |
| | | % | | % | | % | | % |
| **Employees** | **113,452** | **4.96** | **97,744** | **8.17** | **109,438** | **5.06** | **94,122** | **8.72** |
| Direct remuneration | 66,772 | 2.92 | 62,960 | 5.26 | 62,943 | 2.91 | 59,504 | 5.51 |
| Post-employment and other Benefits | 42,314 | 1.85 | 30,972 | 2.59 | 42,166 | 1.95 | 30,844 | 2.86 |
| FGTS fund | 4,366 | 0.19 | 3,812 | 0.32 | 4,329 | 0.20 | 3,774 | 0.35 |
| **Taxes** | **755,406** | **33.08** | **190,334** | **15.89** | **644,841** | **29.80** | **82,159** | **7.63** |
| Federal | 582,444 | 25.51 | 25,773 | 2.15 | 489,003 | 22.59 | (65,645) | (6.08) |
| State | 171,259 | 7.50 | 163,806 | 13.68 | 154,190 | 7.13 | 147,363 | 13.67 |
| Municipal | 1,703 | 0.07 | 755 | 0.06 | 1,648 | 0.08 | 441 | 0.04 |
| **Remuneration of external capital** | **602,486** | **26.36** | **1,220,918** | **101.94** | **595,449** | **27.53** | **1,214,149** | **112.51** |
| Interest | 601,028 | 26.30 | 1,220,217 | 101.88 | 595,080 | 27.51 | 1,213,828 | 112.48 |
| Rentals | 1,458 | 0.06 | 701 | 0.06 | 369 | 0.02 | 321 | 0.03 |
| **Remuneration of own capital** | **813,514** | **35.60** | **(311,373)** | **(26.00)** | **813,514** | **37.61** | **(311,373)** | **(28.86)** |
| Retained earnings (losses) | 813,514 | 35.60 | (311,373) | (26.00) | 813,514 | 37.61 | (311,373) | (28.86) |
| | **2,284,858** | **100.00** | **1,197,623** | **100.00** | **2,163,242** | **100.00** | **1,079,057** | **100.00** |

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


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**NOTES TO THE CONSOLIDATES INTERIM FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED AS OF MARCH 31, 2022**

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

## 1. OPERATING CONTEXT

### a) The Company

Cemig Geração e Transmissão S.A. ('Cemig GT', 'the Company' or 'Cemig Geração e Transmissão') is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 06.981.176/0001-58 and a wholly-owned subsidiary of Companhia Energética de Minas Gerais ('Cemig'). It was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the process of separation of activities ('unbundling') of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office in Belo Horizonte, Minas Gerais.

The objects of the Company are: (i) to study, plan, design, build and commercially operate systems of generation, transmission and sale of energy and related services for which concessions are granted, under any form of law, to it or to subsidiaries; (ii) to operate in the various fields of energy, from any source, for the purpose of economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its objects. Since the third quarter of 2021, the Company began managing its business activity of power sale, partially transferring from the Cemig GT to Cemig (Parent Company), maintaining its corporate business strategy.

The Company has interests in 67 power plants – of these 60 are hydroelectric, 6 are wind power plants, and one is solar – and the associated transmission lines, mostly part of the Brazilian national generation and transmission grid system, with installed capacity for 5,749 MW (information not reviewed by external auditors). Renova is the owner of three Small Hydroelectric Plants, representing 5.7 MW of the total installed generation capacity of the Company. In 2021 Cemig GT classified its equity interest in Renova as a non-current asset held for sale.

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

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



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**b) Covid-19**

General Context

On March 11, 2020, the World Health Organization (WHO) characterized Covid-19 as a pandemic, reinforcing the restrictive measures recommendations to prevent the virus dissemination worldwide. These measures are based, mainly, on social distancing, which have been causing major negative impact on entities, affecting their production process, interrupting their supply chains, causing workforce shortages and closing of stores and facilities, requiring the developing of measures to handle the economic crisis and reduce any possible effect.

Also, in connection with recommendations of the World Health Organization (WHO) and the Ministry of Health, aiming to contribute to the population and Brazilian authorities' efforts to prevent the disease outbreak, the Company has implemented an operational contingency plan and several precautionary measures to keep its employees healthy and safe, including: security and health technicians contacting operational staff on a daily basis; interacting daily with subcontractors Social Service department to monitor the evolution of suspicious cases; changing the schedule to prevent gatherings; restricting national and international travel; suspending technical visits and events at Company's facilities; using remote means of communication; adopting work-from-home policies for a substantial number of employees, which are gradually returning to work in-person until January, 2022, providing face masks for employees in external service or in service into its facilities, and requiring outsourcings providers to put the same procedures in place, with adoption of a series of measures to contribute to society, disclosed in greater detail in the financial statements of December 31, 2021.

Impact of Covid-19 on Interim Financial Information

Since March 2020, the Company has been monitoring the Covid-19 pandemic impact on its business and the market in which it operates. The Company has implemented a series of precautionary measures to protect the health of its employees and to prevent the spread of the novel coronavirus in its operational and administrative facilities. The measures are in accordance with the recommendations of World Health Organization (WHO) and Brazilian Ministry of Health and aim to contribute with the populations and Brazilian authorities efforts, in order to prevent the virus outbreak.

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

As of March 31, 2022, from the observation of the pandemic's economic effects, the Company assessed the assumptions used for calculating fair value and recoverable amount of certain financial and non-financial assets, as follows:


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- The Company assessed whether the greater pressure on the exchange rate, combined with a lack of financial market liquidity, will have a negative impact on debt and derivative financial instruments hired to protect its operations against the risks arising from foreign exchange rate changes. At this point, given the current market conditions, the exposure to the exchange variation of the debt principal and the change in derivative instrument's fair value, based on the forecasts of future interest and exchanges rates, and the semiannual settlement of derivatives instruments, resulting in a net finance income of R$386 million in the first quarter of 2022. The long-term projections indicate a maintenance of the dollar in the current level;
- In measuring the provision for expected credit losses of accounts receivable the Company implemented negotiations with its customers, which made it possible for the impact of the retraction in economic activity on default by large Free Customers not to be material;
- Management´s assumptions applied to determine the recoverable amount of the relevant investments in subsidiaries, joint-controlled entities and associates were not influenced significantly by the Covid-19 situation, since these investees' cash flows are mainly related to long-term rights to commercial operation of the regulated activity. Therefore, no impairment losses were recognized to its investments in subsidiaries, joint-controlled entities and associates, due to the economic crisis;
- Despite the uncertainties related to the crisis unfolding and its potential long-term effects, the Company does not expect that the negative impact on its projections of likely future taxable profits might compromise the recoverability of its deferred tax assets;
- The Company assessed the interest rates and discount rates that are the basis for calculation of post-employment obligations, and believes that these are not significantly affected by macroeconomic issues in the short and medium term, since the main assumptions used are long-term; and
- The Company´s management reviewed the financial assets and liabilities measured at fair value to reflect the conditions and current rates projected, which impacts are presented in Note 28.

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

**a) Impacts of the war in Ukraine**

Since the Russian invasion of Ukraine, on February 24, 2022, the global market is operating in a scenario of economic uncertainties due to the consequences of this serious military conflict in Europe. In this context, the economic sanctions against Russia and certain Russian citizens and organizations, and also those of Belarus, could cause a negative effect on the global economy, the impacts of which are highly uncertain and unpredictable.

As a result, many entities that operate outside the directly affected region may suffer adverse effects of the conflict, such as high prices of commodities such as oil, natural gas and grains, or due to the potential reduction in world economic activity. Disruption of business on a larger scale could also result in reduction of liquidity for some entities, reducing the quality of receivables in the supply chain.


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In the first quarter of 2022 the Company and its subsidiaries did not suffer impacts arising from this conflict in their interim financial informations, since they are not directly involved in the region, and consequently their exposure to Russia and Ukraine is limited. Considering the uncertainties on impacts of the war in Ukraine on the global economy, it has not been possible to estimate the extension of their effects on the business of the Company and its subsidiaries, but at present, damage to its operational, financial and investment capacity is not expected if the conflict does not worsen.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

This interim financial information has been prepared according to accounting principles, practices and criteria consistent with those adopted in the preparation of the financial statements as of December 31, 2021.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's management on March 29, 2022.

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

The Company's Board of Directors authorized the issuance of this interim financial information on May 13, 2022.


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

| Number of the note | | Title of the note |
|---|---|---|
| Dec. 31, 2021 | Mar. 31, 2022 | |
| 1 | 1 | Operational context |
| 2 | 2 | Basis of preparation |
| 3 | 3 | Consolidation principles |
| 4 | 4 | Concessions and authorizations |
| 5 | 29 | Operational segments |
| 6 | 5 | Cash and cash equivalents |
| 7 | 6 | Marketable securities |
| 8 | 7 | Customers and traders |
| 9 | 8 | Recoverable taxes |
| 10 | 9 | Income tax and social contribution tax |
| 11 | 10 | Escrow deposits |
| 12 | 11 | Concession financial assets |
| 13 | 12 | Contract assets |
| 14 | 13 | Investments |
| 15 | 14 | Property, plant and equipment |
| 16 | 15 | Intangible assets |
| 17 | 16 | Leasing transactions |
| 18 | 17 | Suppliers |
| 19 | 18 | Taxes |
| 22 | 19 | Loans, financings and debentures |
| 21 | 20 | Regulatory charges |
| 22 | 21 | Post-employment obligations |
| 23 | 22 | Provisions |
| 24 | 23 | Equity and remuneration to shareholders |
| 25 | 24 | Revenues |
| 26 | 25 | Operating costs and expenses |
| 27 | 26 | Financial revenue and expenses |
| 28 | 27 | Related party transactions |
| 29 | 28 | Financial instruments and risk management |
| 30 | 30 | Assets as held for sale |
| 33 | 31 | Parliamentary Committee of Inquiry ('CPI') |
| - | 32 | Subsequent events |

The explanatory notes of financial statements as of December 31, 2021 that have not been included in this consolidated interim financial information because they had no material changes, and/or were not applicable to the interim financial information, are as follows:

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



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## 3. PRINCIPLES OF CONSOLIDATION

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

The Company uses the criteria of full consolidation. The direct equity investments are as follows:

| Subsidiaries | Mar. 31, 2022 and Dec. 31, 2021 | |
|---|---|---|
| | Valuation method | Direct stake, % |
| Cemig Baguari Energia S.A. | Consolidation | 100 |
| Cemig Geração Três Marias S.A. | Consolidation | 100 |
| Cemig Geração Salto Grande S.A. | Consolidation | 100 |
| Cemig Geração Itutinga S.A. | Consolidation | 100 |
| Cemig Geração Camargos S.A. | Consolidation | 100 |
| Cemig Geração Sul S.A. | Consolidation | 100 |
| Cemig Geração Leste S.A. | Consolidation | 100 |
| Cemig Geração Oeste S.A. | Consolidation | 100 |
| Sá Carvalho S.A. | Consolidation | 100 |
| Horizontes Energia S.A. | Consolidation | 100 |
| Rosal Energia S.A. | Consolidation | 100 |
| Cemig PCH S.A. | Consolidation | 100 |
| Empresa de Serviços de Comercialização de Energia Elétrica S.A. | Consolidation | 100 |
| Cemig Geração Poço Fundo S.A. | Consolidation | 100 |
| Cemig Trading S.A. | Consolidation | 100 |
| Central Eólica Praias de Parajuru S.A. | Consolidation | 100 |
| Central Eólica Volta do Rio S.A. | Consolidation | 100 |
| Companhia de Transmissão Centroeste de Minas | Consolidation | 100 |


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## 4. CONCESSIONS AND AUTHORIZATIONS

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

| | Company holding concession or authorization | Concession or authorization contract | Expiration date |
|---|---|---|---|
| **POWER GENERATION** | | | |
| | | | |
| **Hydroelectric plants** | | | |
| Emborcação (1) (2) | Cemig GT | 7/1997 | Jul. 2025 |
| Nova Ponte (1) (2) | Cemig GT | 7/1997 | Jul. 2025 |
| Santa Luzia (1) | Cemig GT | 7/1997 | Feb. 2026 |
| Irapé (1) | Cemig GT | 14/2000 | Feb. 2035 |
| Queimado (Consortium) (1) | Cemig GT | 06/1997 | Jan. 2033 |
| Rio de Pedras (1) | Cemig GT | 02/2013 | Sep. 2024 |
| Poço Fundo (1) (6) | Cemig Geração Poço Fundo | 01/2021 | Aug. 2045 |
| São Bernardo (1) | Cemig GT | 02/2013 | Aug. 2025 |
| Rosal (1) | Rosal Energia | 01/1997 | May 2032 |
| Machado Mineiro (1)<br>Salto Voltão (1)<br>Salto Paraopeba (1)<br>Salto do Passo Velho (1) | Horizontes Energia | Resolution 331/2002 | Jul. 2025<br>Oct. 2030<br>Oct. 2030<br>Oct. 2030 |
| PCH Pai Joaquim (1) | Cemig PCH | Authorizing Resolution 377/2005 | Apr. 2032 |
| Sá Carvalho (1) | Sá Carvalho | 01/2004 | Dec. 2024 |
| Três Marias (3) | Cemig Geração Três Marias S.A. | 08/2016 | Jan. 2046 |
| Salto Grande (3) | Cemig Geração Salto Grande | 09/2016 | Jan. 2046 |
| Itutinga (3) | Cemig Geração Itutinga | 10/2016 | Jan. 2046 |
| Camargos (3) | Cemig Geração Camargos | 11/2016 | Jan. 2046 |
| Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (3) | Cemig Geração Sul | 12/2016 and 13/2016 | Jan. 2046 |
| Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (3) | Cemig Geração Leste | 14/2016 and 15/2016 | Jan. 2046 |
| Cajurú, Gafanhoto and Martins (3) | Cemig Geração Oeste | 16/2016 | Jan. 2046 |
| | | | |
| **Wind power plants** | | | |
| Central Geradora Eólica Praias de Parajuru (4) | Parajuru | Resolution 526/2002 | Sep. 2032 |
| Central Geradora Eólica Volta do Rio (4) | Volta do Rio | Resolution 660/2001 | Jan. 2031 |
| | | | |
| **POWER TRANSMISSION** | | | |
| National grid (5) | Cemig GT | 006/1997 | Jan. 2043 |
| Itajubá Substation (5) | Cemig GT | 79/2000 | Oct. 2030 |
| Linha de transmissão Furnas – Pimenta (5) | Centroeste | 004/2005 | Mar.2035 |

* The concession contract that were eligible for extension of the concession grant as a result of the renegotiation of hydrological risk (GSF) await a call from Aneel for signature of the amendment; and the eligible plants for which the grants were given by authorizing resolution await reformulation of those acts to contain the new dates. More details in note n. 15.

(1) Generation concession contracts that are not within the scope of ICPC 01/ IFRIC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ('ACL').
(2) On July 17, 2020, the Company filed a statement of its interest in extending these plants concession, under the independent producer regime, outside the regime of quotas, to ensure its right of option under the legislative changes currently under discussion, relating to the group of measures to modernize the energy sector. Any actual decision will only be made after publication by the Brazilian Mining and Energy Ministry and by the grantor, Aneel, of the conditions for extension, which will be submitted to decision by the Company's governance bodies at the due time.
(3) Refers to generation concession contracts of which the revenue relating to the concession grant fee is being recognized as a concession financial asset.
(4) These refers to concessions, given by the process of authorization, for generation of wind power as an independent power producer, to be sold under *Proinfa* (the program to encourage alternative energy sources). Assets tied to the right of commercial operation are recorded in PP&E. The rights of authorization of commercial operation that are considered as investments in the interim financial information of the parent company are classified in the statements of financial position under intangible, within the scope of ICPC 09.
(5) These refer to transmission concession contracts, which, in accordance with CPC 47/ IFRS 15, are recognized as contract asset for being subject to satisfaction of performance obligations.
(6) By its Authorizing Resolution 9,735 of February 23, 2021, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant ('PCH Poço Fundo') from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, n. 01/2021, on April 16, 2021.

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


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## 5. CASH AND CASH EQUIVALENTS

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| Bank accounts | 1,352 | 5,917 | 323 | 3,772 |
| Cash equivalents: | | | | |
| Bank certificates of deposit (CDBs) (1) | 142,957 | 70,251 | 142,873 | 50,846 |
| Overnight (2) | 195,743 | 44,789 | 110,329 | 29,334 |
| Others | 2,418 | 2,114 | 2,244 | 2,112 |
| | **341,118** | **117,154** | **255,446** | **82,292** |
| | **342,470** | **123,071** | **255,769** | **86,064** |

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 90.00% and 107.00% of the CDI Rate on March 31, 2022 (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) (90.00% and 106.60% on December 31, 2021). For these CDBs, the Company and its subsidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.

(2) Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate that varies between 11.41% p.a. to 11.64% p.a. on March 31, 2022 (8.87% p.a. to 9.14% p.a. on December 31, 2021). Their purpose is to settle the short-term obligations of the Company, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 28 provides information in relation to the exposure of the Company and its subsidiaries to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

## 6. MARKETABLE SECURITIES

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | | | |
| Bank certificates of deposit (CDBs) (1) | 10,526 | 55,290 | 5,933 | 36,211 |
| Financial Notes (LFs) – Banks (2) | 501,214 | 779,375 | 282,506 | 510,436 |
| Treasury Financial Notes (LFTs) (3) | 146,275 | 98,108 | 82,447 | 64,254 |
| Debentures (4) | 15,430 | 10,975 | 8,697 | 7,188 |
| Others | 1,952 | 41 | 1,953 | 41 |
| | **675,397** | **943,789** | **381,536** | **618,130** |
| **Non-current** | | | | |
| Financial Notes (LFs) – Banks (2) | 125,893 | 191,430 | 70,959 | 125,373 |
| Debentures (4) | 6,105 | 2,680 | 3,441 | 1,755 |
| | **131,998** | **194,110** | **74,400** | **127,128** |
| | **807,395** | **1,137,899** | **455,936** | **745,258** |

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest of 103.00% on March 31, 2022 (107.24% on December 31, 2021) (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip).

(2) *Bank Financial Notes* (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration at rates between 105.58% and 130.00% of the CDI rate on March 31, 2022 (105.00% and 130.00% on December 31, 2021).

(3) Treasury Financial Notes (LFTs) are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity. The LFTs had remuneration at rates between 11.64% to 11.99% p.a. on March 31, 2022 (9.12% to 9.50% p.a. on December 31, 2021).

(4) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from TR + 1.00% to 114.28% of the CDI rate on March 31, 2022 (TR + 1.00% to 109.00% of the CDI rate on December 31, 2021).

The classification of these securities and the investments of related parties are shown in notes 27 and 28, respectively.



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## 7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

| | Balances not yet due | | Past due | | | Consolidated | |
|---|---|---|---|---|---|---|---|
| | Billed | Unbilled | Until 90 days | 91 to 360 days | More than 360 days | Mar. 31, 2022 | Dec. 31, 2021 |
| Industrial | 16,888 | 366,510 | 39,884 | 7,871 | 31,765 | 462,918 | 330,582 |
| Commercial, services and others | 11,641 | 78,335 | 25,997 | 5,311 | 4,607 | 125,891 | 96,663 |
| Wholesale supply to other concession holders | 64,943 | 207,783 | 23,098 | 15 | 1,709 | 297,548 | 242,026 |
| Concession holders – transmission service | 2,342 | 83,822 | 1,802 | 362 | 4,945 | 93,273 | 113,324 |
| CCEE (Power Trading Chamber) | - | 8,954 | 9,338 | - | - | 18,292 | 43,379 |
| Provision for expected credit losses of accounts receivable | - | - | (377) | (11,833) | (16,500) | (28,710) | (28,002) |
| | **95,814** | **745,404** | **99,742** | **1,726** | **26,526** | **969,212** | **797,972** |
| **Current assets** | | | | | | **966,864** | **794,579** |
| Customers and traders | | | | | | 873,591 | 681,255 |
| Concession holders – transmission service | | | | | | 93,273 | 113,324 |
| **Non-current assets** | | | | | | **2,348** | **3,393** |
| Customers and traders | | | | | | 2,348 | 3,393 |

| | Balances not yet due | | Past due | | | Parent Company | |
|---|---|---|---|---|---|---|---|
| | Billed | Unbilled | Until 90 days | 91 to 360 days | More than 360 days | Mar. 31, 2022 | Dec. 31, 2021 |
| Industrial | 717 | 335,757 | 35,627 | 6,979 | 25,621 | 404,701 | 281,119 |
| Commercial, services and others | 11,641 | 78,335 | 25,997 | 5,311 | 4,607 | 125,891 | 96,663 |
| Wholesale supply to other concession holders | 52,358 | 133,873 | 19,091 | - | 1,708 | 207,030 | 140,802 |
| Concession holders – transmission service | 2,349 | 81,617 | 1,802 | 162 | 4,945 | 90,875 | 111,164 |
| CCEE (Power Trading Chamber) | - | - | 7,779 | - | - | 7,779 | 41,286 |
| Provision for expected credit losses of accounts receivable | - | - | (377) | (11,833) | (13,291) | (25,501) | (24,576) |
| | **67,065** | **629,582** | **89,919** | **619** | **23,590** | **810,775** | **646,458** |
| **Current assets** | | | | | | **810,260** | **645,743** |
| Customers and traders | | | | | | 719,385 | 534,579 |
| Concession holders – transmission service | | | | | | 90,875 | 111,164 |
| **Non-current assets** | | | | | | **515** | **715** |
| Customers and traders | | | | | | 515 | 715 |

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

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

| | Consolidated | Parent Company |
|---|---|---|
| **Balance on December 31, 2021** | **28,002** | **24,576** |
| Additions, net (Note 25c) | (1,173) | (957) |
| Settled | 1,881 | 1,882 |
| **Balance on March 31, 2022** | **28,710** | **25,501** |



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## 8. RECOVERABLE TAXES

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | | | |
| ICMS tax recoverable | 7,354 | 6,419 | 5,531 | 5,513 |
| Cofins (a) (b) | 2,803 | 5,975 | 247 | 3,510 |
| PIS/Pasep (a) (b) | 588 | 1,526 | 35 | 947 |
| Social security contributions | 17,870 | 17,145 | 17,870 | 17,145 |
| Others | 809 | 809 | 804 | 806 |
| | **29,424** | **31,874** | **24,487** | **27,921** |
| **Non-current** | | | | |
| ICMS tax recoverable (b) | 29,380 | 28,551 | 28,443 | 27,614 |
| Cofins (a) | 36,122 | 35,265 | - | - |
| PIS/Pasep (a) | 7,916 | 7,730 | - | - |
| | **73,418** | **71,546** | **28,443** | **27,614** |
| | **102,842** | **103,420** | **52,930** | **55,535** |

### a) PIS/Pasep and Cofins taxes credits over ICMS

On May 8, 2019 the Regional Federal Appeal Court of the First Region gave final judgment – against which there is no appeal – on the Ordinary Action, deciding in favor of the Company, and recognizing its right to exclude the ICMS amounts from the calculation basis of PIS/Pasep and Cofins taxes, retrospectively as from five years prior to the action initial filing– that is, from July 2003.

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

Final court judgment has also been given, against which there is no further appeal, in favor of the similar actions filed by the Company's wholly-owned subsidiaries Sá Carvalho, Cemig Geração Poço Fundo S.A. (previously denominated Usina Termelétrica Barreiro S.A.) and Horizontes Energia S.A.

On May 12, 2020, the Brazilian tax authority (Receita Federal) granted the Company's request for ratification of the credits of PIS/Pasep and Cofins taxes arising from the legal action on which final judgment, subject to no further appeal, was given in favor of the Company in 2019. As a result, the Company has made monthly offsetting of these tax credits against the amounts of taxes payable, from May 2020 to September 2021. PIS/Pasep and Cofins taxes credits over ICMS were offset against federal taxes in the amount of R$310,792 during 2021 (vs. R$328,750 during 2020).

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

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

The amount of the credits of the subsidiaries is recorded in non-current assets, since they have not yet been ratified by the Brazilian tax authority (Receita Federal).

### b) Other recoverable taxes

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

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

## 9. INCOME AND SOCIAL CONTRIBUTION TAXES

### a) Income tax and social contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of previous years and to advance payments which will be offset against federal taxes eventually payable. Current income tax and social contribution tax assets are offset against current income tax and social contribution tax liabilities when the requirements of CPC 32/IAS 12 are met.

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | | | |
| Income tax | 311,270 | 503,437 | 310,134 | 501,836 |
| Social contribution tax | 112,520 | 149,078 | 112,153 | 148,687 |
| | **423,790** | **652,515** | **422,287** | **650,523** |

On September 24, 2021, the Brazilian Federal Supreme Court decided, unanimously, that the incidence of income tax and social contribution tax on the indexation charges applying Selic interest rate over undue paid taxes is unconstitutional. On April 29, 2022, Brazilian Federal Supreme Court finalized its judgment on the Motion for Clarification, deciding in favor of modulation of effect as from September 30, 2021, with the exception of the actions filed up to September 17, 2021 (the date of start of the judgment on the merits). The Company and its subsidiaries have not filed actions relating to this subject, and thus will not receive any retrospectively benefit from the decision taken by the court.

## b) Income tax and social contribution tax payable

The balances of income tax and social contribution tax recorded in current liabilities refer mainly to the taxes owed by the subsidiaries which report by the Real Profit method, and have opted to make monthly payments based on estimated revenue or balance sheet reduction, and also by the subsidiaries that have opted for the Presumed Profit method, in which payments are made quarterly.

| | Consolidated | |
|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | |
| Income tax | 39,667 | 116,340 |
| Social contribution tax | 14,264 | 41,104 |
| | **53,931** | **157,444** |

## c) Deferred income tax and social contribution tax

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Deferred tax assets** | | | | |
| Tax loss carryforwards | 82,085 | 218,104 | 82,085 | 218,104 |
| Post-employment obligations | 420,753 | 414,995 | 420,753 | 414,995 |
| Estimated losses on doubtful receivables | 9,238 | 8,924 | 8,670 | 8,356 |
| Provisions for contingencies | 123,169 | 120,289 | 123,165 | 120,234 |
| Provision for SAAG put option | 225,664 | 216,339 | 225,664 | 216,339 |
| Provisions for losses on investments | 240,294 | 244,132 | 240,294 | 244,132 |
| Other provisions | 48,657 | 48,923 | 48,657 | 48,923 |
| Paid concession | 11,704 | 11,274 | 11,704 | 11,274 |
| Others | 24,792 | 21,369 | 18,473 | 15,190 |
| | **1,186,356** | **1,304,349** | **1,179,465** | **1,297,547** |
| | | | | |
| **Deferred tax liabilities** | | | | |
| Fair Value as cost attributed on IFRS adoption | (217,875) | (219,067) | (200,939) | (201,878) |
| Adjustment of contract assets | (921,821) | (895,223) | (918,139) | (891,654) |
| Fair value of equity holdings | (127,490) | (129,641) | (127,490) | (129,641) |
| Derivative financial instruments (Swap) | (257,176) | (412,436) | (257,176) | (412,436) |
| Reimbursement of costs – GSF | (307,915) | (319,210) | (243,678) | (253,901) |
| Others | (9,858) | (7,669) | (1,417) | (1,625) |
| | **(1,842,135)** | **(1,983,246)** | **(1,748,839)** | **(1,891,135)** |
| **Net total** | **(655,779)** | **(678,897)** | **(569,374)** | **(593,588)** |
| | | | | |
| **Total liabilities** | **(655,779)** | **(678,897)** | **(569,374)** | **(593,588)** |

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



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| | Consolidated | Parent Company |
|---|---|---|
| **Balance on December 31, 2021** | **(678,897)** | **(593,588)** |
| Effects allocated to income statement | 23,233 | 24,214 |
| Others | (115) | - |
| **Balance on March 31, 2022** | **(655,779)** | **(569,374)** |

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

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **Profit before income tax and social contribution tax** | **1,159,549** | **(499,520)** | **1,098,550** | **(557,906)** |
| | | | | |
| Income tax and social contribution tax – nominal expense (34%) | (394,247) | 169,837 | (373,507) | 189,688 |
| **Tax effects applicable to:** | | | | |
| Tax incentives | 8,125 | 4 | 8,121 | - |
| Share of profit (loss) of affiliate and joint controlled entities, net | 16,219 | (4,746) | 80,803 | 62,133 |
| Non-deductible penalties | (425) | (83) | (425) | (83) |
| Difference between presumed profit and real profit methods | 24,221 | 28,248 | - | - |
| Others | 72 | (5,113) | (28) | (5,205) |
| **Income tax and social contribution tax – effective revenue (expense)** | **(346,035)** | **188,147** | **(285,036)** | **246,533** |
| | | | | |
| Current tax | (369,268) | (57,463) | (309,250) | - |
| Deferred tax | 23,233 | 245,610 | 24,214 | 246,533 |
| | **(346,035)** | **188,147** | **(285,036)** | **246,533** |
| **Effective rate** | **29.84%** | **(37.67%)** | **25.95%** | **(44.19%)** |

# 10. ESCROW DEPOSITS

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Labor claims** | **24,049** | **24,153** | **23,408** | **23,502** |
| | | | | |
| Tax issues | | | | |
| Income tax on interest on equity | 17,941 | 17,760 | 16,625 | 16,444 |
| Pasep and Cofins taxes (1) | 3,435 | 6,343 | - | - |
| Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2) | 69,048 | 68,399 | 69,048 | 68,399 |
| Urban property tax (IPTU) | 13,564 | 13,272 | 13,562 | 13,270 |
| Social contribution tax (3) | 18,062 | 18,062 | 18,062 | 18,062 |
| Others | 5,114 | 4,615 | 4,436 | 4,010 |
| | **127,164** | **128,451** | **121,733** | **120,185** |
| | | | | |
| Others | | | | |
| Court embargo | 3,076 | 929 | 3,044 | 896 |
| Regulatory | 3,344 | 3,279 | 3,344 | 3,279 |
| Administrative (4) | 40,057 | - | 40,057 | - |
| Others | 2,813 | 5,008 | 2,702 | 4,897 |
| | **49,290** | **9,216** | **49,147** | **9,072** |
| | **200,503** | **161,820** | **194,288** | **152,759** |

(1) This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied.
(2) More details in Note 22 – Provisions (*Indemnity of employees' future benefit – the 'Anuênio'*).
(3) Escrow deposit in the legal action challenging an infringement claim relating to application of Social Contribution tax to amounts of cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with liability suspended.
(4) This includes the amount of R$37,785 relating to the escrow deposits made for the legal action for breach of contract relating to provision of services of cleaning of power line pathways and firebreaks. For more details see Note 22 – Provisions (Other legal actions).


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## 11. CONCESSION FINANCIAL ASSETS

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| Generation – Indemnity receivable (11.1) | 816,202 | 816,202 | 816,202 | 816,202 |
| Generation – Concession grant fee (11.2) | 2,850,965 | 2,792,201 | - | - |
| | **3,667,167** | **3,608,403** | **816,202** | **816,202** |
| | | | | |
| **Current** | **291,879** | **283,233** | **-** | **-** |
| **Non-current** | **3,375,288** | **3,325,170** | **816,202** | **816,202** |

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

| | Consolidated | Parent Company |
|---|---|---|
| **Balance on December 31, 2021** | **3,608,403** | **816,202** |
| Inflation adjustment | 131,595 | - |
| Amounts received | (72,831) | - |
| **Balance on March 31, 2022** | **3,667,167** | **816,202** |

### 11.1 Generation – Indemnity receivable

As from August 2013, with the extinction of the concession for various plants operated under Concession Contract 007/1997, the Company has a right to receive an amount corresponding to the residual value of the infrastructure assets as specified in the concession contract. These balances are recognized in financial assets, at fair value through profit or loss, and totaled R$816,202 on March 31, 2022 and December 31, 2021.

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

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


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On March 31, 2022, investments made after the Jaguara, São Simão and Miranda plants came into operation, in the amounts of R$174,203, R$2,711 and R$22,546, respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company is in a process of discussion with Aneel (the grantor). The Company's management does not expect losses in realization of these amounts.

Under Normative Resolution nº 942, concession holders must attest the respective investments linked to reimbursable assets, based on an evaluation report, by July 12, 2022, – this period may be extended by Aneel for an equal period. According to Grantor's rules, the evaluation report must be prepared by a company accredited by Aneel, to be hired by the concession holder. Additionaly, the concession holders should required to state interest in receipt of the complementary amount until August 20, 2021. The Company complied with this requirement within the specified period.

Appendix I of the above mentioned Resolution details the methodology and general criteria for calculation of investment portion linked to reversible assets, which must be based on the New Replacement Value – which is calculated, preferably, based on the reference database of prices, then, if it is not possible, by the concession holder's prices database, and, as the last alternative, by the updated inspected accounting cost.

The Company is assessing the effects of this resolution, and does not expect losses in its financial assets as a result of application of these new requirements.

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

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

**11.2 Generation - Concession grant fee**

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


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The changes in concession financial assets are as follows:

| SPC | Plants | Dec. 31, 2021 | Monetary updating | Amounts received | Mar. 31, 2022 |
|---|---|---|---|---|---|
| Cemig Geração Três Marias S.A. | Três Marias | 1,583,720 | 71,997 | (39,132) | 1,616,585 |
| Cemig Geração Salto Grande S.A. | Salto Grande | 497,154 | 22,673 | (12,341) | 507,486 |
| Cemig Geração Itutinga S.A. | Itutinga | 187,004 | 9,274 | (5,246) | 191,032 |
| Cemig Geração Camargos S.A. | Camargos | 140,201 | 6,920 | (3,905) | 143,216 |
| Cemig Geração Sul S.A. | Coronel Domiciano, Joasal, Marmelos, Paciência and Piau | 183,635 | 9,517 | (5,495) | 187,657 |
| Cemig Geração Leste S.A. | Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras | 125,187 | 6,983 | (4,173) | 127,997 |
| Cemig Geração Oeste S.A. | Cajurú, Gafanhoto and Martins | 75,300 | 4,231 | (2,539) | 76,992 |
| | | **2,792,201** | **131,595** | **(72,831)** | **2,850,965** |

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

## 12. CONCESSION CONTRACT ASSETS

Under IFRS 15/CPC 47 – *Revenue from contracts with customers*, concession infrastructure assets recognized during the period of construction for which the right to consideration depends on satisfaction of performance obligations related to the completion of its construction, or its future operation and maintenance are classified as contract assets. The amounts on March 31, 2022 totaling:

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13 | 2,020,331 | 2,011,576 | 2,020,331 | 2,011,576 |
| Transmission – Assets remunerated by tariff | 2,381,788 | 2,265,406 | 2,262,255 | 2,149,524 |
| | **4,402,119** | **4,276,982** | **4,282,586** | **4,161,100** |
| | | | | |
| **Current** | **630,635** | **592,337** | **602,290** | **565,659** |
| **Non-current** | **3,771,484** | **3,684,645** | **3,680,296** | **3,595,441** |

The changes in contract assets are as follows:

| | Consolidated | Parent Company |
|---|---|---|
| **Balance on December 31, 2021** | **4,276,982** | **4,161,100** |
| Additions | 68,395 | 68,395 |
| Inflation adjustment | 188,542 | 178,354 |
| Amounts received | (131,800) | (125,263) |
| **Balance on March 31, 2022** | **4,402,119** | **4,282,586** |



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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | | | |
| Concession contract - 079/00 (a) | 44,948 | 38,782 | 44,948 | 38,782 |
| Concession contract - 006/97 (b) | | | | |
| National Grid ('BNES' - Basic Network of the Existing System) | 337,162 | 317,692 | 337,162 | 317,692 |
| National Grid - new facilities (RBNI) | 220,180 | 209,185 | 220,180 | 209,185 |
| Concession contract – 004/05 (c) | 28,345 | 26,678 | - | - |
| | **630,635** | **592,337** | **602,290** | **565,659** |
| **Non-current** | | | | |
| Concession contract - 079/00 (a) | 154,850 | 151,858 | 154,850 | 151,858 |
| Concession contract - 006/97 (b) | | | | |
| National Grid ('BNES' - Basic Network of the Existing System) | 1,683,169 | 1,693,884 | 1,683,169 | 1,693,884 |
| National Grid - new facilities (RBNI) | 1,842,277 | 1,749,699 | 1,842,277 | 1,749,699 |
| Concession contract – 004/05 (c) | 91,188 | 89,204 | - | - |
| | **3,771,484** | **3,684,645** | **3,680,296** | **3,595,441** |
| | **4,402,119** | **4,276,982** | **4,282,586** | **4,161,100** |

## a) Concession contract nº 006/97

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

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

On April 22, 2021, Resolution nº 2,852 amended the repositioning of the RAP set by Resolution nº 2,712/2020, retrospectively effect to July 1, 2018, and also the Adjustment Portion of the Review, with financial effects on the adjustment of RAP for the 2021-22 cycle, to be in effect from July 1 2021 to June 30, 2022.

The next Periodic Tariff Review (RTP) will take place in June 2023, with effect from July 1, 2023. The indexer used to update the contract is the Expanded Consumer Price Index ('*Índice de Preços ao Consumidor Amplo*').

*National Grid Assets- 'BNES' – the regulatory cost of capital updating*

In 2017, the Brazilian Large Free Customers' Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silício Metálico*) obtained the preliminary injunction in their legal action against the grantor and the Federal Government requesting suspension of the effects on their tariffs of remuneration at cost of equity of portions of "National Grid" assets not yet paid from 2013 to 2017 owned to the agents that accepted the terms of Law 12,783/13.


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In 2020, the injunctions were overturned and Aneel provisionally ratified only the inclusion of the cost of equity updated by IPCA index of the period between the 2017-2018 and 2019-2020 tariff cycles.

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

On April 22, 2021, Aneel published Resolution nº 2,852, which altered Resolution nº 2,712/2020, defining, among other provisions, the financial component referred to. Thus, the cost capital associated with the financial components was incorporated into the calculation of the periodic review processes of 2018 deciding the RAP of the transmission concessions that were extended under Law 12,783/2013. This caused 2 effects: (i) A new value for the component to be considered in the RAP of the tariff cycles for 2020-2021 to 2025-2026; and (2) a residual value for the difference between the amount paid to the transmission companies in the 2017-2018 and 2019-2020 tariff cycles and the amount payable after the injunctions were overturned.

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

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

In the proposed profile the minimum payment is made in the 2021-2022 cycle, with zero amortization of the debt portion of the balance; in the 2022-2023 cycle there is amortization at a rate of 3.0%, so as to amortize part of the debt and keep the level of payments stable; and there are then constant payments over the cycles of 2023-2024 to 2027-2028, with amortization rates of 16.11% per year. Thus, to achieve regulatory stability and mitigate sector risk, this RAPs financial component might not be included in 2023 periodic review.

**b) Concession contract nº 079/00**

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

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

On March 30, 2021, Ratifying Resolution 2,839 changed the amounts of the RAP and the amounts of the Adjustment Portion for this contract, generating a positive adjustment of R$3,708 in contract assets amount.


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The amounts will comprise the new RAP as from the adjustment for the 2021/2022 cycle and the adjustment portion relating to the backdating will be paid in 3 installments during the next adjustment processes.

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

**c) Concession contract nº. 004/2005**

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

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

On July 13, 2021, Aneel established the RAP (Annual Permitted Revenue) for the 2021–2022 cycle, by Ratifying Resolution nº 2,895, which was amended by Ratifying Resolution nº 2,959 on October 5, 2021, due to applications for reconsideration filed by the transmission concession agents, including the Company.

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


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## 13. INVESTMENTS

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Jointly controlled entities** | | | | |
| Hidrelétrica Cachoeirão | 59,204 | 59,014 | 59,204 | 59,013 |
| Guanhães Energia | 162,169 | 125,172 | 162,169 | 125,172 |
| Hidrelétrica Pipoca | 48,524 | 46,722 | 48,524 | 46,722 |
| LightGer | 52,922 | 47,787 | 52,922 | 47,787 |
| Baguari Energia | 160,204 | 168,429 | 160,204 | 168,429 |
| Aliança Norte (*Belo Monte* plant) | 601,339 | 609,154 | 601,339 | 609,154 |
| Amazônia Energia (*Belo Monte* plant) | 920,938 | 932,600 | 920,938 | 932,600 |
| Aliança Geração | 1,291,078 | 1,140,930 | 1,291,078 | 1,140,930 |
| Retiro Baixo | 203,950 | 200,385 | 203,950 | 200,385 |
| **Subsidiaries** | | | | |
| Cemig Baguari | - | - | 83 | 88 |
| Cemig Geração Três Marias S.A. | - | - | 1,609,127 | 1,652,343 |
| Cemig Geração Salto Grande S.A. | - | - | 522,496 | 526,776 |
| Cemig Geração Itutinga S.A. | - | - | 202,057 | 211,956 |
| Cemig Geração Camargos S.A. | - | - | 158,763 | 165,369 |
| Cemig Geração Sul S.A. | - | - | 222,520 | 214,845 |
| Cemig Geração Leste S.A. | - | - | 139,610 | 147,702 |
| Cemig Geração Oeste S.A. | - | - | 111,648 | 105,990 |
| Rosal Energia S.A. | - | - | 117,976 | 114,751 |
| Sá Carvalho S.A. | - | - | 124,098 | 134,209 |
| Horizontes Energia S.A. | - | - | 62,545 | 59,575 |
| Cemig PCH S.A. | - | - | 97,071 | 90,117 |
| Cemig Geração Poço Fundo S.A. | - | - | 143,212 | 144,129 |
| Empresa de Serviços de Comercialização de Energia Elétrica S.A. | - | - | 8,736 | 7,734 |
| Cemig Trading S.A. | - | - | 1,975 | 2,158 |
| Central Eólica Praias de Parajuru S.A. | - | - | 176,810 | 177,707 |
| Central Eólica Volta do Rio S.A. | - | - | 276,720 | 273,988 |
| Companhia de Transmissão Centroeste de Minas | - | - | 116,681 | 122,079 |
| **Total of investments** | **3,500,328** | **3,330,193** | **7,592,456** | **7,481,708** |
| Usina Hidrelétrica Itaocara – equity deficit (1) | (20,838) | (20,767) | (20,838) | (20,767) |
| Madeira Energia (Santo Antônio Plant) – provisions to losses (2) | (170,685) | (161,648) | (170,685) | (161,648) |
| **Total** | **3,308,805** | **3,147,778** | **7,400,933** | **7,299,293** |

(1) The investee Usina Hidrelétrica Itaocara had negative shareholders' equity. Thus, after reducing the accounting value of its interest to zero, the Company recognized the loss to the extent that it assumed contractual obligations with the subsidiary and the other shareholders, which on March 31, 2022 is R$20,838 (R$20,767 on December 31, 2021). The loss is recorded in the balance sheet in Other obligations.

(2) A loss was recognized to the extent that the Company has incurred obligations on behalf of the investee and the other shareholders. On March 31, 2022 this amount was R$170,685 (R$161,648 on December 31, 2021). See further information in this note.

For the period ended on March 31, 2022, management evaluates if, the economic shock of the Covid-19 pandemic (Note 1.b), of potential decline in value of assets, as referred to in IAS 36/CPC 01 – *Impairments of Assets*. As a result of the analyzes, the Company concluded that the pandemic brought cyclical effects and the expectation of assets long-term realization underwent no change, were not observed impairment of its investments. Thus, the reported assets net carrying amount is recoverable, and therefore the Company has not recognized any impairment loss related to its investments, except for the investment held in MESA, as disclosed in more detail in this Note.

Additionally, in relation to the above, the Company's management has assessed the risk threatening all its investments ability to continue as a going concern, taking substantially into consideration: the guarantee of revenues of the transmission companies; the protection against *force majeure* reduction in regulated generation contracts; and all the legal measures that have been applied by the federal government and by Aneel – and has concluded that the Company and its subsidiaries' ability to continue as going concern is secure.


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## a) Right to exploitation of the regulated activity

In the process of allocating the purchase price for of the acquisition of the subsidiaries and affiliates, a valuation was made for the intangible assets relating to the right to operate the infrastructure. This asset is presented together with the acquisition cost of the investments and these assets will be amortized over the remaining period of the concessions on a straight-line basis.

The rights of authorization to generate wind energy granted to Parajuru and Volta do Rio, valued at R$48,087 (R$49,241 on December 31, 2021) and R$65,511 (R$67,205 on December 31, 2021), respectively, are recognized as investments in the financial position of the Company, in accordance with Technical Interpretation ICPC 09, and are classified in the consolidated balance sheet under intangible assets. These concession assets are amortized by the straight-line method, during the period of the concession. More details in Note 15.

The changes in these assets are as follows:

| Consolidated | Balance on Dec. 31, 2021 | Amortization | Balance on Mar. 31, 2022 |
|---|---|---|---|
| Retiro Baixo | 27,796 | (347) | 27,449 |
| Aliança Geração | 301,605 | (6,327) | 295,278 |
| Aliança Norte (*Belo Monte* plant) | 46,660 | (493) | 46,167 |
| | **376,061** | **(7,167)** | **368,894** |

| Parent Company | Balance on Dec. 31, 2021 | Amortization | Balance on Mar. 31, 2022 |
|---|---|---|---|
| Retiro Baixo | 27,796 | (347) | 27,449 |
| Central Eólica Praias de Parajuru | 49,241 | (1,154) | 48,087 |
| Central Eólica Volta do Rio | 67,205 | (1,694) | 65,511 |
| Aliança Geração | 301,605 | (6,327) | 295,278 |
| Aliança Norte (*Belo Monte* plant) | 46,660 | (493) | 46,167 |
| | **492,507** | **(10,015)** | **482,492** |

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

| Consolidated | Balance on Dec. 31, 2021 | Gain (loss) by equity method | Dividends | Balance on Mar. 31, 2022 |
|---|---|---|---|---|
| Hidrelétrica Cachoeirão | 59,014 | 3,722 | (3,532) | 59,204 |
| Guanhães Energia | 125,172 | 36,997 | - | 162,169 |
| Hidrelétrica Pipoca | 46,722 | 4,459 | (2,657) | 48,524 |
| Baguari Energia | 168,429 | 6,535 | (14,760) | 160,204 |
| Lightger | 47,787 | 5,135 | - | 52,922 |
| Amazônia Energia (*Belo Monte* Plant) | 932,600 | (11,662) | - | 920,938 |
| Aliança Norte (*Belo Monte* Plant) | 609,154 | (7,815) | - | 601,339 |
| Aliança Geração | 1,140,930 | 24,252 | 125,896 | 1,291,078 |
| Retiro Baixo | 200,385 | 3,565 | - | 203,950 |
| **Total of investments** | **3,330,193** | **65,188** | **104,947** | **3,500,328** |
| Itaocara – equity deficit | (20,767) | (71) | - | (20,838) |
| Madeira Energia (Santo Antônio Plant) – provisions to losses (1) | (161,648) | (9,037) | - | (170,685) |
| **Total** | **3,147,778** | **56,080** | **104,947** | **3,308,805** |

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



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| Parent Company | Balance on Dec. 31, 2021 | Gain (loss) by equity method | Dividends | Balance on Mar. 31, 2022 |
|---|---|---|---|---|
| Hidrelétrica Cachoeirão | 59,013 | 3,723 | (3,532) | 59,204 |
| Guanhães Energia | 125,172 | 36,997 | - | 162,169 |
| Hidrelétrica Pipoca | 46,722 | 4,459 | (2,657) | 48,524 |
| Baguari Energia | 168,429 | 6,535 | (14,760) | 160,204 |
| Central Eólica Praias Parajuru | 177,707 | 4,057 | (4,954) | 176,810 |
| Central Eólica Volta do Rio | 273,988 | 2,732 | - | 276,720 |
| Lightger | 47,787 | 5,135 | - | 52,922 |
| Amazônia Energia (*Belo Monte* Plant) | 932,600 | (11,662) | - | 920,938 |
| Aliança Norte (*Belo Monte* Plant) | 609,154 | (7,815) | - | 601,339 |
| Aliança Geração | 1,140,930 | 24,252 | 125,896 | 1,291,078 |
| Retiro Baixo | 200,385 | 3,565 | - | 203,950 |
| Cemig Baguari | 88 | (5) | - | 83 |
| Cemig Ger.Três Marias S.A. | 1,652,343 | 66,784 | (110,000) | 1,609,127 |
| Cemig Ger.Salto Grande S.A. | 526,776 | 21,720 | (26,000) | 522,496 |
| Cemig Ger. Itutinga S.A. | 211,956 | 11,289 | (21,188) | 202,057 |
| Cemig Geração Camargos S.A. | 165,369 | 11,683 | (18,289) | 158,763 |
| Cemig Geração Sul S.A. | 214,845 | 11,675 | (4,000) | 222,520 |
| Cemig Geração Leste S.A. | 147,702 | 11,239 | (19,331) | 139,610 |
| Cemig Geração Oeste S.A. | 105,990 | 5,658 | - | 111,648 |
| Rosal Energia S.A. | 114,751 | 3,225 | - | 117,976 |
| Sá Carvalho S.A. | 134,209 | 15,710 | (25,821) | 124,098 |
| Horizontes Energia S.A. | 59,575 | 3,775 | (805) | 62,545 |
| Cemig PCH S.A. | 90,117 | 6,954 | - | 97,071 |
| Cemig Geração Poço Fundo S.A. | 144,129 | 403 | (1,320) | 143,212 |
| Empresa de Serviços de Comercialização de Energia Elétrica S.A. | 7,734 | 1,002 | - | 8,736 |
| Cemig Trading S.A. | 2,158 | 296 | (479) | 1,975 |
| Companhia de Transmissão Centroeste de Minas | 122,079 | 9,171 | (14,569) | 116,681 |
| **Total of investments** | **7,481,708** | **252,557** | **(141,809)** | **7,592,456** |
| Itaocara – equity deficit | (20,767) | (71) | - | (20,838) |
| Madeira Energia (Santo Antônio Plant) – provisions to losses (1) | (161,648) | (9,037) | - | (170,685) |
| **Total** | **7,299,293** | **243,449** | **(141,809)** | **7,400,933** |

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


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

| Company | Number of shares | March 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Equity interest (%) | Share capital | Equity | Equity interest (%) | Share capital | Equity |
| **Affiliated companies** | | | | | | | |
| Madeira Energia (*Santo Antônio* plant) | 12,034,025,147 | 17.91 | 10,619,786 | (1,109,868) | 15.51 | 10,619,786 | 1,492,037 |
| **Jointly controlled entities** | | | | | | | |
| Hidrelétrica Cachoeirão | 35,000,000 | 49.00 | 35,000 | 120,824 | 49.00 | 35,000 | 120,436 |
| Guanhães Energia (3) | 548,626,000 | 49.00 | 548,626 | 330,958 | 49.00 | 548,626 | 255,453 |
| Hidrelétrica Pipoca | 41,360,000 | 49.00 | 41,360 | 100,048 | 49.00 | 41,360 | 93,390 |
| Baguari Energia (1) | 26,157,300,278 | 69.39 | 186,573 | 230,884 | 69.39 | 186,573 | 242,736 |
| Lightger (3) | 79,078,937 | 49.00 | 79,232 | 108,006 | 49.00 | 79,232 | 97,525 |
| Aliança Norte (*Belo Monte* plant) | 41,923,360,811 | 49.00 | 1,209,043 | 1,133,003 | 49.00 | 1,209,043 | 1,147,947 |
| Amazônia Energia (*Belo Monte* plant) (1) | 1,322,697,723 | 74.50 | 1,322,698 | 1,235,601 | 74.50 | 1,322,698 | 1,251,811 |
| Aliança Geração | 1,291,582,500 | 45.00 | 1,291,488 | 2,205,626 | 45.00 | 1,291,488 | 1,857,905 |
| Retiro Baixo | 225,350,000 | 49.90 | 225,350 | 353,710 | 49.90 | 225,350 | 345,868 |
| Usina Hidrelétrica Itaocara S.A. | 156,259,500 | 49.00 | 156,259 | (42,526) | 49.00 | 156,259 | (42,381) |
| **Subsidiaries** | | | | | | | |
| Cemig Baguari | 406,000 | 100.00 | 406 | 83 | 100.00 | 406 | 88 |
| Cemig Ger.Três Marias S.A. | 1,291,423,369 | 100.00 | 1,291,423 | 1,609,127 | 100.00 | 1,291,423 | 1,652,343 |
| Cemig Ger.Salto Grande S.A. | 405,267,607 | 100.00 | 405,268 | 522,496 | 100.00 | 405,268 | 526,776 |
| Cemig Ger. Itutinga S.A. | 151,309,332 | 100.00 | 151,309 | 202,057 | 100.00 | 151,309 | 211,956 |
| Cemig Geração Camargos S.A. | 113,499,102 | 100.00 | 113,499 | 158,763 | 100.00 | 113,499 | 165,369 |
| Cemig Geração Sul S.A. | 148,146,505 | 100.00 | 148,147 | 222,520 | 100.00 | 148,147 | 214,845 |
| Cemig Geração Leste S.A. | 100,568,929 | 100.00 | 100,569 | 139,610 | 100.00 | 100,569 | 147,702 |
| Cemig Geração Oeste S.A. | 60,595,484 | 100.00 | 60,595 | 111,648 | 100.00 | 60,595 | 105,990 |
| Rosal Energia S.A. | 46,944,467 | 100.00 | 46,944 | 117,976 | 100.00 | 46,944 | 114,751 |
| Sá Carvalho S.A. | 361,200,000 | 100.00 | 36,833 | 124,098 | 100.00 | 36,833 | 134,209 |
| Horizontes Energia S.A. | 39,257,563 | 100.00 | 39,258 | 62,545 | 100.00 | 39,258 | 59,575 |
| Cemig PCH S.A. | 45,952,000 | 100.00 | 45,952 | 97,071 | 100.00 | 45,952 | 90,117 |
| Cemig Geração Poço Fundo S.A. (2) | 97,161,578 | 100.00 | 97,162 | 143,212 | 100.00 | 97,162 | 144,128 |
| Empresa de Serviços de Comercialização de Energia Elétrica S.A. | 486,000 | 100.00 | 486 | 8,736 | 100.00 | 486 | 7,734 |
| Cemig Trading S.A. | 1,000,000 | 100.00 | 1,000 | 1,975 | 100.00 | 1,000 | 2,158 |
| Central Eólica Praias de Parajuru S.A. | 85,834,843 | 100.00 | 85,835 | 128,723 | 100.00 | 85,835 | 128,466 |
| Central Eólica Volta do Rio S.A. | 274,867,441 | 100.00 | 274,867 | 211,209 | 100.00 | 274,867 | 206,783 |
| Companhia de Transmissão Centroeste de Minas | 28,000,000 | 100.00 | 28,000 | 116,681 | 100.00 | 28,000 | 122,079 |

(1) Control shared under a shareholders' agreement.
(2) By its Authorizing Resolution 9,735 of February 23, 2021, Aneel authorized transfer of ownership of the concession of the Poço Fundo Small Hydro Plant from Cemig Geração e Transmissão S.A. to Cemig Geração Poço Fundo S.A. The transfer was formalized by signature of a new concession contract, nº 01/2021, on April 16, 2021.
(3) On December 9, 2021, Light disclosed to the market that it had signed a share purchase agreement with Brasal Energia S.A. for sale of its equity interest in Guanhães and LightGer, subject to the conditions precedent that are usual in this type of transaction. Brasal Energia S.A will join the existing stockholders' agreements of these investees, complying fully with their terms.


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

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

On March 31, 2022, MESA reported a negative net working capital, increased by the recognition of the arbitration proceedings CAM 115/18 and CCI 21,511/ASM effects, described in the following topics. Hydroelectric plants project finance structurally present negative net working capital in the first years of operation, because they are built using high levels of financial leverage. On the other hand, they have firm long-term contracts for energy supply as support and guarantee of payment of their debts.

To balance the situation of capital structure and liquidity, in addition to the measures described below, related to the arbitral decisions, MESA has been adopting actions aimed at reducing the operational expediture, protecting the exposure to hydrological risks, optimizing the capital structure, and managing the energy operations.

*Arbitral proceeding 115/2018 – Madeira Energia S.A.*

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

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

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


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On April 29, 2022, MESA informed that the shareholder Furnas Centrais Elétricas S.A., which is also a party in the arbitration process, notified MESA that, on April 28, 2022, a preliminary injunction in their legal action was granted, for the immediate suspension of the CAM 115/2018 arbitration decision, in order to maintain the equity interest held before its effects. According to MESA's legal advisors, the aforementioned suspension is not definitive and they assessed the probability of loss as probable, therefore, the investee maintained the provision for capital reduction in its interim financial information.

Since the legal proceeding in which the urgent provisional remedy was granted is at an initial phase, the Company, based on the opinion of its legal advisors, believes that a modification on the arbitration decision is remote, and awaits compliance with it.

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

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

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

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

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

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

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


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On April 11, 2022 SAESA filed a motion for advance dismissal of enforcement, with extinction of the legal action for partial execution brought by Grupo Industrial Complexo Rio Madeira (GICOM), which is part of CCSA, in the amount of R$645 million. Considering that, GICOM based its case on the opinion that the decision released in the arbitration proceeding CCI 21,511/ASM was definitive and enforceable. On April 17, 2022, a court decision was rendered in the lawsuit for partial execution of the arbitration decision, receiving the motion for advance dismissal of enforcement presented by SAESA, and granting suspensive effect to interrupt the executed debts payment the Arbitration Court considers the motion for clarification presented in the arbitration proceedings, or judgment is given on the application for motion for advance dismissal of enforcement, whichever occurs first.

On April 29, 2022, the MESA Extraordinary General Meeting approved a capital increase until R$1,582,551, to be made in order to capitalize SAESA. The Company relinquished the right to subscribe the investee's shares and will not make the contribution referring to its equity interests.

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

*Investment in Madeira Energia S.A.*

As a result of the above mentioned arbitration decisions, the Company recognized, on December 31, 2021, an impairment of R$366,850, which results in reduction of the investment carrying amount to zero, and, in accordance with IAS 28 / CPC 18 – Investments in Associates and Joint Ventures, constituted a liability for the obligations assumed on behalf of investee in equity support and guarantee agreements, which on March 31, 2022, totaled R$170,685.

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

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

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

On March 31, 2022 NESA presents negative net working capital of R$26,956 (R$189,028 on December 31, 2021) and will spend further amounts on projects specified in its concession contract, even after conclusion of the construction and full operation of the Belo Monte Hydroelectric Plant. According to the estimates and projections, the negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations and/or raising of bank loans.

The Company evaluated the recoverability amount of its investment in NESA, based on its value in use, in accordance with CPC 01/ IAS 36 – Impairment of Assets, and by CPC 46/ IFRS 13 – Fair Value Measurement, and has concluded that the recoverable amount of the investment is higher than its carrying amount on March 31, 2022.

On September 21, 2015, NESA was awarded a preliminary injunction ordering the grantor to abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an the grantor (Aneel) Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME for the Belo Monte Hydroelectric Plant'. The legal advisors of NESA have classified the probability of loss as 'possible' and estimated the potential loss on March 31, 2022 to R$2,985,000 (R$2,832,000 on December 31, 2021).

**d) Risks related to compliance with law and regulations**

*Jointly-controlled entities and affiliates:*

*Norte Energia S.A. ('NESA') – through Amazônia Energia and Aliança Norte*

Investigations and other legal measures are in progress since 2015, conducted by the Federal Public Attorneys' Office, which involve other shareholders of NESA and certain executives of those other shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other shareholders, which are still in progress.

At present, it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee, further to the write-downs of infrastructure assets in the amount of R$183,000 recorded at NESA in 2015, based on the results of the independent internal investigation conducted by NESA and its other shareholders, the results of which were reflected in the Company through the equity method in that year.

On March 9, 2018 '*Operação Buona Fortuna'* started, as a 49th phase of 'Operation Lava Jato' ('Operation Carwash'). According to what has been disclosed by the media this operation investigates payment of bribes by the construction consortium of the *Belo Monte* power plant, comprising the companies Camargo Corrêa, Andrade Gutierrez, Odebrecht, OAS and J. Malucelli. Management of NESA believes that so far there are no new facts that have been disclosed by the 49th phase of 'Operation Carwash' that require additional procedures and internal investigation in addition to those already carried out.


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The Company's management, based on its knowledge of the matters described above and on the independent procedure carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate, as a result no adjustment has been made in its interim financial information. The effects of any future changes in the existing scenario will be reflected appropriately in the Company's interim financial information.

*Madeira Energia S.A. ('MESA')*

Investigation and other legal measures, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of MESA and certain executives of those other indirect shareholders. In this context, the Federal Public Attorneys have started investigations searching for irregularities involving contractors and suppliers of MESA and of its other shareholders. In response to allegations of possible illegal activities, the investee and its other shareholders started an independent internal investigation.

The independent internal investigation, concluded in February 2019, in the absence of any future developments such as any leniency agreements by third parties that may come to be signed or collaboration undertakings that may be signed by third parties with the Brazilian authorities, found no objective evidence enabling it to be affirmed that there were any supposed undue payments by MESA that should be considered for possible accounting write-off, pass through or increase of costs to compensate undue advantages and/or linking of MESA with the acts of its suppliers, in the terms of the witness accusations and/or cooperation statements that have been made public.

The Company's management, based on its knowledge of the matters described above and on the independent procedures carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate, as a result no adjustment has been made in the interim financial information. The effects of any future changes in the existing scenario will be reflected appropriately in the Company's interim financial information.

*Other investigations*

In addition to the cases above, there are investigations being conducted by the Public Attorneys' Office of the State of Minas Gerais ('MPMG') and by the Civil Police of the State of Minas Gerais ('PCMG'), which aim to investigate possible irregularities in the investments made by the Company at Guanhães Energia and also at MESA.

Additionally, since 2017 Renova, whose equity interest held by the Company was classified in non-current assets held for sale in 2021, is part of an investigation conducted by the Civil Police of Minas Gerais State and other public authorities related to certain injections of capital made by the controlling shareholders, including the Company and its Parent Company (Cemig), and injections made in prior years by Renova in certain projects under development.


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

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

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

Taking into account the investigations, that are being conducted by public authorities relating to Company and to certain investees, as described above, the governance bodies of the Company have authorized contracting third party investigator to analyze the internal procedures related to these investments. This independent investigation was subject to oversight of an independent Special Investigation Committee whose creation was approved by our Board of Directors.

The Company’s internal investigation was completed and the corresponding report was issued on May 8, 2020 and identified no objective evidence substantiating illegal acts made by Company in the Company’s investments that were the subjects of the investigation. Therefore, there was no impact in the Company’s interim financial information, neither for the period ended on March 31, 2022 nor for prior periods business year.

In the second half of 2019, Company signed tolling agreements with the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ), which were extended until August 2021 and on July 2022, respectively. Cemig has complied with the requests and intends to continue cooperating fully with to the SEC and the DOJ, in accordance with any demands presented.

Due to the completion of the investigations for which the Special Investigation Committee was constituted, from the delivery of the final report by the third party investigator, the governance bodies of the Company decided to extinguish that Committee. If there are any future needs resulting from developments in this matter, the Committee can be reinstated.

In the end of 2020, the Company began internal procedures for investigation of allegations received by the Minas Gerais State Public Attorneys’ Office, through Official Letters, the content of which refers to alleged irregularities in public bidding purchasing processes. The investigation is being accompanied by an Investigation Committee, with support from specialized advisers.


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The independent internal investigation begun in 2020 has been concluded, and its final report has been delivered and was approved by the Investigation Committee on November 24, 2021, no matter was identified that might present a significant impact on the interim financial information on March 31, 2022 or on financial statements for prior years. However, the Company awaits completion of the investigations by the Public Attorneys' Office of Minas Gerais State (MPMG), and by the Brazilian and international authorities that are still on going.

The Company will evaluate any changes in the future scenario and potential impacts that could affect the interim financial information, if appropriate. The Company continues to cooperate with domestic and foreign authorities in their analysis related to the ongoing investigations.

## 14. PROPERTY, PLANT AND EQUIPMENT

| Consolidated | March 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Historic cost | Accumulated depreciation | Net value | Historic cost | Accumulated depreciation | Net value |
| **In service** | **7,340,879** | **(5,258,943)** | **2,081,936** | **7,328,985** | **(5,216,046)** | **2,112,939** |
| Land | 246,523 | (26,621) | 219,902 | 246,523 | (25,822) | 220,701 |
| Reservoirs, dams and watercourses | 3,295,716 | (2,371,933) | 923,783 | 3,295,828 | (2,352,006) | 943,822 |
| Buildings, works and improvements | 1,086,305 | (842,269) | 244,036 | 1,085,888 | (837,918) | 247,970 |
| Machinery and equipment | 2,678,831 | (1,988,278) | 690,553 | 2,667,242 | (1,970,649) | 696,593 |
| Vehicles | 20,602 | (19,349) | 1,253 | 20,602 | (19,230) | 1,372 |
| Furniture and utensils | 12,902 | (10,493) | 2,409 | 12,902 | (10,421) | 2,481 |
| | | | | | | |
| **Under construction** | **305,952** | **-** | **305,952** | **304,586** | **-** | **304,586** |
| Assets in progress | 305,952 | - | 305,952 | 304,586 | - | 304,586 |
| **Net PP&E** | **7,646,831** | **(5,258,943)** | **2,387,888** | **7,633,571** | **(5,216,046)** | **2,417,525** |

| Parent Company | March 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Historic cost | Accumulated depreciation | Net value | Historic cost | Accumulated depreciation | Net value |
| **In service** | **6,160,937** | **(4,640,169)** | **1,520,768** | **6,155,957** | **(4,609,197)** | **1,546,760** |
| Land | 241,900 | (26,207) | 215,693 | 241,900 | (25,418) | 216,482 |
| Reservoirs, dams, watercourses | 3,012,955 | (2,222,197) | 790,758 | 3,013,067 | (2,204,303) | 808,764 |
| Buildings, works and improvements | 997,550 | (799,442) | 198,108 | 997,133 | (795,789) | 201,344 |
| Machinery and equipment | 1,875,489 | (1,562,886) | 312,603 | 1,870,814 | (1,554,440) | 316,374 |
| Vehicles | 20,384 | (19,131) | 1,253 | 20,384 | (19,012) | 1,372 |
| Furniture and utensils | 12,659 | (10,306) | 2,353 | 12,659 | (10,235) | 2,424 |
| | | | | | | |
| **Under construction** | **115,435** | **-** | **115,435** | **110,086** | **-** | **110,086** |
| Assets in progress | 115,435 | - | 115,435 | 110,086 | - | 110,086 |
| **Net PP&E** | **6,276,372** | **(4,640,169)** | **1,636,203** | **6,266,043** | **(4,609,197)** | **1,656,846** |


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Changes in Property, plant and equipment were as follows:

| Consolidated | Balance on Dec. 31, 2021 | Addition | Reversal of provision (3) | Transfer (2) | Settled | Depreciation | Balance on Mar. 31, 2022 |
|---|---|---|---|---|---|---|---|
| **In service** | **2,112,939** | **-** | **-** | **11,596** | **(54)** | **(42,545)** | **2,081,936** |
| Land (1) | 220,701 | - | - | - | - | (799) | 219,902 |
| Reservoirs, dams, watercourses | 943,822 | - | - | 120 | - | (20,159) | 923,783 |
| Buildings, works and improvements | 247,970 | - | - | 418 | - | (4,352) | 244,036 |
| Machinery and equipment | 696,593 | - | - | 11,058 | (54) | (17,044) | 690,553 |
| Vehicles | 1,372 | - | - | - | - | (119) | 1,253 |
| Furniture and utensils | 2,481 | - | - | - | - | (72) | 2,409 |
| **Under construction** | **304,586** | **12,180** | **782** | **(11,596)** | **-** | **-** | **305,952** |
| **Net PP&E** | **2,417,525** | **12,180** | **782** | **-** | **(54)** | **(42,545)** | **2,387,888** |

| Parent Company | Balance on Dec. 31, 2021 | Addition | Reversal of provision (3) | Transfer (2) | Settled | Depreciation | Balance on Mar. 31, 2022 |
|---|---|---|---|---|---|---|---|
| **In service** | **1,546,760** | **-** | **-** | **4,572** | **(6)** | **(30,558)** | **1,520,768** |
| Land (1) | 216,482 | - | - | - | - | (789) | 215,693 |
| Reservoirs, dams, watercourses | 808,764 | - | - | 120 | - | (18,126) | 790,758 |
| Buildings, works and improvements | 201,344 | - | - | 418 | - | (3,654) | 198,108 |
| Machinery and equipment | 316,374 | - | - | 4,034 | (6) | (7,799) | 312,603 |
| Vehicles | 1,372 | - | - | - | - | (119) | 1,253 |
| Furniture and utensils | 2,424 | - | - | - | - | (71) | 2,353 |
| **Under construction** | **110,086** | **9,139** | **782** | **(4,572)** | **-** | **-** | **115,435** |
| **Net PP&E** | **1,656,846** | **9,139** | **782** | **-** | **(6)** | **(30,558)** | **1,636,203** |

(1) Certain land sites linked to concession contracts and not having provision for reimbursement are amortized in accordance with the period of the concession;
(2) Balance relating to transfers from Assets in progress to Assets in service;
(3) Reversal of a provision previously recognized for impairment of works in progress assets with expectation of partial or total cancellation, due to the Company's withdrawn of a previously agreed consortium.

## Consortium

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

| Consolidated and Parent Company | Stake in power output, % | Average annual depreciation rate % | March 31, 2022 | December 31, 2021 |
|---|---|---|---|---|
| **In service** | | | | |
| Queimado Power Plant | 82.50 | 3.94 | 220,009 | 220,009 |
| Depreciation | | | (128,571) | (126,583) |
| **Total in service** | | | **91,438** | **93,426** |
| | | | | |
| **In progress** | | | | |
| Queimado Power Plant | 82.50 | - | 55 | 43 |
| **Total in progress** | | | **55** | **43** |
| **Total** | | | **91,493** | **93,469** |

## 15. INTANGIBLE ASSETS

| Consolidated | March 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Historic cost | Accumulated amortization | Residual value | Historic cost | Accumulated amortization | Residual value |
| **In service** | **1,327,246** | **(263,409)** | **1,063,837** | **1,326,989** | **(226,203)** | **1,100,786** |
| Temporary easements | 14,692 | (4,895) | 9,797 | 14,692 | (4,726) | 9,966 |
| Paid concession | 13,599 | (8,647) | 4,952 | 13,599 | (8,491) | 5,108 |
| Assets of the concession (1) | 202,337 | (88,739) | 113,598 | 202,338 | (85,892) | 116,446 |
| Assets of the concession - GSF | 1,031,810 | (99,260) | 932,550 | 1,031,809 | (65,744) | 966,065 |
| Others | 64,808 | (61,868) | 2,940 | 64,551 | (61,350) | 3,201 |
| | | | | | | |
| **Under construction** | **12,303** | **-** | **12,303** | **12,126** | **-** | **12,126** |
| Assets in progress | 12,303 | - | 12,303 | 12,126 | - | 12,126 |
| **Net intangible assets** | **1,339,549** | **(263,409)** | **1,076,140** | **1,339,115** | **(226,203)** | **1,112,912** |

(1) The rights of authorization to generate wind energy granted to the Parajuru and Volta do Rio, in the amount of R$113,598, are recognized as investments in the interim financial information of the parent company and are classified under intangible assets in the statement of financial position, as per Technical Interpretation ICPC 09. These concession assets are amortized by the straight-line method, during the period of the concession.

| Parent Company | March 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Historic cost | Accumulated amortization | Residual value | Historic cost | Accumulated amortization | Residual value |
| **In service** | **893,166** | **(162,441)** | **730,725** | **892,909** | **(131,617)** | **761,292** |
| Temporary easements | 11,451 | (4,620) | 6,831 | 11,451 | (4,481) | 6,970 |
| Paid concession | 11,720 | (7,289) | 4,431 | 11,720 | (7,171) | 4,549 |
| Assets of the concession - GSF | 805,613 | (88,914) | 716,699 | 805,613 | (58,845) | 746,768 |
| Others | 64,382 | (61,618) | 2,764 | 64,125 | (61,120) | 3,005 |
| | | | | | | |
| **Under construction** | **12,290** | **-** | **12,290** | **12,113** | **-** | **12,113** |
| Assets in progress | 12,290 | - | 12,290 | 12,113 | - | 12,113 |
| **Net intangible assets** | **905,456** | **(162,441)** | **743,015** | **905,022** | **(131,617)** | **773,405** |

### Changes in intangible assets are as follow:

| Consolidated | Balance on December 31, 2021 | Addition | Capitalization / Transfer (1) | Amortization | Balance on March 31, 2022 |
|---|---|---|---|---|---|
| **In service** | **1,100,786** | **-** | **263** | **(37,212)** | **1,063,837** |
| Temporary easements | 9,966 | - | - | (169) | 9,797 |
| Paid concessions | 5,108 | - | - | (156) | 4,952 |
| Assets of the concession | 116,446 | - | - | (2,848) | 113,598 |
| Assets of the concession - GSF | 966,065 | - | - | (33,515) | 932,550 |
| Others | 3,201 | - | 263 | (524) | 2,940 |
| | | | | | |
| **Under construction** | **12,126** | **440** | **(263)** | **-** | **12,303** |
| Assets in progress | 12,126 | 440 | (263) | - | 12,303 |
| **Total** | **1,112,912** | **440** | **-** | **(37,212)** | **1,076,140** |

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

| Parent Company | Balance on December 31, 2021 | Addition | Capitalization / Transfer (2) | Amortization | Balance on March 31, 2022 |
|---|---|---|---|---|---|
| **In service** | **761,292** | **-** | **263** | **(30,830)** | **730,725** |
| Temporary easements | 6,970 | - | - | (139) | 6,831 |
| Paid concessions | 4,549 | - | - | (118) | 4,431 |
| Assets of the concession - GSF | 746,768 | - | - | (30,069) | 716,699 |
| Others | 3,005 | - | 263 | (504) | 2,764 |
| | | | | | |
| **Under construction** | **12,113** | **440** | **(263)** | **-** | **12,290** |
| Assets in progress | 12,113 | 440 | (263) | - | 12,290 |
| **Total** | **773,405** | **440** | **-** | **(30,830)** | **743,015** |

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


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

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

On September 9, 2020, the Law 14,052 was passed, changing the Law 13,203/2015, aiming to compensate holders of hydroelectric plants for the costs incurred due to the GSF, under the Energy Reallocation Mechanism (MRE) for the period from 2012 to 2017, during which there was hydrological crisis, and the following non-hydrological risks were incurred by the hydroelectric plants holders:

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

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

On December 1, 2020, Aneel issued its Normative Resolution 895, which established the methodology for calculation of the compensation, and the procedures for renegotiation of hydrological risk. To be eligible for the compensations under Law 14,052, the holders of hydroelectric plants participating in the MRE are required to:
(i) cease any legal actions which claimed exemption from, or mitigation of hydrological risks related to the MRE;
(ii) relinquishing any claims and/or further legal actions in relation to exemptions from or mitigation of hydrological risks related to the MRE; and
(iii) not to have renegotiated hydrological risk under Law 13,203/2015.

On August 03, 2021, Aneel ratified, through the Ratifying Resolution nº 2,919/2021, the terms of concession extension of hydroelectric plants participating in the MRE, including all of the Company plants suitable for the renegotiation, except for Queimado and Irapé, which renegotiate the hydrological risk through the Resolution nº 684/2015 and were not covered by the Resolution nº 2,919/2021. The values ratified are aligned with the Company estimations, based on the Resolution Aneel nº 895/2020.


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On June 11, 2021, the Board of Directors of the Company authorized withdrawal of any legal proceedings based on the MRE, and the signing of the Term of Acceptance of Law 14,052/2020 provisions, for the plants within the concession contracts of Cemig GT and subsidiaries. With the approval by the Board of Directors, the Company recognized, on the second quarter of 2021, an intangible asset relating to the right to the extension of concessions, with counterpart in "Renegotiation of hydrological risk – Law 14,052/20", in the amount of R$909,601 for the consolidated and R$683,405 for the individual financial statements.

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

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


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| Power plants | Intangible assets – Right to extension of concession | End of concession | Extension in years | New end of concession |
|---|---|---|---|---|
| **Cemig Geração Camargos** | **9,459** | **January 05, 2046** | **7.0** | **January 03, 2053** |
| **Cemig Geração Itutinga** | **7,713** | **January 05, 2046** | **7.0** | **January 03, 2053** |
| **Cemig Geração Leste** | **154** | | | |
| Dona Rita | 11 | July 03, 2046 | 4.0 | July 19, 2050 |
| Ervalia | 8 | July 03, 2046 | 0.8 | April 19, 2047 |
| Neblina | 11 | July 03, 2046 | 0.8 | April 19, 2047 |
| Peti | 113 | January 05, 2046 | 7.0 | January 03, 2053 |
| Sinceridade | 1 | July 03, 2046 | 0.7 | March 12, 2047 |
| Tronqueiras | 10 | January 05, 2046 | 1.0 | December 26, 2046 |
| **Cemig Geração Oeste** | **234** | | | |
| Cajuru (Cemig) | 234 | January 05, 2046 | 7.0 | January 03, 2053 |
| **Cemig Geração Salto Grande** | **40,079** | **January 05, 2046** | **7.0** | **January 03, 2053** |
| **Cemig Geração Sul** | **2,106** | | | |
| Coronel Domiciano | 36 | July 03, 2046 | 0.8 | April 11, 2047 |
| Joasal | 450 | January 05, 2046 | 7.0 | January 03, 2053 |
| Marmelos | 238 | January 05, 2046 | 7.0 | January 03, 2053 |
| Paciência | 205 | January 05, 2046 | 7.0 | January 03, 2053 |
| Piau | 1,177 | January 05, 2046 | 7.0 | January 03, 2053 |
| **Cemig Geração Três Marias** | **115,831** | **January 05, 2046** | **7.0** | **January 03, 2053** |
| **Cemig Poço Fundo** | **1,482** | **May 29, 2045** | **7.0** | **May 27, 2052** |
| **Cemig PCH (Pai Joaquim)** | **418** | **April 04, 2032** | **0.4** | **September 14, 2032** |
| **Horizontes** | **130** | | | |
| Machado Mineiro | 130 | July 08, 2025 | 1.9 | May 21, 2027 |
| **Rosal** | **8,900** | **May 08, 2032** | **3.6** | **December 13, 2035** |
| **Sá Carvalho** | **39,690** | **December 01, 2024** | **1.7** | **August 27, 2026** |
| **Total subsidiaries** | **226,196** | | | |
| Nova Ponte | 254,956 | July 23, 2025 | 2.1 | August 11, 2027 |
| Irapé | 105,010 | February 28, 2035 | 2.6 | September 18, 2037 |
| Queimado | 19,326 | December 18, 2032 | 1.8 | June 26, 2034 |
| São Bernardo (Cemig) | 649 | August 19, 2025 | 1.9 | June 27, 2027 |
| Emborcação | 425,672 | July 23,2025 | 1.8 | May 26, 2027 |
| **Total Cemig GT** | **805,613** | | | |
| **Total (R$)** | **1,031,809** | | | |

The Resolution nº 2,919/2021 ratified the amount of the right to compensation for the São Simão, Jaguara, Miranda and Volta Grande generation plants, which had been owned by the Company during the period stipulated in the Law 14,052/20 to be compensated but does not specify how this compensation will happen in the event of absence of debts with the Federal Government related to the regime of concessions determined in that Law. The amounts calculated are:

| Plant re-offered for tender | Amount |
|---|---|
| São Simão | 783,004 |
| Miranda | 145,528 |
| Jaguara | 237,218 |
| Volta Grande | 156,688 |
| **Total** | **1,322,438** |

Since there is no legal provision relating to how the compensation of these non-hydrological risks will happen and the Company's right depends on the occurrence of uncertain future events, which are not totally under its control, as such these contingent assets listed in the table above have not been recognized.



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## 16. LEASING TRANSACTIONS

The Company and its subsidiaries recognized a right of use and a lease liability, according the IFRS 16 / CPC 06 (R2) – Leases, for the following contracts which contain a lease:

- Leasing of building used as administrative headquarter; and
- Leasing of commercial vehicles used in operations.

The Company and its subsidiaries have elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the income statement on the straight-line basis, over the period of the leasing. Their effects on net income of the three-month period ended on March 31, 2022 were immaterial.

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

| Marginal rates | Annual rate (%) | Monthly rate (%) |
|---|---|---|
| **Initial application** | | |
| Up to two years | 7.96 | 0.64 |
| Three to five years | 10.64 | 0.85 |
| Six to twenty years | 13.17 | 1.04 |
| | | |
| **Contracts entered – 2019 at 2021** | | |
| Up to three years | 6.87 | 0.56 |
| Three to four years | 7.33 | 0.59 |
| Four to twenty years | 8.08 | 0.65 |
| | | |
| **Contracts entered from August to December/2021 (1)** | | |
| Up to five years | 5.81 | 0.47 |
| Six to ten years | 5.89 | 0.48 |
| Eleven to fifteen years | 5.95 | 0.49 |
| Sixteen to thirty years | 5.95 | 0.49 |

(1) Each month the Company calculates the addition to the rate to be applied to the new contracts. For the purposes of publication, these are presented at the average rates used. Additionally, there were no new contracts from January to March 2022.

### a) Right of use

The right of use assets was valued at cost, corresponding to the amount of the initial measurement of the lease liabilities adjusted by its remeasurements and amortized on the straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



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Changes in the right of use assets are as follows:

| Consolidated | Real estate property | Vehicles | Total |
|---|---|---|---|
| **Balances on December 31, 2021** | **37,010** | **4,854** | **41,864** |
| Amortization (1) | (391) | (1,757) | (2,148) |
| Remeasurement (2) | 2 | 578 | 580 |
| **Balances on March 31, 2022** | **36,621** | **3,675** | **40,296** |

| Parent Company | Real estate property | Vehicles | Total |
|---|---|---|---|
| **Balances on December 31, 2021** | **35,575** | **4,852** | **40,427** |
| Amortization (1) | (375) | (1,623) | (1,998) |
| **Balances on March 31, 2022** | **35,200** | **3,229** | **38,429** |

(1) Amortization of the Right of Use recognized in the Income Statement is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, in the amounts of R$28, for the consolidated and individual interim financial information, from January to March 2022 (R$28 for the consolidated and individual interim financial information, from January to March, 2021).

(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The lease liabilities are restated with adjustment to the asset of Right of Use.

## b) Lease liabilities

The liability for leasing agreements is measured at the present value of lease payments to be made over the lease term, discounted at the Company's marginal borrowing interest rate. The carrying amount of lease liabilities is remeasured if there are modifications that shall be accounted for as a remeasurement of the lease liability.

The changes in the lease liabilities are as follows:

| | Consolidated | Parent Company |
|---|---|---|
| **Balances on December 31, 2021** | **45,450** | **43,926** |
| Accrued interest (1) | 1,337 | 1,276 |
| Payment of principal portion of lease liability | (3,071) | (2,881) |
| Payment of interest | (57) | (53) |
| Remeasurement (2) | 580 | - |
| **Balances on March 31, 2022** | **44,239** | **42,268** |
| | | |
| **Current liabilities** | **8,691** | **8,050** |
| **Non-current liabilities** | **35,548** | **34,218** |

(1) Financial revenues recognized in the financial statements are net of incorporation of the credits for PIS, Pasep and Cofins taxes on payments of rentals, in the amounts of R$92 and R$91, from January to March 2022, for the consolidated and individual interim financial information, respectively (R$264 and R$261 from January to March, 2021, for the consolidated and individual interim financial information, respectively).

(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The lease liabilities are restated with adjustment to the asset of Right of Use.

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

| Cash flow | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Nominal | Adjustments to present value | Nominal | Adjustments to present value |
| Consideration for the leasing | 130,417 | 44,239 | 125,247 | 42,268 |
| Potential PIS/Pasep and Cofins (9.25%) | 11,396 | 3,646 | 11,276 | 3,607 |

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

The cash flows of the contracts containing a lease are, in their majority, updated by the IPCA inflation index on an annual basis. Below is an analysis of maturity of lease contracts:



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| | Consolidated (Nominal) | Parent Company (Nominal) |
|---|---|---|
| 2022 | 7,723 | 7,141 |
| 2023 | 5,410 | 5,161 |
| 2024 | 5,346 | 5,147 |
| 2025 | 5,340 | 5,141 |
| 2026 | 5,340 | 5,141 |
| 2027 a 2045 | 101,258 | 97,516 |
| **Undiscounted values** | **130,417** | **125,247** |
| Embedded interest | (86,178) | (82,979) |
| **Lease liabilities** | **44,239** | **42,268** |

## 17. SUPPLIERS

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| Wholesale supply, and transport of supply | 299,911 | 288,869 | 296,052 | 283,389 |
| Materials and services | 66,623 | 94,917 | 47,131 | 50,990 |
| | **366,534** | **383,786** | **343,183** | **334,379** |

## 18. TAXES PAYABLE

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Current** | | | | |
| ICMS (value added) tax | 23,721 | 22,797 | 18,806 | 17,910 |
| Pasep tax (1) | 16,923 | 14,336 | 14,742 | 12,242 |
| Cofins tax (1) | 77,107 | 64,946 | 67,980 | 56,360 |
| Social security contributions | 11,000 | 10,337 | 6,438 | 6,497 |
| ISS tax on services | 2,661 | 2,439 | 2,154 | 1,857 |
| Others (2) | 5,940 | 29,532 | 5,020 | 28,881 |
| | **137,352** | **144,387** | **115,140** | **123,747** |
| **Non-current** | | | | |
| Pasep tax (1) | 61,150 | 59,582 | 59,351 | 57,923 |
| Cofins tax (1) | 281,686 | 274,465 | 273,385 | 266,807 |
| | **342,836** | **334,047** | **332,736** | **324,730** |
| | **480,188** | **478,434** | **447,876** | **448,477** |

(1) Includes PIS/Pasep and Cofins recognized in current liability includes the deferred taxes related to the interest revenue arising from the financing component in contract asset and to the revenue of construction and upgrade associated with the transmission concession contract. More information in Note 12.

(2) The balance of December 31, 2021 includes the withholding income tax on Interest on equity declared on December 10, 2021, and paid in January 2022, in accordance with the tax legislation.

# 19. LOANS, FINANCING AND DEBENTURES

| Financing source | Principal maturity | Annual financing cost | Currency | Consolidated and Parent Company – March 31, 2022 | | | Consolidated and Parent Company – December 31, 2021 |
|---|---|---|---|---|---|---|---|
| | | | | Current | Non-current | Total | |
| **FOREIGN CURRENCY** | | | | | | | |
| Eurobonds (1) | 2024 | 9.25% | USD | 164,700 | 4,737,799 | 4,902,499 | 5,622,673 |
| (–) Transaction costs | | | | - | (7,619) | (7,619) | (8,220) |
| (+/–) Funds advanced (2) | | | | - | (12,397) | (12,397) | (13,356) |
| **Total of loans and financings** | | | | **164,700** | **4,717,783** | **4,882,483** | **5,601,097** |
| | | | | | | | |
| Debentures – 3rd Issue, 3rd Series | 2022 | IPCA + 6.20% | R$ | - | - | - | 428,367 |
| (-) Transaction costs | | | | - | - | - | (4) |
| Total, debentures | | | | - | - | - | **428,363** |
| **Overall total** | | | | **164,700** | **4,717,783** | **4,882,483** | **6,029,460** |

(1) In August 2021, the Company carried out a partial buyback of its Eurobonds issue, in the principal amount of US$500 million. There are more details on this transaction later in this Note
(2) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.

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

## Guarantees

The Company's debtor balances on loans and financings guaranteed by the parent company, Cemig on March 31, 2022 were as follows:

| Consolidated | March 31, 2022 |
|---|---|
| Surety guarantees | 4,882,483 |

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

| Consolidated and Parent Company | 2022 | 2023 | 2024 | Total |
|---|---|---|---|---|
| **Currency** | | | | |
| US dollar | 164,700 | - | 4,737,799 | 4,902,499 |
| **Total, currency-denominated** | **164,700** | **-** | **4,737,799** | **4,902,499** |
| (–) Transaction costs | - | (2,593) | (5,026) | (7,619) |
| (+/-) Funds advanced | - | - | (12,397) | (12,397) |
| **Overall total** | **164,700** | **(2,593)** | **4,720,376** | **4,882,483** |

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

| Currency | Accumulated change in the first quarter of 2022 (%) | Accumulated change in the first quarter of 2021 (%) | Indexer | Accumulated change in the first quarter of 2022 (%) | Accumulated change in the first quarter of 2021 (%) |
|---|---|---|---|---|---|
| US dollar | (15.10) | 9.63 | IPCA | 3.20 | 2.05 |
| | | | CDI | 2.39 | 0.48 |


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

| | Consolidated and Parent Company |
|---|---|
| **Balances on December 31, 2021** | **6,029,460** |
| Monetary variation | 3,060 |
| Exchange rate variations | (842,700) |
| Financial charges provisioned | 126,960 |
| Amortization of transaction cost | 605 |
| Financial charges paid | (25,390) |
| Amortization of financing | (409,512) |
| **Balances on March 31, 2022** | **4,882,483** |

## Restrictive covenants

There is an early maturity clause for cross-default in the event of non-compliance, by the Company or by its parent company Cemig, on any pecuniary obligation with individual or aggregate value greater than R$50 million (“cross default”).

The Company and its subsidiaries have contracts with financial covenants as follows:

| Security | Covenant | Ratio required – Cemig GT | Ratio required --- Cemig (guarantor) | Compliance required |
|---|---|---|---|---|
| Eurobonds (1) | Net debt / (Ebitda adjusted for the Covenant) (2) | The following, or less:<br>2.5 on/after Dec. 31, 2021 | Ratio to be the following, or less:<br>3.0 on/after December 31, 2021 | Half-yearly and annual |

(1) In the event of overrun of the financial maintenance covenants, interest will automatically be increased by 2% p.a. during the period in which they remain exceeded. There is also an obligation to comply with a ‘debt maintenance covenant’, involving asset collateral of 2.0x Cemig’s consolidated Ebitda (1.75x at Dec. 2017); and an ‘incurrence’ covenant comprising an asset guarantee in the Company of 1.5x Ebitda
(2) Ebitda is defined as: (i) Profit before interest, income tax and Social Contribution tax on profit; depreciation; and amortization, calculated in accordance with CVM Instruction 527, of October 4, 2012; – less: (ii) non-operational profit; any non-recurring non-monetary credits or gains that increase net income; any payments in cash made on consolidated basis during the period relating to non-monetary charges that were newly added in the calculation of Ebitda in any prior period; and any non-recurring non-monetary expenses or charges.

On March 31, 2022, the Company and its parent company were compliant with the covenants.

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

## 20. REGULATORY CHARGES

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Liabilities** | | | | |
| Global reversion reserve (RGR) | 3,392 | 3,529 | - | - |
| Royalties for use of water resources (CFURH) | 8,646 | 5,374 | 3,888 | 2,227 |
| Energy development account (CDE) | 57,238 | 63,060 | 57,238 | 63,060 |
| Electricity services inspection charge (TFSEE) | 722 | 717 | 644 | 641 |
| Alternative power source program (Proinfa) | 12,736 | 16,623 | 12,736 | 16,623 |
| National scientific and technological development fund (FNDCT) | 2,218 | 1,120 | 1,679 | 577 |
| Research and development (R&D) | 20,039 | 22,103 | 13,404 | 16,166 |
| Energy system expansion research | 1,248 | 699 | 978 | 428 |
| Energy development account (CDE) on Research and development (R&D) | 802 | 476 | 660 | 330 |
| | **107,041** | **113,701** | **91,227** | **100,052** |
| | | | | |
| **Current liabilities** | **103,140** | **111,160** | **91,227** | **100,052** |
| **Non-current liabilities** | **3,901** | **2,541** | **-** | **-** |

## 21. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

| Consolidated and Parent Company | Pension plans and retirement supplement plans | Health plan | Dental plan | Total |
|---|---|---|---|---|
| **Net liabilities on December 31, 2021** | **548,112** | **744,895** | **14,207** | **1,307,214** |
| Expense recognized in Statement of income | 14,636 | 20,378 | 394 | 35,408 |
| Contributions paid | (13,993) | (10,604) | (207) | (24,804) |
| **Net liabilities on March 31, 2022** | **548,755** | **754,669** | **14,394** | **1,317,818** |
| | | | | |
| | | | **Mar. 31, 2022** | **Dec. 31, 2021** |
| **Current liabilities** | | | **76,371** | **75,257** |
| **Non-current liabilities** | | | **1,241,447** | **1,231,957** |

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

The amounts reported as ‘Expense recognized in the Statement of income’ refer to the costs of post-employment obligations, in the amount of R$32,231 in the first quarter of 2022 (R$22,693 in the first quarter of 2021), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$3,177 in the first quarter of 2022 (R$4,158 in the first quarter of 2021).

### Life insurance

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


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

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

**Debt with the pension fund (Forluz)**

On March 31, 2022 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$80,685 (R$87,015 on December 31, 2021). This amount has been recognized as an obligation payable, and will be amortized until June of 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table) and adjusted by the IPCA (Expanded National Customer Price) inflation index (published by the Brazilian Geography and Statistics Institute – IBGE) plus 6% per year. The Company is required to pay this debt even if Forluz has a surplus, thus, the Company maintain recorded the debt in full and record the effects of monetary updating and interest in finance income in the statement of income.

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

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed a Debt Assumption Instrument to cover the deficit of Plan A for the years of 2015, 2016 and 2017. On March 31, 2022 the total amount payable by the Company as result of the Plan A deficit was R$120,778 (R$121,961 on December 31, 2021 referring to the Plan A deficits of 2015, 2016 and 2017). The monthly amortizations, calculated by the constant installments system (Price Table), will be paid up to 2031 for the 2015 and 2016 deficits, in the amount of R$78,851, and up to 2033 for the 2017 deficit, in the amount of R$41,927. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

In December 2020, in accordance with the applicable legislation, Forluz proposed to Cemig a new Debt Assumption Instrument to be signed between Forluz and the sponsors Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, which occurred in 2019. The total amount to be paid by the Company as a result of the deficit found in Plan A, without considering parity of contribution, is R$36,304, through 166 monthly installments. The remuneration interest rate 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



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Company will not be required to pay the remaining installments and the contract will be extinguished.

The Company recognized the legal obligation in relation to the deficit of Plan A, corresponding to 50% of the minimum amount, and, thus, obeying the contribution parity rule, made the payments of R$2,260 (R$1,535 on December 31, 2021), with remain at the disposal of Forluz to be redeemed at an account with an official bank. Due to the refusal by Forluz to receive this amount, on May 26, 2021 the Company proposed an Action of Consignment in Payment, which is in its initial pleading phase.

Due to the Debt Assumption Instrument not being signed for coverage of the minimum amount proposed in the plan for solution of the Plan A actuarial deficit for 2019, and the refusal of the payments in consignment made by the Company, on April 27, 2021 Forluz filed legal action against sponsors Cemig, Cemig GT and Cemig D, applying for approval and confirmation of the request to ensure compliance with the contracting of the debt for coverage of the deficit of Plan A, in the amount of R$160,425, for the 2019 business year. The chances of loss have been assessed as ‘possible’, due to the action still being at the instruction phase, and there being no decisions on the merit. Also, the application by Forluz for emergency writ was refused.

## 22. PROVISIONS

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

### Claims in which the Company and its subsidiaries are defendant

The Company and its subsidiaries recorded provisions for contingencies in relation to the legal claims in which, based on the assessment of the Company and its legal advisors, the probability of loss are assessed as ‘probable’ (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

| Consolidated | Dec. 31, 2021 | Additions | Reversals | Settled | Mar. 31, 2022 |
|---|---|---|---|---|---|
| Employment-law cases | 59,957 | 4,332 | - | (3,118) | 61,171 |
| Tax | 317,326 | 7,761 | - | (1,645) | 323,442 |
| Regulatory | 4,131 | 184 | - | - | 4,315 |
| Others | 56,629 | 4,262 | (154) | (660) | 60,077 |
| **Total** | **438,043** | **16,539** | **(154)** | **(5,423)** | **449,005** |

| Parent Company | Dec. 31, 2021 | Additions | Reversals | Settled | Mar. 31, 2022 |
|---|---|---|---|---|---|
| Employment-law cases | 59,957 | 4,330 | - | (3,117) | 61,170 |
| Tax | 317,287 | 7,760 | - | (1,645) | 323,402 |
| Regulatory | 4,131 | 184 | - | - | 4,315 |
| Others | 56,397 | 3,016 | (3) | (659) | 58,751 |
| **Total** | **437,772** | **15,290** | **(3)** | **(5,421)** | **447,638** |


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

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

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

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

Labor claims

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

The aggregate amount of the contingency is approximately R$153,055 (R$152,180 on December 31, 2021), of which R$61,171 (R$59,957 on December 31, 2021) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

Tax

*Social Security contributions on profit sharing payments*

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

The amount of the contingencies is approximately R$383,367 (R$376,009 on December 31, 2021), of which R$320,120 (R$314,056 on December 31, 2021) has been provisioned, this being the estimate of the probable amount of funds, on March 31, 2022, to settle these disputes.



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*Non-homologation of offsetting of tax credit*

The federal tax authority did not ratify the Company declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS/Pasep and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company is contesting the non-homologation of the amounts offset. The amount of the contingency is R$71,977 (R$70,618 on December 31, 2021), of which R$1,166 (R$1,152 on December 31, 2021) has been recorded, since the relevant requirements of the National Tax Code (CTN) have been complied with.

*Other tax actions*

The Company are involved in numerous administrative and judicial claims relating to taxes, including, among other matters, subjects relating to the Social Integration Program (*Programa de Integração Social*, or PIS), the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins), Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ), the Social contribution tax on Net income (*Contribuição Social sobre o Lucro Líquido*, or CSLL), and motions to stay tax enforcement. The aggregate amount of these contingencies is approximately R$102,882 (R$103,841 on December 31, 2021), of which R$2,156 (R$2,118 on December 31, 2021) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

<u>Regulatory</u>

The Company and its subsidiaries are defendant in court and administrative proceedings challenging, especially: reduction of an energy supply contract, limitation on a procedure for operation of the sluice dam of a hydroelectric plant, a claim of infringement arising from an inspection by the grantor, and other matters. The amount of the contingency is approximately R$49,865 (R$47,915 on December 31, 2021), of which R$4,315 (R$4,131 on December 31, 2021) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

<u>Other legal actions</u>

The Company is involved, as plaintiff or defendant, in other lesser claims, related to the normal course of its operations, with an estimated total amount of R$202,445 (R$201,064 on December 31, 2021), of which R$60,077 (R$56,629 on December 31, 2021) has been recorded. Management believes that it has appropriate defense for these actions and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit. The main subjects related to these contingencies concern: (i) disputes on alleged losses suffered as a result of supposed breach of contract at the time of provision of services of cleaning of power line pathways and firebreaks; and (ii) customer relations.


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**Contingent liabilities – loss assessed as 'possible'**

Taxes

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

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

In 2006 the Company paid an indemnity to its employees, totaling R$41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company did not pay income tax and Social Security contributions on these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company obtained an injection, which permitted to make an escrow deposit of R$28,716 which updated now represents the amount of R$69,048 (R$68,399 on December 31, 2021). The updated amount of the contingency is R$72,099 (R$71,097 on December 31, 2021) and, based on the arguments above, management has classified the chance of loss as 'possible'.

*Social Security contributions*

The Brazilian tax authority (*Receita Federal do Brasil*) has filed administrative proceedings related to various matters: the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs); and fines for non-compliance with accessory obligations. The Company have presented defenses and await judgment. The amount of the contingency is approximately R$18,963 (R$18,655 on December 31, 2021). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

*The social contribution tax on net income (CSLL)*

The federal tax authority issued tax assessments against the Company for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$91,223 (R$88,424 on December 31, 2021). The Company has classified the probability of loss as 'possible', in accordance with the analysis of the case law on the subject.


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Regulatory matters

*Accounting of energy sale transactions in the Power Trading Chamber (CCEE)*

In a claim dating from August 2002, AES Sul Distribuidora challenged in the court the criteria for accounting of energy sale transactions in the wholesale energy market (*Mercado Atacadista de Energia*, or MAE), predecessor of the present Power Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment on February 2006, which ordered the grantor (Aneel), working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering the grantor (Aneel) Dispatch 288 of 2002.

This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for the Company, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$452,359 (R$436,835 on December 31, 2021). On November 9, 2008 the Company obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF), suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE and has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Energy Sector, in which the Company has the full documentation to support its arguments.

Environmental claims

*Impact arising from construction of power plants*

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, the Company has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$127,606 (R$123,098 on December 31, 2021).

*Other environmental claims*

The Company is involved in environmental matters, relating to protected areas, environmental licenses, recovery of environmental damage, and other matters, in the amount of R$75,230 (R$72,557 on December 31, 2021). No provision has been made, since based on the opinion of its legal advisors management has classified the chance of loss as 'possible'.


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Renova: Application to override corporate identity

A receivables investment fund filed an application for Override of Legal Identity (Incidente de Desconsideração da Personalidade Jurídica – IDPJ) in relation to certain companies of the Renova group, aiming to include some shareholders of Renova, including the Company and its parent company (Cemig), as defendants jointly and severally liable. The amount involved in this dispute is estimated in the amount of R$89,844 (R$86,256 on December 31, 2021). The probability of loss have been assessed as 'possible'.

## 23. EQUITY AND REMUNERATION TO SHAREHOLDERS

### a) Share capital

On March 31, 2022 the Company's issued and outstanding share capital is R$4,123,724 (R$4,123,724 on December 31, 2021), represented by 2,896,785,358 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

### b) Earnings (loss) basic and diluted per share

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

| | Jan to Mar/2022 | Jan to Mar/2021 |
|---|---|---|
| Number of shares (A) | 2,896,785,358 | 2,896,785,358 |
| Earnings (loss) for the period, R$'000 (B) | 813,514 | (311,373) |
| **Earnings (loss) per share – Basic – in R$ (B/A)** | **0.28** | **(0.11)** |
| **Earnings (loss) per share – Diluted – in R$** | **0.28** | **(0.12)** |

The put option of investments in SAAG, as described in note 28, issued by the Company, could potentially dilute basic earnings per share in the future; however, they have not caused dilution of earnings per share in the first quarter of 2022.



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## 24. REVENUES

Revenues are measured at the fair value of the consideration received or to be received and are recognized on a monthly basis as and when occur: (i) Rights and obligations of the contract with the customer are identified; (ii) the performance obligation of the contract is identified; (iii) the price for each transaction has been determined; (iv) the transaction price has been allocated to the performance obligations defined in the contract; and (v) the performance obligations have been complied.

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Total revenue from supply of energy – with taxes (a) | 2,017,515 | 1,897,442 | 1,810,933 | 1,684,030 |
| Transmission revenue (b) | | | | |
| Transmission operation and maintenance revenue | 151,845 | 150,719 | 152,614 | 152,124 |
| Transmission construction revenue (Note 12) | 68,395 | 22,451 | 68,395 | 22,451 |
| Interest revenue arising from the financing component in the transmission contract asset (Note 12) | 188,542 | 145,042 | 178,354 | 145,042 |
| Revenue from updating of the concession grant fee (c) | 131,595 | 124,560 | - | - |
| Transactions on CCEE (d) | 22,576 | 49,849 | 10,977 | 14,257 |
| Other operating revenues | 36,455 | 23,927 | 47,406 | 32,573 |
| Sector / regulatory charges – Deductions from revenue (e) | (492,759) | (468,464) | (442,187) | (417,127) |
| | **2,124,164** | **1,945,526** | **1,826,492** | **1,633,350** |

### (a) Revenue from energy supply

This table shows energy supply by type of customer:

| | Consolidated | | | | Parent Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Jan to Mar/2022 | | Jan to Mar/2021 | | Jan to Mar/2022 | | Jan to Mar/2021 | |
| | MWh (1) | R$ | MWh (1) | R$ | MWh (1) | R$ | MWh (1) | R$ |
| Industrial | 3,561,728 | 1,002,414 | 3,371,412 | 895,726 | 3,319,595 | 927,641 | 3,126,261 | 835,338 |
| Commercial | 1,055,478 | 262,023 | 999,427 | 213,782 | 1,054,023 | 261,397 | 997,332 | 212,858 |
| Rural | 5,100 | 1,110 | 6,966 | 1,865 | 5,100 | 1,110 | 6,966 | 1,865 |
| **Subtotal** | **4,622,307** | **1,265,547** | **4,377,805** | **1,111,373** | **4,378,718** | **1,190,148** | **4,130,559** | **1,050,061** |
| Net unbilled retail supply | - | 99,995 | - | 90,550 | - | 86,089 | - | 77,207 |
| | **4,622,307** | **1,365,542** | **4,377,805** | **1,201,923** | **4,378,718** | **1,276,237** | **4,130,559** | **1,127,268** |
| Wholesale supply to other concession holders (2) | 2,277,146 | 647,906 | 2,748,059 | 769,238 | 2,048,331 | 516,373 | 2,407,332 | 611,023 |
| Wholesale supply unbilled, net | - | 4,067 | - | (73,719) | - | 18,323 | - | (54,261) |
| | **6,899,453** | **2,017,515** | **7,125,864** | **1,897,442** | **6,427,049** | **1,810,933** | **6,537,891** | **1,684,030** |

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

### (b) Transmission concession revenue

- Construction revenue corresponds to the performance obligation to build the transmission infrastructure, recognized based on the satisfaction of performance obligation over time. They are measured based on the cost incurred, including PIS/Pasep and Cofins taxes over the total revenues and the profit margin of the project. For more information, see Note 12;



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- Operation and maintenance revenue corresponds to the performance obligation of operation and maintenance specified in the transmission concession contract, after termination of the construction phase. They are recognized when the services are rendered and he invoices for the RAPs are issued;
- Interest revenue in the contract asset recognized, recorded as transmission concession gross revenue in statement income. Revenue corresponds to the significant financing component in the contract asset and is recognized by the linear effective interest rate method based on the rate determined at the start of the investments, which is not subsequently changed. The average of the implicit rates is 6.86%. The rates are determined for each authorization and are applied on the amount to be received (future cash flow) over the contract duration. This includes financial updating by the inflation index specified for each transmission contract.

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

| | Consolidated | |
|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 |
| Construction and upgrades revenue | 68,395 | 22,451 |
| Construction and upgrades costs | (50,696) | (19,065) |
| **Margin** | **17,699** | **3,386** |
| **Mark-up (%)** | **34.91%** | **17.76%** |
| Operation and maintenance revenue | 151,845 | 150,719 |
| Operation and maintenance cost | (68,142) | (56,501) |
| **Margin** | **83,703** | **94,218** |
| **Mark-up (%)** | **122.84%** | **166.78%** |

**(c) Gain on financial updating of Concession Grant Fee**

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

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

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

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


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## (e) Deductions on revenue

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **Taxes on revenue** | | | | |
| ICMS tax | 170,720 | 163,412 | 153,771 | 147,169 |
| Cofins tax | 180,881 | 164,989 | 160,760 | 144,094 |
| PIS and Pasep taxes | 39,268 | 35,818 | 34,902 | 31,283 |
| ISS tax on services | 1,098 | 530 | 1,057 | 223 |
| | **391,967** | **364,749** | **350,490** | **322,769** |
| **Charges to the customer** | | | | |
| Global Reversion Reserve (RGR) | 3,667 | 3,737 | 3,110 | 3,133 |
| Energy Development Account (CDE) | 54,552 | 61,389 | 54,552 | 61,389 |
| CDE on P&D | 1,068 | - | 853 | - |
| Proinfa | 19,490 | 16,335 | 19,490 | 16,335 |
| Research and Development (P&D) | 2,599 | 3,521 | 1,990 | 2,633 |
| National Scientific and Technological Development Fund (FNDCT) | 3,667 | 3,521 | 2,842 | 2,633 |
| Energy System Expansion Research (EPE) | 1,833 | 1,760 | 1,421 | 1,317 |
| Electricity Services Inspection Charge (TFSEE) | 2,167 | 4,571 | 1,933 | 2,195 |
| Royalties for use of water resources (CFURH) | 11,749 | 8,881 | 5,506 | 4,723 |
| | **100,792** | **103,715** | **91,697** | **94,358** |
| | **492,759** | **468,464** | **442,187** | **417,127** |

## 25. OPERATING COSTS AND EXPENSES

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Personnel | 81,067 | 75,555 | 76,970 | 71,834 |
| Employee profit shares | 9,396 | 7,146 | 9,334 | 7,121 |
| Post-employment obligation (Note 21) | 32,231 | 22,693 | 32,231 | 22,693 |
| Materials | 3,537 | 4,880 | 2,472 | 2,032 |
| Outsourced services (a) | 45,080 | 34,451 | 33,181 | 25,603 |
| Depreciation and amortization (1) | 81,877 | 47,875 | 63,358 | 33,194 |
| Provisions (reversals) (b) | 42,639 | (4,916) | 41,757 | (4,780) |
| Charges for use of the national grid | 57,935 | 48,920 | 41,241 | 36,551 |
| Energy purchase for resale (c) | 906,797 | 979,386 | 902,789 | 966,427 |
| Transmission infrastructure construction cost (d) | 50,696 | 19,065 | 50,696 | 19,065 |
| Other operating expenses, net (e) | 6,321 | 15,067 | 4,640 | 11,949 |
| | **1,317,576** | **1,250,122** | **1,258,669** | **1,191,689** |

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$28 in the Consolidated and iParent Company interim financial information (R$108 and R$106 on December 31, 2021 for the Consolidated and Parent Company financial statement, respectively)



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## a) Outsourced services

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Communication | 1,052 | 797 | 969 | 730 |
| Maintenance and conservation of electrical facilities and equipment | 11,283 | 8,023 | 4,689 | 3,965 |
| Building conservation and cleaning | 5,356 | 5,859 | 4,708 | 4,679 |
| Contracted labor | 2,213 | 69 | 1,069 | 799 |
| Freight and airfares | 126 | 76 | 126 | 76 |
| Accommodation and meals | 756 | 704 | 741 | 700 |
| Security services | 1,626 | 1,974 | 933 | 1,191 |
| Consultancy | 1,532 | 2,448 | 1,402 | 1,809 |
| External audit | 1,520 | 1,330 | 1,299 | 912 |
| Maintenance and conservation of furniture and fixtures | 215 | 144 | 200 | 112 |
| Information technology | 8,946 | 4,106 | 8,254 | 3,774 |
| Energy | 1,177 | 1,037 | 1,029 | 710 |
| Environment services | 2,561 | 1,456 | 1,738 | 812 |
| Cleaning of power line pathways | 1,628 | 1,241 | 1,628 | 1,241 |
| Printing and images | 184 | 601 | 122 | 186 |
| Legal services and procedural costs | 654 | 1,089 | 815 | 1,089 |
| Others | 4,251 | 3,497 | 3,459 | 2,818 |
| | **45,080** | **34,451** | **33,181** | **25,603** |

## b) Provisions

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Provision for doubtful receivables (reversals) (Note 7) (1) | (1,173) | (1,112) | (957) | (973) |
| Contingency provisions (reversals) (Note 22) (2) | | | | |
| Employment-law cases | 4,332 | 4,481 | 4,330 | 4,480 |
| Civil cases | - | 35 | - | 35 |
| Tax | 7,761 | 1,342 | 7,760 | 1,342 |
| Regulatory | 184 | 497 | 184 | 497 |
| Others | 4,108 | 3,008 | 3,013 | 3,006 |
| | **16,385** | **9,363** | **15,287** | **9,360** |
| | **15,212** | **8,251** | **14,330** | **8,387** |
| Change in fair value of derivative instruments | | | | |
| Put option – SAAG (Note 28) | 27,427 | (13,167) | 27,427 | (13,167) |
| | **42,639** | **(4,916)** | **41,757** | **(4,780)** |

(1) The expected losses on receivables are presented as selling expenses in the Statement of Income.
(2) The provisions for contingencies are presented in the Statement of Income for the period as operating expenses.

## c) Energy purchase for resale

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Spot market – CCEE | 30,176 | 40,832 | 29,217 | 34,088 |
| Acquired in free market | 968,284 | 1,035,843 | 964,935 | 1,028,639 |
| PIS/Pasep and Cofins credits | (91,663) | (97,289) | (91,363) | (96,300) |
| | **906,797** | **979,386** | **902,789** | **966,427** |

## d) Transmission infrastructure construction cost

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Personnel | 2,271 | 1,769 | 2,271 | 1,769 |
| Materials | 38,785 | 13,690 | 38,785 | 13,690 |
| Outsourced services | 9,638 | 3,599 | 9,638 | 3,599 |
| Other | 2 | 7 | 2 | 7 |
| | **50,696** | **19,065** | **50,696** | **19,065** |


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## e) Other operating expenses, net

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| Leasing and rentals (1) | 1,313 | 570 | 225 | 192 |
| Advertising | 108 | 123 | 108 | 123 |
| Paid concessions | 959 | 792 | 957 | 789 |
| Taxes (IPTU, IPVA and others) | 1,163 | 619 | 1,012 | 411 |
| CCEE annual charge | 607 | 659 | 607 | 659 |
| Insurance | 3,228 | 3,669 | 2,755 | 3,165 |
| Forluz – Administrative running cost | 1,762 | 1,667 | 1,762 | 1,666 |
| Obligations deriving from investment contracts (2) | 833 | 5,379 | 833 | 5,379 |
| Other (reversals) | (3,652) | 1,589 | (3,619) | (435) |
| | **6,321** | **15,067** | **4,640** | **11,949** |

(1) The amounts related to leasing and rentals are recognized in accordance with CPC 06 (R2I /IFRS 16, as well as short-term leases and leases for which the underlying asset is of low value.

(2) This refers to the contractual obligations to the investee Aliança Geração, corresponding to contingencies resulting from events before the closing of the transaction which resulted in contribution of assets by Cemig and Vale S.A. to this investee in exchange for an equity interest. The total value of the contingencies is R$151 million on March 31, 2022 (R$149 million on December 31, 2021, of which Cemig GT's portion is R$53 million (R$52 million on December, 31, 2021).

## 26. FINANCE INCOME AND EXPENSES

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **FINANCE INCOME** | | | | |
| Income from cash investments | 35,885 | 8,915 | 21,378 | 6,515 |
| Arrears fees on sale of energy | 2,097 | 1,359 | 1,678 | 1,169 |
| Monetary updating | 10,737 | 2,227 | 10,701 | 2,223 |
| Monetary updating on escrow deposits | 2,249 | 260 | 2,210 | 258 |
| FX variation from loans and financings (Note 19) | 842,700 | - | 842,700 | - |
| Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS | 575 | 976 | - | 904 |
| Other finance income | 5,869 | 10,182 | 5,590 | 9,736 |
| Pasep and Cofins taxes on financial revenues | (2,203) | (949) | (1,899) | (899) |
| | **897,909** | **22,970** | **882,358** | **19,906** |
| **DESPESAS FINANCEIRAS** | | | | |
| Costs of loans, financings and debentures (Note 19) | (126,960) | (251,764) | (126,960) | (248,971) |
| Amortization of transaction cost (Note 19) | (605) | (3,051) | (605) | (3,051) |
| Monetary updating – Forluz | (3,177) | (4,158) | (3,177) | (4,158) |
| Inflation adjustment – Loans, financings and debentures (Note 20) | (3,060) | (13,592) | (3,060) | (13,132) |
| Monetary updating | (5,985) | (8,137) | (2,933) | (4,453) |
| FX variation from loans and financings (Note 19) | - | (750,900) | - | (750,900) |
| Losses on financial instruments – swap (Note 28) | (456,647) | (187,348) | (456,647) | (187,348) |
| Leasing – Monetary variation (Note 16) | (1,245) | (1,267) | (1,185) | (1,214) |
| Other finance expenses | (3,349) | - | (513) | (601) |
| | **(601,028)** | **(1,220,217)** | **(595,080)** | **(1,213,828)** |
| **NET FINANCE EXPENSES** | **296,881** | **(1,197,247)** | **287,278** | **(1,193,922)** |


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## 27. RELATED PARTY TRANSACTIONS

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

| COMPANY | ASSETS | | LIABILITIES | | REVENUE | | COSTS/EXPENSES | |
|---|---|---|---|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **CEMIG** | | | | | | | | |
| **Current** | | | | | | | | |
| Interest on Equity, and dividends | - | - | 799,947 | 799,947 | - | - | - | - |
| Other credits | - | 4,038 | - | - | - | - | - | - |
| | | | | | | | | |
| **Affiliated (1)** | | | | | | | | |
| **Madeira Energia** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | 8,021 | 7,533 | 107,377 | 106,975 | 23,733 | 24,815 | (311,739) | (361,027) |
| Adjustment for losses (3) | - | - | 170,685 | 161,648 | - | - | - | - |
| | | | | | | | | |
| **Jointly controlled entity (1)** | | | | | | | | |
| **Aliança Geração** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | - | - | 9,743 | 6,928 | 158 | 136 | (25,867) | (22,590) |
| Provision of service | 488 | 512 | - | - | 1,139 | 1,202 | - | - |
| Contingencies (4) | - | - | 53,331 | 52,497 | - | - | (833) | (5,379) |
| | | | | | | | | |
| **Norte Energia** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | 2,079 | 2,338 | - | - | 6,458 | 6,969 | - | (24,624) |
| | | | | | | | | |
| **Baguari Energia** | | | | | | | | |
| **Current** | | | | | | | | |
| Provision of service (5) | 287 | 211 | - | - | 259 | - | - | - |
| Interest on Equity, and dividends | 14,759 | - | - | - | - | - | - | - |
| | | | | | | | | |
| **Lightger** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | - | - | 2,918 | 2,160 | - | - | (8,472) | (6,461) |
| | | | | | | | | |
| **Retiro Baixo** | | | | | | | | |
| **Current** | | | | | | | | |
| Interest on Equity, and dividends | 7,202 | 7,202 | - | - | - | - | - | - |
| | | | | | | | | |
| **Hidrelétrica Pipoca** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | - | - | 4,258 | 3,153 | - | - | (12,363) | (9,107) |
| Interest on Equity, and dividends | 2,657 | - | - | - | - | - | - | - |
| | | | | | | | | |
| **Taesa** | | | | | | | | |
| **Current** | | | | | | | | |
| Transactions in energy (2) | - | - | 1,330 | 1,488 | 65 | 60 | (3,935) | (2,575) |
| Provision of service (4) | 150 | 150 | - | - | 288 | 310 | - | - |
| | | | | | | | | |
| **Hidrelétrica Itaocara** | | | | | | | | |
| **Current** | | | | | | | | |
| Adjustment for losses (6) | - | - | 20,838 | 20,767 | - | - | - | - |
| | | | | | | | | |
| **Hidrelétrica Cachoeirão** | | | | | | | | |
| **Current** | | | | | | | | |
| Interest on Equity, and dividends | 3,532 | - | - | - | - | - | - | - |
| | | | | | | | | |
| **Other related parties** | | | | | | | | |
| **Cemig Distribuição** | | | | | | | | |
| **Current** | | | | | | | | |
| Cooperation Working Agreement (7) | 2,362 | 2,362 | 229 | - | 229 | 1,287 | - | - |
| Transactions in energy (2) | 25,346 | 33,647 | 1,270 | 1,927 | 69,607 | 63,647 | (9,834) | (6,640) |
| Connection charges (8) | 8,650 | 8,650 | - | - | 19,463 | 17,366 | - | - |
| | | | | | | | | |
| **FIC Pampulha** | | | | | | | | |
| **Current** | | | | | | | | |
| Cash and cash equivalents | 195,743 | 44,789 | - | - | - | - | - | - |
| Marketable securities | 673,444 | 943,747 | - | - | 30,219 | 12,080 | - | - |
| **Non-current** | | | | | | | | |
| Marketable Securities | 131,998 | 194,110 | - | - | - | - | - | - |
| | | | | | | | | |
| **Forluz** | | | | | | | | |
| **Current** | | | | | | | | |
| Post-employment obligations (9) | - | - | 42,507 | 40,878 | - | - | (14,636) | (10,469) |
| Supplementary pension contributions – Defined contribution plan (10) | - | - | - | - | - | - | (4,931) | (4,678) |
| Administrative running costs (11) | - | - | - | - | - | - | (1,762) | (1,666) |
| Operating leasing (12) | 36,515 | 36,900 | 4,983 | 4,983 | - | - | (1,648) | (1,601) |
| **Non-current** | | | | | | | | |
| Post-employment obligations (9) | - | - | 506,248 | 507,234 | - | - | - | - |
| Operating leasing (12) | - | - | 35,466 | 35,534 | - | - | - | - |



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| COMPANY | ASSETS | | LIABILITIES | | REVENUE | | COSTS/EXPENSES | |
|---|---|---|---|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 | Jan to Mar/2022 | Jan to Mar/2021 | Jan to Mar/2022 | Jan to Mar/2021 |
| **Cemig Saúde** | | | | | | | | |
| **Current** | | | | | - | - | | |
| Health Plan and Dental Plan (13) | - | - | 40,666 | 38,807 | - | - | (20,772) | (14,030) |
| **Non-current** | | | | | | | | |
| Health Plan and Dental Plan (13) | - | - | 728,397 | 720,295 | - | - | - | - |

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

(1) The relationship between the Company and its investees are described in Note 13.
(2) Transactions in energy between generators and distributors are made in auctions in the Regulated Market (ACR) organized by the federal government. The transactions in sale and purchase of electricity between generators and distributors are made through auctions in the Regulated Market, organized by the federal government. In the Free Market they are carried out through auctions or by direct contracting, in accordance with Article 28, §3, I of Law 13,303 of June 30, 2016. The transactions for transport of energy, are by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
(3) A loss was recognized for extension of the contractual obligations which the Company had assumed to the investee and the other stockholders. On March 31, 2022 this amount was R$170,685 (R$161,648 on December 31, 2021). More details in note n.13.
(4) This refers to the aggregate amounts of legal actions realized and legal actions provisioned arising from the agreement made between Aliança Geração, Vale S.A. and Cemig. The action is provisioned in the amount of R$151 million (R$149 million on December 31, 2021), of which Cemig's portion is R$53 million (R$52 million on December, 31, 2021).
(5) Refers to a contract to provide plant operation and maintenance services.
(6) A liability was recognized corresponding to the Company's interest in the share capital of Hidrelétrica Itaocara, due to its negative equity (more details in Note 13).
(7) An Administrative and Human Resources Sharing Agreement between Cemig, Cemig Distribuição, Cemig Geração e Transmissão and other subsidiaries of the Group, consented to by Aneel Dispatch 3,208/2016. This principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT;
(8) This refers to the Contract for Connection of Distribution Facilities to the Transmission System (CCT);
(9) The contracts of Forluz are updated by the Expanded Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) plus interest of 6.00% p.a. and will be amortized until the business year of 2031 (more details in Note 21).
(10) 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.
(11) 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.
(12) Rental of the Company's administrative head office, in effect until august 2024 (able to be extended every five years, until 2034, currently in final phase of renewal), with annual inflation adjustment by the IPCA index and price reviewed every 60 months in line with market prices. On September 20, 2021 the rental contract was adjusted upward by 9.68%, corresponding to accumulated IPCA inflation over the prior 12 months. On April 27, Cemig signed with Forluz a contract amendment due to the transfer of Cemig Sim and Gasmig facilities to Júlio Soares building, reducing the Company's rent expenses;
(13) Post-employment obligations relating to the employees' health and dental plan (more details in Note 21).

## Dividends receivables

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| Sá Carvalho S.A. | - | - | 25,821 | - |
| Cemig Geração Três Marias S.A. | - | - | 138,000 | 28,000 |
| Cemig Geração Salto Grande S.A. | - | - | 43,793 | 17,793 |
| Cemig Geração Itutinga S.A. | - | - | 21,188 | - |
| Cemig Geração Camargos S.A. | - | - | 18,289 | - |
| Cemig Geração Sul S.A. | - | - | 4,000 | - |
| Cemig Geração Leste S.A. | - | - | 19,331 | - |
| Horizontes Energia S.A. | - | - | 805 | - |
| Cemig Geração Poço Fundo S.A. | - | - | 1,320 | - |
| Cemig Trading S.A. | - | - | 479 | - |
| Aliança Geração de Energia S.A. | 99,000 | 224,896 | 99,000 | 224,896 |
| Central Eólica Praias de Parajuru S.A. | - | - | 7,267 | - |
| Centroeste | - | - | 14,569 | - |
| Others (1) | 28,151 | 7,202 | 28,151 | 9,515 |
| | **127,151** | **232,098** | **422,013** | **280,204** |

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


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## Purchase of energy guarantee

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

## Cash investments in the *FIC Pampulha* investment fund

The invests part of its cash balance in a reserved (group) investment fund, which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund on December 31, 2021 are reported in Marketable Securities in current or non-current assets, in proportion to the interests held by the Company in the fund, 65.84% on March 31, 2022 (53.20% on December 31, 2021).

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

## Remuneration of key management personnel

The total costs of key personnel comprising the Executive Board, the Fiscal Council, the Audit Committee and the Board of Directors are within the limits approved at a General Shareholders' Meeting, and the effects on the interim financial information of the periods ended March 31, 2022 and March 31, 2021, are as follows:

| | Jan to Mar/2022 | Jan to Mar/2021 |
|---|---|---|
| Remuneration | 1,056 | 618 |
| Profit shares | 273 | 141 |
| Private pension | 46 | 41 |
| Health and dental plans | 7 | 4 |
| Life Insurance | 1 | - |
| **Total (1)** | **1,383** | **804** |

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


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## 28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) Financial instruments classification and fair value

The main financial instruments, classified in accordance with the accounting principles adopted by the Company and its subsidiaries, are as follows:

| | Level | March 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|---|
| | | Balance | Fair value | Balance | Fair value |
| **Financial assets** | | | | | |
| **Amortized cost (1)** | | | | | |
| Marketable securities | 2 | 203,236 | 203,236 | 597,205 | 597,205 |
| Customers and traders concession holders (transmission service) | 2 | 969,212 | 969,212 | 797,972 | 797,972 |
| Restricted cash | 2 | 22,175 | 22,175 | 17,063 | 17,063 |
| Escrow deposits | 2 | 200,503 | 200,503 | 161,820 | 161,820 |
| Concession grant fee – Generation concessions | 3 | 2,850,965 | 2,850,965 | 2,792,201 | 2,792,201 |
| | | **4,246,091** | **4,246,091** | **4,366,261** | **4,366,261** |
| **Fair value through income or loss** | | | | | |
| Cash equivalents – Investments | 2 | 341,118 | 341,118 | 117,154 | 117,154 |
| Marketable securities | | | | | |
| Bank certificates of deposit (CDBs) | 1 | 10,526 | 10,526 | 55,290 | 55,290 |
| Financial notes (LF's) – Banks | 2 | 445,349 | 445,349 | 387,296 | 387,296 |
| Treasury financial notes (LFT's) | 1 | 146,275 | 146,275 | 98,108 | 98,108 |
| Debentures | 2 | 2,009 | 2,009 | - | - |
| | | **945,277** | **945,277** | **657,848** | **657,848** |
| Derivative financial instruments (swaps) | 3 | 866,223 | 866,223 | 1,219,176 | 1,219,176 |
| Indemnifiable receivable – Generation | 3 | 816,202 | 816,202 | 816,202 | 816,202 |
| | | **1,682,425** | **1,682,425** | **2,035,378** | **2,035,378** |
| | | **6,873,793** | **6,873,793** | **7,059,487** | **7,059,487** |
| **Financial Liabilities** | | | | | |
| **Amortized cost (1)** | | | | | |
| Loans, financing and debentures | 2 | (4,882,483) | (4,882,483) | (6,029,460) | (6,029,460) |
| Debt with pension fund (Forluz) | 2 | (80,685) | (80,685) | (87,015) | (87,015) |
| Deficit of pension fund (Forluz) | 2 | (120,778) | (120,778) | (121,961) | (121,961) |
| Concessions payable | 3 | (28,010) | (28,010) | (26,813) | (26,813) |
| Suppliers | 2 | (366,534) | (366,534) | (383,786) | (383,786) |
| Leasing transactions | 2 | (44,239) | (44,239) | (45,450) | (45,450) |
| | | **(5,522,729)** | **(5,522,729)** | **(6,694,485)** | **(6,694,485)** |
| **Fair value through income or loss** | | | | | |
| Derivative financial instruments Swap transactions | 3 | (109,824) | (109,824) | (6,130) | (6,130) |
| Put Options (SAAG) | 3 | (663,719) | (663,719) | (636,292) | (636,292) |
| | | **(6,296,272)** | **(6,296,272)** | **(7,336,907)** | **(7,336,907)** |

(1) On March 31, 2022 and December 31, 2021, the book values of financial instruments reflect their fair values.

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

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



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

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

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

**Fair value calculation of financial positions**

Indemnifiable receivable – Generation: Measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession. More details in note nº 11.1.

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

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

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



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Other financial liabilities: Fair value of its loans, financing and debentures were determined using 140.97% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures, and debt renegotiated with Forluz, with annual rates between IPCA + 6.00% to 6.20% and CDI + 2.34% to 4.62%.

## b) Derivative financial instruments

Put Option - SAAG

Option contracts were signed between Company and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec – jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. The exercise price of the Put Options corresponds to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Customer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument until the early exercise of the option (for further details, see the next topic of this Note), of accounted at fair value through profit and loss, measured using the Black-Scholes-Merton ("BSM") model.

A liability of R$663,719 was recorded in the Company's interim financial information for the difference between the exercise price and the estimated fair value of the assets. Considering the early liquidation of Funds, and early maturity of put option, this amount was classified as current liabilities.

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

| | Consolidated and Parent |
|---|---|
| **Balance on December 31, 2021** | **636,292** |
| Adjustment to fair value | 27,427 |
| **Balance on March 31, 2022** | **663,719** |

This option can potentially dilute basic earnings per share in the future, however, they have not caused dilution of earnings per share in the first quarter of 2022.

### Early liquidation of Funds, and early maturity of put option

On September 9, 2020, the administrator of the FIP funds, Banco Modal S.A., notified its unit holders of the beginning of the early liquidation process of the funds Melbourne, Parma Participações S.A. and FIP Malbec, due to expiration of the period of 180 days from its resignation, and the resignation of the manager of the Fund, from their respective positions, without there having been any indication of new service providers, as specified in the Fund's Regulations.

As established by contract, funds liquidation is one of the events that would result in expiration date of the option, which the private pension plan entities stated interest in exercising in the period from September 9 to October 2, 2020.


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However, the Company's management believes that the premises and conditions that were the grounds for the investment in Santo Antônio Energia and the legal structure of the various contracts signed for this purpose underwent substantial changes which resulted in the options imbalance.

Thus, using the contractual prerogative contained in the option instruments, the Company invoked the contractual mechanism of Amicable Resolution for the contractual terms negotiation with the private pension plan entities. Since the amicable negotiation did not succeed, the Company invoked the arbitration clause for resolution of conflict between the parties, which awaits the decision of the Brazil Canada Chamber of Commerce of the State of São Paulo.

The Company recorded the accounting effects of this contract in accordance with the contracts original terms.

*Swap transactions*

Considering that part of the loans and financings of the Company is denominated in foreign currency, the Company uses derivative financial instruments (swaps and currency options) to protect the servicing associated with these debts (principal plus interest).

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

| Assets (1) | Liability (1) | Maturity period | Trade market | Notional amount (2) | Realized gain (loss) on March 31, 2022 | Realized gain (loss) on December 31, 2021 |
|---|---|---|---|---|---|---|
| US$ exchange variation + Rate (9.25% p.y.) | R$ 151.99% of CDI | Interest: Half-yearly Principal: Dec. 2024 | Over the counter | US$1,000,000 | - | 1,018,638 |
| US$ exchange variation + Rate (9.25% p.y.) | R$ 125.52% of CDI | Interest: Half-yearly Principal: Dec. 2024 | Over the counter | US$500,000 | - | 155,569 |
| US$ exchange variation higher R$5.0984 | US$ exchange variation lower R$5.0954 | August 3, 2021 | Over the counter | US$600,000 | - | 23,700 |
| | | | | | - | **1,197,907** |

The notional amount of derivative transactions are not presented in the statement of financial position, since they refer to transactions that do not require cash as only the gains or losses actually incurred are recorded. The net result of those transactions on March 31, 2022 was a negative adjustment of R$456,647 (R$187,348 on March 31, 2021), which was posted in finance income (expenses).

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


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This table presents the derivative instruments contracted by the Company as of March 31, 2022 and December 31, 2021:

| Assets | Liability | Maturity period | Trade market | Notional amount (2) | Unrealized gain (loss) | | Unrealized gain (loss) | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Carrying amount on March 31, 2022 | Fair value on March 31, 2022 | Carrying amount on December 31, 2021 | Fair value on December 31, 2021 |
| US$ exchange variation + Rate (9.25% p.y.) (1) | R$ 151.99% of CDI | Interest: Half-yearly Principal: Dec. 2024 | Over the counter | US$500,000 | 738,740 | 473,785 | 873,095 | 706,401 |
| US$ exchange variation + Rate (9.25% p.y.) (1) | R$ 125.52% of CDI | Interest: Half-yearly Principal: Dec. 2024 | Over the counter | US$500,000 | 444,606 | 282,614 | 577,565 | 506,645 |
| | | | | | **1,183,346** | **756,399** | **1,450,660** | **1,213,046** |
| **Non-current assets** | | | | | | **866,223** | | **1,219,176** |
| **Current liabilities** | | | | | | **(109,824)** | | **(6,130)** |

(1) For the US$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R$3.25/US$ and ceiling at R$5.00/US$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. In July 20 21, the Company dismantled a total of US$500 million of the original hedge issued. For the additional US$500 issuance of the same Eurobond issued on July 2018: (1) a call spread was contracted for the principal, with floor at R$3.85/US$ and ceiling at R$5.00/US$; and (2) a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate The upper limit for the exchange rate in the hedge instrument contracted by the Company for the principal of the Eurobonds is R$5.00/US$. The instrument matures in December 2024. If the USD/BRL exchange rate is still over R$5.00 in December 2024, the company will disburse, on that date, the difference between the upper limit of the protection range and the spot dollar on that date. The Company is monitoring the possible risks and impacts associated with the dollar being valued above R$5.00 and assessing various strategies for mitigating the foreign exchange risk up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate.

(2) In millions of US$.

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

The fair value on March 31, 2022 was R$756,399 (R$1,213,046 on December 31, 2021), which would be the reference if the Company would liquidate the financial instrument on that date, but the swap contracts protect the Company's cash flow up to the maturity of the bonds in 2024 and they have carrying amount of R$1,183,346 on March 31, 2022 (R$1,450,660 on December 31, 2021).

The Company is exposed to market risk due to having contracted this hedge, the principal potential impact being a change in future interest rates and/or the future exchange rates. Based on the futures curves for interest rates and dollar, the Company prepare a sensitivity analysis and estimates that in a probable scenario, its results would be positively affected by the swap and call spread, on March 31, 2023, in the amount of R$225,061. The fair value of the financial instrument was estimated in R$981,460, in which R$1,067,169 refers to the option (call spread) and R$85,709 refers to the swap.



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

| Parent Company and Consolidated | Base scenario March 31, 2022 | 'Probable' scenario March 31, 2023 | 'Possible' scenario: exchange rate depreciation and interest rate increase 25% | 'Remote' scenario: exchange rate depreciation and interest rate increase 50% |
|---|---|---|---|---|
| Swap, asset | 3,926,025 | 3,892,539 | 3,519,720 | 3,166,360 |
| Swap, liability | (4,063,495) | (3,978,248) | (4,075,614) | (4,170,008) |
| Option / Call spread | 893,869 | 1,067,169 | 576,049 | 130,157 |
| **Derivative hedge instrument** | **756,399** | **981,460** | **20,155** | **(873,491)** |

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

## c) Financial risk management

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

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

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

### Exchange rate risk

For the debt denominated in foreign currency, the Company contracted a derivative financial instrument that protects the risks associated with the interest and principal, in the form of a swap and a call spread, respectively, in accordance with the hedge policy of the Company. The Company exposure to market risk associated to this instrument is described in the topic "Swap transaction" of this Note.

The Company is exposed to risk of increase in exchange rates, with effect on Loans and financings, and cash flow.

The net exposure to exchange rates is as follows:

| Exposure to exchange rates | Consolidated and Parent Company | | | |
|---|---|---|---|---|
| | March 31, 2022 | | December 31, 2021 | |
| | Foreign currency | R$ | Foreign currency | R$ |
| **US dollar** | | | | |
| Loans and financings (Note 19) | (1,034,763) | (4,902,499) | (1,007,557) | (5,622,673) |
| **Net (liabilities) exposed** | | **(4,902,499)** | | **(5,622,673)** |



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Sensitivity analysis

The Company estimates, based on finance information from its financial consultants, that in a probable scenario, on March 31, 2023 the exchange rates of foreign currencies in relation to the Real will be as follows: appreciation of the dollar exchange rate by 2.37%, to R$4.85/US$. The Company has made a sensitivity analysis of the effects on profit arising from depreciation of the Real exchange rate considering the increase of 25%, and 50%, in relation to this 'probable' scenario.

| Risk: Exposure to exchange rates | March 31, 2022 | March 31, 2023 | | |
|---|---|---|---|---|
| | Book value | 'Probable' scenario Dollar 4.85 | 'Possible' scenario + 25% Dollar 6.06 | Remote' scenario + 25% Dollar 7.28 |
| **US dollar** | | | | |
| Loans and financings (Note 19) | (4,902,499) | (5,018,599) | (6,270,662) | (7,533,073) |
| | | | | |
| **Net liabilities exposed** | **(4,902,499)** | **(5,018,599)** | **(6,270,662)** | **(7,533,073)** |
| **Net effect of exchange rate variation** | | **(116,100)** | **(1,368,163)** | **(2,630,574)** |

## Interest rate risk

This risk arises from the effect of variations in Brazilian interest rates on the net financial result composed of financial expenses associated to loans, financings and debentures in Brazilian currency, and also on financial revenues from cash investments made by the Company and its subsidiaries. The Company does not contract derivative financial instruments for protection from this risk. Variations in interest rates are continually monitored with the aim of assessing the need for contracting of financial instruments that mitigate this risk.

The Company and its subsidiaries were exposed to the risk of reduction in Brazilian interest rates, since it has assets indexed to variation in interest rates:

| Exposure to Brazilian domestic interest rates | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Assets** | | | | |
| Cash equivalents (Note 5) – CDI rate | 341,118 | 117,154 | 255,446 | 82,292 |
| Securities (Note 6) – CDI and Selic rates | 807,395 | 1,137,899 | 455,936 | 745,258 |
| Restricted cash – CDI | 22,175 | 17,063 | 6,111 | 5,843 |
| **Net assets exposed** | **1,170,688** | **1,272,116** | **717,493** | **833,393** |

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on March 31, 2023 will be 12.25%. They have made a sensitivity analysis of the effects on profit arising from reductions of 25% and 50% in this rate in relation to the 'probable' scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

| Risk: Reduction in Brazilian interest rates – Consolidated | March 31, 2022 | March 31, 2023 | | |
|---|---|---|---|---|
| | Amount Book value | 'Probable' scenario: Selic 12.25% | 'Possible' scenario -25% Selic 9.19% | Remote' scenario -50% Selic 6.13% |
| **Assets** | | | | |
| Cash equivalents – Cash investments (Note 5) | 341,118 | 382,905 | 372,467 | 362,029 |
| Marketable securities (Note 6) | 807,395 | 906,301 | 881,595 | 856,888 |
| Restricted cash | 22,175 | 24,891 | 24,213 | 23,534 |
| **Net assets** | **1,170,688** | **1,314,097** | **1,278,275** | **1,242,451** |
| **Net effect of variation in interest rates** | | **143,409** | **107,587** | **71,763** |


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## Inflation risk

The Company and its subsidiaries are exposed to the risk of reduction in inflation index on March 31, 2022 . A portion of the loans, financings and debentures as well as the pension fund liabilities are adjusted using the IPCA (Expanded National Customer Price). The revenues related to the contract are also adjusted using the IPCA and IGP-M index, mitigating part of the Company risk exposure.

The Company and its subsidiaries are exposed to risk of reduction of inflation, due to their having more assets than liabilities indexed to the variation of inflation indicators, as follows:

| Exposure to inflation | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| **Assets** | | | | |
| Generation – Concession grant fee – IPCA (Note 11) | 2,850,965 | 2,792,201 | - | - |
| **Liabilities** | | | | |
| Loans, financings and debentures – IPCA (Note 19) | - | (428,367) | - | (428,367) |
| Debt agreed with pension fund (Forluz) – (Note 21) | (80,685) | (87,015) | (80,685) | (87,015) |
| Solution for Forluz pension fund deficit (Note 21) | (120,778) | (121,961) | (120,778) | (121,961) |
| | **(201,463)** | **(637,343)** | **(201,463)** | **(637,343)** |
| **Net assets (liabilities) exposed** | **2,649,502** | **2,154,858** | **(201,463)** | **(637,343)** |

### Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on March 31, 2023 will be 5.90%. For the risk of reduction in inflation they have made a sensitivity analysis of the effects on profit arising from reductions in rates of 25% and 50% in relation to the 'probable' scenario.

| Risk: reduction in inflation Consolidated | March 31, 2022 | March 31, 2023 | | |
|---|---|---|---|---|
| | Book value | 'Probable' scenario: IPCA 5.90% | 'Possible' scenario - 25% IPCA 4.43% | Remote' scenario - 50% IPCA 2.95% |
| **Assets** | | | | |
| Generation – Concession Grant Fee – IPCA (Note 11) | 2,850,965 | 3,019,172 | 2,977,263 | 2,935,068 |
| **Liabilities** | | | | |
| Debt agreed with pension fund (Forluz) (Note 21) | (80,685) | (85,445) | (84,259) | (83,065) |
| Solution for Forluz pension fund deficit (Note 21) | (120,778) | (127,904) | (126,128) | (124,341) |
| | **(201,463)** | **(213,349)** | **(210,387)** | **(207,406)** |
| **Net assets exposed** | **2,649,502** | **2,805,823** | **2,766,876** | **2,727,662** |
| **Net effect of variation in inflation** | | **156,321** | **117,374** | **78,160** |

## Liquidity risk

The Company has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

The Company manages liquidity risk by permanently monitoring its cash flow in a budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected, over 180 days.



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

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

Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financing and could also make refinancing of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

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

| Consolidated | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Financial instruments at (interest rates): | | | | | | |
| **Floating rates** | | | | | | |
| Loans, financings and debentures | - | 219,445 | 277,500 | 5,595,646 | - | 6,092,591 |
| Onerous concessions | 349 | 687 | 2,971 | 13,732 | 16,074 | 33,813 |
| Debt agreed with pension fund (Forluz) | 3,229 | 6,475 | 29,827 | 51,683 | - | 91,214 |
| Solution for deficit of pension fund (Forluz) | 1,421 | 2,871 | 13,200 | 76,605 | 105,849 | 199,946 |
| | **4,999** | **229,478** | **323,498** | **5,737,666** | **121,923** | **6,417,564** |
| **Fixed rate** | | | | | | |
| Suppliers | 361,963 | 4,571 | - | - | - | 366,534 |
| | **366,962** | **234,049** | **323,498** | **5,737,666** | **121,923** | **6,784,098** |

| Parent Company | Up to 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| Financial instruments at (interest rates): | | | | | | |
| **Floating rates** | | | | | | |
| Loans, financings and debentures | - | 219,445 | 277,500 | 5,595,646 | - | 6,092,591 |
| Onerous concessions | 349 | 687 | 2,971 | 13,732 | 16,074 | 33,813 |
| Debt agreed with pension fund (Forluz) | 3,229 | 6,475 | 29,827 | 51,683 | - | 91,214 |
| Solution for deficit of pension fund (Forluz) | 1,421 | 2,871 | 13,200 | 76,605 | 105,849 | 199,946 |
| | **4,999** | **229,478** | **323,498** | **5,737,666** | **121,923** | **6,417,564** |
| **Fixed rate** | | | | | | |
| Suppliers | 338,807 | 4,376 | - | - | - | 343,183 |
| | **343,806** | **233,854** | **323,498** | **5,737,666** | **121,923** | **6,760,747** |

## Credit Risk

The Company's risk of losses due to difficulty in receipt of amounts invoiced to customers is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its customers. Negotiations are also entered into for receipt of any receivables in arrears.


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The provision for expected credit losses of accounts receivable recorded on March 31, 2022, considered to be adequate in relation to the credits receivable and in arrears, was R$28,710.

The Company manage the counterparty risk of losses resulting from insolvency of financial institutions based on an internal policy, has been in effect since 2004.

This Policy assesses and scales the credit risks of the institutions, the liquidity risk, systemic risk related to macroeconomic and regulatory conditions, the market risk of the investment portfolio and the treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate, and may be of public or private capital as well as financial or non-financial entities. The Company does not carry out any transactions in variable income securities or that would bring volatility risk into its interim financial information.

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

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

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

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

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

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

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


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The Company also sets two concentration limits:

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

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

**COVID-19 Pandemic – Risks and uncertainties related to Company's business**

The Company's assessment concerning the risks and potential impacts of Covid-19 are disclosed in Note 1b.

**Impacts of the war in Ukraine**

The company's assessment on the risks and potential impacts of the war in Ukraine is presented in Note 1c.

**Hydrological risk**

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

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

**Risk of debt early maturity**

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

On March 31, 2022 the Company and its subsidiaries were compliant with all the financial covenants requiring half-yearly, annual and permanent compliance. More details in Note 19.


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## d) Capital management

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

| | Consolidated | | Parent Company | |
|---|---|---|---|---|
| | Mar. 31, 2022 | Dec. 31, 2021 | Mar. 31, 2022 | Dec. 31, 2021 |
| Total liabilities | 10,518,298 | 11,595,320 | 10,189,923 | 11,147,824 |
| Cash and cash equivalents (Note 5) | (342,470) | (123,071) | (255,769) | (86,064) |
| Marketable securities (Note 6) | (675,397) | (943,789) | (381,536) | (618,130) |
| **Net liabilities** | **9,500,431** | **10,528,460** | **9,552,618** | **10,443,630** |
| | | | | |
| **Total equity** | **8,568,968** | **7,755,454** | **8,568,968** | **7,755,454** |
| **Net liabilities / equity** | **1.11** | **1.36** | **1.11** | **1.35** |

# 29. OPERATING SEGMENTS

The operating segments of the Company and its subsidiaries reflect their management and their organizational structure, used to monitoring its results. They are aligned with the regulatory framework of the Brazilian energy industry.

The Company operates in the generation and transmission segments, while its subsidiaries operate only in the generation and sale segment.

Since 2021, the segment information is disclosed separately into the following 4 reportable segments:

- Generation: comprise production of electricity from hydroelectric and wind facilities;
- Transmission: comprise construction, operation and maintenance of transmission lines and substations;
- Trading: comprise commercialization of energy and provision of related services. As per Note 24 (d), in the third quarter of 2021 the Company began the process of segregation of the commercializations business, with partial transfer from Cemig GT to the Cemig (Parent Company). There was no change in the Cemig's corporate strategy of serving the market with the purpose of energy delivery to its clients; and
- Investees: comprise management of the equity interests in which the company does not have stockholding control, in line with the Company's business strategies.

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


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| INFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED MARCH 31, 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ACCOUNT/DESCRIPTION | ENERGY | | | INVESTEE | TOTAL | INTER SEGMENT TRANSACTIONS (1) | RECONCILIATION (2) (3) | TOTAL |
| | GENERATION | TRANSMISSION | TRADING | | | | | |
| **NET REVENUE** | **700,034** | **303,388** | **1,134,090** | **-** | **2,137,512** | **-** | **(13,348)** | **2,124,164** |
| | | | | | | | | |
| **COST OF ENERGY** | **(55,673)** | **(70)** | **(909,994)** | **-** | **(965,737)** | **-** | **1,005** | **(964,732)** |
| | | | | | | | | |
| **OPERATING COSTS AND EXPENSES (3)** | | | | | | | | |
| Personnel | (34,204) | (31,576) | (5,198) | (10,089) | (81,067) | - | - | (81,067) |
| Employees' and managers' profit sharing | (3,777) | (3,850) | (630) | (1,139) | (9,396) | - | - | (9,396) |
| Post-employment obligations | (16,070) | (10,316) | (2,332) | (3,513) | (32,231) | - | - | (32,231) |
| Materials, outsourced services and other expenses (revenues) | (42,623) | (17,577) | (2,095) | (4,986) | (67,281) | - | **12,343** | (54,938) |
| Depreciation and amortization | (81,873) | (1) | (3) | - | (81,877) | - | - | (81,877) |
| Operating provisions (reversals) | (9,116) | (4,822) | (866) | (27,835) | (42,639) | - | - | (42,639) |
| Construction costs | - | (50,696) | - | - | (50,696) | - | - | (50,696) |
| **Total cost of operation** | **(187,663)** | **(118,838)** | **(11,124)** | **(47,562)** | **(365,187)** | **-** | **12,343** | **(352,844)** |
| | | | | | | | | |
| **OPERATING COSTS AND EXPENSES** | **(243,336)** | **(118,908)** | **(921,118)** | **(47,562)** | **(1,330,924)** | **-** | **13,348** | **(1,317,576)** |
| | | | | | | | | |
| Equity in earnings of unconsolidated investees, net | 57,100 | - | - | (1,020) | 56,080 | - | - | 56,080 |
| | | | | | | | | |
| **OPERATING RESULT BEFORE FINANCE AND TAX RESULT** | **513,798** | **184,480** | **212,972** | **(48,582)** | **862,668** | **-** | **-** | **862,668** |
| Finance income and expenses, net | 121,740 | 71,491 | 10,344 | 93,306 | 296,881 | - | - | 296,881 |
| **INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX** | **635,538** | **255,971** | **223,316** | **44,724** | **1,159,549** | **-** | **-** | **1,159,549** |
| Income tax and social contribution tax | (167,972) | (82,058) | (78,882) | (17,123) | (346,035) | - | - | (346,035) |
| **NET INCOME FOR THE PERIOD** | **467,566** | **173,913** | **144,434** | **27,601** | **813,514** | **-** | **-** | **813,514** |

(1) The only inter-segment transactions between generation and trading segment, as explained above.

(2) The reconciliation between the published amounts for the segments and the accounting information on revenue and costs indicates the transactions between the consolidated companies (eliminations).

(3) The information on operational costs and expenses separated by type is segregated in accordance with the internal business model, which has immaterial differences in relation to the accounting information.



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| NFORMATION BY SEGMENT AS OF AND FOR THE PERIOD ENDED MARCH 31, 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ACCOUNT/DESCRIPTION | ENERGY | | | INVESTEES | TOTAL | INTER SEGMENT TRANSACTIONS (1) | RECONCILIATION (2)(3) | TOTAL |
| | GENERATION | TRANSMISSION | TRADING | | | | | |
| **NET REVENUE** | **737,997** | **214,182** | **1,380,435** | **-** | **2,332,614** | **(374,384)** | **(12,704)** | **1,945,526** |
| **COST OF ENERGY** | **(141,367)** | **-** | **(1,262,728)** | **-** | **(1,404,095)** | **374,384** | **1,405** | **(1,028,306)** |
| **OPERATING COSTS AND EXPENSES (3)** | | | | | | | | |
| Personnel | (33,768) | (27,188) | (5,227) | (7,265) | (73,448) | - | (2,107) | (75,555) |
| Employees' and managers' profit sharing | (3,110) | (2,757) | (542) | (737) | (7,146) | - | - | (7,146) |
| Post-employment obligations | (9,791) | (8,837) | (1,701) | (2,364) | (22,693) | - | - | (22,693) |
| Materials, outsourced services and other expenses | (40,975) | (13,752) | (2,639) | (5,055) | (62,421) | - | 8,023 | (54,398) |
| Depreciation and amortization | (46,846) | (822) | (136) | (198) | (48,002) | - | 127 | (47,875) |
| Operating provisions | (16,289) | (3,145) | 584 | 18,510 | (340) | - | 5,256 | 4,916 |
| Construction costs | - | (19,065) | - | - | (19,065) | - | - | (19,065) |
| **Total cost of operation** | **(150,779)** | **(75,566)** | **(9,661)** | **2,891** | **(233,115)** | **-** | **11,299** | **(221,816)** |
| **OPERATING COSTS AND EXPENSES** | **(292,146)** | **(75,566)** | **(1,272,389)** | **2,891** | **(1,637,210)** | **374,384** | **12,704** | **(1,250,122)** |
| Periodic tariff review, net | - | 5,816 | - | - | 5,816 | - | - | 5,816 |
| Equity in earnings of unconsolidated investees, net | 63,270 | - | - | (66,763) | (3,493) | - | - | (3,493) |
| **OPERATING RESULT BEFORE FINANCE AND TAX RESULT** | **509,121** | **144,432** | **108,046** | **(63,872)** | **697,727** | **-** | **-** | **697,727** |
| Finance income and expense, net | (432,234) | (217,433) | 2,945 | (550,525) | (1,197,247) | - | - | (1,197,247) |
| **INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX** | **76,887** | **(73,001)** | **110,991** | **(614,397)** | **(499,520)** | **-** | **-** | **(499,520)** |
| Income tax and social contribution tax | 14,951 | 23,885 | (35,307) | 184,618 | 188,147 | - | - | 188,147 |
| **NET INCOME (LOSS) FOR THE PERIOD** | **91,838** | **(49,116)** | **75,684** | **(429,779)** | **(311,373)** | **-** | **-** | **(311,373)** |

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

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


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## 30. ASSETS CLASSIFIED AS HELD FOR SALE

*Cemig GT's interest in Renova disposal process*

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

According with the agreement, the closing of the transaction was subject to compliance with certain precedent conditions that are usual in similar transactions, including prior approval by the grantor authorities, the creditors holding asset guarantees listed in Renova's Court-Supervised Reorganization Plan and the counterparties in certain commercial contracts.

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

*Conclusion of the sale transaction*

On May 5, 2022, the Company concluded the sale of its entire equity interest held in Renova, as well as the assignment, for consideration, of all credits owed to the Company by Renova for a total consideration of R$60,000, with a right to receive an earn out subject to certain future events, as provided in Share Purchase Agreement ('the Agreement') entered into with AP Energias Renováveis Fundo de Investimento em Participações Multiestratégia on November 11, 2021.

The Company is concluding its assessment of the accounting effects of this transaction, which will be recognized in May 2022.

*Renova for in-court supervised reorganization*

On March 31, 2022, Renova had a negative net working capital of R$98,552, accumulated losses of R$4,029,606, negative shareholders' equity (equity deficit) of R$721,426 and losses, in the period, of R$66,106.

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


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Considering the non-existence of any legal or constructive obligations to the investee, the Company has concluded that the granted of in-court supervised reorganization filed by Renova and approved by the court and the transactions occurred in the year ended on December 31, 2021 does not have any additional impact in its interim financial information and does not affect the sale's plan of its equity interest in the investee.

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

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

- On September 21, 2020, Renova approved the proposal made by the Company for suspension of the obligations in the PPA signed between them, as amended from time to time, for incentive-bearing wind power which were linked to phase A of the Alto Sertão III Wind Complex. The suspension will remain in effect until the beginning of the commercial operation of the facilities aimed at the Free Market, planned for December 2022.
- On December 18, 2020, the in court-supervised reorganization Plans filed by Renova were approved by the General Meeting of Creditors (AGC) and ratified by the recovery court on the same day.
- On May 06, 2021 and August 23, 2021, the first and second capital increase of Renova were approved, corresponding to the capitalization of credits, in accordance with the terms of the court supervised reorganization plan, not accompanied by the Company, which also did not request the conversion of its credits into equity. On November 11, 2021 the third 'window' agreed for increase in Renova's capital, specified in the in court supervised reorganization Plan, terminated. This resulted in aggregate credits of not more than R$15 million. Because of these events the equity interest held by the Company in the common share of Renova reduced from 36.23%, on March 31, 2021 to 13.80% on December 31, 2021.
- On November 24, 2021 the competitive proceeding for disposal of the UPI Enerbrás was ratified, with Vinci Energia Fundo de Investimento em Participações em Infraestrutura being declared the winner, through its subsidiary V2i Energia S.A, for the amount of R$265.8 million, with completion subject to precedent conditions that are usual in the market.


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- On December 1, 2021, sale of Renova's entire equity interest in the UPI Brasil PCH to the other shareholders of Brasil PCH S.A. (BSB Energética S.A and Eletroriver S.A, exercising their right of first refusal under the Shareholders' Agreement) was concluded, in the terms specified in the Tender Offer and in the in court-supervised reorganization Plan of the Renova Group. The funds received in the transaction, in the amount of R$1,100,000, were used for early settlement of the Debtor in Possession (DIP) loan contracted by its subsidiary Chipley SP Participação S.A., with co-obligation by Renova and Renova Participações S.A., with Quadra Gestão de Recursos S.A.

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

## 31. PARLIAMENTARY COMMITTEE OF INQUIRY ('CPI')

On June 17, 2021, the Legislative Assembly of Minas Gerais has established a Parliamentary Committee of Inquiry ('CPI') to investigate management acts of Cemig since 2019. At an ordinary meeting held on June 24, 2021, the Legislative Assembly of the State of Minas Gerais appointed the members of a Committee of Inquiry that investigated acts of management in the Cemig. CPI was entitled to investigate the facts underlying the application for its creation, for 120 calendar days from appointment of its Chair and Vice-chair. This period was extended, on October 26, 2021, for 60 days.

The 'CPI' requested, through application, several documents and information related, mainly, human resources management and procurement processes that were considered to be exempt from mandatory bidding. The Company has complied with the requests, including the deadlines.

Additionally, in relation to the processes of contracting, the Company carries out regular audits. At present there is an examination in progress in one of these: based on the results identified to date, no material impacts have been identified neither on the interim financial information for the period ended March 31, 2022, nor in the financial statements for prior years. The Company expects that the procedures will be concluded in the second quarter of 2022.


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On February 18, 2022 the CPI approved its final report, submitted to the Public Attorneys' Office of Minas Gerais State, and other control bodies, for assessment of what further submissions of it should be made. 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 reaffirm, that all the actions taken by the present management aimed to preserve the shareholders' equity of the Company and ensure improvement in the offer of energy services to its clients, rigorously following the relevant legislation.

## 32. SUBSEQUENT EVENTS

**2022 Programmed Voluntary Retirement Plan ('PDVP')**

On April 18, 2022 Cemig approved its Programmed Voluntary Severance Plan for 2022 ('the 2022 PDVP'). All the employees of Cemig, Cemig D or Cemig GT are eligible to join the program, from May 2 to 20, 2022, except as provided for in the Program. The program provided the standard legal payments for voluntary termination of employment and a bonus, as an indemnity, which is calculated by the application of a percentage determined by the length of time the employee has worked for Cemig, on the current remuneration, for each year of employment, according to the Program terms, and, for those employees whose job tenure in Cemig is longer than 25 years, the value of 12 remunerations.

Up to the date of conclusion of this interim financial information, a total of 17 of the Company's employees had accepted and joined the program.



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## FINANCIAL RESULTS

### Net income for the period

In the first quarter of 2022, the Company reports a net income of R$813,514 which compares with its loss of R$311,373 in the first quarter of 2021. The variation reflects the exchange rate variation gains on the debt in foreign currency (Eurobonds), and loss on the corresponding hedge instrument, totaling a net gain of R$254,795 (net of taxes) in the first quarter of 2022, compared to a negative (expense) item of R$619,244 (net of taxes) in the same period of 2021.

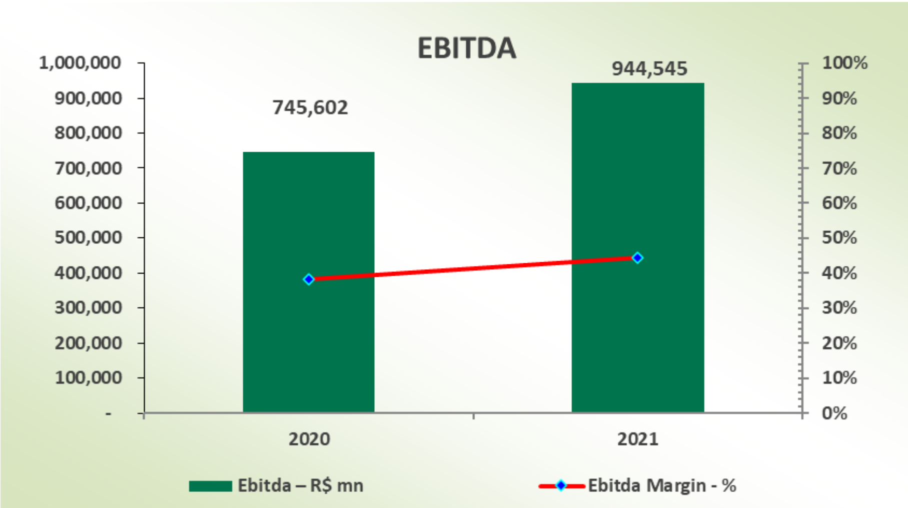
The main variations affecting the revenue, costs, expenses and net finance income (expenses) are noted below.

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

The Ebitda, measured according to CVM Instruction 527/2012, increased in 26.68% in the first quarter of 2022, compared to the same period of 2021. The Ebitda margin increased from 38.32% to 44.47% in the periods analyzed.

More details on the specific items of this Comment.

| Ebitda – R$'000 | Jan to Mar/2022 | Jan to Mar/2021 | Var % |
|---|---|---|---|
| Net income (loss) for the period | 813,514 | (311,373) | - |
| + Current and deferred income tax and social contribution tax | 346,035 | (188,147) | - |
| +/- Net financial revenue (expenses) | (296,881) | 1,197,247 | - |
| + Depreciation and amortization | 81,877 | 47,875 | 71.02 |
| **= Ebitda according to "CVM Instruction 527" (1)** | **944,545** | **745,602** | **26.68** |




(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 nº 1/2007 and CVM Instruction nº 527 of October 4, 2012. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income and Social Contribution taxes. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. The Company publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.



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### *Revenue from supply of energy*

| | Jan to Mar/2022 | | | Jan to Mar/2021 | | |
|---|---|---|---|---|---|---|
| | MWh² | R$ (mn) | Average price/MWh billed – R$/MWh¹ | MWh² | R$ (mn) | Average price/MWh billed – R$/MWh |
| Industrial | 3,561,728 | 1,002,414 | 281.44 | 3,371,412 | 895,726 | 265.68 |
| Commercial | 1,055,478 | 262,023 | 248.25 | 999,427 | 213,782 | 213.90 |
| Rural | 5,100 | 1,110 | 217.64 | 6,966 | 1,865 | 267.73 |
| **Subtotal** | **4,622,307** | **1,265,547** | **273.79** | **4,377,805** | **1,111,373** | **253.87** |
| Net unbilled retail supply | - | 99,995 | - | - | 90,550 | - |
| | **4,622,307** | **1,365,542** | **277.33** | **4,377,805** | **1,201,923** | **263.91** |
| Wholesale supply to other concession holders (3) | 2,277,146 | 647,906 | 284.53 | 2,748,059 | 769,238 | 279.92 |
| Wholesale supply unbilled, net | - | 4,067 | - | - | (73,719) | - |
| | **6,899,453** | **2,017,515** | **292.42** | **7,125,864** | **1,897,442** | **-** |

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

The Company reports a revenue from supply of energy of R$2,017,515 in the first quarter of 2022, compared to R$1,897,442 in the first quarter of 2021, an increase of 6.33%. This variation is mainly due from the following factors:

- Consumption by industrial, commercial and rural Free Clients was 5.59% higher, mainly due to new contracts signed in January of 2022;
- Average price of energy 5.09% higher in the first quarter of 2022 than in same period of 2021, mainly due to the adjustments to existing energy contracts; and
- Sales to traders and generators 17.14% lower, mainly due to the transfer of energy purchase contracts to Cemig (Parent's Company). More details in Note 24d.

### *Transmission concession revenue*

The transmission concession revenue of the Company and Centroeste comprises the sum of revenues recorded for construction, reinforcements, improvements, operation and maintenance, as specified in the transmission contracts. Under the concession contracts, Annual Permitted Revenues (RAPs) of the existing electricity system, and those involved in tenders. These are updated annually, based mainly on the inflation index specified in the contract (the IPCA and IGP-M indexes). Subsequently, all reinforcements and improvements works that are implemented upon specific authorization by Aneel result in the constitution of a new component of RAP.

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R$151,845 in the first quarter of 2022, compared to R$150,719 in the first quarter of 2021, 0.75% higher;


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- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$68,395 in the first quarter of 2022, compared to R$22,451 in the first quarter of 2021, 204.64% higher. This mainly reflects a higher volume of realization in the portfolio of transmission investment projects, in line with the corresponding increase in construction cost; and
- Revenues from financial remuneration of transmission contract assets were 29.99% higher, at R$188,542 in the first quarter of 2022, compared to R$145,042 in the first quarter of 2021 – mainly reflecting the higher IPCA inflation index (the basis for the remuneration of Contract 006/97) – which was 3.20% in the first quarter of 2022, compared to 2.05% in the same period of 2021. We also highlight the effects of Ratifying Resolution (ReH) 2,852/2021, which defined the financial components for Concession Contract 006/97. The debtor balance of this component was recalculated, including the remuneration of the cost of capital at the recognized rate of Cost of Own Capital, which replaced the weighted average Regulatory Cost of Capital, for the period from June 2017 to June 2020, and the new amounts of the component for the cycles of 2020-2021 and 2025-2026, taking into account the 'reprofiling' of the payments under the terms of the Aneel Resolution.

More details in Note 12.

***Revenue from transactions in the Power Trading Chamber (CCEE)***

Revenue from transactions with energy on the CCEE (Power Trading Chamber) in the first quarter of 2022 was R$22,576, or 54.71% lower than in the first quarter of 2021 (R$49,849). This reduction is mainly due to the reduction of 66.33% in the average spot price (PLD) in the Southeast and Center-West regions, which was R$58.10/MWh in the first quarter of 2022, compared to R$172.58/MWh in the first quarter of 2021, due to a better hydrological condition.

***Taxes and regulatory charges reported as deductions from revenue***

Taxes and charges applied to operating revenue in the first quarter of 2022 were R$492,759, or 5.19% higher than in the first quarter of 2021 (R$468,464). This variation is mainly due from the following factors:

Proinfa – Alternative Power Source Program

Each year Aneel approves the budget of the program, and the Company pays the approved amounts through the charging of the Tariff for Use of the National Grid. These amounts are passed through in full to Eletrobras, which is the manager of these funds.

The charges relating to Proinfa in the first quarter of 2022 were R$19,490, or 19.31% higher than in the first quarter of 2021 (R$16,335), mainly reflecting the reduction of the quotas approved for the 2022 program, compared to 2021.


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The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are determined by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities (reimbursements of costs of assets), tariff subsidies, the subsidy for balanced tariff reduction, the low-income-customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account. The charges for the CDE in the first quarter of 2022 were R$54,552 compared to R$61,389 in the first quarter of 2021, an reduction of 11.14%. This difference is mainly due to the annual quotas set by the Brazilian electricity regulator, Aneel.

Royalties for use of water resources (CFURH)

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

This charge in the first quarter of 2022 was R$11,749, 32.29% higher than in the first quarter of 2021 (R$8,881), mainly due to the higher volume of generation in the first quarter of 2022 (2,322 GWh in the first quarter of 2022, compared to 1,834 GWh in the first quarter of 2021). This increase volume of generation was due to the bettger hydrological conditions in 2022 than in 2021.

Other taxes and charges calculated on revenue

The other significant deductions from revenue are taxes, calculated as a percentage of sales revenue. Hence, their variations are substantially proportional to the changes in revenue.

***Operating costs and expenses (excluding financial income/expenses)***

Operating costs and expenses in the first quarter of 2022 totaled R$1,317,576, 5.40% higher than in the first quarter of 2021 (R$1,250,122).

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

Outsourced services

Outsourced services expenses in the first quarter of 2022 were R$45,080, 30.85% more than the first quarter of 2021 (R$34,451), mainly due to the following factors:

- Expenses on communication 40.63% higher, at R$11,283 in the first quarter of 2022, compared to R$8,023 in the first quarter of 2021; and
- Expenses on information technology 117.88% higher: R$8,946 in the first quarter of 2022 compared to R$4,106 in the first quarter of 2021. This increase reflects new contracts and investments made in information security in 2022.


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Energy *purchased* for resale

The expense on energy purchased for resale in the first quarter of 2022 was R$906,797, compared to R$979,386 in the first quarter of 2021, representing an reduction of 7.41%. This variation is mainly due from the following factors:

- 6.52% lower on expense on purchase of energy in the Free Market, R$968,284 in the first quarter of 2022 compared to R$1,035,843 in the first quarter of 2021. This refers to the change in the portfolio of purchase contracts, with the termination of more expensive contracts, and start of supply under contracts with lower prices; and

- 26.10% lower expense in the spot market: R$30,176 in the first quarter of 2022, compared to R$40,832 in the first quarter of 2021. This variation is mainly associated with the lower spot prices in the first quarter of 2022 than in the first quarter of 2021.

Post-employment obligations

The impact of the post-employment obligations of the Company on operational profit in the first quarter of 2022 was an expense of R$32,231, compared to an expense of R$22,693 in the first quarter of 2021, representing an increase of 42.03%. This variation mainly relates to the increase in the discount rate, and in the expectation for inflation, which increased the projection of costs of post-retirement liabilities for 2022.

Construction cost

Construction cost in the first quarter of 2022 was R$50,696 – compared to R$19,065 in the first quarter of 2021, an increase of 165.91%, due to the increase in the portfolio of transmission investment projects.

Operating provisions

Net operating provisions in the first quarter of 2022 was an expense of R$42,639, compared to a reversal of R$4,916 in the first quarter of 2021, arising mainly from the changes in SAAG´s option, which represented a provision of R$27,427 in the first quarter of 2022, compared to a reversal of R$13,167 in the first quarter of 2021, mainly due to the negative effects on the fair value of MESA of the unfavorable decision given in the arbitration proceedings involving SAESA. More information on the option calculation methodology in Note 28.

More details on the components of Operating costs and expenses in Note 25c.



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*Share of profit (loss) of affiliates and jointly contolled entities, net*

A net gain of R$56,080 value of non-consolidated investees was posted by the equity method in the first quarter of 2022, which compares with a net loss of R$3,493 in the first quarter of 2021. This arises mainly from the following factors:

- Negative equity income, of R$9,037, in the investee Madeira Energia S.A. (Santo Antônio power plant) in the first quarter of 2022, referring to updating of the liability corresponding to the Company's equity interest in this company, reflecting the effects of the judgments given in the arbitration proceedings in which SAESA is a party. Negative equity income of R$79,255 was recognized in the first quarter of 2021; and
- the equity method loss (loss on earnings of unconsolidated investees) 18.51% higher in the investees Amazônia Energia and Aliança Norte (stockholders of Norte Energia S.A. – 'NESA') at R$19,477 in the first quarter of 2022, compared to R$16,435 in the first quarter of 2021; and the equity gain in Aliança Geração being 33.50% lower in the first quarter of 2022, at R$24,252, compared to R$36,471 in the first quarter of 2021).

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

*Finance income (expenses)*

The Company reports net financial revenues of R$296,881 in the first quarter of 2022, compared to net financial expenses of R$1,197,247 in the first quarter of 2021. This variation is mainly due to the following factors:

- Depreciation of the dollar against the real in the first quarter of 2022 of 15.10%, compared to appreciation, of 9.63%, in the first quarter of 2021 – generating a posting of revenues of R$842,700 in the first quarter of 2022 vs. expenses, of R$750,900, in the first quarter of 2021; and
- The fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R$456,647 in the first quarter of 2022, compared with a negative item of R$187,348 in the first quarter of 2021. This results mainly arises from an appreciation in curve of future interest rates.

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


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***Income tax and social contribution tax***

For the first quarter of 2022, the credits on income tax and social contribution tax was R$346,035, on pre-tax gain of R$1,159,549 – an effective rate of 29.84%. For the first quarter of 2021, the expense on income tax and social contribution tax was R$188,147, or an effective rate of (37.67)% on the pre-tax loss of R$499,520.

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

*********************

(The original is signed by the following signatories:)

**Reynaldo Passanezi Filho**
Chief Executive Officer

**Dimas Costa**
Chief Trading Officer

**Leonardo George de Magalhães**
Chief Finance and Investor Relations Officer

**Paulo Mota Henriques**
Chief Generation and Transmission Officer

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

**Marney Tadeu Antunes**
Interim Director without portfolio

**Eduardo Soares**
Chief Regulation and Legal

**Mário Lúcio Braga**
Controller
CRC-MG-47,822

**José Guilherme Grigolli Martins**
Accounting Manager
Accountant – CRC-1SP/242451-O4



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

## Independent Auditor's Review Report on Quarterly Information - ITR

To the shareholders and Management of:
**Cemig Geração e Transmissão S.A.**
Belo Horizonte - MG

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Cemig Geração e Transmissão S.A. (the "Company"), for the quarter ended March 31, 2022, comprising the statement of financial position as at March 31, 2022, the related statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

The Executive Board is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 Brazilian and international standards on review engagements (NBC TR 2410 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion on the individual and consolidated interim financial information

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

**Emphasis of matters**

*Risk regarding the ability of Renova Energia S.A. and Madeira Energia S.A. to continue as a going concern*

As described in Note 30 to the individual and consolidated interim financial information, the Renova Energia S.A., currently classified as a non-current asset held for sale, has been undergoing an in-court supervised process since 2020. Additionally, as described in Note 13 to the individual and consolidated interim financial information, affiliate Madeira Energia S.A. presents a negative net working capital, and circumstances were identified that demonstrate the need for third parties, the Company and/or other shareholders of this company to provide financial support, and specific circumstances in which shareholders' obligations are established in shareholders' agreements. These events or conditions, together with other matters described in the referred Notes, indicate the existence of material uncertainty that may raise significant doubt as to the ability of Renova Energia S.A. and Madeira Energia S.A. to continue as a going concern. Our conclusion is not modified in respect to these matters.

*Risks relating to compliance with laws and regulations*

As mentioned in Notes 13 and 31 to the individual and consolidated interim financial information, the Company, its parent Companhia Energética de Minas Gerais – Cemig and certain investees are being investigated by public authorities and include some of their other shareholders and certain executives of the Company and of these other shareholders. We are currently unable to foresee developments or potential impacts of these investigation processes conducted by the public authorities on the financial statements of the Company and its subsidiaries. Our conclusion is not modified in respect to this matter.

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**Other matters**

**Statements of value added**

The above mentioned quarterly information include the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2022, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte (MG), May 13, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

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