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REPORT OF MANAGEMENT FOR 2022

Dear Shareholders,

Cemig Geração e Transmissão ('Cemig GT' or 'the Company') submits for your consideration the Report of Management, the Financial Statements, the Opinion of the Audit Board, the report of the Audit Committee and the Report of the Company's external auditors on the business year ended December 31, 2022, together with the statements of the executive officers who have reviewed the financial statements and the related report of the external auditors.

MESSAGE FROM MANAGEMENT

We made significant progress in 2022 - a year that will be remembered for our success in implementing our strategy.

At the time of the revision of the strategic planning of our parent company, Cemig, we made our main objectives transparently clear: "to focus and win", prioritizing investments in Minas Gerais and continuously seeking improvements in operational efficiency.

To start with the financial results: We report a significant net profit of R$2.1 billion in 2022, with Ebitda of R$3 billion. These are solid results, which show Cemig GT's capacity to generate cash and profits from its business.

In debt management: We published our strategy for reduction of our FX exposure - under our Eurobond issue of 2017 and 2018 - by steps. In 2021 we had repurchased US$500 million of this bond issue, and in 2022 we bought back a further US$244 million, reducing our FX exposure to US$756 million, or approximately half its original value. This was beneficial for our debt profile, and for perception of our risk by the market and the rating agencies.

Another highlight is our low financial leverage - expressed as Net debt / Adjusted Ebitda - of 0.99x at the end of the year, enabling the Company to implement its investment program and maintain its credit quality, consequently ensuring good access to the capital market.
Once again our operational expenses were completely covered by tariffs in the transmission business, and Ebitda was higher than the required regulatory level. In 2023 we continued to invest in new measures for operational efficiency - in particular those that reduced post-employment obligations, which have a significant effect on our net profit and balance sheet.

The results of our energy trading business merit a special mention. We are the largest commercial operator in Brazil in service to final clients, and we have a history of significant financial results, reflecting our careful analysis of scenarios, and management of our portfolio of energy contracts. In 2022 Cemig generated Ebitda of R$900 million from its trading function, and of this total Cemig GT contributed R$212 million - which we celebrate as an outstanding result in the context of energy trading in Brazil.

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In our transmission business: We won the auction for Lot 1 of the Aneel auction of December 2022 - a transmission line connecting Minas Gerais with Espírito Santo - representing annual revenue of R$17 million. This is an important event, as it represents the return of Cemig GT to a protagonist stance of investing in our core business, within Minas Gerais, maintaining control of our assets.

In generation: In 2023 we have begun the process of renewal of the generation concessions of the Theodomiro Carneiro Santiago (formely Emborcação), Nova Ponte and Sá Carvalho plants, which represent approximately half of our total generation capacity, while continuing to invest in renewable sources.

Divestment from non-strategic assets, or those where we do not have control of operations, is part of our strategy. An important example is the completion of our disposal of Renova, in 2022. In March 2023, we concluded the sale of our entire stake in the Santo Antônio plant. All these disinvestments have enabled management to focus on the principal businesses, which add value for stockholders. In 2023 we expect to continue to make divestments of minority equity interests, or in companies where we have shared control.

We see human capital as a fundamental component of our success. A significant part of our employees took part in Cemig's 2022 company atmosphere survey, which showed a strong increase of 11 points in the index of employee satisfaction from the previous survey, with 75% of respondents reporting a favorable assessment. This in turn gives us great satisfaction, since it demonstrates our employees' growing engagement and commitment to the future success of the Company.

Sustainability of our operations is in our DNA. 100% of our energy generation is from renewable sources. Our parent company, Cemig, is the only company in the power sector outside Europe that has been in the Dow Jones Sustainability Index every year for the last 23 years. At the beginning of 2023, Cemig received one more recognition that ratifies this status of sustainable company - the top position in Brazil in the annual Carbon Clean200™ global ranking of the 200 listed companies that have led initiatives for solutions for the transition to a clean energy future. We can be proud of Cemig being placed in 37th position in the worldwide ranking.

In conclusion, we can reaffirm that we have been successful in implementation of our strategy - with planned investments in Minas Gerais; divestment form non-strategic assets; solid financial results; discipline in management of costs; and reduction of our foreign exchange exposure - and all this with increased engagement by our employees, and sustainable corporate practices.

These results bring us increasing optimism and enthusiasm to continue or strategy, in our objective of "focusing to win", continuously seeking to make Cemig GT more efficient, profitable and admired by its clients, ready at all time to face future challenges.

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

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CEMIG GERAÇÃO E TRANSMISSÃO

Since Cemig GT was created it has always shown its vocation for energy generation through hydroelectric plants. Building very large projects, and overcoming immense challenges, it became a landmark in the history of major power plants by reason of its engineering and the scale of the power plants that it built. Minas Gerais played its part in this vocation, with its vast natural hydroelectric potential, and also its wind potential - which Cemig has mapped in its now published *Wind Atlas of Minas Gerais*.

The Company has interests in 68 power plants - of these 60 are hydroelectric, 7 are wind power plants, and one is solar - and the associated transmission lines, of the Brazilian national generation and transmission grid system, with installed capacity for 5,517 MW (information not audited by the independent auditors).

Transmission

The Company operates and maintains 39 substations and 5,017 km of transmission lines, operating at 230kV, 345kV and 500kV, as part of Brazil's National Grid system. It also has assets, which it operates and maintains as a system user, in another 10 substations of other transmission agents.

In 2022, Cemig GT had contracts in effect for provision of operation and maintenance services for transmission assets with 11 other companies, in 17 substations and 439 km of transmission lines.

Our mission, vision and values

Mission

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

Vision *(of the Parent company, Cemig, shared by Cemig GT in the applicable businesses):*

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

Values

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

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Ethical Principles and Code of Professional Conduct

The Cemig Code of Conduct

On April 18, 2022 the Board of Directors of Cemig approved the new *Cemig Code of Conduct* (http://ri.cemig.com.br), which was reviewed and revised with participation by employees of all the areas of the Company. It is based on the pillars of Cemig's identity and policies: respect for life, integrity, generation of value, commitment, innovation, sustainability, social responsibility, and alignment with the Company's cultural identity. It constitutes a pact which aims to incorporate common values, objectives and behavior, developing a culture of integrity. The Code is to be complied with by all the people to whom it is addressed: managers, members of the Board of Directors, members of committees under the bylaws, employees, interns and outsourced parties who have any established relationship with the Company's stakeholders.

The Ethics Committee

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

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

Area of operation

As the map below shows, the Company operates in several regions of Brazil, with the greatest concentration in the Southeast.

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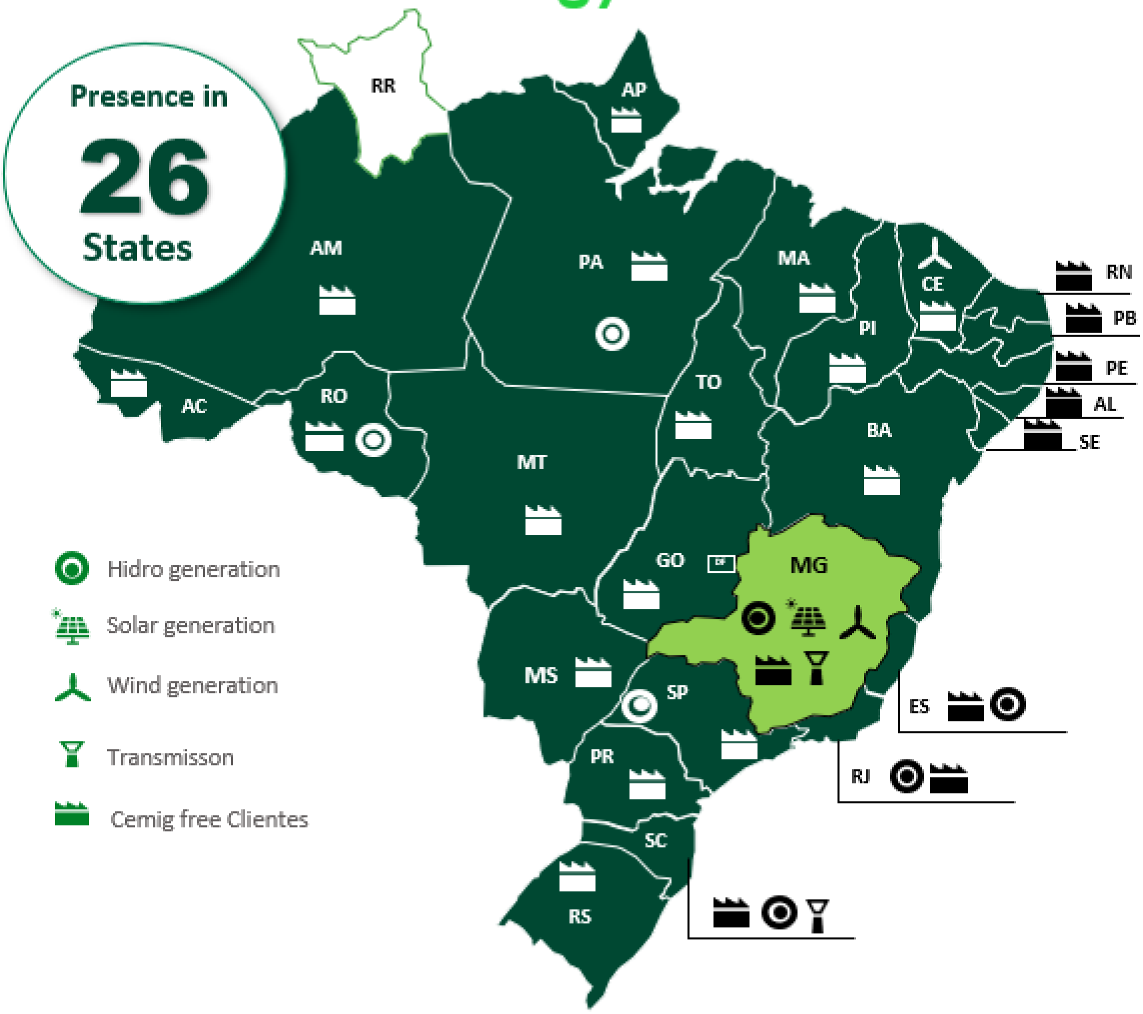
Renewable Energy Sources
100% of energy matrix



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REGULATORY ENVIRONMENT

Energy generation

After 5 years with one of the worst hydrological scenarios that Brazil has experienced, the average Affluent Natural Energy (ANE) index in 2022 was 98% of the historic average - a rapid recovery from the all-time historic low of 2021 (71% of the Long Term Average). With the improvement of hydrology and the measures for preservation of water storage, the Electricity Sector Monitoring Committee (Comitê de Monitoramento do Setor Elétrico - CMSE) and the National System Operator (Operador Nacional do Sistema Elétrico - ONS) coordinated closing down of the thermoelectric plants that had been dispatched outside the merit order before the end of the rainy season (up to April). At the end of this period water storage in the reservoirs of the National Grid reached 75% of the maximum level, approximately 33% higher than the percentage at the same time in 2021. In the second half of 2022 hydrology levels continued to be high, as a result of which the system had storage of 58% at the end of the year, compared to 38% at the end of 2021.

The average Spot Price (PLD) in the Southeast and Center-West in 2022 was R$58.99/MWh, compared to R$279.61/MWh in 2021, an reduction of 78.9%. The spot price (Preço de Liquidação de Diferenças - 'PLD') remained at its floor level (R$55.70/MWh) in 7 months of the year. The highest value was in August - at R$76.90/MWh - due to a pessimistic forecast for the value of ANE, which turned out not to be realized. The better hydrological situation led to the average of the Generation Scaling Factor (GSF) being higher in 2022, at 0.86, compared to 0.77 in 2021.

Energy transmission

Cemig GT's revenue from its transmission assets is set by Aneel, and updated in three ways: by the Periodic Tariff Review, any Extraordinary Tariff Review, and the Annual Tariff Adjustment. Cemig GT works with the regulator for recognition of its costs in the processes of reviews, price adjustments, and ratification of Annual Permitted Revenues (RAPs) for new assets.

The annual adjustment of Transmission revenue takes place on July 1 of each year, except when there is a Tariff Review. This process aims to (i) adjust the approved RAP by the adjustment index specified in each concession contract; (ii) add a component of new RAP for improvements that have started commercial operation in the tariff cycle in question (July of the previous year through June of the year of the adjustment); and (iii) calculate the Adjustment Amount, which is a financial component referring to the adjustments in RAP of the prior cycles. Brazil adopts the revenue-cap regulatory model for transmission - setting a ceiling for the revenue to be earned for transmission during the period.

The Annual Adjustment of RAP for Cemig GT for the 2022-2023 cycle, which took place on July 1, 2022, was an increase of 21%. This comprised: the effect of the reprofiling of the Financial Component of the RAP, the Annual Cost of the Assets within the National Grid, updating of the previously ratified revenue by the IPCA inflation index, and recognition of new components added for strengthening or improvement of the grid.

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The values of the RAP of Cemig GT - Itajubá (concession contract 079/2000) and of Companhia de Transmissão Centroeste de Minas Gerais - Centroeste (concession contract 004/2005) were adjusted upward by 10.7% for the 2022-2023 cycle (from the previous cycle), reflecting inflation as measured by the IGPM index in the period.

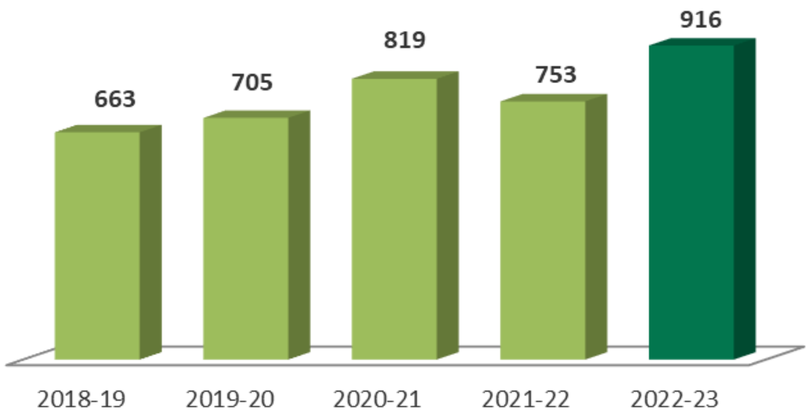
RAP for 2022-2023 cycle

Aneel established the RAPs for the 2022-2023 cycle, in effect from July 1, 2022. The increase relates mainly to: (i) reprofiling of the Financial Component of the existing National Grid assets - which were 64% higher than in the 2021-2022 cycle; (ii) different monetary updating indexes in the period (11.7% for the IPCA and 10.7% for the IGPM); and (iii) new works addition.

	Readjustment index	RAP 2021-2022 cycle R$MM	RAP 2022-2023 cycle R$MM	Var %
Concession contract - 006/97	IPCA	682.8	825.6	21.0%
Concession contract - 079/00	IGPM	40.7	45.0	10.7%
Concession contract - 004/05	IGPM	28.5	31.5	10.7%
		752.0	**902.1**	**19.96%**

The total revenue of the transmission companies for the 2022-23 cycle - the aggregate for the contracts of Cemig GT, Itajubá and Centroeste - was R$916 million, a total increase of 21.65% over the previous cycle.

Transmission revenue (RAP) R$ mn



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FINANCIAL RESULTS

(Figures in R$ ′000000 unless otherwise indicated)

Net income for the year

For 2022, the Company reports a net income of R$2,085 million which compares with its net income of R$871 million in 2021. This mainly reflects the difference in Net financial revenue (expenses) between the two periods.

In 2022, we highlight the recognition of an revenue on foreign exchange variation in the debt in foreign currency (Eurobonds), with loss on the corresponding hedge instrument, totaling a net expense of R$66 million (net of taxes) in 2022, compared to a loss of R$589 million (net of taxes) in 2021.

For 2021, we highlight the recognition of the effects arising from the renegotiation of hydrological risk (Law 14,052/20), in the amount of R$1,032 million (more details in note n. 16) and the recognition of the premium on repurchase of debt securities in the amount of R$491 million as a result of the partial buyback of its Eurobonds - Tender Offer (more details in note 20). In addition, as a result of the decisions given in the arbitration proceedings to which Santo Antônio Energia is a party, the Company recognized, in 2021, an investment loss in the total amount of R$528 million (more details in note 14).

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

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

The consolidated Company’s Ebitda, adjusted including the removal of non-recurrent items, increased in 36.56% in 2022 compared to 2021. The adjusted Ebitda margin increased from 24.09% in 2021 to 33.55% in 2022.

The consolidated Ebitda, measured according to CVM Instruction n. 156/2022, decreased in 15.05% in 2022, compared to 2021. The Ebitda margin decreased from 42.61% in 2021 to 36.92% for 2022.

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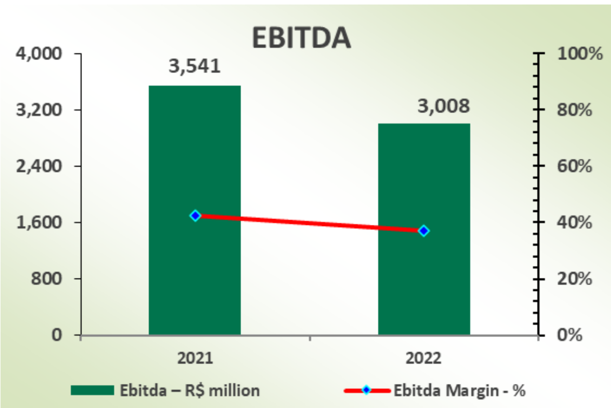
More details on the specific items of this Comment.

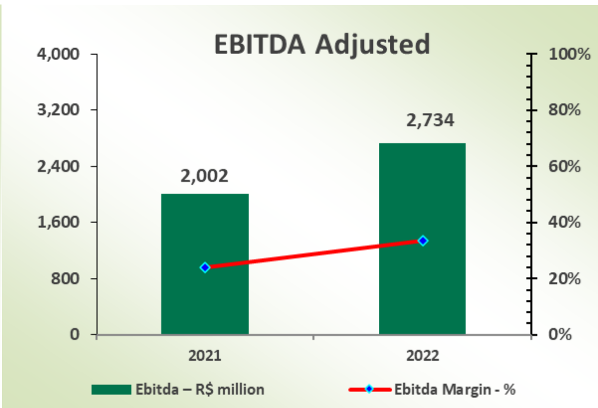
Ebitda 2022 - R$'000000	Generation	Transmission	Trading	Investee	Total
Net income for the year	890	338	197	660	2,085
+ Current and deferred income tax and social contribution tax	307	169	63	(421)	118
+/- Net financial revenue (expenses)	150	97	(34)	264	477
+ Depreciation and amortization	328	-	-	-	328
= Ebitda according to "CVM Instruction n. 156" (1)	**1,675**	**604**	**226**	**503**	**3,008**
Non-recurring and non-cash effects					
- Gains arising from the sale of non-current asset held for sale - (note 30)	-	-	-	(60)	(60)
+ Adjustment to fair value of financial asset (note 11)	172	-	-		172
- Reversal of provision for loss - MESA (note 13)	-	-	-	(162)	(162)
- Reversal of tax provisions - Social security contributions on profit sharing	(29)	(27)	(5)	(6)	(67)
+ Tax provisions - Indemnity of employess' future benefit (the 'Anuênio')	-	-	-	7	7
- Put option - SAAG	14	13	2	3	32
- Result of the agreement between FIP Melbourne and AGPar	-	-	-	(35)	(35)
+ Tax provisions - Indemnity of employess' future benefit (the 'Anuênio')	-	-	-	(161)	(161)
= Ebitda Adjusted (2)	**1,832**	**590**	**223**	**89**	**2,734**

Ebitda 2021 - R$'000000	Generation	Transmission	Trading	Investee	Total
Net income for the year	1,395	403	280	(1,207)	871
+ Current and deferred income tax and social contribution tax	409	76	145	(380)	250
+/- Net financial revenue (expenses)	758	395	(15)	1,023	2,161
+ Depreciation and amortization	255	3	1	-	259
= Ebitda according to "CVM Instruction n. 156" (1)	**2,817**	**877**	**411**	**(564)**	**3,541**
Efeitos não recorrentes e não caixa					
- Renegotiation of hydrological risk (Law 14,052/20), net (note 16)	(1,032)	-	-	-	(1,032)
- Renegotiation of hydrological risk (Law 14,052/20), investees (*)	-	-	-	(308)	(308)
- Advances for services provided, net (**)	-	-	(148)	-	(148)
- Periodic Tariff Review adjustments (note 14) / Standardization of accounting practices	-	(215)	-	-	(215)
+/- Write-offs and impairments	-	-	-	51	51
+ Net adjustment for impairment of Investments (note 14)	-	-	-	204	204
- Write-down of balance of post-retirement life insurance obligation (Note 22)	(38)	(36)	(7)	(10)	(91)
= Ebitda Adjusted (2)	**1,747**	**626**	**256**	**(627)**	**2,002**

(*) On September 30, 2021 the jointly controlled subsidiaries Nesa and Aliança Energia, and the affiliated company Madeira, recognized amounts of R$30 million, R$149 million and R$129 million, respectively, arising from renegotiation of hydrological risk.
(**) The amount refers to early payment of amounts for provision of services of the subsidiary ESCEE to a free customer, net of PIS/Pasep and Cofins taxes.

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





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Operational revenue

Revenue from supply of energy

In 2022 revenue from supply of energy was R$42 million lower, at R$7,629 million, than in 2021 (R$7,670 million). This mainly reflects volume of energy sold 4.32% lower, partially offset by average price per MWh, at R$252.73 in 2022, higher than in 2021 (R$247.46).

	2022			2021		
	MWh	R$ (million)	Average price/MWh billed - R$/MWh[1]	MWh	R$ (million)	Average price/MWh billed - R$/MWh
Industrial	14,453,048	4,229	292.60	14,598,936	3,933	269.40
Commercial	4,127,836	1,051	254.61	4,165,556	901	216.30
Rural	15,959	5	313.30	30,986	9	290.45
Subtotal	**18,596,843**	**5,285**	**284.19**	**18,795,478**	**4,843**	**257.67**
Net unbilled retail supply	-	62	-	-	60	-
	18,596,843	**5,347**	**284.19**	**18,795,478**	**4,903**	**257.67**
Wholesale supply to other concession holders (2)	11,376,243	2,290	201.30	12,530,390	2,909	232.16
Wholesale supply unbilled, net	-	(8)	-	-	(141)	-
	29,973,086	**7,629**	**252.73**	**31,325,868**	**7,671**	**247.46**

(1) The calculation of the average price does not include revenue from supply not yet billed.
(2) This revenue includes sales contracts in the Regulated Market to distribution companies, sales on the Free Market to traders and generation companies, 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.
(3) Information not audited by the independent auditors.

Transmission concession revenue

The main variations in revenue are presented below:

- This infrastructure operation and maintenance revenue was R$713 million in 2022, compared to R$613 million in 2021, 17.91% higher, mainly reflecting the annual adjustment of the RAP of the transmission companies (concession contracts 006/1997 and 79/2000), plus entry of new works.
- The revenues posted for construction, strengthening and enhancement of infrastructure totaled R$407 million in 2022, compared to R$252 million in 2021, 61.60% higher. This mainly reflects, the higher volume of realization in the portfolio of transmission investment projects; and
- Revenues from financial remuneration of transmission contract assets were 11.07% lower, at R$561 million in 2022, compared to R$631 million in 2021. This variation mainly reflects the lower value of the IPCA inflation index - the indexor used for remuneration of the contract - which was 5.78% in 2022, compared to 10.06% in 2021.

More details in Note 13.

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Revenue from transactions in the Power Trading Chamber (CCEE)

Revenue from transactions with energy on the CCEE (Power Trading Chamber) in 2022 was R$186 million, or 45.32% lower than in 2021 (R$340 million). This reduction is mainly due to the reduction of 78.9% in the average spot price (PLD) in the Southeast and Center-West regions, which was R$58.99/MWh in 2022, compared to R$279.61/MWh in 2021, due to a better hydrological condition.

Taxes and regulatory charges reported as deductions from revenue

Taxes and charges applied to operating revenue in 2022 were R$1,990 million, compared to R$1,963 million in 2021. This variation is mainly associated with the taxes calculated as a percentage of sales revenue. Hence, their variations are substantially proportional to the changes in revenue.

Operating costs and expenses

Operating costs and expenses in 2022 totaled R$5,994 million, compared to R$5,970 million in 2021. The following paragraphs outline the main variations in operating costs and expenses:

Energy *purchased* for resale

The expense on energy bought for resale in 2022 was R$4,146 million, compared to R$4,495 million in 2021, representing an reduction of 7.75%. This variation is mainly due from the following factors:

- The cost of electricity bought in the Free Market was 4.85% lower, at R$4,495 million in 2022, compared to R$4,724 million in 2021. This mainly reflects the lower average price of acquisition, reflecting termination of more expensive contracts and start of lower-priced ones; and
- Reduction of 67.21% on costs in the spot market: R$72 million in 2022, compared to R$218 million in 2021. This is mainly due to excess energy available in 2022 compared to the positions in 2021. Also, there was a reduction of 78.9% in the average spot price (PLD) in the Southeast and Center-West regions, which was R$58.99/MWh in 2022, compared to R$279.61/MWh in 2021, due to a better hydrological condition.

Construction cost

Construction cost in 2022 was R$291 million - compared to R$183 million in 2021, an increase of 58.55%, in line with the Company’s strategic planning, which aims to intensify investments in strengthening and improvements for renewal of the asset base, taking into consideration the deadlines, costs and expected return. Execution of the investment portfolio in 2022 complied with the planning for projected energizations and revenues. The revenues will be recognized and formalized in the Tariff Review process scheduled for 2023.

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Personnel expenses

Personnel expenses were R$314 million in 2022, compared to R$291 million in 2021, an increase of 8.03%. This reflects the salary increase of 11.08%, in November 2021, agreed under the Collective Agreement with the employees - and compares with a salary increase of 4.00% in November 2020, also under a Collective Agreement. In counterpart, the number of employees was 2.32% lower in 2022, at 1,209, compared to 1,181 in 2021.

Post-employment obligations

The impact of the post-employment obligations of the Company on operational profit in 2022 was an expense of R$132 million, compared to an expense of R$0.4 million in 2021. This variation is due to the changes made by the Company in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and ex-employees. The Company ceased the payment of this post-employment benefit; and thus, it wrote off the balance of the obligation, with a counterpart in the Income Statement. More details in note 22.

Outsourced services

The expense on outsourced services in 2022 was R$226 million, or 26.26% more than in 2021 (R$179 million) - reflecting:

- expenses on information and tecnology was 62.83% higher in 2022, at R$31 million, vs. R$19 million in 2021; and
- expenses on maintenance and conservation of electrical facilities and equipment 27.83% higher, at R$65 million in 2022, compared to R$52 million in 2021.

Operating provisions

Operational provisions totaled R$0.6 million in 2022, representing a reduction of 99.61% from R$147 million in 2021. This mainly reflects:

- Changes in SAAG´s option, which represented a provision of R$36 million in 2022, compared to provisions of R$100 million in 2021. This movement is mainly associated with the positive effects on the recoverable value of MESA. Also, in 3Q22, the total value of the liability was adjusted to reflect receipt, by FIP Melbourne, under the agreement arising from Arbitration Judgment 86/2016, of the amounts paid by AGPar. More details in note 14.
- Reversal of the expected loss of R$53 million in Related parties, due to receipt of payment for assignment of credits against Renova. There are more details in Note 30.
- Provisions for contingencies 70.36% lower, at R$10 million in 2022, compared to R$33 million in 2021. This is mainly due to:
    - Change in the attributed chance of a provision for contingencies in profit sharing from ‘probable’ to ‘possible’, resulting in a reversal of R$67 million.

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- A new provision of R$32 million for the legal action on application of income tax to the time-of-service (anuênio) indemnity paid by the Company to employees. More details on this are in Note 23.

- Reduction of 96.07% in provisions for estimated losses for doubtful receivables in 2022, an expense of R$0.5 million, compared to expense of R$13 million in the same period of 2021 - mainly due to the low levels of default seen in the 12-month period.

Adjustment to fair value of financial assets

With conclusion of the Valuation Opinion, the Company made an adjustment of R$171 million, in June 2022, in Fair value of financial assets, for the difference from the amounts initially estimated by the Company. There are more details in Note 12.

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

A net gain of R$519 million value of non-consolidated investees was posted by the equity method in 2022, which compares with a net loss of R$306 million in 2021. This arises mainly from the following factors:

The 2022 result is mainly associated with the following factors:

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

Note 14 gives the breakdown of equity method gains/losses, by investee.

Net Financial Result

The Company reports net financial expense of R$477 million in 2022, compared to net financial expenses of R$2,161 million in 2021. This variation is mainly due to the following factors:

- Deppreciation of the dollar against the Real in 2022 of 6.5%, compared to appreciation, of 7.39%, in 2021 - generating a posting of revenues of R$338 million in 2022 vs. expenses of R$354 million, in 2021;
- The fair value of the financial instrument contracted to hedge the risks connected with the Eurobonds resulted in a negative item of R$438 million in 2022, compared with a negative item of R$538 million in 2021, arising basically from a rise in the yield curve related to expectation of increase in the US$/R$ exchange rate; and

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- Recognition of the premium on repurchase of debt securities in the amount of R$47 million in the fourth quarter of 2022 (R$491 million in the third quarter of 2021) as a result of the partial buyback of its Eurobonds - Tender Offer. More details about this operations in Note 20.

For a breakdown of financial income/expenses see Note 27.

Income tax and social contribution tax

For 2022, the expense on income tax and social contribution tax was R$118 million, on pre-tax gain of R$2,203 million - an effective rate of 5.35%. For 2021, the expense on income tax and social contribution tax was R$250 million, or an effective rate of 22.31% on the pre-tax gain of R$1,122.

These effective rates are reconciled with the nominal rates in Note 10d.

Liquidity and capital resources

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

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

Cash and cash equivalents

Cash and cash equivalents on December 31, 2022 totaled R$293 million, compared to R$123 million on December 31, 2021. No cash nor cash equivalents were held in any other currency than the Real. The main components of this variation are as follows:

Cash flow from operations

Consolidated net cash generated by operations in 2022 totaled R$1,699 million, which compares with consolidated net cash generated by operations in 2021 of R$2,134 million. The result for 2022 mostly comprises the amount received on settlements of the swap related to the Eurobonds (replacement of debt in US dollars by debt in Reais adjusted by the CDI rate), representing a cash inflow of R$129 million in 2022 (R$1,022 million in 2021).

Cash flow from investment activities

Net cash consumed by investment activities in 2022 was R$370 million, which compares with R$43 million generated investment activities in 2021. The difference is basically due to the higher volume of investiments in securities in 2022 (net redemptions of R$220 million in 2022, compared to redemptions of R$249 million in 2021).

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Cash flow in financing activities

Net cash consumed by financing activities totaled R$1,160 million in 2022, compared to R$2,439 million consumed on financing activities in 2021. This variation figure mainly results from lower amortization of loans in 2022 - a total of R$1,707 million, compared to a total of R$3,249 million in amortization of loans in 2021.

Funding and debt management policy

The Company generated a significant total of cash flow from operations in 2022, due to higher revenues, rigorous combat of default, and keeping energy losses and operational expenses within the regulatory limits. This financial equilibrium made it possible to execute a significant volume of investments without negatively affecting the Company's leverage, which contributing to the sustainability of its operations and continuity of its program of investments.

In December 2022 the Company concluded settlement of its 9th Issue of non-convertible debentures, with surety guarantee and without asset guarantees, for a total of R$1 billion, in two Series: The First Series was for a total of R$700 million, with remuneratory interest of 1.33% p.a. above the CDI rate, and maturity at 5 years, with amortizations at the 36th, 48th and 60th months. The Second Series, characterized as 'Green Debentures', was for R$300 million, with remuneratory interest of 7.6245% p.a. above the IPCA rate, and payment bullet at 7 years.

Also in December 2022, to reduce concentration of its debt, the Company made one more partial early buyback of its dollar-nominated Eurobond issue, which has maturity at December 2024. Principal debt totaling US$243.89 million was repurchased in the Tender Offer. For more information please see Note 20.

Corroborating the improvements described above, we highlight that the international rating agencies Standard and Poor's and Fitch Ratings maintained their ratings for Cemig GT; and Moody's increased its ratings: from Ba3 to Ba2, the same as its sovereign rating for Brazil, on the global scale; and from AA-.br to AA.br on the Brazilian scale. These ratings reflect success in the implementation of measures that resulted in improvement of the Company's credit quality, with highlights for: improvement of the liquidity profile, sale of assets, refinancing of debts, better operational efficiency, and increase in Ebitda, combined with a strategy of prudent management of liabilities.

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

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Fitch		Investment Grade										Speculative Grade											
Brazilian	Global	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
December - 2021																							
December - 2022																							

Moodys	Investment Grade										Speculative Grade											
Global	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	
December - 2021																						
December - 2022																						
Brazilian	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC	CC	C	RD/D		
December - 2021																						
December - 2022																						

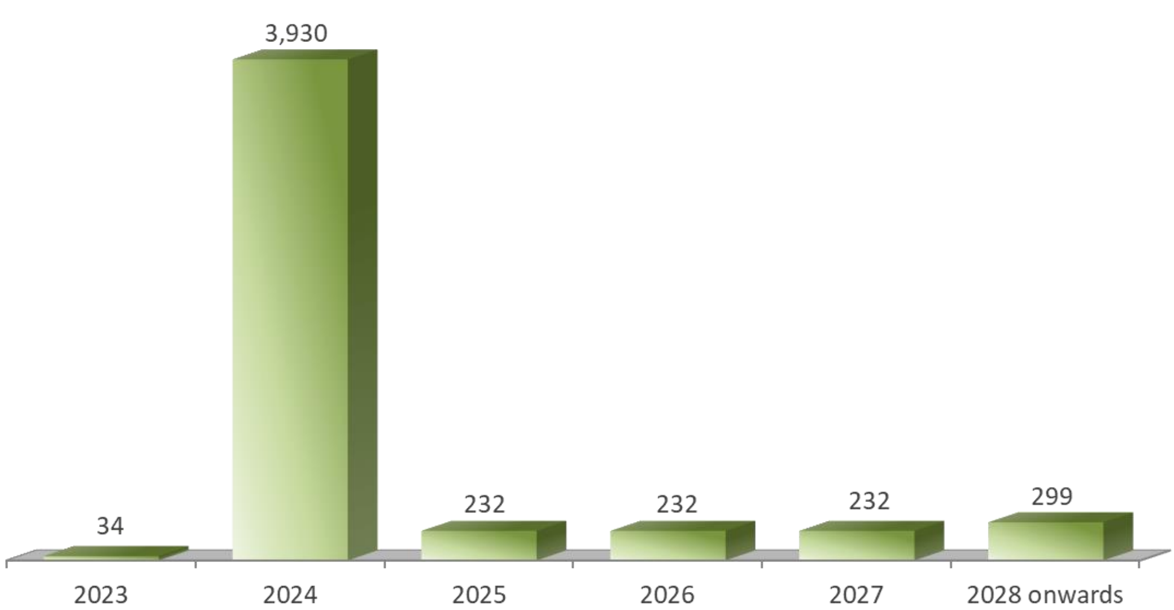
S&P		Investment Grade										Speculative Grade											
Brazilian	Global	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D
December - 2021																							
December - 2022																							

Both the Eurobonds and the debentures have financial restrictive covenants related to (i) indebtedness and (ii) distribution of dividends, all of which the Company continues to comply with.

The Company's debt on December 31, 2022, totaled R$4,959 million, with average tenor of 2.6 years. There are more details in Note 20 to the financial statements.

This chart shows the present amortization timetable:

Debt amortization timetable
Position at December 2022 - R$ million



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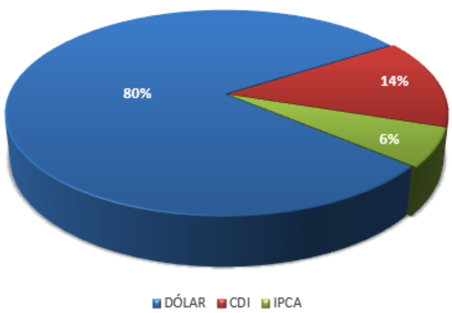
For the debt indexed to the IPCA inflation index there is a natural hedge, since the Company's revenue from its activity and a large proportion of the trading contracts are adjusted by this index. For the Eurobonds, which are denominated in US dollars, there is a hedge structure which results in final exposure linked to the Brazilian CDI rate. The real cost of the debt is 12.44% p.a. in constant currency, and 18.90% p.a. nominal.

Debt breakdown



PROPOSAL FOR ALLOCATION OF NET INCOME

The Board of Directors decided to propose to the Annual General Meeting to be held on April 2023 that the income for 2022, of R$2,085 million, realization of the unrealized earnings reserve in the amount of R$223 milhões and realization of the deemed cost of PP&E, totaling R$121 million:

- R$104 million to the legal reserve;
- R$1,266 million for payment of dividends, as follows:
  - R$600 million through interim dividends, declared on January 30, 2023; and
  - R$443 million mandatory minimum dividends; and
  - R$223 million in additional dividends due to realization of the unrealized earnings reserve.
- R$10 million to be recorded as Incentives Tax Incentives Reserve, in reference to the tax incentive amounts obtained in relation to the investments made in the region of Sudene;
- R$1,049 million to be held in Shareholders' Equity in the Retained earnings reserve, to guarantee execution of the Company's Investment Program.

The dividends will be paid in two equal installments, by June 30 and December 30, 2023.

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INVESTMENTS

Aliança Geração

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

- The Acauã wind farm complex, comprising 3 wind farms: Central Eólica Acauã I S.A. ('Acauã I'), Central Eólica Acauã II S.A. ('Acauã II'), and Central Eólica Acauã III S.A. ('Acauã III') - in the municipalities of Tenente Laurentino Cruz, Lagoa Nova, Santana do Matos and São Vicente, in the State of Rio Grande do Norte. Building of the Acauã wind farm complex project began in March 2021, and full commercial operation is estimated to start in the second half of 2023. It will have 26 wind tower generators, with capacity of 4.2 MW - total generation capacity of 109.2 MW, and estimated average output of 57.77 MW.

In December 2022 the Gravier wind farm - Central Eólica Gravier S.A. - in the municipality of Icapuí, in Ceará State, began commercial operation. Construction began in January 2021. It will have 17 wind tower generators, with capacity of 4.2 MW - total generation capacity of 71.4 MW, and estimated average output of 28 MW.

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

Implementation of the Boa Esperança and Jusante photovoltaic solar plants

On August 23, 2022 the Company signed Full EPC (Engineering, Procurement and Construction) contracts for construction of the Boa Esperança and Jusante photovoltaic solar generation plants, for which the planned capex is R$824 million - R$447 million for Boa Esperança and R$377 million for Jusante.

The Boa Esperança plant, on a site owned by the Company at Montes Claros, Minas Gerais, will have inverter installed capacity of 85MW (approximately 100.4 MWp). The Jusante plant, on a site owned by the Company in São Gonçalo do Abaeté, Minas Gerais, will have 7 generating plants, each with inverter installed capacity of 10MW (approximately 87 MWp). Initial energization is planned for September 2023.

The implementation of these plants is in accordance with the Cemig group's strategic planning, strengthening its generation from renewable sources, with profitability compatible with the Company's cost of capital for this type of project.

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The Poço Fundo project:

In September 2022 the new generating units of the Poço Fundo Small Hydro Plant, in the south of Minas Gerais state, started operation. This expansion is part of the investment program and marks the beginning of a phase of construction of new plants by Cemig. The new components increase the generation capacity of the plant overall from 9.16MW to 30 MW. The plant has installed new and more efficient equipment, for investment of approximately R$150 million, which will enable remote operation of the plant by the Company's System Operation Center (Centro de Operação do Sistema - COS).

The project came into operation 3 months earlier than the date specified in the Aneel auction of March 2019 for start of commercial supply by the enlarged plant.

Investments in transmission

Lot 1 of Auction 02/2022

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

This contract has important synergies: It takes advantage of the Company's existing operation and maintenance structure; and the Company expects optimization of Capex and early delivery of the project, with profitability in line with its cost of capital for this type of project. The result of this auction consolidates Cemig GT's strategic positioning as one of the largest companies in power transmission in Brazil, in line with its objectives of sustainable growth and generation of value, obeying its commitment to transmission of power with reliability, transparency and safety for the whole of society, respecting the environment.

RELATIONSHIP WITH EXTERNAL AUDITORS

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

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

Service	2022	2021
Auditing of financial statements and ancillary obligations	1,774	3,523

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

SUSTAINABILITY - ESG PERFORMANCE

Cemig's commitment to Ethical and Sustainable Development is at the heart of its activity. The Company has been in the Dow Jones Sustainability World Index (the 'DJSI World') since that index was created, and in the São Paulo stock exchange's ISE Corporate Sustainability Index (Índice de Sustentabilidade Empresarial) for 18 years. Cemig has also been recognized for its leadership in corporate sustainability with its allocation in leadership category A- in Water Security and Climate Change by the Carbon Disclosure Project (CDP).

ESG Indicators

Cemig's environmental, social and governance indicators are published quarterly in the Company's Quarterly ESG Reports, and annually in its Annual and Sustainability Report. For more details on the performance of Cemig in 2022, see Cemig's reports page.

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

Environmental performance

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

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

In 2022, Cemig GT invested approximately R$17.8 million in the environment. Of this total, R$6 million was applied in Research and Development projects.

Water resources

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

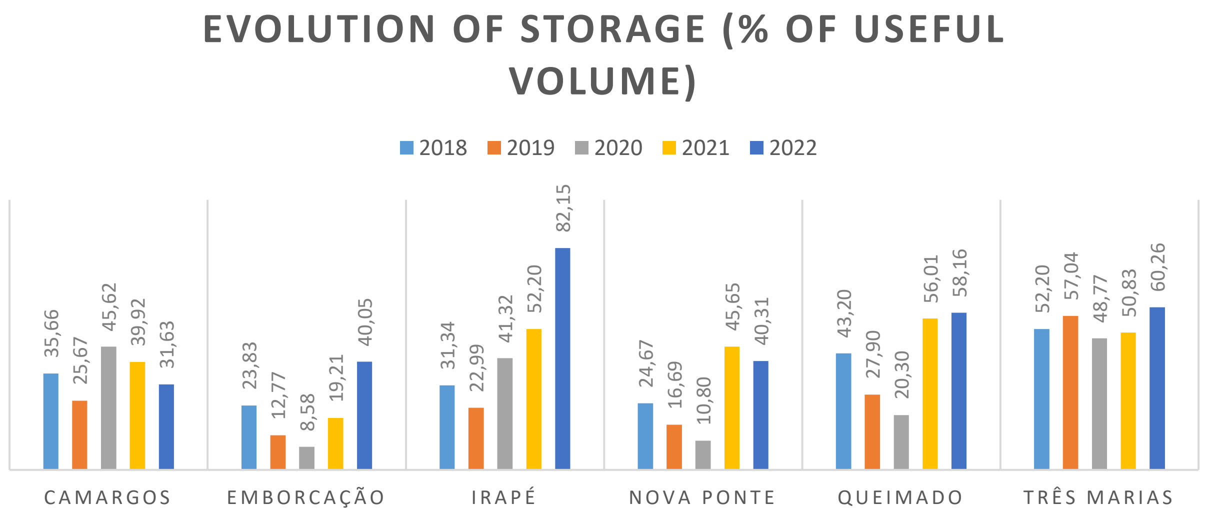
The body that decides to dispatch thermoelectric generation plants linked to Brazil's National Grid is the National System Operator (ONS), responsible for the coordination and control of operation of the energy generation and transmission facilities in the National Grid, under the inspection and regulation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

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

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

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

The chart below shows the information on water storage levels in Cemig's principal reservoirs in December 2022, compared with the same time in previous years.



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Management of waste

Cemig manages its wastes in compliance with Brazil's National Solid Wastes Policy (Política Nacional de Resíduos Sólidos - PNRS). Its units follow the process of identifying, separating, packing and transporting their wastes to temporary warehousing at the Igarapé Advanced Distribution Center (CDA-IG), after which Cemig's Material and Services Supplies management unit is responsible for final disposal.

In 2022, 639 tons of industrial wastes were allocated for disposal: 94.36% of these wastes were sold or recycled and 5.63% were co-processed, sent for treatment or disposed of in industrial landfill.

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

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

Programs for fish populations

Cemig created the '*Peixe Vivo'* ('*Fish Alive*') Program, with the mission of minimizing impact on fish populations, seeking handling solutions and technologies that integrate the generation of energy by Cemig with conservation of native fish species, promoting involvement of the community. In 2022, the Program completed 15 years of existence.

Since its creation the program operates on two fronts:

(i) preservation of fish populations and support for research projects; and
(ii) formation of protection strategies to avoid and prevent fish deaths at Cemig's hydroelectric plants.

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In 2022, seven research projects were executed, using the Company's own funds, and R&D funds. In the year 63 works were published - two theses, four dissertations, four monographs, 41 scientific summaries, 11 scientific articles, and one short course - related to the projects or actions of the Peixe Vivo Program. The research projects coordinated by the Peixe Vivo team in 2022 involved a total of 158 people from teaching and research institutions. Within this strategy of publication of results, one important event of the Peixe Vivo Program was delivery of a short course at the 14th Brazilian Ichthyology Meeting, entitled Operation and Maintenance of Hydroelectric Plants: Impacts on Fish Populations and Mitigation Measures. The aim of the course was to disseminate to various actors the practices carried out by Cemig in prevention of fish deaths during operation of hydroelectric plants.

In 2022 a total of R$7 million was spent on actions related to fish populations and research projects under the Peixe Vivo program.

Climate change

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

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

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

Social Performance

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

Number of employees

In view of the reality imposed by the present conditions of regulation in the energy sector, the Company is working towards more efficiency and greater alignment with the sector benchmarks. The Company has shown a reduction of the number of employees in the last 5 years, from 1,366 in the end of 2018 to 1,181 in the end of 2022, as shown:

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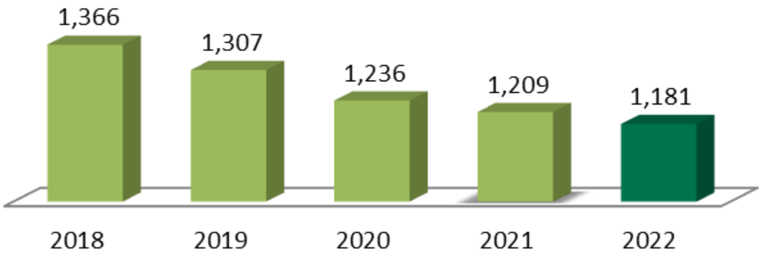
Number of employees



Cemig hired 60 people in 2022. These hirings were to fill vacancies at the technical, operational, administrative and university levels, replenishing the Company's team principally in essentially technical areas.

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

Health, Hygiene and Safety in the workplace

In 2022 health protocols were adopted, based on monitoring the development of Covid-19 throughout the country.

The challenge of permanent activity in the area of health, with continuous monitoring of employees and the use of the App, through which information is provided to employees, made a positive contribution to protecting the health of employees and their family members, and minimizing transmissibility of the disease in the Company's internal environment.

Our accident rates, measured as the Basic accident frequency rate (TF) and the Rate of Accidents with Time off Work (TFA), in 2022, we present the best indices of the last 5 years.

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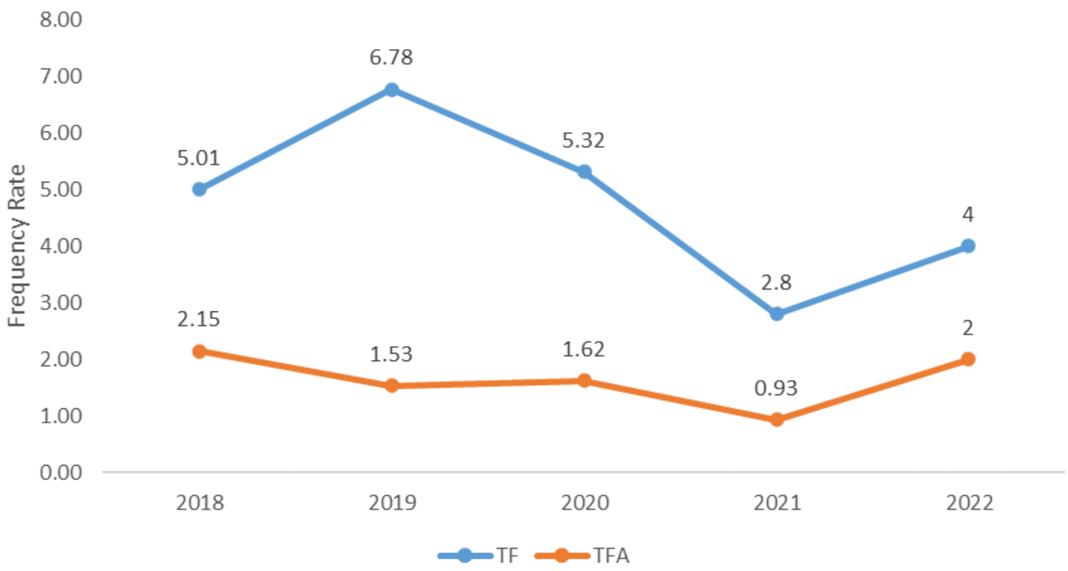
Frequency Rate History - Cemig GT



Our accident rates increased from 2021, breaking a series in which the number has decreased since 2019. The Company has been undertaking internal actions and review of processes aiming to resume the downward tendency of the TFA and TF figures in the coming years, including education campaigns to raise awareness awareness of professionals who make up the workforce.

Organization climate and culture

In October 2022, Cemig held its Engagement and Atmosphere Survey for the employees, to obtain information on aspects of their sense of connection to and engagement with the Company, aiming for objectiveness on subjects that might influence the organizational climate. 59% of the Company’s direct employees took part, and the percentage of those reporting a favorable view was 75% - or 12 percentage points higher than in the survey made in 2021.

Cemig has also engaged strongly in promotion of a new culture, aiming to ensure the organization’s needs are met and its results achieved, through its Novas Energias (‘New Energies’) program, which began in June 2020. Based on the ‘cultural mapping’, packages were designed with practices that aim to develop people management processes, aiming to enhance results in alignment with strengthening of Cemig’s desired culture.

The main practices dealt with in these packages were creation of structured models for internal governance, through strategic connections, career paths, recruitment and selection (internal and external), integration, a recognition program, internal communication, performance management, development of future leaders, and the succession process. Theoretical leadership development modules were also enacted, aiming to keep managers aligned with what is expected in relation to the practices developed by the team of the Novas Energias (‘New Energies’) project.

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The following are some of the highlights of 2022:

The Proximidade (Proximity) Program: created by Cemig to form a closer relationship with communities close to plants under Cemig's concessions, and, jointly with other programs of the Company, to take technical knowledge to them and promote their social development. Meetings are held in which specialists from the Company give technical and objective presentations to explain and clarify operational aspects of reservoirs and dams (operational and structural security), including dealing with and preparation of Emergency Action Plans (PAEs) of the dams, and give information on the social-environmental actions of the projects.

After being inactive in 2020 and 2021 due to the pandemic, our Proximidade ('Proximity') program was resumed in 2022, with events at each of four hydroelectric plants: Queimado, Nova Ponte, Theodomiro Carneiro Santiago (formely Emborcação) and Irapé. 132 people participated, from a very wide range of publics and institutions.

As well as routine subjects - e.g. meteorology, dam safety (operational and civil) and social-environmental actions) - in 2022 there were also presentations of information on Emergency Action Plans (Planos de Ação de Emergência - PAEs) for the dams of each hydroelectric plant, and finally, the PROX mobile risk management app was presented and made available to the public.

As of August 2022 the Vamos project was created and immediately put into effect, for integration of each dam's PAE (Emergency Plan) with each the Municipal Contingency Plans (PlanCons) of each municipality. Seventeen PAE Integration Committees (Comitês de Integração - Cis) were constituted for 18 plants, involving 33 Municipal Civil Defense units, 18 State Civil Defense Coordination Units (CEDECs), and 16 Local Fire Brigades. A further 18 meetings were held in 2022 to constitute Cis for preparation of programming in 2023 for some plants and 2024 for others.

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

The 2022 AI6% Campaign involved the participation of 1,391 employees, who voluntarily allocated R$1 million to benefit approximately 20,000 children and teenagers in vulnerable situations, served by 145 institutions. The Company also allocated part of its income tax payable to the same FIA's. The amount invested by the Company was R$1.5 million. In total, R$2.5 million was donated to entities spread out over the 77 municipalities in the Company's area of influence.

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

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

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

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

2022 was atypical, with changes in the Company's volunteering activities, the return to in-person working, and some restrictions due to the election, but even so actions were taken with positive impacts on society, such as social assistance activities in accordance with the needs of the moment.

The SOS Chuvas (SOS Rains) campaign: More than 600 towns in Minas Gerais were under alert, and thousands of people negatively affected, by damage caused by heavy rains in the state. To help in assistance actions, Cemig made collection points available at its branches in 17 municipalities of the state, for collection of mineral water, personal hygiene items, non-perishable foods, cleaning materials, bedclothes and towels - to help people who had suffered from the floods at the beginning of the year.

V-Day - Volunteering Day: This event was held in Santa Luzia, at the Tancredo Neves state school, serving residents of the area and of the occupied area of Vitória, in the Isidoro region. 685 people were benefited by actions of 94 volunteers and 34 partnerships. Local residents received a series of benefits free of charge - including: medical attention (family doctor, nutritionist, psychologists, blood pressure and glucose tests); advice on oral health; a solidarity bazaar; a beauty workshop (braids, haircuts, eyebrows, makeup, nails); legal advice (family courts); orientation and writing of résumés; financial orientation; orientation for public safety in relation to the electricity network; art exhibitions; a solar telescope; and games for children including popcorn and Cotton Candy.

In 2022 Cemig's Volunteering Program carried out a total of 21 actions including actions for social assistance, information for the public, donations of items, financial donations, and actions proposed by employees. 183 employees took part as volunteers, with a total of 400 hours of work by members of the Cemig Group workforce.

Dam safety

The process that aims to ensure safety of the dams operated and maintained by Cemig uses, in all its phases, a methodology founded on best Brazilian and international practices and specific laws.

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The vulnerability of each dam is calculated automatically, and continuously, and monitored by the specialized inspector dam safety system. There are periodic reviews of dam safety by Cemig's professionals, which can also involve a multidisciplinary team of external consultants. These reviews go carefully into all matters relating to the safety of the dams, which are carefully investigated by highly-qualified specialists.

Cemig was the pioneer in Brazil in preparation of emergency action plans (Planos de Ação de Emergência - PAEs) to be applied in the event of dam ruptures, with a focus also on readiness for ordinary flood situations. The intention is to build a culture of preparedness for communities living along the rivers where Cemig's plants are located - since floods are increasingly frequent events.

Maintaining its policy of ever closer relationship with the external public, in 2022 Cemig maintained a focus on actions to promote integration between Emergency Action Plans (PAEs) relating to its generation plants and the Contingency Plans (Plancons) of municipalities - holding in-person and online workshop meetings for familiarization and training.

The Company created the Vamos Project, which centers on a methodology for integration of PAEs with Plancons (Contingency Plans) , with a view to improvement and standardization of these constructive interactions.

As an initial step, Integration Committees (Comitês de Integração - Ci's) were formed for the PAE of each dam. These are multidisciplinary forums with representation of various actors of municipalities - an environment enabling discussion and development of PAEs to take place as a group activity.

A total of 16 Cis have been constituted.

In 2022, after two years of effective shutdown due to the pandemic, the Proximidade ('Proximity') Program resumed its in-person meetings, with events at four hydroelectric plants: Queimado, Nova Ponte, Theodomiro Carneiro Santiago (formely Emborcação) and Irapé. A very wide range of publics and institutions took part in these events, including emergency response bodies (Municipal Civil Defense bodies and Fire Brigades). As well as the subjects related to operation of the plants (meteorology, reservoir operation, dam safety and socio-environmental actions), it was also announced that the PROX (Mobile risk management) app was now available, and presentations on PAEs were given.

Projects in culture, sport and health

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

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Culture

Cemig the company that makes the largest investiment of culture in Minas Gerais. In 2022 Cemig GT invested R$69.8 million in 146 projects. As well as incentivating producers and artists, Cemig's support created direct benefits for the population, which gains access to cultural goods in a secure and democratic way.

Health

In 2022 Cemig invested R$18.5 million in various regions of the state, serving 166 hospital units, with installation of photovoltaic generation plants and replacement of inefficient equipment with more up-to-date equipment.

Sport:

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

Cemig published one public requests for proposals in 2022, to select projects involving sport that qualify for Support Incentive funding under federal or state laws

Fund for the elderly

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

One Requests for Concepts from the public was launched in 2022 to select projects to support the elderly, aligned with the organizational guidelines

Technological management and innovation

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

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

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

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

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

The Cemig Challenge expects proposals on the following macro themes:

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

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

Research and Development program

In 2022, the Company executed 30 R&D projects, for investment of R$11.27 million, on a range of themes, the following being highlights:

- Adaptation of Cemig's virtual reality system to integration with real-time image inspection resources, and joint training of the field teams and the System Operations Center (COS);
- Individual Notification System (Dispositivo Individual para Notificação - DIN) in the event of a dam emergency;
- A tool for setting future prices in the optimum composition of an energy purchase and sale portfolio; and
- Ecological processes: Development of new eco-technologies for diagnostics and environmental processes (the Proecos project).

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Performance in Corporate governance

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

The focus of the Company's governance has been a balance between the economic, financial and environmental aspects of Cemig, aiming to continue contributing to sustainable development, and continuous improvement of its relationship with stockholders, clients, employees, society as a whole and other stakeholders. To sustain a well-structured corporate governance model, Cemig follows the good practices and recommendations of the Brazilian Corporate Governance Institute (Instituto Brasileiro de Governança Corporativa - IBGC), fostering a relationship of trust and integrity with its stakeholders. Since 2001 Cemig has followed the Level I Corporate Governance Practices of the São Paulo stock exchange (B3).

Board of Directors

Meetings

The Board of Directors met 27 times up to December 31, 2022, to discuss strategic planning, projects, acquisition of new assets, various investments, and other subjects.

Membership, election and period of office

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

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Shareholders to be held in 2024.

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

The Board of Directors has eleven sitting members, 10 nominated and elected by the stockholders, and one elected by the employees. One member of the Board of Directors is its Chair, and another is its Deputy Chair. The members of the Board of Directors are elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Shareholders, Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to any requirements and prohibitions in applicable legislation and regulations.

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

The Audit Committee

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

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

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

Executive Board

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

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

The period of office of the present Chief Officers expires at the first meeting of the Board of Directors held after the Annual General Meeting of 2024.

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

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

Audit Board

Meetings

In 2022, 12 meetings were held.

Membership, election and period of office

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

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Nominations to the Audit Board must obey the following:

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

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

Internal auditing, management of risks and internal controls

Maintaining a minimum frequency of a year for the updating procedure, the Executive Board and the Board of Directors approved, after consideration by the Audit Committee, Cemig’s updated Corporate Top Risks and Compliance Risks Matrix for 2022-23.

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

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

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

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

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

Anti-fraud Policy

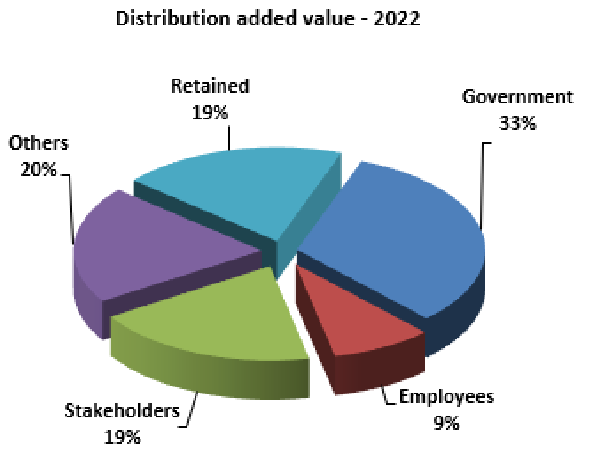
Cemig prides itself on its commitment to combat and prevention of fraud, corruption and any type of act that might represent deviation from the ethical conduct required by established internal and external rules. In this it relies on, and enjoys, the dedication and diligence of the entire workforce to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

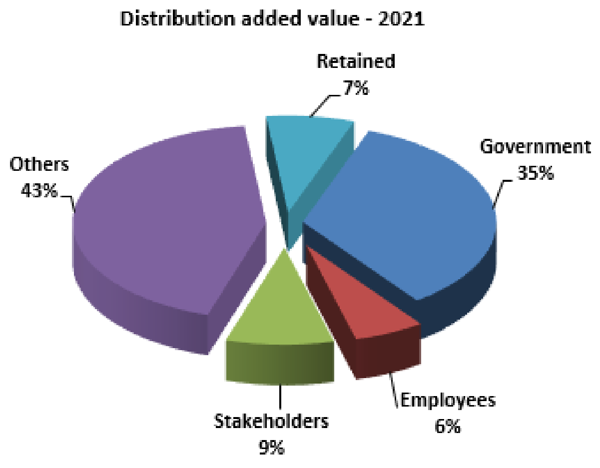
For prevention of any act of this type, the Company has an effective system of internal controls and compliance, including, among others, the Ethics Committee, the Reporting Channel, and internal policies and procedures for integrity, auditing, encouragement for reporting of irregularities, and prevention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

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

Value added

The Value-Added Statement (*Demonstração do Valor Adicionado*, or DVA) is an indicator of wealth creation and of the Company's importance for society in general: the added value created in 2022 was R$5,388 million, compared to R$5,321 million in 2021.





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FINAL REMARKS - APPRECIATION

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

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SOCIAL STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1 - Basis of calculations	2022 - Parent company			2021 - Parent company		
	Amount (R$ ’000)			Amount (R$ ’000)		
Net revenue (NR)	6,952,512			6,902,562		
Operational profit (OP)	2,550,291			3,007,476		
Gross payroll (GP)	313,946			291,204		
2) Internal social indicators	**Amount (R$ ’000)**	**% of GP**	**% of NR**	**Amount (R$ ’000)**	**% of GP**	**% of NR**
Food	20,951	6.67	0.30	19,278	6.62	0.28
Mandatory charges/costs on payroll	74,048	23.59	1.07	70,289	24.14	1.02
Private pension plan	21,714	6.92	0.31	21,125	7.25	0.31
Health	15,611	4.97	0.22	13,937	4.79	0.20
Safety and medicine in the workplace	3,221	1.03	0.05	4,800	1.65	0.07
Education	251	0.08	0.00	240	0.08	0.00
Training and professional development	14,126	4.50	0.20	6,594	2.26	0.10
Provision of or assistance for day-care centers	689	0.22	0.01	511	0.18	0.01
Profit sharing	33,169	10.57	0.48	34,448	11.83	0.50
Others	3,502	1.12	0.05	4,968	1.71	0.07
Internal social indicators - Total	**187,282**	59.65	**2.69**	**176,190**	**60.50**	**2.55**
3) External social indicators	**Amount (R$ ’000)**	**% of OP**	**% of NR**	**Amount (R$ ’000)**	**% of OP**	**% of NR**
Education	0	0.00	0.00	70	0.00	0.00
Culture	1,200	0.05	0.02	2,615	0.09	0.04
Health and water infrastructure	0	0.00	0.00	636	0.02	0.01
Sport	0	0.00	0.00	654	0.02	0.01
Other donations/subsidies / ASIN project	381	0.01	0.01	1,661	0.06	0.02
Total contributions to society	**1,581**	**0.06**	**0.02**	**5,636**	**0.19**	**0.08**
Taxes (excluding obligatory charges on payroll)	1,350,656	52.96	19.43	1,350,874	44.92	19.57
Internal social indicators - Total	**1,352,237**	**53.02**	**19.45**	**1,351,318**	**44.93**	**19.58**
4) Environmental indicators	**Amount (R$ ’000)**	**% of OP**	**% of NR**	**Amount (R$ ’000)**	**% of OP**	**% of NR**
Related to the company’s operations	11,482	0.45	0.17	16,956	0.56	0.25
Total investment in the environment	**11,482**	**0.45**	**0.17**	**16,956**	0.56	0.25
As to annual targets to minimize toxic waste and consumption during operations, and increase efficacy of use of natural resources, the company:	(x) has no targets ( ) meets 0-50% of targets	( ) meets 51-75% of targets ( ) meets 76-100% of targets		(X) has no targets ( ) meets 0-50% of targets	( ) meets 51-75% of targets ( ) meets 76-100% of targets	
5) Workforce indicators						
Number of employees at end of business year	1,181			1,209		
Hirings during the business year	60			37		
Number of outsourced employees	10			14		
Number of interns hired	30			-		
Employees’ levels of education	-					
- University and university extension	504			498		
- 2 Secondary	673			707		
- 1 Primary	4			4		
Number of employees over 45 years old	464			472		
Number of women employed	181			176		
% of supervisory positions held by women	18.18%			15.38%		
Number of African-Brazilian employees	52			56		
% of supervisory positions held by African-Brazilians	1.52%			3.08%		
Number of employees with disabilities	33			32		

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6) Corporate citizenship	2022		
Ratio between highest and lowest compensation in the Company	25.43		
Total number of work accidents, considering own employees:	4		
Who selects the company's social and environmental projects?	( ) senior management	(x) senior management and line managers	( ) all the employees
Who decides the company's work-environment health and safety standards?	( ) senior management and line managers	(x) all employees	( ) All + Accident Prevention Ctee.
In relation to labor union freedom, the right to collective bargaining, and/or internal employee representation, the company:	( ) does not get involved	( ) follows the ILO guidelines	(x) encourages and follows the ILO
The company pension plan covers:	( ) senior management and line managers	( ) senior management and line managers	(x) all employees
The profit-sharing program covers:	( ) senior management and line managers	( ) senior management and line managers	(x) all employees
In selecting suppliers, the company's standards of ethics and social and environmental responsibility:	( ) are not considered	( ) are suggested	(x) are required
In relation to employee participation in volunteer work programs, the company:	( ) don't get involved	( ) supports	(x) organizes and encourages
Total number of customer complaints and criticisms:	Company N.A.	Via Procon N.A.	In the courts 5
Total added value distributable (R$ '000)	In 2022: R$5,388,248		
Distribution of added value (DVA)	32.37% government 19.35% stockholders 8.72% employees	20.20% others 19.35% retained	

7) Other information	2022
Investments in environmental issues	R$17,762,623
Monitoring of reservoir water quality	43 reservoirs and 181 collection stations
Non-reusable wastes and materials	639 tons
Revenue from sales of waste	R$843,696.46

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CEMIG GT IN NUMBERS

Item	2022 Parent company	2021 Parent company
Service		
Number of customers	3,242	3,124
Number of employees	1,181	1,209
Energy sold per employee - MWh	21,738	22,158
Market		
Own generation - GWh	6,050	3,880
Average sale price (excluding ICMS tax), R$/MWh - Industrial	252.99	234.56
Expenses		
Number of plants in operation	21	21
Installed capacity (MW)	2,303	2,303
Financial		
Net operational revenue, R$ mn	6,953	6,903
Operational margin, %	36.68%	43.57%
Ebitda, R$ mn	3,008	3,541
Profit, R$ mn	2,085	871
Earnings per share	0.72	0.30
Stockholders' equity - R$ mn	8,893	7,755
Book value per share	3.07	2.68
Return on equity, %	23,45%	11.24%
Debt / Stockholder's equity, %	119,70%	143.74%
Current liquidity ratio	1.21	1.00
General liquidity ratio	0.89	0.81

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COMPOSITION OF BOARD OF DIRECTORS, AUDIT COMMITTEE AND EXECUTIVE BOARD

THE EXECUTIVE BOARD	
NAME	**POSITION**
Reynaldo Passanezi Filho	Chief Executive Officer
Dimas Costa	Chief Trading Officer
Leonardo George de Magalhães	Chief Finance and Investor Relations Officer
Thadeu Carneiro da Silva	Chief Generation and Transmission Officer
Marco da Camino Ancona Lopez Soligo	Chief Officer Cemigpar
Marney Tadeu Antunes	Chief without portfolio
Henrique Motta Pinto	Chief Regulation and Legal

BOARD OF DIRECTORS
NAMES
Márcio Luiz Simões Utsch (majority)
Jaime Leôncio Singer (majority)
Marcus Leonardo Silberman (majority)
José Reinaldo Magalhães (majority)
Afonso Henriques Moreira Santos (majority)
Ricardo Menin Gaertner (majority)
Aloísio Macário Ferreira de Souza (majority)
Roger Daniel Versieux (majority)
José João Abdalla Filho (preferencial)

FISCAL BOARD	
SITTING MEMBERS	**SUBSTITUTE MEMBERS**
Gustavo de Oliveira Barbosa (President) (majority)	Igor Mascarenhas Eto (majority)
Fernando Scharlack Marcato (majority)	Luiza Cardoso Barreto (majority)
Elizabeth Jucá e Mello Jacometti (majority)	Fernando Passalio de Avelar (majority)
Michele da Silva Gonsales Torres (preferencial acts)	Ronaldo Dias (preferencial acts)
João Vicente Silva Machado (minority)	Ricardo José Martins Gimenez (minority)

THE AUDIT COMMITTEE
NAMES
Pedro Carlos de Mello (Coordinator and Financial Specialist)
Márcio de Lima Leite
Roberto Tommasetti
Afonso Henriques Moreira Santos

INVESTOR RELATIONS

Investor Relations Office
Tel: +5531 3506-5024 and 3506-5028
Fax: +5531 3506-5025 and 3506-5026

Website: www.cemig.com.br
e-mail: ri@cemig.com.br

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021

ASSETS
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2022	2021	2022	2021
CURRENT					
Cash and cash equivalents	6	292,980	123,071	194,482	86,064
Marketable securities	7	1,352,359	943,789	788,368	618,130
Receivables from customers and traders	8	982,643	681,255	812,592	534,579
Concession holders - transmission service	8	112,706	113,324	110,007	111,164
Recoverable taxes	9	51,896	31,874	28,375	27,921
Income tax and social contribution tax recoverable	10a	774,649	652,515	772,564	650,523
Dividends receivables	28	140,250	232,098	259,106	280,204
Concession financial assets	12	309,347	283,233	-	-
Contract assets	13	720,032	592,337	691,153	565,659
Other		260,733	79,924	255,951	75,529
TOTAL CURRENT		**4,997,595**	**3,733,420**	**3,912,598**	**2,949,773**
NON-CURRENT					
Marketable securities	7	5,105	194,110	2,976	127,128
Receivables from customers and traders	8	63	3,393	47	715
Recoverable taxes	9	47,280	71,546	28,545	27,614
Escrow deposits	11	174,461	161,820	168,183	152,759
Derivative financial instruments	29	702,734	1,219,176	702,734	1,219,176
Other		61,895	55,000	69,556	62,084
Concession financial assets	12	3,332,528	3,325,170	691,460	816,202
Contract assets	13	3,924,195	3,684,645	3,842,796	3,595,441
Investments	14	3,355,051	3,330,193	7,845,778	7,481,708
Property, plant and equipment	15	2,356,699	2,417,525	1,556,915	1,656,846
Intangible	16	974,169	1,112,912	660,093	773,405
Right of use	17a	57,219	41,864	55,493	40,427
TOTAL NON-CURRENT		**14,991,399**	**15,617,354**	**15,624,576**	**15,953,505**
TOTAL ASSETS		**19,988,994**	**19,350,774**	**19,537,174**	**18,903,278**

The Explanatory Notes are an integral part of the Financial Statements.

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STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2022 AND DECEMBER 31, 2021

LIABILITIES
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2022	2021	2022	2021
CURRENT					
Loans and debentures	20	33,707	470,536	33,707	470,536
Suppliers	18	503,110	383,786	448,621	334,379
Income tax and social contribution tax	10b	109,881	157,444	-	-
Taxes payable	19	176,252	144,387	131,435	123,747
Regulatory charges	21	116,248	111,160	104,357	100,052
Post-employment obligations	22	84,377	75,257	84,377	75,257
Interest on equity, and dividends, payable		1,406,958	799,947	1,406,958	799,947
Payroll and related charges		68,283	58,625	67,301	57,655
Derivative financial instruments	29	90,526	6,130	90,526	6,130
Financial instruments - Option SAAG	29	672,416	636,292	672,416	636,292
Lease liabilities	17b	9,893	9,829	9,592	9,637
Other		179,448	326,500	177,552	325,574
TOTAL CURRENT		**3,451,099**	**3,179,893**	**3,226,842**	**2,939,206**
NON-CURRENT					
Loans and debentures	20	4,925,359	5,558,924	4,925,359	5,558,924
Deferred income tax and social contribution tax	10c	646,368	678,897	557,634	593,588
Taxes payable	19	361,301	334,047	348,573	324,730
Regulatory charges	21	5,299	2,541	-	-
Post-employment obligations	22	1,112,069	1,231,957	1,112,069	1,231,957
Provisions	23	397,040	438,043	396,537	437,772
Lease liabilities	17b	52,474	35,621	50,909	34,289
Other		145,175	135,397	26,441	27,358
TOTAL NON-CURRENT		**7,645,085**	**8,415,427**	**7,417,522**	**8,208,618**
TOTAL LIABILITIES		**11,096,184**	**11,595,320**	**10,644,364**	**11,147,824**
SHAREHOLDERS' EQUITY	**24**				
Share capital		5,473,724	4,123,724	5,473,724	4,123,724
Profit reserves		3,628,085	2,464,672	3,628,085	2,464,672
Valuation adjustments		(208,999)	(182,942)	(208,999)	(182,942)
Advance for future capital increase		-	1,350,000	-	1,350,000
TOTAL SHAREHOLDERS' EQUITY		**8,892,810**	**7,755,454**	**8,892,810**	**7,755,454**
TOTAL LIABILITIES AND EQUITY		**19,988,994**	**19,350,774**	**19,537,174**	**18,903,278**

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STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	Note	Consolidated		Parent Company	
		2022	2021	2022	2021
NET REVENUE	**25**	**8,148,452**	**8,311,112**	**6,952,512**	**6,902,562**
OPERATING COSTS	**26**				
Cost of energy		(4,391,532)	(4,709,499)	(4,310,839)	(4,494,182)
Transmission infrastructure construction cost		(290,750)	(183,386)	(290,750)	(183,386)
Operating costs		(835,956)	(754,739)	(648,331)	(589,835)
		(5,518,238)	**(5,647,624)**	**(5,249,920)**	**(5,267,403)**
GROSS PROFIT		**2,630,214**	**2,663,488**	**1,702,592**	**1,635,159**
OPERATING EXPENSES	**26**				
Expected credit losses		(531)	(13,497)	(1,302)	(13,413)
General and administrative expenses		(124,583)	(107,367)	(124,857)	(107,193)
Other operating expenses		(350,449)	(201,297)	(348,958)	(198,274)
		(475,563)	**(322,161)**	**(475,117)**	**(318,880)**
Renegotiation of hydrological risk (Law 14,052/20), net	16	-	1,031,809	-	805,613
Periodic Tariff Review, net		-	214,955	-	214,955
Share of profit (loss), net, of affiliates and jointly controlled entities	14	519,345	(305,756)	1,316,172	670,629
Gains arising from the sale of non-current asset held for sale	30	6,644	-	6,644	-
Operating income before financial revenue (expenses) and taxes		**2,680,640**	**3,282,335**	**2,550,291**	**3,007,476**
Finance income	27	604,032	138,033	521,218	106,491
Finance expenses	27	(1,081,323)	(2,298,743)	(1,062,233)	(2,282,965)
Income before income tax and social contribution tax		**2,203,349**	**1,121,625**	**2,009,276**	**831,002**
Current income tax and social contribution tax	10d	(199,284)	(364,000)	(8,521)	(145,083)
Deferred income tax and social contribution tax	10d	81,391	113,809	84,701	185,515
NET INCOME FOR THE YEAR		**2,085,456**	**871,434**	**2,085,456**	**871,434**
Basic and diluted earnings per share - R$	**24**	**0.72**	**0.30**	**-**	**-**

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STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	2022	2021	2022	2021
NET INCOME FOR THE YEAR	**2,085,456**	**871,434**	**2,085,456**	**871,434**
Items not to be reclassified to profit or loss in subsequent years				
Re-measurement of defined-benefit plan obligations (Note 22)	143,375	72,061	143,375	72,061
Income tax and social contribution tax on remeasurement of defined benefit plans (Note 10c)	(48,747)	(24,500)	(48,747)	(24,500)
	94,628	**47,561**	**94,628**	**47,561**
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,180,084**	**918,995**	**2,180,084**	**918,995**

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In thousands of Brazilian Reais - except where otherwise stated)

	Share capital	Advance for future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity
Balances on December 31, 2020	**4,000,000**	**-**	**2,072,877**	**(230,706)**	**-**	**5,842,171**
Net income for the year	-	-	-	-	871,434	871,434
Other comprehensive income	-	-	-	-	-	-
Adjustment of actuarial liabilities - restatement of obligations of the defined benefit plans, net of taxes	-	-	-	47,561	-	47,561
Comprehensive income for the year	**-**	**-**	**-**	**47,561**	**871,434**	**918,995**
Actuarial losses reclassified (note 24f)	-	-	-	8,988	(8,988)	-
Advance for future capital increase (note 24a)	-	1,350,000	-	-	-	1,350,000
Capital increase (note 24a)	123,724	-	-	-	-	123,724
Appropriation of Net income for the year						
Realization of PP&E deemed cost (Note 24f)	-	-	-	(8,785)	8,785	-
Legal reserve (Note 24c)	-	-	43,572	-	(43,572)	-
Interest on Equity (R$0.10 p/share) (Note 24d)	-	-	-	-	(291,462)	(291,462)
Dividends under the by-laws (R$0.06 per share) (Note 24d)	-	-	-	-	(187,974)	(187,974)
Retained earnings reserve (Note 24c)	-	-	348,223	-	(348,223)	-
Balances on December 31, 2021	**4,123,724**	**1,350,000**	**2,464,672**	**(182,942)**	**-**	**7,755,454**
Net income for the year	-	-	-	-	2,085,456	2,085,456
Other comprehensive income						
Adjustment of actuarial liabilities - restatement of obligations of the defined benefit plans, net of taxes	-	-	-	94,628	-	94,628
Comprehensive income for the year	**-**	**-**	**-**	**94,628**	**2,085,456**	**2,180,084**
Capital increase (note 24a)	1,350,000	(1,350,000)	-	-	-	-
Appropriation of Net income for the year	-	-	-	-	-	-
Tax incentive reserves (note 24c)	-	-	10,398	-	(10,398)	-
Realization of PP&E deemed cost (Note 24f)	-	-	-	(120,685)	120,685	-
Legal reserve (Note 24c)	-	-	103,753	-	(103,753)	-
Interim dividends (R$0.15 p/share) (Note 24d)	-	-	-	-	(600,000)	(600,000)
Dividends under the by-laws (R$0.21 per share) (Note 24d)	-	-	-	-	(442,728)	(442,728)
Additional dividends (R$0.08 per share) (note 24d)	-	-	222,935	-	(222,935)	-
Unrealized earnings reserve (Note 24c)	-	-	(222,935)	-	222,935	-
Retained earnings reserve (Note 24c)	-	-	1,049,262	-	(1,049,262)	-
Balances on December 31, 2022	**5,473,724**	**-**	**3,628,085**	**(208,999)**	**-**	**8,892,810**

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		2022	2021	2022	2021
CASH FLOW FROM OPERATIONS					
Net income for the year		2,085,456	871,434	2,085,456	871,434
ADJUSTMENTS:					
Depreciation and amortization	26	328,387	259,454	253,805	193,621
Write-down of net residual value of PP&E, intangible assets, concession financial and contract assets		12,006	14,993	60	898
Fair value adjustment of financial assets	12	171,770	-	171,770	-
Renegotiation of hydrological risk (Law 14,052/20)	16	-	(1,031,809)	-	(805,613)
Adjustment to expectation of cash flow from the concession financial and contract assets	12 and 13	(1,191,372)	(1,222,592)	(702,459)	(696,499)
Share of profit (loss), net, of affiliates and jointly controlled entities	14b	(519,345)	305,756	(1,316,172)	(670,629)
Impairment	14b	7,412	-	7,412	-
Discount and premium on repurchase of debt securities	20	46,763	491,037	46,763	491,037
Interest and monetary variation		544,735	849,935	544,602	848,344
Exchange variation on loans and debentures	20	(338,265)	353,950	(338,265)	353,950
Periodic tariff review adjustments	13	-	(236,627)	-	(236,627)
Gains arising from the sale of non-current asset held for sale	30	(6,644)	-	(6,644)	-
Amortization of transaction cost of loans	20	2,514	16,359	2,514	16,359
Deferred income tax and social contribution tax	10c	(81,391)	(113,809)	(84,701)	(185,515)
Provisions for operating losses, net	26b	10,400	46,798	10,924	46,706
Variation in fair value of derivative financial instruments	29	437,887	537,976	437,887	537,976
Variation in fair value of financial instruments - Put option	29	36,124	100,137	36,124	100,137
Post-employment obligations	22	140,391	16,115	140,391	16,115
Other		154,874	66,786	157,689	69,110
		1,841,702	**1,325,893**	**1,447,156**	**950,804**
(Increase) decrease in assets					
Receivables from customers and traders		(298,589)	221,628	(278,647)	251,745
Recoverable taxes		7,066	(7,074)	(1,385)	(953)
Income tax and social contribution tax recoverable		182,428	32,436	207,876	46,872
Power transport concession holders		618	(3,416)	1,157	(98)
Escrow deposits		625	2,631	(2,250)	2,762
Dividends received		257,810	159,096	664,675	699,131
Concession financial assets and Contract assets	13 and 12	618,885	691,188	282,582	406,728
Other		(145,990)	66,540	(146,180)	35,548
		622,853	**1,163,029**	**727,828**	**1,441,735**
Increase (decrease) in liabilities					
Suppliers		119,324	(82,333)	114,242	(58,195)
Taxes		25,015	184,723	(2,577)	171,475
Income tax and social contribution tax		199,284	364,000	8,521	145,083
Payroll and related charges		9,658	6,519	9,646	6,505
Regulatory charges		7,846	(116,508)	4,305	(108,566)
Post-employment obligations	22	(107,784)	(94,525)	(107,784)	(94,525)
Other		(8,024)	(22,559)	(19,789)	(6,640)
		245,319	**239,317**	**6,564**	**55,137**
Cash from operations activities		**2,709,874**	**2,728,239**	**2,181,548**	**2,447,676**
Income tax and social contribution tax paid		(517,580)	(378,639)	(304,609)	(201,100)
Interest paid on loans and debentures	20	(621,439)	(1,236,454)	(621,439)	(1,235,630)
Cash inflows from settlement of derivatives instruments	29	129,122	1,021,776	129,122	1,021,776
Interest paid on lease contracts	17	(597)	(542)	(533)	(493)
NET CASH GENERATED OPERATING ACTIVITIES		**1,699,380**	**2,134,380**	**1,384,089**	**2,032,229**

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	Note	Consolidated		Parent Company	
		2022	2021	2022	2021
CASH FLOW IN INVESTMENT ACTIVITIES					
Funding of investments	14b	(25,213)	(41,505)	(45,213)	(101,755)
Gains arising from the sale of non-current asset held for sale	30	6,644	-	6,644	-
Property, plant and equipment	15	(121,657)	(181,713)	(22,192)	(68,432)
Intangible assets	16	(10,147)	(5,473)	(10,044)	(5,460)
Marketable securities		(219,565)	248,863	(46,086)	344,341
Cash arising from shareholding reorganization	14d	-	22,693	-	-
NET CASH GENERATED (USED) IN INVESTMENT ACTIVITIES		**(369,938)**	**42,865**	**(116,891)**	**168,694**
CASH FLOW IN FINANCING ACTIVITIES					
Loans obtained	20	993,868	-	993,868	-
Interest on equity, and dividends		(435,717)	(527,768)	(435,717)	(527,768)
Payments of loans and debentures	20	(1,706,590)	(3,249,192)	(1,706,590)	(3,217,280)
Lease payments	17	(11,094)	(11,611)	(10,341)	(10,806)
Advance for future capital increase	24	-	1,350,000	-	1,350,000
NET CASH (USED) IN FINANCIAL ACTIVITIES		**(1,159,533)**	**(2,438,571)**	**(1,158,780)**	**(2,405,854)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**169,909**	**(261,326)**	**108,418**	**(204,931)**
Cash and cash equivalents at start of year	**6**	123,071	384,397	86,064	290,995
CASH AND CASH EQUIVALENTS AT END OF YEAR		**292,980**	**123,071**	**194,482**	**86,064**

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CEMIG Geração e Transmissão S.A.

STATEMENTS OF ADDED VALUE
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	2022	2021	2022	2021
REVENUES				
Sales of energy and services	8,656,045	8,868,386	7,746,983	7,783,849
Construction revenue	407,193	251,973	407,193	251,973
Interest revenue arising from the financing component in the transmission contract asset	561,044	630,900	538,988	627,912
Investments in property, plant and equipment	466,857	523,105	-	-
Gain on financial updating of the concession grant fee	-	236,627	-	236,627
Periodic tariff review adjustments	74,411	83,541	74,411	83,541
Expected credit losses	(531)	(13,497)	(1,302)	(13,413)
Gains arising from the sale of non-current asset held for sale	6,644	-	6,644	-
Other revenues, net	-	327	-	327
	10,171,663	**10,581,362**	**8,772,917**	**8,970,816**
INPUTS ACQUIRED FROM THIRD PARTIES				
Energy purchase for resale	(4,566,647)	(4,941,722)	(4,554,795)	(4,774,636)
Charges for use of national grid	(267,440)	(234,686)	(193,219)	(172,117)
Outsourced services	(304,256)	(273,543)	(238,663)	(223,112)
Materials	(301,901)	(179,846)	(291,102)	(166,710)
Paid concession	(4,072)	(3,456)	(4,062)	(3,446)
Other operating costs	(204,938)	(237,373)	(198,364)	(226,888)
	(5,649,254)	**(5,870,626)**	**(5,480,205)**	**(5,566,909)**
GROSS VALUE ADDED	**4,522,409**	**4,710,736**	**3,292,712**	**3,403,907**
RETENTIONS				
Depreciation and amortization	(328,387)	(259,454)	(253,805)	(193,621)
NET VALUE ADDED	**4,194,022**	**4,451,282**	**3,038,907**	**3,210,286**
ADDED VALUE RECEIVED BY TRANSFER				
Renegotiation of hydrological risk (Law 14,052/20), net	-	1,031,809	-	805,613
Share of profit (loss), net, of affiliates and jointly controlled entities	519,345	(305,756)	1,316,172	670,629
Finance income	627,853	143,686	543,648	111,683
Generation indemnity revenue	47,028	-	47,028	-
	1,194,226	**869,739**	**1,906,848**	**1,587,925**
ADDED VALUE TO BE DISTRIBUTED	**5,388,248**	**5,321,021**	**4,945,755**	**4,798,211**
DISTRIBUTION OF ADDED VALUE				
Employees	**469,892**	**314,246**	**443,975**	**291,152**
Direct remuneration	256,164	249,937	231,141	227,641
Post-employment and other Benefits	176,358	41,994	175,646	41,364
FGTS fund	16,834	16,147	16,652	15,979
Programmed voluntary retirement plan	20,536	6,168	20,536	6,168
Taxes	**1,744,259**	**1,831,306**	**1,350,656**	**1,350,874**
Federal	1,104,871	1,109,680	783,519	701,059
State	634,136	711,748	562,437	645,244
Municipal	5,252	9,878	4,700	4,571
Remuneration of external capital	**1,088,641**	**2,304,035**	**1,065,668**	**2,284,751**
Interest	1,081,323	2,298,743	1,062,233	2,282,965
Rentals	7,318	5,292	3,435	1,786
Remuneration of own capital	**2,085,456**	**871,434**	**2,085,456**	**871,434**
Interest on equity	-	291,462	-	291,462
Interim dividends	600,000	-	600,000	-
Mandatory dividends	442,728	187,974	442,728	187,974
Retained earnings	1,042,728	391,998	1,042,728	391,998
	5,388,248	**5,321,021**	**4,945,755**	**4,798,211**

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

1. OPERATING CONTEXT

a) The Company

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

The objects of the Company are: (i) to study, plan, design, build and commercially operate systems of generation, transmission and sale of energy and related services for which concessions are granted, under any form of law, to it or to subsidiaries; (ii) to operate in the various fields of energy, from any source, for the purpose of economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its objects.

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

Investments	Classification	Description
JOINTLY CONTROLLED		
Hidrelétrica Cachoeirão S.A. (‘Cachoeirão’)	Jointly controlled	Production and sale of energy as an independent power producer, through the Cachoeirão hydroelectric power plant located at Pocrane, in the State of Minas Gerais.
Baguari Energia S.A. (‘Baguari Energia’)	Jointly controlled	Construction, operation, maintenance and commercial operation of the Baguari Hydroelectric Plant, through participation in the UHE Baguari Consortium (Baguari Energia 49% and Baguari I - wholly-owned subsidiary of Neoenergia 51%), located on the Doce River in Governador Valadares, Minas Gerais State.
Hidrelétrica Pipoca S.A. (‘Pipoca’)	Jointly controlled	Independent production of energy, through construction and commercial operation of the Pipoca Small Hydro Plant (SHP, or Pequena Central Hidrelétrica - PCH), on the Manhuaçu River, in the municipalities of Caratinga and Ipanema, in the State of Minas Gerais.
Paracambi Energética S.A. ("Paracambi") (formerly Lightger) (1)	Jointly controlled	Independent power production through building and commercial operation of the hydroelectric potential referred to as the Paracambi Small Hydro Plant (or PCH) on the Ribeirão das Lages river in the county of Paracambi, in the State of Rio de Janeiro.
Retiro Baixo Energética S.A. (‘RBE’)	Jointly controlled	RBE holds the concession to operate the Retiro Baixo hydroelectric plant, on the Paraopeba River, in the São Francisco river basin, in the municipalities of Curvelo and Pompeu, in Minas Gerais State.
Aliança Norte Energia Participações S.A. (‘Aliança Norte’)	Jointly controlled	This is a special-purpose company (SPC) created by Cemig GT (49% ownership) and Vale S.A. (51%), for acquisition of an interest of 9% in Norte Energia S.A. (‘Nesa’), the company holding the concession for the Belo Monte Hydroelectric Plant, on the Xingu River, in the State of Pará.
Amazônia Energia Participações S.A (‘Amazônia Energia’)	Jointly controlled	This is a special-purpose company created by Cemig GT (74.5% ownership) and Light (25.50%), for acquisition of an interest of 9.77% in Norte Energia S.A. (‘Nesa’), the company holding the concession for the Belo Monte Hydroelectric Plant, on the Xingu River, in the Brazilian State of Pará.
Aliança Geração de Energia S.A. (‘Aliança’)	Jointly controlled	Unlisted corporation created by the Company and the Vale S.A. to become a platform for consolidation of generation assets held by the two parties in generation consortia, and investments in future generation projects. The two parties subscribed their shares in the company by transfer of their interests in the following generation assets: Porto Estrela, Igarapava, Funil, Capim Branco I, Capim Branco II, Aimorés, and Candonga. Subsequently, Santo Inácio Wind farm was added to the portfolio, which went in operation in December,

Investments	Classification	Description
		2017. With these assets, this jointly-controlled subsidiary has total installed generation capacity of 1,257 MW (*). Of this total, 1,158 MW (*) is held through equity interests in 7 hydroelectric plants with physical offtake guarantee of 668 MW (*); 99 MW (*) is held through equity interest in 4 wind farms with average capacity factor of 46 MW (*); 180 MW (*) through expansion of the Santo Inácio complex with one new wind farm, and 3 wind farms in Rio Grande do Norte. Vale and Cemig GT respectively hold 55.00% and 45.00% of the total capital.
Usina Hidrelétrica Itaocara S.A. ('UHE Itaocara')	Jointly controlled	The UHE Itaocara consortium is a jointly controlled corporation - formed by the Company and Itaocara Energia (of the Light group). It is responsible for construction of the Itaocara I Hydroelectric Plant.
Guanhães Energia S.A. ('Guanhães Energia') (1)	Jointly controlled	Production and sale of energy through building and commercial operation of the following Small Hydro Plants: Dores de Guanhães, Senhor a do Porto and Jacaré, in the county of Dores de Guanhães; and Fortuna II, in the county of Virginópolis, in Minas Gerais.
AFFILIATED COMPANY		
Madeira Energia S.A. ('Madeira')	Affiliated Company	Construction and commercial operation of the Santo Antônio hydroelectric plant, through its subsidiary Santo Antônio Energia S.A., in the basin of the Madeira river, in the State of Rondônia.
SUBSIDIARIES		
Cemig Geração Três Marias S.A (2)	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Três Marias Hydroelectric Plant, and sale and trading of energy in the Free Market. This subsidiary has installed capacity of 396 MW (*), and guaranteed offtake level of 227.1 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Salto Grande S.A (2)	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Salto Grande Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 102 MW (*), guaranteed offtake 75 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Camargos S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Camargos Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 46 MW (*), guaranteed offtake 21 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Itutinga S.A	Subsidiary	A corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Itutinga Hydroelectric Plant, and sale and trading of energy in the Free Market. Installed capacity 52 MW (*), guaranteed offtake 28 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Leste S.A	Subsidiary	Corporation wholly owned by the Company. Its objects are production and sale of energy as public concession holder, by operation of the Dona Rita, Sinceridade, Neblina, Ervália, Tronqueiras and Peti Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity of these plants is 35.16 MW (*); average offtake guarantee is 18.64 MW (*), of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Oeste S.A	Subsidiary	Corporation wholly owned by the Company. Objects are production and sale of energy as public service concession holder, by commercial operation of the Gafanhoto, Cajuru and Martins Small Hydroelectric Plants, and sale and trading of energy in the Free Market. It has aggregate installed capacity of 28.90 MW (*), and aggregate offtake guarantee of 11.21 MW (*) average, of which 70% is sold through the quota regime and 30% is free for trading.
Cemig Geração Sul S.A	Subsidiary	Corporation wholly owned by the Company. Its objects are production and sale of energy as public concession holder, by commercial operation of the Coronel Domiciano, Marmelos, Joasal, Paciência and Piau Small Hydroelectric Plants, and trading in energy in the Free Market. Aggregate installed generation capacity of these plants is 39.53 MW (*); average offtake guarantee is 27.42 MW (*),of which 70% is sold through the quota regime and 30% is free for trading.
Central Eólica Praias de Parajuru S.A. ('Central Eólica Praias de Parajuru')	Subsidiary	Production and sale of energy through a wind farm in the county of Beberibe in the State of Ceará, Northern Brazil. Total installed capacity is 28.8 MW(*), distributed between 19 wind generation towers, up to 85 meters high. All of its power output is sold through Proinfa.
Central Eólica Volta do Rio S.A. ('Central Eólica Volta do Rio')	Subsidiary	Production and sale of energy from a wind farm in Acaraú, in the State of Ceará, Northern Brazil. Total installed capacity is 42 MW (*), distributed between 28 wind generation towers, up to 65 meters high. All of its power output is sold through Proinfa.
Sá Carvalho S.A. ('Sá Carvalho')	Subsidiary	Production and sale of energy, as a public energy service concession holder, through the Sá Carvalho hydroelectric power plant, located on the Piracicaba River, in the city of Antônio Dias, in the state of Minas Gerais.
Horizontes Energia S.A. ('Horizontes')	Subsidiary	Independent power producer operating the Machado Mineiro and Salto do Paraopeba Hydroelectric Plants in Minas Gerais; and the Salto Voltão and Salto do Passo Velho Hydroelectric Plants, in the state of Santa Catarina, in addition to the commercialization of energy in the Electric Energy Trading Chamber ("CCEE").
Rosal Energia S.A. ('Rosal')	Subsidiary	Production and sale of energy, as a public energy service concession holder, through the Rosal hydroelectric power plant located on the border between the States of Rio de Janeiro and Espírito Santo.
Cemig PCH S.A. ('PCH')	Subsidiary	Production and sale of energy as an independent power producer, through the Pai Joaquim hydroelectric power plant, located on the Araguari River, in the cities of Sacramento and Santa Juliana, in the state of Minas Gerais
Empresa de Serviços e Comercialização de Energia Elétrica S.A.	Subsidiary	Production and sale of energy as an independent power producer, in future projects.
Cemig Geração Poço Fundo S.A. ('Poço Fundo')	Subsidiary	Corporation engaged in the production and sale of energy, as an independent producer, through construction and operation of the hydroelectric power plant Poço Fundo, located in Machado river, in the State of Minas Gerais. Two new generation units came into operation in 2022, increasing the plant's installed capacity to 30 MW (*).
Cemig Trading S.A. ('Cemig Trading')	Subsidiary	Trading and intermediation in supply of energy.

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Investments	Classification	Description
Cemig Baguari Energia S.A. ('Cemig Baguari')	Subsidiary	Production and sale of energy as an independent and participation in other companies or consortia the objectives of which are production and commercial operation of energy, in future projects.
Companhia de Transmissão Centroeste de Minas ("Centroeste")	Subsidiary	Construction, operation and maintenance of electricity transmission facilities which are part of the National grid.

*Information not audited by independent auditors.

(1) On June 23, 2022, Light S.A. completed the sale of its equity holdings in Guanhães Energia and in Paracambi (formerly LightGer) to Brasal Energia S.A. The operation comprised the sale to Brasal Energia S.A. of the whole of the equity interest held by Light, of 51% of the share capital of LightGer and of Guanhães Energia. On November 8, 2022 an Extraordinary General Meeting of the investee altered its bylaws to change the company's name to Paracambi Energética S.A.

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

Based on the facts and circumstances at this date, management has assessed the Company's capacity to continue as a going consern, and believes firmly that its operations will 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 financial statements has been prepared on a going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The individual and consolidated financial statements of the Company have been prepared in accordance with accounting practices adopted in Brazil, which comprise: the rules issued by the Brazilian Securities Commission (CVM), and the pronouncements made by the Accounting Pronouncements Committee (CPC), and in accordance with the international financial reporting standards (IFRS) issued by IASB.

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.

The accounting practices adopted in Brazil applied to the individual financial statements, do not differ from those of IFRS applicable to the separate financial statements. Thus, these individual financial statements, which are presented jointly with the consolidated financial statements, are also in accordance with International Financial Reporting standards (IFRS).

All relevant information in the financial statements is being disclosed, which is used by management in its administration of the Company.

The Company's Board of Directors authorized the issuance of this Financial Statements on March 24, 2023.

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2.2 Basis of measurement

The consolidated and individual financial statements were prepared on a historical cost basis, except in the case of certain financial instruments and assets as held for sale which are measured at fair value and fair value less costs to sell, in accordance with the standards applicable, as detailed in Note 29 and 30, respectively.

2.3 Functional currency and presentation currency

These individual and consolidated financial statements are presented in Reais - R$, which is the functional currency of the Company and its subsidiaries. The information is expressed in thousands of Reais, except where otherwise indicated.

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

2.4 Use of estimates and judgments

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

Estimates and assumptions, supported by objective and subjective factors based on the management's judgment, are annually reviewed, using as a reference to both historical experience and any significant change in scenarios that could affect the Company's financial position or results of operations. Revisions in relation to accounting estimates are recognized in the period in which the estimates are reviewed, and in any future periods affected.

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

- Adjustments for expected credit losses - Note 8.
- Deferred income tax and social contribution tax - Note 10.
- Concession financial assets - Note 12.
- Concession contract assets - Note 13.
- Investments - Note 14.
- Property, plant and equipment ('PP&E') and useful life of assets - Note 15.
- Intangible assets and useful life of assets - Note 16.
- Leasing transactions - Note 17.
- Employee post-employment obligations - Note 22.

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- Provisions - Note 23.
- Unbilled revenue - Note 25.
- Financial instruments measurement and fair value measurement - Note 29.

2.5 New accounting standards, interpretation or revisions of accounting standards, applied for the first time in 2022

The alterations shown below came into effect on January 1, 2022, and have not produced any material effects on the Company's individual and consolidated financial statements.

Rule	Main alterations	Date of coming into effect
CPC 25 / IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	Specification of which costs the entity needs to include when evaluating whether a contract is for consideration. The alteration applies a "directly related costs approach": a cost that is related directly with the contract to supply goods or services includes incremental costs and an allocation of costs directly related to the activities of the contract. General and administrative costs are not considered to be directly related with a contract, and are excluded unless they are explicitly charged to the counterparty under the terms of the contract.	January 1, 2022
CPC 27 / IAS 16 - Property, Plant and Equipment	This deals with the impossibility of entities deducting from the cost of a PP&E asset any revenues rising from the sale of items produced while the asset is established at the location and in the conditions necessary to be able to function in the manner intended by management. These associated revenues and costs must be recognized directly in the income statement.	January 1, 2022
CPC 15 / IFRS 3 - Business Combinations	As well as the changes related to the reference to the Conceptual Structure, which did not significantly alter the standards required, an exception was added to the principle of recognition in IFRS 3 / CPC 15, aiming to inhibit potential 'Day 2' gains and losses arising from any liabilities and contingent liabilities that are within the scope of IAS 37 / CPC 25 or IFRIC 21 / ICPC 19, if incurred separately.	January 1, 2022

2.6 Standards issued but not yet effective

Rule	Main alterations	Date of coming into effect
IFRS 17/CPC 50 - Insurance contracts, issued by IASB in May 2017	This rule, not yet issued in Brazil, has the overall objective of supplying an accounting model for insurance contracts, independently of the type of entity that issues them, that will be more useful and consistent for insurance issuers. Initially it is not applicable to the Company and its subsidiaries. This rule has no corresponding rule in Brazil.	January 1, 2023
IAS 1/CPC 26 - Revision of Classification of Liabilities as Current or Non-current	This clarifies, among other matters, the concept of deferring settlement of liabilities, and defining that the right to defer will exist at the end of the reporting period and that the classification is independent of the probability that the entity will exercise its right to defer. This revision also determines that the terms of the liability will not impact its classification only if the derivative embedded in a convertible liability is an equity instrument.	January 1, 2024
IAS 08/ CPC 23 - Accounting policy, Changes in Accounting Estimates and Correction of Errors - Definition of accounting estimates	Clarifies the distinction between changes in accounting estimates, changes in Accounting policy and correction of errors; and how entities use the techniques of measurement and inputs for developing accounting estimates.	January 1, 2023
IAS 01/CPC 26 and IFRS Practice Statement 2 - Making Materiality Judgments	This alteration aims to assist entities in supplying disclosures of Accounting policy that are more useful, through replacement of the requirement to disclose significant Accounting policy by a requirement to disclose material Accounting policy; and adds orientations on how the entity must apply the concept of materiality when taking decisions on the disclosure of Accounting policy.	January 1, 2023
IAS 12/CPC 32 - Deferred income tax related to assets and liabilities arising from the same transaction	Restricts the range of application of exemption from initial recognition, so that it is not applied to transactions which give rise to equal and compensatory temporary differences, resulting in recognition of a deferred tax asset and a deferred tax liability for temporary differences resulting from the initial recognition of leasing agreements and provisions for dismantling.	January 1, 2023

In relation to the rules under discussion at the IASB or which come into effect in future business years, the Company is monitoring the discussions and so far has identified no significant impacts.

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On July 4, 2022 the Accounting Pronouncements Committee published its Revision nº 20/2021, making alterations to Pronouncements CPC 11/ IFRS 14 - Insurance contracts, CPC 23/ IAS 8 - Accounting policy, Changes in Accounting Estimates and Rectification of Errors, CPC 26 (R1)/ IAS 1 - Presentation of Financial Statements, CPC 40 (R1) - Financial Instruments: Disclosures, CPC 49/ IAS 26 - Accounting and Reporting by Retirement Benefit Plans, CPC 21 (R1)/ IAS 34 - Interim Financial Reporting, CPC 32/ IAS 12 - Income Taxes, CPC 37 (R1)/ IFRS 1 - First-time Adoption of International Financial Reporting Standards, and CPC 47/ IFRS 15 - Revenue from Contracts with Customers, reflecting the changes made in international financial reporting standards, coming into effect as from 2023.

2.7 Regrouping of items in the Income statement

In 2022, the Company made some adjustments in the classification of expenses in its Profit and loss account (Income statement), so as to group certain items more accurately in accordance with their function. The description of the nature of each type of expense continues to be presented in the Explanatory Notes, without alteration. These adjustments do not affect margins, or indicators, and are merely improvements proposed by the Company's management. To maintain comparability, the corresponding information for the year ended December 31, 2021 is being presented using the same criteria. The Company considers these adjustments not to be material.

2.8 Significant Accounting policy

The Accounting policy described in detail in the explanatory notes to the financial statements have been applied consistently to all the business years presented in these financial statements, in accordance with the rules and regulations described in Item 2.1 - Compliance statement.

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3. PRINCIPLES OF CONSOLIDATION

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

The direct equity investments of the Company are as follows:

Subsidiaries	Dec. 31, 2022 and Dec. 31, 2021	
	Valuation method	Direct stake, %
Cemig Baguari Energia S.A. (“Cemig Baguari”)	Consolidation	100
Cemig Geração Três Marias S.A. (“Cemig Geração Três Marias”) (1)	Consolidation	100
Cemig Geração Salto Grande S.A. (“Cemig Geração Salto Grande”) (1)	Consolidation	100
Cemig Geração Itutinga S.A. (“Cemig Geração Itutinga”)	Consolidation	100
Cemig Geração Camargos S.A. (“Cemig Geração Camargos”)	Consolidation	100
Cemig Geração Sul S.A. (“Cemig Geração Sul”)	Consolidation	100
Cemig Geração Leste S.A. (“Cemig Geração Leste”)	Consolidation	100
Cemig Geração Oeste S.A. (“Cemig Geração Oeste”)	Consolidation	100
Sá Carvalho S.A. (“Sá Carvalho”)	Consolidation	100
Horizontes Energia S.A. (“Horizontes”)	Consolidation	100
Rosal Energia S.A. (“Rosal Energia”)	Consolidation	100
Cemig PCH S.A. (“Cemig PCH”)	Consolidation	100
Empresa de Serviços de Comercialização de Energia Elétrica S.A. (“ESCEE”)	Consolidation	100
Cemig Geração Poço Fundo S.A. (“Poço Fundo”)	Consolidation	100
Cemig Trading S.A. (“Cemig Trading”)	Consolidation	100
Central Eólica Praias de Parajuru S.A. (“Parajuru”)	Consolidation	100
Central Eólica Volta do Rio S.A. (“Volta do Rio”)	Consolidation	100
Companhia de Transmissão Centroeste de Minas S.A. (“Centroeste”)	Consolidation	100

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

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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			
Theodomiro Carneiro Santiago (formely Emborcação) (1) (2) (7) (11)	Cemig GT	07/1997	May 2027
Nova Ponte (1) (2) (7)	Cemig GT	07/1997	Aug. 2027
Santa Luzia (1) (12)	Cemig GT	07/1997	Feb. 2026
Irapé (1) (7)	Cemig GT	14/2000	Sep. 2037
Queimado (Consortium) (1) (7)	Cemig GT	06/1997	Jun. 2034
Rio de Pedras (1) (7) (12)	Cemig GT	02/2013	Dec. 2025
Poço Fundo (1) (7) (9)	Cemig Geração Poço Fundo	01/2021	May 2052
São Bernardo (1) (7) (12)	Cemig GT	02/2013	Jun. 2027
Rosal (1) (7)	Rosal Energia	01/1997	Dec. 2035
Machado Mineiro (1) (6) Salto Voltão (1) (6) (12) Salto Paraopeba (1) (8) (12) Salto do Passo Velho (1) (6) (12)	Horizontes Energia	Resolução 331/2002	May 2027 Jun. 2033 Oct. 2030 Mar. 2031
Pai Joaquim (1) (7)	Cemig PCH	Resolução autorizativa 377/2005	Apr. 2032
Sá Carvalho (1) (7) (10)	Sá Carvalho	01/2004	Aug. 2026
Três Marias (3) (7)	Cemig Geração Três Marias	08/2016	Jan. 2053
Salto Grande (3) (7)	Cemig Geração Salto Grande	09/2016	Jan. 2053
Itutinga (3) (7)	Cemig Geração Itutinga	10/2016	Jan. 2053
Camargos (3) (7)	Cemig Geração Camargos	11/2016	Jan. 2053
Coronel Domiciano (3) (7) Joasal, Marmelos, Paciência e Piau (3) (7)	Cemig Geração Sul	12/2016 e 13/2016	Apr. 2047 Jan. 2053
Dona Rita (3) (7) Ervália e Neblina (3) (7) Peti (3) (7) Sinceridade (3) (7) Tronqueiras (3) (7)	Cemig Geração Leste	14/2016 e 15/2016	Jul. 2050 Apr. 2047 Jan. 2053 Mar. 2047 Dec. 2046
Cajurú, Gafanhoto e Martins (3) (7)	Cemig Geração Oeste	16/2016	Jan. 2053
Wind power plants			
Central Geradora Eólica Praias de Parajuru (4)	Parajuru	Resolução 526/2002	Sep. 2032
Central Geradora Eólica Volta do Rio (4)	Volta do Rio	Resolução 660/2001	Jan. 2031
POWER TRANSMISSION			
Rede Básica (5)	Cemig GT	006/1997	Jan. 2043
Subestação – SE Itajubá (5)	Cemig GT	79/2000	Oct. 2030
Linha de transmissão Furnas – Pimenta (5)	Centroeste	004/2005	Mar.2035

(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 Alternative power source program (“Proinfa”). 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 financial statements 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) On June 14, 2022, the grantor (Aneel - ‘Agência Nacional de Energia Elétrica’) Authorizing Resolution 12,137 changed the termination date of the grants of authorization of these plants, as a consequence of the renegotiation of hydrological risk (GSF).

(7) On October 7, 2022, amendments were signed to the concession contracts of these plants, to state the new dates during which the concessions or authorizations will be in effect.

(8) This is a plant that is eligible for extension of its concession grant as a result of the renegotiation of hydrological risk (GSF). Since this grant is by an Authorizing Resolution, formal reformulation of that Resolution to contain the new date is awaited.

(9) On September 29 and October 1, 2022, Aneel authorized start of commercial operation of the generating units UG-01 and UG-02, respectively - both are part of the Poço Fundo small hydroelectric plant (SHP). These dates were approximately 3 months earlier than the deadlines for first supply stated in the conditions of the A-4 Auction held by Aneel in June 2018, which sold the additional supply arising from the expansion of generation capacity at the Poço Fundo SHP (by 9.16 MW to 30,00 MW) and of its assured physical offtake (by 5.79 MWaverage to 16.59 MWaverage).

(10) In February 2023, to guarantee its right to apply for a new grant of concession, the Company registered its interest in extension of the concession for the Sá Carvalho hydroelectric plant, through transfer of the stockholding control of its wholly-owned subsidiary Sá Carvalho. The Company reiterates that the sole objective of this statement of interest is to ensure its right to a potential extension of Concession Contract 01/2004, for 30 years, at the option of the concession-granting power, in accordance with the legislation, which still contains some matters of condition yet to be decided by the Mining and Energy Ministry.

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(11) On March 17, 2023 Aneel published Dispatch 738, registering the change of name of the Emborcação hydroelectric plant to the Theodomiro Carneiro Santiago hydroelectric plant.
(12) On March 17, 2023 the invitation and tender were published for a public auction to sell 15 small hydroelectric generation plants and units (PCHs and CGHs), 12 owned by Cemig GT and 3 by its wholly-owned subsidiary Horizontes. The minimum price for the single lot of these assets is R$ 48.2 million. The auction is scheduled for August 10, 2023. There are more details in Note 34.

Generation concessions

In the generation business, the Company sells energy:

(1) Through auctions, to distributors to meet the demands of their captive markets; and
(2) To free customers in the free market (*Ambiente de Contratação Livre*, or ACL).

In the free market, energy is traded by the generation concession holders, small hydro plants (PCHs, or SHPs), self-producers, traders, and importers of energy.

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

Transmission concessions

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

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

Onerous concessions

When obtaining the concessions for construction of certain generation projects, the Company and its subsidiaries is required to make payments to the regulator, over the period of the contract or for up to 5 years upon signature of the concession contract, for plants with installed capacity between 1 and 50 MW, as compensation for the right to operate them, according to Aneel Normative Resolution n. 467/2011. The information on the concessions and the amounts to be paid are as follows:

Project	Nominal value in 2022	Present value in 2022	Period of the concession	Updating indexer
Irapé (1) (3)	49,380	21,615	Mar. 2006 to Sep. 2037	IGPM
Queimado (Consortium) (2) (3)	11,093	5,662	Jan. 2004 to Jun. 2034	IGPM

(1) In October 2022, by the 4th amendment to Concession Contract 014/2000, the period of the concession of the Irapé hydroelectric plant was extended, in accordance with Authorizing Resolution 12,255 of July 5, 2022 and Ratifying Resolution (ReH) 2,932, of September 14, 2021.
(2) In October 2022, by the 3rd amendment to Concession Contract 006/1997, the period of the concession of the Queimado hydroelectric plant was extended, in accordance with Authorizing Resolution 11,998 of July 7, 2022 and Ratifying Resolution (ReH) 2,932, of September 14, 2021;
(3) During the period of extension of the concession, the generation company will be able to deal freely in the energy provided by the facility for which the concession is granted, under Law 13,203/2015, the other clauses in both contracts being unchanged.

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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.

The concessions fees are paid monthly to the grantor for an amount that changes over time. These payments are recorded as an intangible asset, representing a right to operate the concession and to charge users through the concession period, they are recorded as from the date of signature of the contracts at the present value of the future payment obligations.

The amounts paid to the grantor in 2022, the nominal value and the present value of the amounts to be paid in the next 12 months, are as follows:

Project	Stake, %	Amounts paid in 2022	Nominal value of amounts to be paid in 12 months	Present value of amounts to be paid in 12 months
Irapé	100.00	3,216	3,339	3,146
Queimado (Consortium)	82.50	915	965	909

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

5. OPERATING SEGMENTS

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

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 25(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's 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 DECEMBER 31, 2022								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**2,660,858**	**1,180,371**	**5,799,446**	**-**	**9,640,675**	**(1,423,190)**	**(69,033)**	**8,148,452**
COST OF ENERGY	**(330,551)**	**(310)**	**(5,497,783)**	**-**	**(5,828,644)**	**1,423,190**	**13,922**	**(4,391,532)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(161,715)	(134,351)	(11,563)	(32,343)	(339,972)	-	-	(339,972)
Employees' and managers' profit sharing	(14,628)	(10,838)	(5,692)	(2,564)	(33,722)	-	-	(33,722)
Post-employment obligations	(67,166)	(41,786)	(9,575)	(12,868)	(131,395)	-	-	(131,395)
Materials, outsourced services and other expenses (revenues)	(394,512)	(94,470)	(13,688)	(29,904)	(532,574)	-	55,111	(477,463)
Depreciation and amortization	(328,371)	(3)	(13)	-	(328,387)	-	-	(328,387)
Operating provisions (reversals) (4)	(18,353)	(3,012)	(34,122)	54,907	(580)	-	-	(580)
Construction costs	-	(290,750)	-	-	(290,750)	-	-	(290,750)
Total cost of operation	**(984,745)**	**(575,210)**	**(74,653)**	**(22,772)**	**(1,657,380)**	**-**	**55,111**	**(1,602,269)**
OPERATING COSTS AND EXPENSES	**(1,315,296)**	**(575,520)**	**(5,572,436)**	**(22,772)**	**(7,486,024)**	**1,423,190**	**69,033**	**(5,993,801)**
Equity in earnings of unconsolidated investees, net (5)	251	-	15	519,079	519,345	-	-	519,345
Gains arising from the sale of non-current asset held for sale	-	-	-	6,644	6,644	-	-	6,644
OPERATING RESULT BEFORE FINANCE AND TAX RESULT	**1,345,813**	**604,851**	**227,025**	**502,951**	**2,680,640**	**-**	**-**	**2,680,640**
Finance income and expenses, net	(149,581)	(97,434)	33,562	(263,838)	(477,291)	-	-	(477,291)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,196,232**	**507,417**	**260,587**	**239,113**	**2,203,349**	**-**	**-**	**2,203,349**
Income tax and social contribution tax	(306,705)	(169,278)	(63,135)	421,225	(117,893)	-	-	(117,893)
NET INCOME FOR THE PERIOD	**889,527**	**338,139**	**197,452**	**660,338**	**2,085,456**	**-**	**-**	**2,085,456**

(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.

(4) The result for the Company's equity interests includes an impairment of R$7,412 of its investment in the jointly-controlled subsidiary Itaocara. For more details please see Note 14.

(5) The result for the Company's equity interests also includes a reversal of R$161,648 related to contractual obligations that the Company had assumed to its investee Madeira Energia and other stockholders. For more details please see Note 14.

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INFORMATION BY SEGMENT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021								
ACCOUNT/DESCRIPTION	ENERGY			INVESTEE	TOTAL	INTER SEGMENT TRANSACTIONS (1)	RECONCILIATION (2) (3)	TOTAL
	GENERATION	TRANSMISSION	TRADING					
NET REVENUE	**2,921,309**	**1,063,484**	**5,957,295**	**-**	**9,942,088**	**(1,575,031)**	**(55,945)**	**8,311,112**
COST OF ENERGY	**(794,537)**	**(29)**	**(5,495,452)**	**-**	**(6,290,018)**	**1,575,031**	**5,488**	**(4,709,499)**
OPERATING COSTS AND EXPENSES (3)								
Personnel	(148,818)	(114,625)	(20,778)	(30,479)	(314,700)	-	-	(314,700)
Employees' and managers' profit sharing	(14,406)	(14,023)	(2,558)	(3,635)	(34,622)	-	-	(34,622)
Post-employment obligations	(5,174)	2,769	(803)	2,844	(364)	-	-	(364)
Materials, outsourced services and others expenses (revenues)	(209,439)	(80,454)	(13,745)	(67,644)	(371,282)	-	50,457	(320,825)
Depreciation and amortization	(254,638)	(3,481)	(525)	(810)	(259,454)	-	-	(259,454)
Operating provisions (reversals)	(19,616)	(11,427)	(14,110)	(101,782)	(146,935)	-	-	(146,935)
Construction costs	-	(183,386)	-	-	(183,386)	-	-	(183,386)
Total cost of operation	**(652,091)**	**(404,627)**	**(52,519)**	**(201,506)**	**(1,310,743)**	**-**	**50,457**	**(1,260,286)**
OPERATING COSTS AND EXPENSES	**(1,446,628)**	**(404,656)**	**(5,547,971)**	**(201,506)**	**(7,600,761)**	**1,575,031**	**55,945**	**(5,969,785)**
Renegotiation of hydrological risk (Law 14,052/20), net	1,031,809	-	-	-	1,031,809	-	-	1,031,809
Periodic tariff review, net	-	214,955	-	-	214,955	-	-	214,955
Equity in earnings of unconsolidated investees, net	56,181	-	-	(361,937)	(305,756)	-	-	(305,756)
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**2,562,671**	**873,783**	**409,324**	**(563,443)**	**3,282,335**			**3,282,335**
Finance income	(758,151)	(395,288)	15,056	(1,022,327)	(2,160,710)	-	-	(2,160,710)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAX	**1,804,520**	**478,495**	**424,380**	**(1,585,770)**	**1,121,625**	**-**	**-**	**1,121,625**
Income tax and social contribution tax	(409,269)	(75,727)	(144,810)	379,615	(250,191)	-	-	(250,191)
NET INCOME (LOSS) FOR THE YEAR	**1,395,251**	**402,768**	**279,570**	**(1,206,155)**	**871,434**	**-**	**-**	**871,434**

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

The information for assets by segment is not presented, because this is not part of the information made available to the main manager of the operations.

Accounting policy

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

The segment results that are reported to the CEO includes items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

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6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	2022	2021	2022	2021
Bank accounts	5,773	5,917	3,749	3,772
Cash equivalents:				
Bank certificates of deposit (CDBs) (1)	57,079	70,251	55,662	50,846
Automatic applications - Overnight (2)	227,884	44,789	132,827	29,334
Others	2,244	2,114	2,244	2,112
	287,207	**117,154**	**190,733**	**82,292**
	292,980	**123,071**	**194,482**	**86,064**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest at between 97.5% and 105% of the CDI Rate on December 31, 2022 (Interbank Rate for Interbank Certificates of Deposit (or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip) (90% and 106.6% 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 13.62% p.a. to 13.64% p.a. on December 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 29 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.

Accounting policy

Cash and short-term deposits comprise cash at banks and on hand and short-term highly liquid deposits, subject to an insignificant risk of changes in value, maintained to carry out the Company's and its subsidiaries cash management. More information about the accounting practices is shown in note 28.

7. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	2022	2021	2022	2021
Current				
Bank certificates of deposit (CDBs) (1)	148,466	55,290	86,537	36,211
Financial Notes (LFs) - Banks (2)	884,202	779,375	515,375	510,436
Treasury Financial Notes (LFTs) (3)	311,663	98,108	181,659	64,254
Debentures (4)	7,744	10,975	4,514	7,188
Others	284	41	283	41
	1,352,359	**943,789**	**788,368**	**618,130**
Non-current				
Financial Notes (LFs) - Banks (2)	-	191,430	-	125,373
Debentures (4)	5,105	2,680	2,976	1,755
	5,105	**194,110**	**2,976**	**127,128**
	1,357,464	**1,137,899**	**791,344**	**745,258**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário or CDBs), accrued interest which range from 103% to 104.4% on December 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 103.3% and 110.26% of the CDI rate on December 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 13.65% to 13.88% p.a. on December 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 114.29% of the CDI rate on December 31, 2022 (TR + 1.00% to 109.00% of the CDI rate on December 31, 2021).

The Accounting policy and the classification of these securities are shown in Note 28. Cash investments in securities of related parties are shown in Note 29.

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

8. 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	2022	2021
Industrial	15,276	323,358	15,639	161,563	34,417	550,253	330,582
Commercial, services and others	419	82,982	7,492	203	9,262	100,358	96,663
Wholesale supply to other concession holders	23,497	201,126	44,866	-	112	269,601	242,026
Concession holders - transmission service	2,770	100,145	1,217	3,613	4,961	112,706	113,324
CCEE (Power Trading Chamber)	20,040	564	72,304	-	-	92,908	43,379
Expected credit losses	-	-	(125)	(1,378)	(28,911)	(30,414)	(28,002)
	62,002	**708,175**	**141,393**	**164,001**	**19,841**	**1,095,412**	**797,972**
Current assets						**1,095,349**	**794,579**
Customers and traders						982,643	681,255
Concession holders - transmission service						112,706	113,324
Non-current assets						**63**	**3,393**
Customers and traders						63	3,393

	Balances not yet due		Past due			Parent Company	
	Billed	Unbilled	Until 90 days	91 to 360 days	More than 360 days	2022	2021
Industrial	1,632	288,319	15,639	160,680	29,918	496,188	281,119
Commercial, services and others	419	82,982	7,492	203	9,262	100,358	96,663
Wholesale supply to other concession holders	23,497	107,802	21,689	-	96	153,084	140,802
Concession holders - transmission service	2,777	97,630	1,027	3,613	4,960	110,007	111,164
CCEE (Power Trading Chamber)	20,040	-	70,728	-	-	90,768	41,286
Expected credit losses	-	-	(125)	(1,378)	(26,256)	(27,759)	(24,576)
	48,365	**576,733**	**116,450**	**163,118**	**17,980**	**922,646**	**646,458**
Current assets						**922,599**	**645,743**
Customers and traders						812,592	534,579
Concession holders - transmission service						110,007	111,164
Non-current assets						**47**	**715**
Customers and traders						47	715

The exposure of the Company and its subsidiaries to credit risk related to Customers and traders is provided in Note 29.

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

	Consolidated	Parent Company
Balance on December 31, 2020	**34,779**	**18,254**
Additions, net (Note 26c)	13,497	13,413
Disposals	(20,274)	(7,091)
Balance on December 31, 2021	**28,002**	**24,576**
Additions, net (Note 26c)	531	1,302
Reversals	1,881	1,881
Balance on December 31, 2022	**30,414**	**27,759**

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Accounting policy

Accounts receivable from customers, traders and concession holders are initially recognized at the sales value and subsequently measured at amortized cost. Includes any direct taxes for which the company and its subsidiaries has the tax responsibility, less taxes withheld at source, which are considered to be tax credits.

The adjust for expected credit losses is recorded based on estimates by management. The main criteria set by the Company and its subsidiaries are: (i) For customers with significant balances, the balance receivable is analyzed in the light of the history of the debt, negotiations in progress, and asset guarantees; and (ii) for large customers, an individual analysis of the debtors and the initiatives in progress for receipt of the credits due.

The Annual Permitted Revenue (‘*Receita Anual Permitida’* - RAP) is the consideration received as revenue from the investment in the national grid as well as the construction or upgrades, operation and maintenance services. The revenues from the energy transmission concession contracts are recognized when the performance obligation is satisfied. The contract asset is transferred to the financial asset, falling within the scope of CPC 48/IFRS 9, after the issuance of the credit notice, monthly issued by ONS, authorizing RAP billing, which is when the right to consideration is unconditional. The revenues are recognized at the transaction price and the assets are subsequently measured at amortized cost, using the effective interest method, adjusted by impairment losses, when applicable, and recognizing the deferred taxes. As required by CPC 48/IFRS 9 - Financial Instruments, the financial asset carrying amount is analyzed and, when applicable, a loss allowance for expected credit losses is recognized.

9. RECOVERABLE TAXES

	Consolidated		Parent Company	
	2022	2021	2022	2021
Current				
ICMS tax recoverable	10,037	6,419	9,271	5,513
Cofins (a) (b)	18,936	5,975	195	3,510
PIS/Pasep (a) (b)	4,032	1,526	23	947
Social security contributions	18,764	17,145	18,764	17,145
Others	127	809	122	806
	51,896	**31,874**	**28,375**	**27,921**
Non-current				
ICMS tax recoverable (b)	29,754	28,551	28,545	27,614
Cofins (a)	14,402	35,265	-	-
PIS/Pasep (a)	3,124	7,730	-	-
	47,280	**71,546**	**28,545**	**27,614**
	99,176	**103,420**	**56,920**	**55,535**

a) PIS/Pasep and Cofins taxes credits over ICMS

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.

On May 12, 2020 the federal tax authority (Receita Federal) granted the application for qualification of the credits for offsetting against federal taxes payable up to the 2021 business year.

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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 and Horizontes Energia. The process of qualification of the credits of these companies was completed with the tax authority in September 2022, and offsetting of the federal tax is payable has begun. On December 31, 2022, the balance to be offset in these companies is R$19,563, posted in Current assets.

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.

Owing to 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.

b) Other recoverable taxes

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

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

10. INCOME AND SOCIAL CONTRIBUTION TAXES

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.

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a) Income tax and social contribution tax recoverable

	Consolidated		Parent Company	
	2022	2021	2022	2021
Current				
Income tax	546,961	503,437	544,657	501,836
Social contribution tax	227,688	149,078	227,907	148,687
	774,649	**652,515**	**772,564**	**650,523**

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 Company and its 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	
	2022	2021
Current		
Income tax	79,909	116,340
Social contribution tax	29,972	41,104
	109,881	**157,444**

The Company has some uncertainties relating to the treatments of certain taxes on profit, and management has concluded that it is more probable than not that the tax authority will accept the Company's conclusions. The effects of the potential contingencies are stated in Note 23.

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	
	2022	2021	2022	2021
Deferred tax assets				
Tax loss carryforwards	209,041	218,104	209,041	218,104
Post-employment obligations	387,576	414,995	387,576	414,995
Expected credit losses	10,006	8,924	9,438	8,356
Provisions for contingencies	111,081	120,289	111,077	120,234
Provision for SAAG put option	228,621	216,339	228,621	216,339
Provisions for losses on investments	56,398	244,132	56,398	244,132
Other provisions	48,620	48,923	48,620	48,923
Paid concession	11,579	11,274	11,579	11,274
Other	24,256	21,369	17,387	15,190
	1,087,178	**1,304,349**	**1,079,737**	**1,297,547**
Deferred tax liabilities				
Fair Value as cost attributed on IFRS adoption	(155,882)	(219,067)	(139,706)	(201,878)
Adjustment of contract assets	(940,026)	(895,223)	(936,629)	(891,654)
Fair value of equity holdings	(121,036)	(129,641)	(121,036)	(129,641)
Adjustment to fair value	(209,600)	(412,436)	(208,151)	(412,436)
Reimbursement of costs - GSF	(274,036)	(319,210)	(213,008)	(253,901)
Other	(32,966)	(7,669)	(18,841)	(1,625)
	(1,733,546)	**(1,983,246)**	**(1,637,371)**	**(1,891,135)**
Net total	**(646,368)**	**(678,897)**	**(557,634)**	**(593,588)**
Total liabilities	**(646,368)**	**(678,897)**	**(557,634)**	**(593,588)**

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

	Consolidated	Parent Company
Balance on December 31, 2020	**(762,591)**	**(754,603)**
Effects allocated to income statement	113,809	185,515
Effects allocated to comprehensive income	(24,500)	(24,500)
Deferred taxes arising from shareholding reorganization	(3,809)	-
Other	(1,806)	-
Balance on December 31, 2021	**(678,897)**	**(593,588)**
Effects allocated to income statement	81,391	84,701
Effects allocated to comprehensive income	(48,747)	(48,747)
Other	(115)	-
Balance on December 31, 2022	**(646,368)**	**(557,634)**

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

The Company and its subsidiaries estimated that the balance of deferred tax asset as of December 31, 2022 will be realized, as follows:

	Consolidated	Parent Company
2023	252,515	250,996
2024	233,472	231,991
2025	133,506	132,025
2026	133,506	132,025
2027 to 2029	213,776	212,295
2030 to 2032	120,403	120,405
	1,087,178	**1,079,737**

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Profit before income tax and social contribution tax	**2,203,349**	**1,121,625**	**2,009,276**	**831,002**
Income tax and social contribution tax - nominal expense (34%)	(749,139)	(381,353)	(683,154)	(282,541)
Tax effects applicable to:				
Interest on equity	47,350	99,097	-	99,097
Tax incentives	14,903	12,420	10,903	7,961
Share of profit (loss) of affiliate and joint controlled entities, net	127,260	(116,368)	401,963	220,135
Non-deductible penalties	(4,260)	(1,714)	(4,260)	(1,714)
Difference between presumed profit and real profit methods	96,550	141,504	-	-
Disposal of goodwill - Renova	108,416	-	108,416	-
Estimated losses on doubtful accounts receivable from related parties - Renova	233,931	-	233,931	-
Others	7,096	(3,777)	8,381	(2,506)
Income tax and social contribution tax - effective revenue (expense)	**(117,893)**	**(250,191)**	**76,180**	**40,432**
Current income tax and social contribution tax	(199,284)	(364,000)	(8,521)	(145,083)
Deferred income tax and social contribution tax	81,391	113,809	84,701	185,515
	(117,893)	**(250,191)**	**76,180**	**40,432**
Effective rate	**5.35%**	**22.31%**	**(3.79%)**	**(4.87%)**

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Accounting policy

Income tax and social contribution tax

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

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

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

Current

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

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

Deferred

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

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

- When the deferred tax (asset or liability) arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Government subsidies

The Company has enterprises in the Sudene incentive area, for which it was recognized the right to a 75% reduction in income tax, including the additional. Tax incentives of this nature, in the form of exemption or reduction of income tax, meet the concept of government grants and are recognized by recording the total tax in the result as if it were due, against the equivalent grant revenue, shown as a deduction from income tax expense.

In view of the legal restriction on the distribution of net income corresponding to the incentive, the Company maintains the amount referring to the portion of net income for the year resulting from the incentive in the tax incentive reserve (profit reserve). More details in note 24.

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11. ESCROW DEPOSITS

	Consolidated		Parent Company	
	2022	2021	2022	2021
Labor claims	**24,115**	**24,153**	**23,453**	**23,502**
Tax issues				
Income tax on interest on equity	18,762	17,760	17,446	16,444
Pasep and Cofins taxes (1)	3,475	6,343	-	-
Income tax and social security contribution on indemnity for employees' 'Anuênio' benefit (2)	71,988	68,399	71,988	68,399
Urban property tax (IPTU)	15,265	13,272	15,263	13,270
Social contribution tax (3)	19,706	18,062	19,706	18,062
Others	7,373	4,615	6,695	4,010
	136,569	**128,451**	**131,098**	**120,185**
Others				
Court embargo	1,790	929	1,757	896
Regulatory	4,903	3,279	4,903	3,279
Others	7,084	5,008	6,972	4,897
	13,777	**9,216**	**13,632**	**9,072**
	174,461	**161,820**	**168,183**	**152,759**

(1) This refers to escrow deposits in the action challenging the unconstitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied.
(2) More details in Note 23 - 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.

12. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	2022	2021	2022	2021
Generation - Indemnity receivable (12.1)	691,460	816,202	691,460	816,202
Generation - Concession grant fee (12.2)	2,950,415	2,792,201	-	-
	3,641,875	**3,608,403**	**691,460**	**816,202**
Current	**309,347**	**283,233**	**-**	**-**
Non-current	**3,332,528**	**3,325,170**	**691,460**	**816,202**

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

	Consolidated	Parent Company
Balance on December 31, 2020	**3,365,400**	**816,202**
Inflation adjustment	523,105	-
Amounts received	(280,102)	-
Balance on December 31, 2021	**3,608,403**	**816,202**
Inflation adjustment	513,885	47,028
Amounts received	(308,643)	-
Settled	(171,770)	(171,770)
Balance on December 31, 2022	**3,641,875**	**691,460**

12.1 Generation - Indemnity receivable

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

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

The Valuation Report was concluded, with the following results:

Generation plant	Concession expiration date	Installed capacity (MW) (1)	Net balance of assets based on historical cost	Net balance of assets based on fair value - ReN 1,027/2022	Financial Update	Net balance of assets on December 31, 2022
Lot D						
UHE Três Marias	July 2015	396.00	71,029	166,903	12,180	179,083
UHE Salto Grande	July 2015	102.00	11,514	85,625	6,249	91,874
UHE Itutinga	July 2015	52.00	4,408	10,089	736	10,825
UHE Camargos	July 2015	46.00	7,278	19,611	1,431	21,042
PCH Piau	July 2015	18.01	1,622	4,376	319	4,695
PCH Gafanhoto	July 2015	14.00	1,371	5,247	383	5,630
PCH Peti	July 2015	9.40	1,330	6,056	442	6,498
PCH Dona Rita	Sep. 2013	2.41	600	1,569	114	1,683
PCH Tronqueiras	July 2015	8.50	2,373	8,510	553	9,063
PCH Joasal	July 2015	8.40	1,572	6,269	458	6,727
PCH Martins	July 2015	7.70	2,273	4,451	325	4,776
PCH Cajuru	July 2015	7.20	3,558	18,862	1,376	20,238
PCH Paciência	July 2015	4.08	871	4,146	303	4,449
PCH Marmelos	July 2015	4.00	694	2,409	176	2,585
Others						
UHE Volta Grande	Feb. 2017	380.00	235	361	26	387
UHE Miranda	Dec. 2016	408.00	34,697	90,862	6,631	97,493
UHE Jaguara	Aug. 2013	424.00	45,706	137,673	10,115	147,788
UHE São Simão	Jan. 2015	1,710.00	27,082	71,413	5,211	76,624
		3,601.70	**218,213**	**644,432**	**47,028**	**691,460**

(1) Information not audited by independent auditors.

With the conclusion of the Valuation Report, the Company adjusted the fair value of the financial asset in the amount of R$171,770, in June 2022, corresponding to the difference in the amounts originally estimated by the Company. The remaining balance of R$691,460 represents management’s best estimate for the plants reimbursement, based on the evaluation criteria set by Aneel and the financial update.

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

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

12.2 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	Dec. 31, 2022
Cemig Geração Três Marias S.A.	Três Marias	1,583,720	253,627	(165,832)	1,671,515
Cemig Geração Salto Grande S.A.	Salto Grande	497,154	79,921	(52,297)	524,778
Cemig Geração Itutinga S.A.	Itutinga	187,004	33,214	(22,235)	197,983
Cemig Geração Camargos S.A.	Camargos	140,201	24,759	(16,553)	148,407
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	183,635	34,349	(23,290)	194,694
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	125,187	25,512	(17,685)	133,014
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	75,300	15,475	(10,751)	80,024
		2,792,201	**466,857**	**(308,643)**	**2,950,415**

SPC	Plants	Dec. 31, 2020	Monetary updating	Amounts received	Dec. 31, 2021
Cemig Geração Três Marias S.A.	Três Marias	1,447,210	287,009	(150,499)	1,583,720
Cemig Geração Salto Grande S.A.	Salto Grande	454,256	90,360	(47,462)	497,154
Cemig Geração Itutinga S.A.	Itutinga	170,460	36,723	(20,179)	187,004
Cemig Geração Camargos S.A.	Camargos	127,814	27,409	(15,022)	140,201
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	167,206	37,565	(21,136)	183,635
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	113,807	27,429	(16,049)	125,187
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	68,445	16,610	(9,755)	75,300
		2,549,198	**523,105**	**(280,102)**	**2,792,201**

Accounting policy

Transmission segment - The contract assets is reclassified as a financial assets (accounts receivable) only after the performance obligation to operate and maintain the infrastructure is satisfied, since from that point nothing more than the passage of time is necessary for the consideration to be received.

The discount rate relating to the financial component of the concession contract asset is the Company's best estimate for financial remuneration of investments in transmission infrastructure - representing the approximate percentage that would be the price to be charged for payment at sight for infrastructure built or enhanced by the concession holder in a sale transaction. The interest rates implicit in the contract are defined at the beginning of the investments and take into account the credit risk of the counterparties.

Financial portion of the transmission concession contracts renewed in accordance with Law 12,783/2013: corresponding to the financial portion of remuneration for the assets related to the Existing Basic System Network (RBSE), that represents the amount payable from the date of the extension of the concessions until it was incorporated into the tariff (January 1, 2013 until June 30, 2017), to be collected over a period of eight years.

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

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Note 13 gives more information on the accounting practices relating to the assets linked to the transmission activity.

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

For the extension of the concession of the hydroelectric plants participating in the MRE, relating to the compensation for non-hydrological risks specified in Law 14,052/2020, an intangible asset was recognized, considering the nature of the right, which enables, by provision of law, the plants to be used for a period longer than the one specified in their original contracts, during the contract extension, the Company is entitled to sell the energy generated without constraint. The asset was measured at fair value in the initial recognition. The asset is amortized by the straight-line method for the new remaining period of the concession. More details in note n. 16.

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

13. CONCESSION CONTRACT ASSETS

	Consolidated		Parent Company	
	2022	2021	2022	2021
National Grid ('BNES' - Basic Network of the Existing System) - Law 12,783/13	1,927,040	2,011,576	1,927,040	2,011,576
Transmission - Assets remunerated by tariff	2,717,187	2,265,406	2,606,909	2,149,524
	4,644,227	**4,276,982**	**4,533,949**	**4,161,100**
Current	**720,032**	**592,337**	**691,153**	**565,659**
Non-current	**3,924,195**	**3,684,645**	**3,842,796**	**3,595,441**

The changes in contract assets are as follows:

	Consolidated	Parent Company
Balance on December 31, 2020	**3,634,702**	**3,634,702**
Incorporation Concession contract - 004/05	117,252	-
Additions	251,973	251,973
Inflation adjustment	630,900	627,912
Results of the Periodic Tariff Revision	236,627	236,627
Amounts received	(594,472)	(590,114)
Balance on December 31, 2021	**4,276,982**	**4,161,100**
Additions	407,193	407,193
Inflation adjustment	561,044	538,988
Amounts received	(600,992)	(573,332)
Balance on December 31, 2022	**4,644,227**	**4,533,949**

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Current				
Concession contract - 006/97 (b)				
National Grid ('BNES' - Basic Network of the Existing System)	408,395	317,692	408,395	317,692
National Grid - new facilities (RBNI)	236,073	209,185	236,073	209,185
Concession contract - 079/00 (a)	46,685	38,782	46,685	38,782
Concession contract - 004/05 (c)	28,879	26,678	-	-
	720,032	**592,337**	**691,153**	**565,659**
Non-current				
Concession contract - 006/97 (b)				
National Grid ('BNES' - Basic Network of the Existing System)	1,518,645	1,693,884	1,518,645	1,693,884
National Grid - new facilities (RBNI)	2,181,638	1,749,699	2,181,638	1,749,699
Concession contract - 079/00 (a)	142,513	151,858	142,513	151,858
Concession contract - 004/05 (c)	81,399	89,204	-	-
	3,924,195	**3,684,645**	**3,842,796**	**3,595,441**
	4,644,227	**4,276,982**	**4,533,949**	**4,161,100**

a) Concession contract nº 006/1997

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

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

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 (ii) a residual value for the difference between the amount paid to the transmission companies in the 2017-2018 and 2019-2020 tariff cycles and the amount payable after the injunctions were overturned.

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

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

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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.

b) Concession contract nº 079/2000

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

The 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).

Accounting policy

When construction of transmission infrastructure is concluded, the assets related to the transmission infrastructure remains classified as contract assets, considering the existence of performance obligations during the concession period, represented by the network construction, operation and maintenance, as there is no unconditional right to receive the consideration for the construction service unless the company operates and maintains the infrastructure.

The costs related to the infrastructure construction are recognized as incurred in the statement of income. The construction or upgrade services revenues are recognized in accordance with the stage of completion of the construction service, based on the costs actually incurred, including construction margin.

The margin added to the performance obligation related to the construction and improvements is based on Company’s expectations regarding its project’s profitability.

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When the tariff set is changed at the time of the periodic tariff reviews, the contract asset is remeasured, discounting the future revenue (RAPs) using the contract original discount rate, implicit in the contract. The amount remeasured is confronted to the carrying amount and the difference is recognized in the statements of income.

Of the amounts of Permitted Annual Transmission Revenue (RAP), invoiced by the transmission concession, the portion relating to the fair value of the operation and maintenance of the assets is recorded in the income statement and the portion relating to the construction revenue, originally recognized at the time of the formation of the assets, is used to write down the contract asset. Additions for expansion and improvements generate additional cash flow, and hence this new cash flow is capitalized into the asset balance of the contract.

Note 12 gives more information on the accounting practices relating to the assets linked to the transmission activity.

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14. INVESTMENTS

	Consolidated		Parent Company	
	2022	2021	2022	2021
Affiliated companies				
Madeira Energia S.A. ("MESA") (1) (7)	9,500	-	9,500	-
Fundo de Investimento em Participações Melbourne Multiestratégia ("FIP Melbourne") (1) (7)	7,760	-	7,760	-
Jointly controlled entities	-	-	-	-
Hidrelétrica Cachoeirão S.A. ("Hidrelétrica Cachoeirão")	47,096	59,014	47,096	59,013
Guanhães Energia S.A. ("Guanhães Energia")	182,579	125,172	182,579	125,172
Hidrelétrica Pipoca S.A. ("Hidrelétrica Pipoca")	46,744	46,722	46,744	46,722
Paracambi Energética S.A. ("Paracambi") (formerly Lightger) (5)	60,438	47,787	60,438	47,787
Baguari Energia S.A. ("Baguari Energia")	160,324	168,429	160,324	168,429
Aliança Norte Participações S.A. ("Aliança Norte") (2)	575,745	609,154	575,745	609,154
Amazônia Energia Participações S.A. ("Amazônia Energia") (2)	885,529	932,600	885,529	932,600
Aliança Geração de Energia S.A. ("Aliança Geração")	1,193,841	1,140,930	1,193,841	1,140,930
Retiro Baixo Energética S.A. ("Retiro Baixo")	185,495	200,385	185,495	200,385
Subsidiaries				
Cemig Baguari Energia S.A.	-	-	67	88
Cemig Geração Três Marias S.A. (6)	-	-	1,727,594	1,652,343
Cemig Geração Salto Grande S.A. (6)	-	-	562,308	526,776
Cemig Geração Itutinga S.A.	-	-	231,057	211,956
Cemig Geração Camargos S.A.	-	-	182,960	165,369
Cemig Geração Sul S.A.	-	-	251,765	214,845
Cemig Geração Leste S.A.	-	-	167,959	147,702
Cemig Geração Oeste S.A.	-	-	125,521	105,990
Rosal Energia S.A.	-	-	123,305	114,751
Sá Carvalho S.A.	-	-	138,259	134,209
Horizontes Energia S.A.	-	-	60,535	59,575
Cemig PCH S.A.	-	-	98,917	90,117
Cemig Geração Poço Fundo S.A.	-	-	171,954	144,129
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	11,004	7,734
Cemig Trading S.A.	-	-	5,639	2,158
Central Eólica Praias de Parajuru S.A.	-	-	203,107	177,707
Central Eólica Volta do Rio S.A.	-	-	308,603	273,988
Companhia de Transmissão Centroeste de Minas	-	-	120,173	122,079
Total of investments	**3,355,051**	**3,330,193**	**7,845,778**	**7,481,708**
Itaocara S.A. - Equity deficit (3)	-	(20,767)	-	(20,767)
Madeira Energia S.A. ("MESA") - Provisions for losses (4)	-	(161,648)	-	(161,648)
Total	**3,355,051**	**3,147,778**	**7,845,778**	**7,299,293**

(1) Indirect interest in the Santo Antônio plant through these investees.

(2) Indirect interest in the Belo Monte plant through these investees.

(3) Up to the third quarter of 2022 the jointly-controlled subsidiary Usina Hidrelétrica Itaocara S.A. presented net negative equity and thus, after writing down the balance of its equity interest, the Company recognized a loss on the extension of its contractual obligations assumed with the investee and the other stockholders, which on September 30, 2022 was in the amount of R$14,280 (R$20,767 at December 31, 2021). In the fourth quarter of 2022, the Company injected capital of R$24,722 into this investee, corresponding to 49% of the penalty applied by Aneel relating to settlement of the compliance guarantee arising from non-implementation of the Itaocara I hydroelectric plant. With this, the provision for the contractual obligations assumed by the Company to the investee and the other stockholders was reversed. Additionally, Aneel recommended to the Mining and Energy Ministry extinction, on request, of the concession of the Itaocara hydroelectric plant by decision of Concession Contract 001/2015. In view of the non-recoverability of the investment, the Company recognized an impairment of 100% of its investment in accordance with CPC 01 / IAS 36. The loss is presented in the Income Statement under Other operational expenses.

(4) In June 2022, the provision relating to contractual obligations assumed by the Company with the investee and the other shareholders was reversed. See further information in this note.

(5) On November 8, 2022, the investee's Extraordinary General Meeting approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A.".

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

(7) On March 20, 2023 Cemig completed sale of its direct and indirect stockholding interests in the share capital of Mesa to Furnas Centrais Elétricas S.A. (Furnas). There are more details in Note 34.

For the business year ended December 31, 2022, the Company analyzed whether there were indications of possible impairment of its investments, as required by CPC 01/IAS 36 - Impairment of Assets. Except for recognition of the loss on the investment held in the jointly-controlled subsidiary Itaocara, it was found that the net book values of the other investments were not impaired.

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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.

a) Changes in the 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$44,625 (R$49,241 on December 31, 2021) and R$60,429 (R$67,205 on December 31, 2021), respectively, are included in the financial statements of Company in accordance with Technical Interpretation ICPC 09, the investments and are classified in the consolidated balance sheet under Intangibles. These concession assets are amortized by the straight-line method, during the period of the concession. More details in Note 16.

The changes in these assets are as follows:

Consolidated	Balance on Dec. 31, 2020	Amortization	Settled (1)	Balance on Dec. 31, 2021	Amortization	Balance on December 31, 2022
Retiro Baixo	29,186	(1,390)	-	27,796	(1,389)	26,407
Madeira Energia (*Santo Antônio* plant)	16,526	(738)	(15,788)	-	-	-
Aliança Geração	326,915	(25,310)	-	301,605	(25,309)	276,296
Aliança Norte	48,632	(1,972)	-	46,660	(1,972)	44,688
	421,259	**(29,410)**	**(15,788)**	**376,061**	**(28,670)**	**347,391**

(1) The Company's investment in Madeira Energia S.A. was written down to zero, as a result of the judgment given in the arbitration proceedings. There is more information below in this note.

Parent Company	Balance on Dec. 31, 2020	Amortization	Settled (1)	Balance on Dec. 31, 2021	Amortization	Balance on December 31, 2022
Retiro Baixo	29,186	(1,390)	-	27,796	(1,389)	26,407
Parajuru	53,858	(4,617)	-	49,241	(4,616)	44,625
Volta do Rio	73,983	(6,778)	-	67,205	(6,775)	60,430
Madeira Energia (*Santo Antônio* plant)	16,526	(738)	(15,788)	-	-	-
Aliança Geração	326,915	(25,310)	-	301,605	(25,309)	276,296
Aliança Norte	48,632	(1,972)	-	46,660	(1,972)	44,688
	549,100	**(40,805)**	**(15,788)**	**492,507**	**(40,061)**	**452,446**

(1) The Company's investment in Madeira Energia S.A. was written down to zero, as a result of the judgment given in the arbitration proceedings. There is more information below in this note.

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

Consolidated	Balance on Dec. 31, 2021	Gain (loss) by equity method	Addition	Dividends	Others	Balance on December 31, 2022
Hidrelétrica Cachoeirão	59,014	15,470	-	(27,388)	-	47,096
Guanhães Energia	125,172	57,407	-	-	-	182,579
Hidrelétrica Pipoca	46,722	16,360	-	(16,338)	-	46,744
MESA (*Santo Antônio* Plant)	-	9,500	-	-	-	9,500
FIP Melbourne (*Santo Antônio* Plant) (1)	-	168,403	-	-	(160,643)	7,760
Baguari Energia	168,429	21,413	-	(29,518)	-	160,324
Paracambi (formerly Lightger) (4)	47,787	19,291	-	(6,640)	-	60,438
Amazônia Energia (*Belo Monte* Plant)	932,600	(47,178)	107	-	-	885,529
Aliança Norte (*Belo Monte* Plant)	609,154	(33,793)	384	-	-	575,745
Aliança Geração (3)	1,140,930	104,054	-	(47,875)	(3,268)	1,193,841
Retiro Baixo	200,385	23,313	-	(38,203)	-	185,495
Itaocara (5)		(3,016)	10,428	-	(7,412)	-
Total of investments	**3,330,193**	**351,224**	**10,919**	**(165,962)**	**(171,323)**	**3,355,051**
Itaocara - equity deficit (5)	(20,767)	6,473	14,294	-	-	-
MESA - provisions to losses (2)	(161,648)	161,648	-	-	-	-
Total	**3,147,778**	**519,345**	**25,213**	**(165,962)**	**(171,323)**	**3,355,051**

(1) On September 12, 2022, AGPar made the payment to the FIP Melbourne fund associated with the Agreement arising from Arbitration Judgment CCBC-86/2016. As from that date the Company recognized this as a receivable, in the income statement. There is more information below in this note.

(2) In June 2022, the provision relating to contractual obligations assumed by the Company with the investee and the other shareholders was reversed. See further information in this note.

(3) This refers to expenditure on implementation of projects previously executed.

(4) On November 8, 2022, the investee's Extraordinary General Meeting approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A.".

(5) Up to the third quarter of 2022 the jointly-controlled subsidiary Usina Hidrelétrica Itaocara S.A. presented net negative equity and thus, after writing down the balance of its equity interest, the Company recognized a loss on the extension of its contractual obligations assumed with the investee and the other stockholders, which on September 30, 2022 was in the amount of R$14,280 (R$20,767 at December 31, 2021). In the fourth quarter of 2022, the Company injected capital of R$24,722 into this investee, corresponding to 49% of the penalty applied by Aneel relating to settlement of the compliance guarantee arising from non-implementation of the Itaocara I hydroelectric plant. With this, the provision for the contractual obligations assumed by the Company to the investee and the other stockholders was reversed. Additionally, Aneel recommended to the Mining and Energy Ministry extinction, on request, of the concession of the Itaocara hydroelectric plant by decision of Concession Contract 001/2015. In view of the non-recoverability of the investment, the Company recognized an impairment of its investment in accordance with CPC 01 / IAS 36. The loss is presented in the Income Statement under Other operational expenses.

Consolidated	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Losses on investments	Dividends	Balance at Dec. 31, 2021
Hidrelétrica Cachoeirão	53,215	14,130	-	-	(8,331)	59,014
Guanhães Energia	131,391	(6,219)	-	-	-	125,172
Hidrelétrica Pipoca	35,552	11,170	-	-	-	46,722
Madeira Energia (*Santo Antônio* Plant) (1)	209,374	(209,374)	-	-	-	-
FIP Melbourne (*Santo Antônio* Plant) (1)	157,476	(157,476)	-	-	-	-
Baguari Energia	159,029	31,071	-	-	(21,671)	168,429
Lightger	51,805	7,966	-	-	(11,984)	47,787
Amazônia Energia (*Belo Monte* Plant)	965,255	(32,730)	75	-	-	932,600
Aliança Norte (*Belo Monte* Plant)	631,227	(22,073)	-	-	-	609,154
Aliança Geração	1,166,240	199,586	-	-	(224,896)	1,140,930
Retiro Baixo	195,235	12,352	-	-	(7,202)	200,385
Total of investments	**3,755,799**	**(151,597)**	**75**	**-**	**(274,084)**	**3,330,193**
Itaocara - equity deficit (2)	(29,615)	7,489	41,430	(40,071)	-	(20,767)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (1)	-	(161,648)	-	-	-	(161,648)
Total	**3,726,184**	**(305,756)**	**41,505**	**(40,071)**	**(274,084)**	**3,147,778**

(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.

(2) On December 1, 2021, the Company injected capital, in the amount of R$40,071, into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber, in the amount of R$40,071. This amount is proportional to its shareholding interest in the investee, of 49%, and was recognized in Other expenses in the Company's income statement. Further, R$1,359 was injected to cover the expenses specified in the 2021 budget of the investee.

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Parent Company	Balance on Dec. 31, 2021	Gain (loss) by equity method	Addition	Dividends	Others	Balance on December 31, 2022
Hidrelétrica Cachoeirão	59,013	15,470	-	(27,387)	-	47,096
Guanhães Energia	125,172	57,407	-	-	-	182,579
Hidrelétrica Pipoca	46,722	16,360	-	(16,338)	-	46,744
MESA (*Santo Antônio* Plant)	-	9,500	-	-	-	9,500
FIP Melbourne (*Santo Antônio* Plant) (1)	-	168,403	-	-	(160,643)	7,760
Baguari Energia	168,429	21,413	-	(29,518)	-	160,324
Central Eólica Praias Parajuru S.A.	177,707	30,354	-	(4,954)	-	203,107
Central Eólica Volta do Rio S.A.	273,988	34,615	-	-	-	308,603
Paracambi (formerly Lightger) (6)	47,787	19,291	-	(6,640)	-	60,438
Amazônia Energia (*Belo Monte* Plant)	932,600	(47,178)	107	-	-	885,529
Aliança Norte (*Belo Monte* Plant)	609,154	(33,793)	384	-	-	575,745
Aliança Geração (2) (5)	1,140,930	104,054	-	(47,875)	(3,268)	1,193,841
Retiro Baixo Energia S.A.	200,385	23,313	-	(38,203)	-	185,495
Itaocara (7)		(3,016)	10,428	-	(7,412)	-
Cemig Baguari Energia S.A.	88	(21)	-	-	-	67
Cemig Geração Três Marias S.A.	1,652,343	289,770	-	(214,519)	-	1,727,594
Cemig Geração Salto Grande S.A.	526,776	95,467	-	(59,935)	-	562,308
Cemig Geração Itutinga S.A.	211,956	45,101	-	(26,000)	-	231,057
Cemig Geração Camargos S.A.	165,369	44,591	-	(27,000)	-	182,960
Cemig Geração Sul S.A.	214,845	40,920	-	(4,000)	-	251,765
Cemig Geração Leste S.A.	147,702	39,588	-	(19,331)	-	167,959
Cemig Geração Oeste S.A.	105,990	19,531	-	-	-	125,521
Rosal Energia S.A.	114,751	23,805	-	(15,251)	-	123,305
Sá Carvalho S.A.	134,209	61,505	-	(57,455)	-	138,259
Horizontes Energia S.A.	59,575	13,426	-	(12,466)	-	60,535
Cemig PCH S.A.	90,117	22,030	-	(13,230)	-	98,917
Cemig Geração Poço Fundo S.A. (3)	144,129	10,465	20,000	(2,640)	-	171,954
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	7,734	3,270	-	-	-	11,004
Cemig Trading S.A.	2,158	3,960	-	(479)	-	5,639
Companhia de Transmissão Centroeste de Minas	122,079	18,450	-	(20,356)	-	120,173
Total of investments	**7,481,708**	**1,148,051**	**30,919**	**(643,577)**	**(171,323)**	**7,845,778**
Itaocara - equity deficit (7)	(20,767)	6,473	14,294	-	-	-
MESA - provisions to losses (4)	(161,648)	161,648	-	-	-	-
Total	**7,299,293**	**1,316,172**	**45,213**	**(643,577)**	**(171,323)**	**7,845,778**

(1) On September 12, 2022, AGPar made the payment to the FIP Melbourne fund associated with the Agreement arising from Arbitration Judgment CCBC-86/2016. As from that date the Company recognized a receivable in the amount of R$160,643 in the income statement. There is more information below in this note.

(2) On March 24, 2022 the investee's Board of Directors approved the reversion of a portion of Dividends payable to the Retained earnings reserve, which is linked to certain financial conditions.

(3) In the second quarter of 2022, the Company transferred to this investee, as an advance against future capital increase, in the amount of R$20,000.

(4) In June 2022, the provision relating to contractual obligations assumed by the Company with the investee and the other shareholders was reversed. See further information in this note.

(5) This refers to expenditure on implementation of projects previously executed.

(6) On November 8, 2022, the investee's Extraordinary General Meeting approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A.".

(7) Up to the third quarter of 2022 the jointly-controlled subsidiary Usina Hidrelétrica Itaocara S.A. presented net negative equity and thus, after writing down the balance of its equity interest, the Company recognized a loss on the extension of its contractual obligations assumed with the investee and the other stockholders, which on September 30, 2022 was in the amount of R$14,280 (R$20,767 at December 31, 2021). In the fourth quarter of 2022, the Company injected capital of R$24,722 into this investee, corresponding to 49% of the penalty applied by Aneel relating to settlement of the compliance guarantee arising from non-implementation of the Itaocara I hydroelectric plant. With this, the provision for the contractual obligations assumed by the Company to the investee and the other stockholders was reversed. Additionally, Aneel recommended to the Mining and Energy Ministry extinction, on request, of the concession of the Itaocara hydroelectric plant by decision of Concession Contract 001/2015. In view of the non-recoverability of the investment, the Company recognized an impairment of its investment in accordance with CPC 01 / IAS 36. The loss is presented in the Income Statement under Other operational expenses.

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Parent Company	Balance at Dec. 31, 2020	Gain (loss) by equity method	Additions	Corporate restructuring	Losses on investments	Dividends	Balance at Dec. 31, 2021
Hidrelétrica Cachoeirão	53,215	14,129	-	-	-	(8,331)	59,013
Guanhães Energia	131,391	(6,219)	-	-	-	-	125,172
Hidrelétrica Pipoca	35,552	11,170	-	-	-	-	46,722
Madeira Energia (*Santo Antônio* Plant) (3)	209,374	(209,374)	-	-	-	-	-
FIP Melbourne (*Santo Antônio* Plant) (3)	157,476	(157,476)	-	-	-	-	-
Baguari Energia	159,029	31,071	-	-	-	(21,671)	168,429
Central Eólica Praias Parajuru	161,061	18,959	-	-	-	(2,313)	177,707
Central Eólica Volta do Rio	245,436	28,552	-	-	-	-	273,988
Lightger	51,805	7,966	-	-	-	(11,984)	47,787
Amazônia Energia (*Belo Monte* Plant)	965,255	(32,730)	75	-	-	-	932,600
Aliança Norte (*Belo Monte* Plant)	631,227	(22,073)	-	-	-	-	609,154
Aliança Geração	1,166,240	199,586	-	-	-	(224,896)	1,140,930
Retiro Baixo	195,235	12,352	-	-	-	(7,202)	200,385
Cemig Baguari	55	(17)	50	-	-	-	88
Cemig Ger.Três Marias S.A.	1,452,217	318,791	-	-	-	(118,665)	1,652,343
Cemig Ger.Salto Grande S.A.	455,480	106,881	-	-	-	(35,585)	526,776
Cemig Ger. Itutinga S.A.	179,745	60,397	-	-	-	(28,186)	211,956
Cemig Geração Camargos S.A.	143,704	51,136	-	-	-	(29,471)	165,369
Cemig Geração Sul S.A.	174,005	55,604	-	-	-	(14,764)	214,845
Cemig Geração Leste S.A.	127,128	40,696	-	-	-	(20,122)	147,702
Cemig Geração Oeste S.A.	83,870	22,120	-	-	-	-	105,990
Rosal Energia S.A.	127,020	26,056	-	-	-	(38,325)	114,751
Sá Carvalho S.A.	115,486	59,676	-	-	-	(40,953)	134,209
Horizontes Energia S.A.	55,461	18,532	-	-	-	(14,418)	59,575
Cemig PCH S.A.	89,898	30,857	-	-	-	(30,638)	90,117
Cemig Geração Poço Fundo S.A. (1)	3,801	2,645	137,683	-	-	-	144,129
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	56,838	132,150	-	-	-	(181,254)	7,734
Cemig Trading S.A.	30,315	958	-	-	-	(29,115)	2,158
Companhia de Transmissão Centroeste de Minas (2)	-	2,393	-	123,724	-	(4,038)	122,079
Total of investments	**7,257,319**	**824,788**	**137,808**	**123,724**	**-**	**(861,931)**	**7,481,708**
Itaocara - equity deficit (4)	(29,615)	7,489	41,430	-	(40,071)	-	(20,767)
Madeira Energia (*Santo Antônio* Plant) - provisions to losses (3)		(161,648)	-	-	-	-	(161,648)
Total	**7,227,704**	**670,629**	**179,238**	**123,724**	**(40,071)**	**(861,931)**	**7,299,293**

(1) On February 23, 2021 Aneel authorized through Resolution 9,735 the Company, 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. In the third quarter of 2021 the Company transferred to this investee, as an advance against future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash. The transfer of the assets related to Poço Fundo, in the amount of R$77,483, did not involve cash, and consequently is not reflected in the Statements of cash flow. In the fourth quarter of 2021 the Company made a further injection, of R$40,000, into this investee, in cash.

(2) On November 24, 2021, an Extraordinary General Meeting of the Company approved an increase in its share capital, through subscription of the investment held in Centroeste, completing the corporate restructuring authorized by Cemig's Board of Directors on February 12, 2021. More details in this note.

(3) 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.

(4) On December 1, 2021, the Company injected capital, in the amount of R$40,071, into UHE Itaocara S.A., to assist in compliance with the final Arbitration Ruling against the investee, given by the FGV in its Mediation and Arbitration Chamber - this being the amount proportional to its shareholding interest in the investee, of 49%. This amount was recognized in Other expenses in the Company's income statement. Further, R$1,359 was injected to cover the expenses specified in the 2021 budget of the investee.

Changes in dividends receivable are as follows:

	Consolidated		Parent Company	
	2022	2021	2022	2021
Opening balances	**232,098**	**117,110**	**280,204**	**117,404**
Investees' dividends proposed	165,962	274,084	643,577	861,931
Amounts received	(257,810)	(159,096)	(664,675)	(699,131)
Ending balances	**140,250**	**232,098**	**259,106**	**280,204**

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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	December 31, 2022			December 31, 2021		
		Equity interest (%)	Share capital	Equity	Equity interest (%)	Share capital	Equity
Affiliated companies							
MESA	24,796,536,323	7.53	12,202,337	229,341	15.51	10,619,786	1,492,037
Jointly controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	96,114	49.00	35,000	120,436
Guanhães Energia (2)	548,626,000	49.00	548,626	372,610	49.00	548,626	255,453
Hidrelétrica Pipoca	41,360,000	49.00	41,360	95,395	49.00	41,360	93,390
Baguari Energia (1)	26,157,300,278	69.39	186,573	238,836	69.39	186,573	242,736
Paracambi (formerly Lightger) (2) (3)	79,078,937	49.00	79,232	123,342	49.00	79,232	97,525
Aliança Norte (*Belo Monte* plant)	41,949,320,044	49.00	1,209,750	1,083,789	49.00	1,209,043	1,147,947
Amazônia Energia (*Belo Monte* plant) (1)	1,322,897,723	74.50	1,323,042	1,188,630	74.50	1,322,698	1,251,811
Aliança Geração	1,291,582,500	45.00	1,291,488	2,038,988	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	318,815	49.90	225,350	345,868
Usina Hidrelétrica Itaocara S.A.	156,259,500	49.00	206,712	15,126	49.00	156,259	(42,381)
Subsidiaries							
Cemig Baguari Energia S.A.	406,000	100.00	406	67	100.00	406	88
Cemig Geração Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,727,594	100.00	1,291,423	1,652,343
Cemig Geração Salto Grande S.A.	405,267,607	100.00	405,268	562,308	100.00	405,268	526,776
Cemig Geração Itutinga S.A.	151,309,332	100.00	151,309	231,057	100.00	151,309	211,956
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	182,960	100.00	113,499	165,369
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	251,765	100.00	148,147	214,845
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	167,959	100.00	100,569	147,702
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	125,521	100.00	60,595	105,990
Rosal Energia S.A.	46,944,467	100.00	46,944	123,305	100.00	46,944	114,751
Sá Carvalho S.A.	361,200,000	100.00	36,833	138,259	100.00	36,833	134,209
Horizontes Energia S.A.	39,257,563	100.00	39,258	60,535	100.00	39,258	59,575
Cemig PCH S.A.	45,952,000	100.00	45,952	98,917	100.00	45,952	90,117
Cemig Geração Poço Fundo S.A.	139.084.745	100.00	139,185	171,954	100.00	97,162	144,128
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	11,004	100.00	486	7,734
Cemig Trading S.A.	1,000,000	100.00	1,000	5,639	100.00	1,000	2,158
Central Eólica Praias de Parajuru S.A.	85,834,843	100.00	85,835	158,482	100.00	85,835	128,466
Central Eólica Volta do Rio S.A.	274,867,441	100.00	274,867	248,173	100.00	274,867	206,783
Companhia de Transmissão Centroeste de Minas	28,000,000	100.00	28,000	120,173	100.00	28,000	122,079

(1) Control shared under a shareholders' agreement.
(2) On June 23, 2022, Light completed the sale of its equity holdings in Guanhães Energia and in Paracambi (formerly LightGer) to Brasal Energia S.A. The operation comprised the sale to Brasal Energia S.A. of the whole of the equity interest held by Light, of 51% of the share capital of LightGer and of Guanhães Energia.
(3) On November 8, 2022, the investee's Extraordinary General Meeting approved the amendment of the bylaws that changed its corporate name to "Paracambi Energética S.A.".

The main balances for the affiliated companies and jointly controlled entities, at December 31, 2022 and 2021, are as follows:

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2022	Hidrelétrica Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia	Hidrelétrica Pipoca	Paracambi
Assets						
Current	15,485	83,027	132,307	1,818,829	19,753	62,992
Cash and cash equivalents	10,932	10,471	3,118	923,599	14,406	59,516
Non-current	90,105	205,105	375,482	20,953,217	98,614	109,681
Total assets	**105,590**	**288,132**	**507,789**	**22,772,046**	**118,367**	**172,673**
Liabilities						
Current	8,821	24,970	38,127	2,570,839	15,782	11,242
Loans and financings	-	-	11,782	655,361	6,613	8,623
Non-current	655	24,326	97,052	19,971,866	7,190	38,089
Loans and financings	-	-	79,587	13,546,024	7,070	38,089
Stockholders' equity	96,114	238,836	372,610	229,341	95,395	123,342
Total liabilities and equity	**105,590**	**288,132**	**507,789**	**22,772,046**	**118,367**	**172,673**
Statement of income						
Net sales revenue	42,556	81,279	56,864	4,137,130	44,807	62,385
Operating costs	(12,134)	(28,504)	(45,247)	(3,451,054)	(9,424)	(17,258)
Depreciation	(3,485)	(10,487)	(16,012)	-	(4,350)	(11,783)
Gross income	**30,422**	**52,775**	**11,617**	**686,076**	**35,383**	**45,127**
General and administrative expenses	-	(122)	-	(149,579)	(1,184)	(2,096)
Finance income	3,901	9,495	89,794	361,215	3,069	5,856
Finance expenses	(27)	(3,640)	(10,633)	(3,520,551)	(1,463)	(4,324)
	34,296	**58,508**	**90,778**	**(2,622,839)**	**35,805**	**44,563**
Operational income						
Income tax and social contribution tax	(2,725)	(19,869)	(32,062)	(222,408)	(2,451)	(3,984)
Net income (loss) for the year	**31,571**	**38,639**	**58,716**	**(2,845,247)**	**33,354**	**40,579**
Comprehensive income for the year						
Net income (loss) for the year	31,571	38,639	58,716	(2,845,247)	33,354	40,579
Comprehensive income for the year	**31,571**	**38,639**	**58,716**	**(2,845,247)**	**33,354**	**40,579**

2022	Amazônia Energy	Retiro Baixo	Aliança Geração	Aliança Norte	Itaocara
Assets					
Current	146	63,163	871,025	264	3,695
Cash and cash equivalents	146	49,213	448,561	261	3,584
Non-current	1,190,554	337,170	3,320,769	1,091,377	11,709
Total assets	**1,190,700**	**400,333**	**4,191,794**	**1,091,641**	**15,404**
Liabilities					
Current	1,581	36,957	664,162	39	278
Loans and financings	-	13,812	134,435	-	-
Non-current	489	44,561	1,488,644	7,813	-
Loans and financings	-	27,601	710,257	-	-
Stockholders' equity (negative)	1,188,630	318,815	2,038,988	1,083,789	15,126
Total liabilities and equity (negative)	**1,190,700**	**400,333**	**4,191,794**	**1,091,641**	**15,404**
Statement of income					
Net sales revenue	-	77,283	1,109,022	-	-
Operating costs	(77)	(3,512)	(608,497)	-	(253)
Depreciation	-	(8,898)	(124,004)	-	-
Gross income (loss)	**(77)**	**73,771**	**500,525**	**-**	**(253)**
General and administrative expenses	-	(3,645)	(42,854)	(64,959)	-
Finance income	-	9,781	61,101	20	431
Finance expenses	(2)	(4,844)	(109,271)	(3)	(6,676)
Operational income	**(79)**	**75,063**	**409,501**	**(64,942)**	**(6,498)**
Share of (loss) profit, net, of associates and joint ventures	(63,246)	-	10,986	-	-
Income tax and Social Contribution tax	-	(25,559)	(139,078)	-	-
Net income (loss) for the year	**(63,325)**	**49,504**	**281,409**	**(64,942)**	**(6,498)**
Comprehensive income for the year					
Net income (loss) for the year	(63,325)	49,504	281,409	(64,942)	(6,498)
Comprehensive income for the period	**(63,325)**	**49,504**	**281,409**	**(64,942)**	**(6,498)**

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2021	Hidrelétrica Cachoeirão	Baguari Energia	Guanhães Energia	Madeira Energia	Hidrelétrica Pipoca	LightGer
Assets						
Current	29,407	71,753	15,605	927,739	17,532	35,465
Cash and cash equivalents	25,397	3,245	5,205	179,644	11,968	29,382
Non-current	92,761	218,200	391,787	23,286,096	101,264	119,645
Total assets	**122,168**	**289,953**	**407,392**	**24,213,835**	**118,796**	**155,110**
Liabilities						
Current	867	21,346	41,255	2,309,383	9,551	11,375
Loans and financings	-	-	11,951	116,120	6,543	8,573
Non-current	865	25,870	110,684	20,412,415	13,860	46,210
Loans and financings	-	-	92,680	12,827,607	13,497	46,211
Stockholders' equity	120,436	242,737	255,453	1,492,037	95,385	97,525
Total liabilities and equity	**122,168**	**289,953**	**407,392**	**24,213,835**	**118,796**	**155,110**
Statement of income						
Net sales revenue	37,282	76,527	51,536	3,757,969	38,739	54,232
Operating costs	(8,002)	(9,041)	(54,595)	(2,291,671)	(11,356)	(25,917)
Depreciation	(3,088)	(11,094)	(18,009)	(869,997)	(3,205)	(10,587)
Gross income	**29,280**	**67,486**	**(3,059)**	**1,466,298**	**27,383**	**28,315**
General and administrative expenses	-	(78)	-	(80,547)	(1,978)	(1,645)
Finance income	1,271	3,978	473	265,048	346	2,433
Finance expenses	(10)	(3,577)	(8,445)	(3,475,505)	(1,712)	(11,073)
	30,541	**67,809**	**(11,031)**	**(1,824,706)**	**24,039**	**18,030**
Operational income						
Income tax and social contribution tax	(1,707)	(23,031)	(1,660)	1,812,320	(1,142)	(2,554)
Net income (loss) for the year	**28,834**	**44,778**	**(12,691)**	**(12,386)**	**22,897**	**15,476**
Comprehensive income for the year	-	-	-	-	-	-
Net income (loss) for the year	28,834	44,778	(12,691)	(12,386)	22,897	15,476
Comprehensive income for the year	**28,834**	**44,778**	**(12,691)**	**(12,386)**	**22,897**	**15,476**

2021	Amazônia Energy	Retiro Baixo	Aliança Geração	Aliança Norte	Itaocara
Assets					
Current	101	111,093	727,760	97	4,618
Cash and cash equivalents	101	98,593	378,108	88	4,513
Non-current	1,253,799	321,788	3,364,245	1,149,638	11,292
Total assets	**1,253,900**	**432,881**	**4,092,005**	**1,149,735**	**15,910**
Liabilities					
Current	2,090	37,780	761,742	234	58,291
Loans and financings	-	13,705	101,316	-	-
Non-current	-	49,234	1,472,358	1,554	-
Loans and financings	-	41,086	700,351	-	-
Stockholders' equity (negative)	1,251,810	345,867	1,857,905	1,147,947	(42,381)
Total liabilities and equity (negative)	**1,253,900**	**432,881**	**4,092,005**	**1,149,735**	**15,910**
Statement of income					
Net sales revenue	-	70,221	1,095,636	-	-
Operating costs	(1,647)	(25,532)	(101,761)	(481)	(36,070)
Depreciation	-	(8,848)	(156,802)	-	-
Gross income (loss)	**(1,647)**	**44,689**	**993,875**	**(481)**	**(36,070)**
General and administrative expenses	-	(2,854)	(44,315)	(1,584)	-
Finance income	-	4,332	41,720	8	133
Finance expenses	(1)	(4,777)	(233,424)	(7)	(30,556)
Operational income	**(1,648)**	**41,390**	**757,856**	**(2,064)**	**(66,493)**
Share of (loss) profit, net, of associates and joint ventures	(42,286)	-	-	(38,953)	-
Income tax and Social Contribution tax	-	(13,775)	(252,020)	-	-
Net income (loss) for the year	**(43,934)**	**27,615**	**505,836**	**(41,017)**	**(66,493)**
Comprehensive income for the year					
Net income (loss) for the year	(43,934)	27,615	505,836	(41,017)	(66,493)
Comprehensive income for the period	**(43,934)**	**27,615**	**505,836**	**(41,017)**	**(66,493)**

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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 (‘SAE’) is a wholly owned subsidiary of MESA, SAESA, whose objects are construction, operation and maintenance of the *Santo Antônio* Hydroelectric Plant and its transmission system, for an initially agreed period of 35 years from signature of the concession contract, which took place on June 13, 2008, and was extended for a further 4 years in counterpart to the costs incurred on GSF, in accordance with Law 14,052/2020. The Santo Antônio Hydroelectric Plant began commercial operation in 2012, and reached full generation in December 2016. The shareholders of Mesa include Furnas, Novonor - in Judicial Recovery (previously named Odebrecht Energia), FIP Amazônia (FI-FGTS and Novonor), SAAG, and the Company. As well as its direct shareholding, the Company has an indirect equity interest in Mesa, through SAAG.

On December 31, 2022, MESA reported a negative net working capital in the amount of R$752,010. An important event in the second quarter of 2022 was a cash inflow of R$1,583,098, as a result of the capital increase approved by an Extraordinary General Meeting of Shareholders held for this purpose on April 29, 2022. The proceeds were used almost in their entirety in 3Q22 for payment of the agreements arising from the conclusion of the arbitration proceedings involving the construction consortium and other parties, referred to in more detail below. In relation to the low liquidity in the short term, it should be noted that structurally, 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, MESA has also been adopting actions aimed at readjustment the operational expediture, protecting the exposure to hydrological risks, optimizing the capital structure, and managing the energy operations.

Dilution of Cemig GT’s equity interest in Mesa

On June 7, 2022, the shareholder Furnas subscribed new common shares issued by Mesa, in the amount of R$1,582,552, as a result of the capital increase approved by an Extraordinary General Meeting of Shareholders held on April 29, 2022, and in view of the other shareholders waiving their first refusal rights. With the paying up of the shares subscribed, the equity interest held by Furnas in Mesa increased from 43.06% to 72.36%, diluting the total equity interest held by Cemig GT from 15.51% to 7.53%. This percentage does not take into account the result of the arbitration proceeding CAM 115/2018, described in the next item of this Note.

On July 7, 2022 a Contract to Cancel the Shareholders’ Agreement was signed at the Extraordinary General Meeting of Shareholders of Mesa, resulting in Furnas assuming shareholding control of Mesa. This EGM also decided to change the composition of the Boards of Directors of SAE and Mesa. The number of members of the Board of Directors was maintained (11), but as from that moment Furnas, which previously nominated 3 members and their alternate members, now nominates 7. The Company and SAAG received the right to appoint, jointly, one sitting member and that member’s alternate. The stockholders Novonor and FIP

Amazônia also had the right to nominate, jointly, one sitting member and one alternate member of the Board of Directors. The other two positions continued to be allocated to Independent Board Members. As a result, even with the cancellation of the shareholders' agreement, the position of the Company continued to qualify as significant influence over the investee.

With the capital increase referred to, the shareholders' equity of the investee is now, and thus the conditions that led to the Company recognizing a provision for negative net equity on December 31, 2021, have ceased to exist. Consequently, the Company reversed that provision.

As a result of the changes in the stockholdings in Mesa arising from the above-mentioned capital increase, amendments to the financing instruments of SAE were signed in November 2022, to reflect the guarantees given by the stockholders and their economic groups, making them proportional to the new stockholdings.

Arbitral proceeding CCI-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. (SAE), 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 purchase of energy supply by SAE, due to non-compliance with the timetable for delivery of the works.
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 the main claims of SAE were rejected, as well the main claims of CCSA were granted, and, where applicable, of its co-consortium members against SAE. Also, the arbitration decision initially declared as being without effect the instrument entitled "Terms and Conditions", which was the basis for recognition by the Parties of the "Reimbursable Expenditures", as set out in an explanatory note to the financial statements of SAE, which was the basis for the application for reimbursement of SAE's costs of purchase of energy, on the grounds of non-compliance by CCSA with its timetable for delivery of works.

As well as the granted CCSA claims, that have already been provisioned in SAE 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.

On June 30, 2022 SAE, in a joint petition with Grupo Industrial Complexo Rio Madeira - GICOM, applied for extinction of the Action for Execution of Judgment filed by GICOM, which related to a portion of the amount defined by the Arbitration Judgment, due to an amicable agreement having been reached between the parties. This agreement terminated the action in which GICOM claimed R$645 million.

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On August 4, 2022, a Transaction Agreement was signed between SAE and Grupo Civil, part of CCSA, comprising the companies CNO S.A., Andrade Gutierrez Engenharia S.A. and Novonor Serviços e Participações S.A. - In Judicial Recovery, for definitive termination of the Arbitration Proceeding CCI 21,511/ASM/JPA.

Concomitantly with signature of the agreement, the Parties signed and filed, on August 4, 2022, a joint petition for termination of (a) Arbitration Proceeding CCI 21,511/ASM/JPA, and (b) the Action for Execution of Judgment filed by Grupo Civil, in relation to the claimed amount of R$962 million, which was the remainder of the amount decided by the Arbitration Judgment. On October 3, 2022, SAE paid the final tranche, of R$202,945, under the agreement signed with the construction company Grupo Civil ('GCIVIL'), completing closure of CCI Arbitration Proceeding 21,511/ASM/JPA, and the Action for Compliance with Judgment brought by GCIVIL.

Under the financing contracts signed with the Brazilian Development Bank ('BNDES') and financing contracts under on lending from the BNDES, any obligations arising for SAE under judgments in the arbitration proceedings are to be paid in accordance with the terms of the respective financing contracts.

Thus, the capital increase subscribed and paid up on June 7, 2022 as described above, in the amount of R$1,582,551 was allocated to pay debts arising from Arbitration Judgment CCI-21,511/ASM/JPA, being used for payment of the amounts under the agreement signed with GICOM and Grupo Civil.

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

The share purchase agreement that governed the transaction for acquisition of the shares of SAAG by the Company specifies payment of indemnity to FIP Melbourne by AGPar in the event of any excess cost in Mesa as a result of any causative factor prior to the signature of that agreement. From the conclusion of the transaction in 2014, up to the year 2016, there were extraordinary expenditures, which had to be borne by FIP Melbourne, and which, in FIP Melbourne's understanding, were within the scope of the provision of the share purchase agreement. Since agreement was not reached with AGPar on these questions, FIP Melbourne filed arbitration proceedings with the Brazil-Canada Chamber of Commerce.
The final arbitration judgment was given in January 2021, in favor of FIP Melbourne, and in August 2022 an agreement was signed between the parties to terminate litigation, establishing the updated amount of compensation at R$200 million, which was paid on September 12, 2022.

In proportion to its holding in FIP Melbourne, the Company recognized a receivable of R$160,643, in the income statement for 2022. Additionally, the provision for the put option was adjusted to reflect the receipt by the funds of the amounts in the agreement corresponding to their holding.

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%.

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On December 31, 2022 NESA presents negative net working capital of R$494,493 (R$189,028 on December 31, 2021). According to the estimates and projections, the negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations and/or raising of bank loans.

On September 21, 2015, NESA was awarded a preliminary injunction ordering the grantor to abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an the grantor (Aneel) Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME for the Belo Monte Hydroelectric Plant'. The legal advisors of NESA have classified the probability of loss as 'possible' and estimated the potential loss on December 31, 2022 to R$2,972 million (R$2,832 million on December 31, 2021). The potential impact to the Company is limited to its NESA investment.

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, 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'). The 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.

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.

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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'), which aim to investigate possible irregularities in the investment made by the Company at Guanhães Energia.

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, with no impact on the Company's financial statements.

In the second half of 2019, the Company signed a cooperation agreement with the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ). On December 28, 2022 and February 13, 2023 the SEC and the DOJ (respectively) completed their investigations, without adopting any additional action.

In the end of 2020, the Company began internal procedures for investigation of complaints received from the MPMG, through Official Letters, the content of which refers to alleged irregularities in the purchasing processes. The investigation is being accompanied by an Investigation Committee, with support from specialized advisers.

The independent internal investigation begun in December, 2020 has been concluded in the end of 2021, with receipt of the final report. This was approved by the Investigation Committee and submitted by the Company to the MPMG, which has not yet completed its investigation, no matter was identified that might present a significant impact on the financial statement at December 31, 2022 or on financial statements for prior years. The Company awaits completion of the investigations by the MPMG, and by the Brazilian and international authorities, with whom the report has been shared.

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

Accounting policy

The Company hold investments in affiliated companies, subsidiaries and jointly controlled entities. Control is obtained when the Company and/or one of its subsidiaries has the power to control the financial and operational policies of an entity to receive benefits from its activities.

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These investments are initially recognized at acquisition cost, represented by the total of the consideration transferred, which is calculated on the basis of the fair value on the date of acquisition.

The difference between the amount paid and the amount of the shareholders' equity acquired is recognized in Investments as:

(i) added value, represented by the difference between the fair value of the acquired entity's assets and the value of its shareholders; and
(ii) goodwill premium, when the amount paid is higher than the fair value of the net assets, representing the expectation of generation of future value.

The goodwill premium arising from the acquisition is tested annually for impairment.

Subsequent measurement of these investments is effected by the equity method. After this measurement, the Company evaluates whether there are any indications of possible impairment of the value of its investments. A loss is recognized in the income statement when there is an indication that the impaired value of an investment is lower than its book value.

The financial statements of the associates and jointly controlled entities are prepared for the same disclosure period as those of the Company and its subsidiaries. When necessary, adjustments are made to bring the accounting policies in line with those applied by the Company and its subsidiaries.

The interests in consortiums are accounted for in accordance with CPC 19 (R2)/IFRS 11 - Joint ventures, recognizing these investments for the Company's interest in any assets and liabilities held or assumed jointly. The result of these investments is recognized by the Company's interest in the revenues and expenses of the joint operation.

15. PROPERTY, PLANT AND EQUIPMENT

Consolidated	2022			2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**7,393,963**	**(5,398,094)**	**1,995,869**	**7,328,985**	**(5,216,046)**	**2,112,939**
Land	246,946	(29,140)	217,806	246,523	(25,822)	220,701
Reservoirs, dams and watercourses	3,302,646	(2,432,974)	869,672	3,295,828	(2,352,006)	943,822
Buildings, works and improvements	1,092,172	(858,980)	233,192	1,085,888	(837,918)	247,970
Machinery and equipment	2,724,327	(2,053,238)	671,089	2,667,242	(1,970,649)	696,593
Vehicles	14,970	(13,050)	1,920	20,602	(19,230)	1,372
Furniture and utensils	12,902	(10,712)	2,190	12,902	(10,421)	2,481
Under construction	**360,830**	**-**	**360,830**	**304,586**	**-**	**304,586**
Assets in progress	360,830	-	360,830	304,586	-	304,586
Net PP&E	**7,754,793**	**(5,398,094)**	**2,356,699**	**7,633,571**	**(5,216,046)**	**2,417,525**

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Parent Company	2022			2021		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,194,255**	**(4,743,558)**	**1,450,697**	**6,155,957**	**(4,609,197)**	**1,546,760**
Land	242,323	(28,696)	213,627	241,900	(25,418)	216,482
Reservoirs, dams, watercourses	3,019,053	(2,277,133)	741,920	3,013,067	(2,204,303)	808,764
Buildings, works and improvements	1,002,659	(814,033)	188,626	997,133	(795,789)	201,344
Machinery and equipment	1,902,809	(1,600,347)	302,462	1,870,814	(1,554,440)	316,374
Vehicles	14,752	(12,832)	1,920	20,384	(19,012)	1,372
Furniture and utensils	12,659	(10,517)	2,142	12,659	(10,235)	2,424
Under construction	**106,218**	**-**	**106,218**	**110,086**	**-**	**110,086**
Assets in progress	106,218	-	106,218	110,086	-	110,086
Net PP&E	**6,300,473**	**(4,743,558)**	**1,556,915**	**6,266,043**	**(4,609,197)**	**1,656,846**

Changes in Property, plant and equipment were as follows:

Consolidated	Balance on Dec. 31, 2021	Addition	Reversal of disposals (3)	Transfer (2)	Settled	Depreciation	Balance on December 31, 2022
In service	**2,112,939**	**-**	**-**	**66,913**	**(12,006)**	**(171,977)**	**1,995,869**
Land (1)	220,701	-	-	423	-	(3,318)	217,806
Reservoirs, dams, watercourses	943,822	-	-	7,050	-	(81,200)	869,672
Buildings, works and improvements	247,970	-	-	2,572	-	(17,350)	233,192
Machinery and equipment (4)	696,593	-	-	55,808	(12,006)	(69,306)	671,089
Vehicles	1,372	-	-	1,060	-	(512)	1,920
Furniture and utensils	2,481	-	-	-	-	(291)	2,190
Under construction	**304,586**	**121,657**	**1,500**	**(66,913)**	**-**	**-**	**360,830**
Net PP&E	**2,417,525**	**121,657**	**1,500**	**-**	**(12,006)**	**(171,977)**	**2,356,699**

(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 disposals of works in progress assets with expectation of partial or total cancellation, due to the Company's withdrawn of a previously agreed consortium.
(4) Includes R$8,612 for the write-off of two generators of the jointly-controlled subsidiary Rosal, and R$3,345 relating to the remeasurement of the provision for dismantling of crossover stockholdings in Parajuru and Volta do Rio.

Consolidated	Balance at Dec. 31, 2020	Addition	Reversal of disposals (2)	Corporate restructuring	Transfer (3)	Settled	Depreciation	Balance at Dec. 31, 2021
In service	**2,229,688**	**-**	**-**	**-**	**69,212**	**(14,842)**	**(171,119)**	**2,112,939**
Land (1)	224,151	-	-	-	-	(620)	(2,830)	220,701
Reservoirs, dams, watercourses	1,019,711	-	-	-	4,767	-	(80,656)	943,822
Buildings, works and improvements	264,588	-	-	-	826	(25)	(17,419)	247,970
Machinery and equipment	716,613	-	-	-	63,619	(14,195)	(69,444)	696,593
Vehicles	1,846	-	-	-	-	-	(474)	1,372
Furniture and utensils	2,779	-	-	-	-	(2)	(296)	2,481
Under construction	**175,993**	**181,713**	**15,893**	**199**	**(69,212)**	**-**	**-**	**304,586**
Net PP&E	**2,405,681**	**181,713**	**15,893**	**199**	**-**	**(14,842)**	**(171,119)**	**2,417,525**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession;
(2) Reversal of disposals of works in progress assets with expectation of partial or total cancellation, due to the Company's withdrawn of a previously agreed consortium.
(3) Balance relating to transfers from Assets in progress to Assets in service.

Parent Company	Balance on Dec. 31, 2021	Addition	Reversal of provision (3)	Transfer (2)	Settled	Depreciation	Balance on December 31, 2022
In service	**1,546,760**	**-**	**-**	**27,565**	**(60)**	**(123,568)**	**1,450,697**
Land (1)	216,482	-	-	423	-	(3,278)	213,627
Reservoirs, dams, watercourses	808,764	-	-	6,217	-	(73,061)	741,920
Buildings, works and improvements	201,344	-	-	1,814	-	(14,532)	188,626
Machinery and equipment	316,374	-	-	18,051	(60)	(31,903)	302,462
Vehicles	1,372	-	-	1,060	-	(512)	1,920
Furniture and utensils	2,424	-	-	-	-	(282)	2,142
Under construction	**110,086**	**22,192**	**1,505**	**(27,565)**	**-**	**-**	**106,218**
Net PP&E	**1,656,846**	**22,192**	**1,505**	**-**	**(60)**	**(123,568)**	**1,556,915**

(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.

Parent Company	Balance at Dec. 31, 2020	Addition	Reversal of provision (2)	Contribution (3)	Transfer (4)	Settled	Depreciation	Balance at Dec. 31, 2021
In service	**1,658,571**	**-**	**-**	**(1,443)**	**14,862**	**(747)**	**(124,483)**	**1,546,760**
Land (1)	219,915	-	-	(24)	-	(620)	(2,789)	216,482
Reservoirs, dams, watercourses	880,749	-	-	(83)	651	-	(72,553)	808,764
Buildings, works and improvements	215,943	-	-	(8)	65	(25)	(14,631)	201,344
Machinery and equipment	337,407	-	-	(1,328)	14,146	(100)	(33,751)	316,374
Vehicles	1,846	-	-	-	-	-	(474)	1,372
Furniture and utensils	2,711	-	-	-	-	(2)	(285)	2,424
Under construction	**114,568**	**68,432**	**15,893**	**(73,945)**	**(14,862)**	**-**	**-**	**110,086**
Net PP&E	**1,773,139**	**68,432**	**15,893**	**(75,388)**	**-**	**(747)**	**(124,483)**	**1,656,846**

(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) 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;
(3) 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. In 3Q21 the Company transferred to this investee, as an advance against future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash;
(4) Balance relating to transfers from Assets in progress to Assets in service.

The average annual depreciation rate for the Company and its subsidiaries is 3.05%. Depreciation rates, which take into consideration the expected useful life of the assets, are revised annually by Management and are as follows:

Generation	(%)	Administration	(%)
Reservoirs, dams and watercourses	2.00	Vehicles	14.29
Buildings - Machine room	2.00	IT equipment in general	16.67
Buildings - Other	3.33	General equipment	6.25
Generator	3.33	Buildings - Other	3.33
Water turbine	2.50		
Pressure tunnel	3.13		
Command station, panel and cubicle	3.57		
Town planning and improvements	3.33		

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be reimbursed to the Company - except for the concession contracts related to Lot D of Auction 12/2015. Management believes that the indemnity of these assets will be greater than the amount of their historic cost, after depreciation over their useful lives.

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The residual value of the assets is the residual balance of the assets at the end of the concession contract which will be transferred to the grantor at the end of the concession contract and for which the Company is entitled to receive in cash. For contracts under which the Company does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

Consortium

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

Consolidated and Parent Company	Stake in power output, %	Average annual depreciation rate %	2022	2021
In service				
Queimado Power Plant	82.50	3.94	220,096	220,009
Depreciation			(134,524)	(126,583)
Total in service			**85,572**	**93,426**
In progress				
Queimado Power Plant	82.50	-	1,962	43
Total in progress			**1,962**	**43**
Total			**87,534**	**93,469**

Accounting policy

These are valued at the cost incurred on the date of their acquisition or formation, including deemed cost, decommissioning costs and capitalized borrowing costs, less accumulated depreciation and impairment, if there is.

Depreciation is calculated on the balance of property, plant and equipment in service and investments in consortia, by the straight-line method, using the rates that reflect the estimated useful life of the assets, for assets related to the energy activities, limited in certain circumstances to the periods of the related concession contracts.

Gains and losses resulting from the disposal of a property, plant and equipment, are measured as the difference between the net proceeds obtained from the sale and the asset's book value and are recognized in the Statements of income when the asset is disposed of.

Material components of certain assets that are replaced during the useful life of the principal asset are recognized separately and depreciated over the estimate period, until their replacement. Expenses on periodic maintenance are recognized in the income statement as and when incurred.

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Impairment

At the end of each reporting period management evaluates whether there have been any events or alterations in the economic, operational or technological circumstances of their assets or Cash Generating Units (Unidades Geradoras de Caixa - UGCs) that could indicate any partial or total impairment. If any such evidence is found, the Company estimates the recoverable value of the asset or UGC and, and when the net book value exceeds the recoverable value, a provision is made for impairment, adjusting the net book value to the recoverable value. In this case, the recoverable value of a given asset or cash generating unit is defined as being the greater of the value in use or the net value for sale.

16. INTANGIBLE ASSETS

Consolidated	December 31, 2022			December 31, 2021		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**1,327,508**	**(375,092)**	**952,416**	**1,326,989**	**(226,203)**	**1,100,786**
Temporary easements	14,692	(5,405)	9,287	14,692	(4,726)	9,966
Paid concession	13,599	(9,116)	4,483	13,599	(8,491)	5,108
Assets of the concession (1)	202,337	(97,283)	105,054	202,338	(85,892)	116,446
Assets of the concession - GSF	1,031,810	(199,809)	832,001	1,031,809	(65,744)	966,065
Others	65,070	(63,479)	1,591	64,551	(61,350)	3,201
Under construction	**21,753**	**-**	**21,753**	**12,126**	**-**	**12,126**
Assets in progress	21,753	-	21,753	12,126	-	12,126
Net intangible assets	**1,349,261**	**(375,092)**	**974,169**	**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$105,054, 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	December 31, 2022			December 31, 2021		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**893,415**	**(254,972)**	**638,443**	**892,909**	**(131,617)**	**761,292**
Temporary easements	11,451	(5,038)	6,413	11,451	(4,481)	6,970
Paid concession	11,720	(7,642)	4,078	11,720	(7,171)	4,549
Assets of the concession - GSF	805,613	(179,120)	626,493	805,613	(58,845)	746,768
Others	64,631	(63,172)	1,459	64,125	(61,120)	3,005
Under construction	**21,650**	**-**	**21,650**	**12,113**	**-**	**12,113**
Assets in progress	21,650	-	21,650	12,113	-	12,113
Net intangible assets	**915,065**	**(254,972)**	**660,093**	**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 December 31, 2022
In service	**1,100,786**	**-**	**520**	**(148,890)**	**952,416**
Temporary easements	9,966	-	-	(679)	9,287
Paid concessions	5,108	-	-	(625)	4,483
Assets of the concession	116,446	-	-	(11,392)	105,054
Assets of the concession - GSF	966,065	-	-	(134,064)	832,001
Others	3,201	-	520	(2,130)	1,591
Under construction	**12,126**	**10,147**	**(520)**	**-**	**21,753**
Assets in progress	12,126	10,147	(520)	-	21,753
Total	**1,112,912**	**10,147**	**-**	**(148,890)**	**974,169**

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

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Consolidated	Balance at December 31, 2020	Addition	Capitalization / Transfer (1)	Settled	Amortization	Balance at December 31, 2021
In service	**148,027**	**1,031,809**	**1,806**	**(151)**	**(80,705)**	**1,100,786**
Temporary easements	9,172	-	1,475	-	(681)	9,966
Paid concessions	5,881	-	-	(151)	(622)	5,108
Assets of the concession	127,841	-	-	-	(11,395)	116,446
Assets of the concession - GSF		1,031,809	-	-	(65,744)	966,065
Others	5,133	-	331	-	(2,263)	3,201
Under construction	**8,459**	**5,473**	**(1,806)**	**-**	**-**	**12,126**
Assets in progress	8,459	5,473	(1,806)	-	-	12,126
Total	**156,486**	**1,037,282**	**-**	**(151)**	**(80,705)**	**1,112,912**

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

Parent Company	Balance on December 31, 2021	Addition	Capitalization / Transfer (1)	Amortization	Balance on December 31, 2022
In service	**761,292**	**-**	**507**	**(123,356)**	**638,443**
Temporary easements	6,970	-	-	(557)	6,413
Paid concessions	4,549	-	-	(471)	4,078
Assets of the concession - GSF	746,768	-	-	(120,275)	626,493
Others	3,005	-	507	(2,053)	1,459
Under construction	**12,113**	**10,044**	**(507)**	**-**	**21,650**
Assets in progress	12,113	10,044	(507)	-	21,650
Total	**773,405**	**10,044**	**-**	**(123,356)**	**660,093**

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

Parent Company	Balance at December 31, 2020	Addition	Contribution (1)	Capitalization / Transfer (2)	Settled	Amortization	Balance at December 31, 2021
In service	**18,281**	**805,613**	**(2,095)**	**1,790**	**(151)**	**(62,146)**	**761,292**
Temporary easements	7,528	-	(1,475)	1,475	-	(558)	6,970
Paid concessions	5,881	-	(620)	-	(151)	(561)	4,549
Assets of the concession - GSF		805,613	-	-	-	(58,845)	746,768
Others	4,872	-	-	315	-	(2,182)	3,005
Under construction	**8,443**	**5,460**	**-**	**(1,790)**	**-**	**-**	**12,113**
Assets in progress	8,443	5,460	-	(1,790)	-	-	12,113
Total	**26,724**	**811,073**	**(2,095)**	**-**	**(151)**	**(62,146)**	**773,405**

(1) 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. In 3Q21 the Company transferred to this investee, as an advance fot future capital increase, the assets related to the Poço Fundo Small Hydro Plant, in the amount of R$77,483, as well as the amount of R$20,000, in cash.
(2) Balance relating to transfers from Assets in progress to Assets in service.

Taking into account the useful life of the related assets, the average annual amortization rate of the Company and its subsidiares is 10.84%.

Renegotiation of hydrological risk - the Generation Scaling Factor (GSF)

On September 9, 2020, the Law 14,052 was issued, changing the Law 13,203/2015 and establishing new conditions for renegotiation of hydrological risk in relation to the portion of costs incurred due to the GSF, borne by the holders of hydroelectric plants participating in the Energy Reallocation Mechanism (MRE) between 2012 and 2017.

The aim of this new law is to compensate the holders of hydroelectric plants participating in the MRE for non-hydrological risks caused by:

(i) generation ventures classified as structural, related to bringing forward of physical guarantee of the plants;

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(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.

On August 03, 2021, Aneel ratified, through the Resolution n. 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 n. 684/2015 and were not covered by the Resolution n. 2,919/2021. The values ratified are aligned with the Company estimations, based on the Resolution Aneel n. 895/2020.

With the signing by the Company of the Term of Acceptance under the terms of Law No. 14.052/2020,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 Resolution (ReH) 2,932/2021, including Irapé and Queimado, for which the extension were under discussion with the Grator, 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
Theodomiro Carneiro Santiago (formely 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 14,052/2020 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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Operating Licenses

The generation plants of the Company and its subsidiaries are undergoing the processes of obtaining and renewal of Operating Licenses, in accordance with the legal requirements laid down by Copam Normative Decision 217/2017.

In 2022 Installation Licenses were obtained for the following generation plants: the Irapé, Santa Luzia, Jacutinga, Salto Grande, Salto Voltão, and Salto do Passo Velho hydroelectric plants; and the Volta do Rio wind generation plant. The initial expenditures on preparation of the environmental studies, made over a number of years, were appropriated in expenses. The other expenditures on environmental requirements, related to the legal and regulatory requirements after the projects started operation, are being calculated and estimated for provisioning with a counterpart in Intangible assets in the year 2023.

Accounting policy

Intangible assets comprise, mainly, the assets related to concession contracts for services described above and software. Intangible assets are stated at cost, less amortization, and any accumulated impairments when applicable.

Any gain or loss arising upon derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statements of income.

17. LEASING

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

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The discount rates were obtained based on the incremental rates, 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/2021 to December/2022 (1)		
Up to five years	6.43	0.52
Six to ten years	6.54	0.53
Eleven to fifteen years	6.58	0.54
Sixteen to thirty years	6.60	0.54

(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.

a) Changes in right of use

Consolidated	Real estate property	Vehicles	Total
Balances at December 31, 2020	**37,724**	**4,160**	**41,884**
Settled (closed contracts)	(700)	-	(700)
Addition	54	-	54
Right of use received in corporate restructuring	79	-	79
Amortization (1)	(1,509)	(6,229)	(7,738)
Remeasurement (2)	1,362	6,923	8,285
Balances at December 31, 2021	**37,010**	**4,854**	**41,864**
Settled (closed contracts)	(40)	-	(40)
Addition	58	17,286	17,344
Amortization (1)	(1,611)	(6,026)	(7,637)
Remeasurement (2)	3,524	2,164	5,688
Balances at December 31, 2022	**38,941**	**18,278**	**57,219**

Parent Company	Real estate property	Vehicles	Total
Balances at December 31, 2020	**36,432**	**3,586**	**40,018**
Settled (closed contracts)	(700)	-	(700)
Addition	54	-	54
Amortization (1)	(1,448)	(5,650)	(7,098)
Remeasurement (2)	1,237	6,916	8,153
Balances at December 31, 2021	**35,575**	**4,852**	**40,427**
Settled (closed contracts)	(40)	-	(40)
Addition	58	17,113	17,171
Amortization (1)	(1,547)	(5,450)	(6,997)
Remeasurement (2)	3,392	1,540	4,932
Balances at December 31, 2022	**37,438**	**18,055**	**55,493**

(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$117, for the consolidated and R$116 for the individual financial statement, for 2022 (R$108 for the consolidated and R$106 for the individual financial statement, for 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.

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b) Changes in lease liabilities

	Consolidated	Parent Company
Balances on December 31, 2020	**44,543**	**42,586**
Settled (closed contracts)	(572)	(572)
Addition	54	54
Lease liabilities received in corporate restructuring	83	-
Accrued interest (1)	5,210	5,004
Payment of principal portion of lease liability	(11,611)	(10,806)
Payment of interest	(542)	(493)
Remeasurement (2)	8,285	8,153
Balances on December 31, 2021	**45,450**	**43,926**
Settled (closed contracts)	(45)	(48)
Addition	17,344	17,171
Accrued interest (1)	5,623	5,394
Payment of principal portion of lease liability	(11,094)	(10,341)
Payment of interest	(597)	(533)
Remeasurement (2)	5,686	4,932
Balances on December 31, 2022	**62,367**	**60,501**
Current liabilities	**9,893**	**9,592**
Non-current liabilities	**52,474**	**50,909**

(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$377 and R$373, for 2022, for the consolidated and individual financial statement, respectively (R$354 and R$351 for 2022, for the consolidated and individual financial statement, 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	154,741	62,367	149,548	60,501
Potential PIS/Pasep and Cofins (9.25%)	11,998	3,941	11,871	3,900

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

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

	Consolidated (Nominal)	Parent Company (Nominal)
2023	10,417	10,100
2024	10,342	10,085
2025	10,334	10,077
2026	10,334	10,077
2027	9,045	8,794
2028 a 2045	104,269	100,415
Undiscounted values	**154,741**	**149,548**
Embedded interest	(92,374)	(89,047)
Lease liabilities	**62,367**	**60,501**

Accounting policy

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The contracts that contain a lease component are described in this note.

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At the date of start of the leasing operation, the lessee recognizes a liability to make the payments (a leasing liability) and an asset, representing the right to use the subject asset during the period of the leasing (an asset of right to use).

Right of use assets

Right of use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as described in this note.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognize separately the expenses of interest on the leasing liability and the expense of depreciation of the asset of the right to use.

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Leasings for a short period or of assets of low value

The Company applies the exemption from recognition of leasing agreements of short duration, that is to say where the leasing period is 12 months or less from the start date, without option to purchase, and for goods of low value. Payments for leasing agreements for short periods and for assets of low value are recognized as expenses by the straight-line method over the period of the leasing agreement.

18. SUPPLIERS

	Consolidated		Parent Company	
	2022	Dec. 31, 2021	2022	Dec. 31, 2021
Wholesale supply, and transport of supply (1)	387,125	288,869	378,857	283,389
Materials and services	115,985	94,917	69,764	50,990
	503,110	**383,786**	**448,621**	**334,379**

(1) This includes an estimate for purchase of energy in the Free Market, which varied significantly in the period, mainly due the effect of new contracts in the 2022 business year, increasing the volume of energy purchased, and also price adjustments to then existing contracts.

19. TAXES PAYABLE

	Consolidated		Parent Company	
	2022	Dec. 31, 2021	2022	Dec. 31, 2021
Current				
ICMS (value added) tax	18,939	22,797	13,890	17,910
Pasep tax (1)	20,122	14,336	17,992	12,242
Cofins tax (1)	91,834	64,946	82,938	56,360
Social security contributions	13,417	10,337	8,212	6,497
ISS tax on services	4,254	2,439	2,596	1,857
Others (2)	27,686	29,532	5,807	28,881
	176,252	**144,387**	**131,435**	**123,747**
Non-current				
Pasep tax (1)	64,476	59,582	62,176	57,923
Cofins tax (1)	296,825	274,465	286,397	266,807
	361,301	**334,047**	**348,573**	**324,730**
	537,553	**478,434**	**480,008**	**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 13.

(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.

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20. LOANS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated and Parent Company - December 31, 2022			Consolidated and Parent Company - December 31, 2021
				Current	Non-current	Total	
FOREIGN CURRENCY							
Eurobonds (1)	2024	9.25%	USD	29,815	3,945,156	3,974,971	5,622,673
(-) Transaction costs				-	(5,743)	(5,743)	(8,220)
(+/-) Funds advanced (2)				-	(9,423)	(9,423)	(13,356)
Total of loans				**29,815**	**3,929,990**	**3,959,805**	**5,601,097**
Debentures - 3rd Issue, 3rd Series (3)	2022	IPCA + 6.20%	R$	-	-	-	428,367
Debentures - 9rd Issue, 1rd Series (4)	2027	CDI + 1.33%	R$	3,185	700,000	703,185	-
Debentures - 9rd Issue, 2rd Series (4)	2029	IPCA + 7.6245%	R$	707	301,509	302,216	-
(-) Transaction costs				-	(6,140)	(6,140)	(4)
Total, debentures				**3,892**	**995,369**	**999,261**	**428,363**
Overall total				**33,707**	**4,925,359**	**4,959,066**	**6,029,460**

(1) In December 2022, the Company carried out a partial buyback of its debt securities in the external market (Eurobonds), in the principal amount of US$250 million (US$500 in August 2021). 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.
(3) In February 2022 the Company amortized the Third Series of its Third Debenture Issue.
(4) In December 2022, the Company completed settlement of its 9th Issue of non-convertible debentures. There are more details on this transaction later in this Note.

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

Partial repurchase of Eurobonds - Tender Offer

On November 28, 2022, the Company opened the second phase of its Cash Tender Offer to acquire its debt securities issued in the external market, maturing 2024, with 9.25% annual coupon, in the principal amount of US$250 million.

The following table shows the structure of the tender offer accepted by the investors in the settlements of the Eurobonds and the derivative financial instruments:

	%	US$ (thousands)	R$ (thousands)
Valor principal (1)	100	243,890	1,296,672
Prêmio mercado + *Tender*	3.08	7,522	40,013
Deságio Prêmio	0.02	(60)	(311)
Juros provisionados	0.41	1,008	5,362
		252,360	**1,341,736**
IOF incidente sobre o prêmio	0.02	29	152
Imposto de renda incidente sobre o prêmio	0.54	1,327	7,061
Imposto de renda incidente sobre os juros provisionados (2)	0.07	175	946
		1,531	**8,159**
Total de pagamentos		**253,891**	**1,349,895**
Desfazimento parcial do hedge		-	(191,689)
Ajuste positivo da NDF (3)		-	(32,012)
Total		**253,891**	**1,126,194**

(1) The second tranche of the Tender Offer expired on December 23, 2022. A total of US$243,890 thousand was subject to acceptance by investors, of which US$240,702 thousand were previously settled on December 21, 2022, considering the acceptances made by investors up to December 9, 2022 (Early Tender). The remaining amount of US$3,188 thousand was accepted by investors after the Early Tender.
(2) Noteholders who validated their Notes up to the First Tender Offer Time were eligible to receive $1,031.25 for every $1,000 of principal amount. For holders who validated their Notes after the First Tender Offer Time, but still within the expiration date, were eligible to receive U$981.25 for every US$1,000 of principal amount.
(3) Difference between the dollar PTAX on the purchase date (R$5.2040) and the financial instrument - NDF, protecting against foreign exchange, with the dollar purchase cap of R$5.3183.

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Funding raised

On December 22, 2022, the Company completed all procedures related to the financial settlement of its 9th Issue of non-convertible debentures, without asset guarantee and with additional surety guarantee, in two Series, for a total of R$1,000,000, which were the subject of a public offering for distribution, with restricted placement efforts, in accordance with CVM regulations.

The following were placed in this Restricted Offering:

(i) First Series: 700,000 Debentures, with total amount of R$700,000, remuneration at the CDI rate plus 1.33%, and maturity at five years, the proceeds to be allocated to strengthening the Company's cash position; and
(ii) Second Series: 300,000 Debentures, with total amount of R$300,000, remuneration by the IPCA inflation index plus 7.6245%, maturity at 7 years, the proceeds to be allocated to reimbursement of expenses related to a project for generation of renewable energy and energy efficiency considered as priority for the purposes of Law 12431/2011 as amended - as a result of which the Debentures of the Second Series are characterized as "green debentures".

We note, additionally, that Fitch Ratings allocated a credit risk of Aa+(bra) to this issue.

Financing source	Entry date	Principal maturity	Financial cost	Valor
Brazilian currency				
Debentures - 9rd Issue, 1rd Series	December, 2022	2027	CDI plus 1.33%	700,000
Debentures - 9rd Issue, 2rd Series	December, 2022	2029	IPCA plus 7.6245%	300,000
(-) Transaction costs				(6,132)
total borrowings				**993,868**

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 debentures guaranteed by the parent company, Cemig on December 31, 2022 were as follows:

Consolidated	December 31, 2022
Surety guarantees	3,959,805
Fiança	999,261
Total	**4,959,066**

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

Consolidated and Parent Company	2023	2024	2025	2026	2027	2028 onwards	Total
Currency							
US dollar	29,815	3,945,156	-	-	-	-	3,974,971
Total, currency-denominated	**29,815**	**3,945,156**	**-**	**-**	**-**	**-**	**3,974,971**
IPCA (1)	707	-	-	-	-	301,509	302,216
CDI (2)	3,185	-	233,334	233,333	233,333	-	703,185
Total by indexers	**3,892**	**-**	**233,334**	**233,333**	**233,333**	**301,509**	**1,005,401**
(-) Transaction costs	-	(5,743)	(1,432)	(1,432)	(1,432)	(1,844)	(11,883)
(+/-) Funds advanced	-	(9,423)	-	-	-	-	(9,423)
Overall total	**33,707**	**3,929,990**	**231,902**	**231,901**	**231,901**	**299,665**	**4,959,066**

(1) IPCA ('Expanded Consumer Price') Inflation Index.
(2) CDI: Interbank Rate for Certificates of Deposit

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

Currency	Accumulated change on 2022 (%)	Accumulated change on 2021 (%)	Indexer	Accumulated change on 2022 (%)	Accumulated change on 2021 (%)
US dollar	(6,50)	7,39	IPCA	5,79	10,06
			CDI	12,39	4,39

The changes in loans and debentures are as follows:

	Consolidated and Parent Company
Balances on December 31, 2020	**8,885,711**
Monetary variation	44,757
Exchange rate variations	353,950
Financial charges provisioned	803,935
Discount and premium on repurchase of debt securities (*Eurobonds*)	491,037
Amortization of transaction cost	16,359
Financial charges paid (1)	(1,317,097)
Amortization of financing	(3,249,192)
Balances on December 31, 2021	**6,029,460**
Loans obtained	1,000,000
Transaction costs	(6,132)
Loans obtained, net	**993,868**
Monetary variation	4,569
Exchange rate variations	(338,265)
Financial charges provisioned	548,186
Discount and premium on repurchase of debt securities (*Eurobonds*)	46,763
Amortization of transaction cost	2,514
Financial charges paid	(621,439)
Amortization of financing	(1,706,590)
Balances on December 31, 2022	**4,959,066**

(1) The amount of income tax at source related to the premium on the buyback of the Eurobonds, and on provisioned interest, was offset with credits of PIS/Pasep and Cofins taxes, in the amounts of R$80,643 in 2021.

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").

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

Security	Covenant	Ratio required - Cemig GT	Ratio required --- Cemig (guarantor)	Compliance required
Eurobonds (1)	Net debt / (Ebitda adjusted for the Covenant) (2)	The following, or less: 2.5 on/after Dec. 31, 2021	Ratio to be the following, or less: 3.0 on/after December 31, 2021	Half-yearly and annual
9th Issue of debentures 1st and 2nd series (3)	Net debt / (Ebitda adjusted for the Covenant) (2)	The following, or less: 3.5 on/after December 31, 2022	Ratio to be the following, or less: 3.0 on/after December 31, 2022 up to June 30, 2026 3.5 on/after December 31, 2026	Half-yearly and annual

(1) In the event of overrun of the financial maintenance covenants, interest will automatically be increased by 2% p.a. during the period in which they remain exceeded. There is also an obligation to comply with a 'debt maintenance covenant', involving asset collateral of 2.0x Cemig's consolidated Ebitda (1.75x at Dec. 2017); and an 'incurrence' covenant comprising an asset guarantee in the Company of 1.5x Ebitda

(2) Ebitda is defined as: (i) Profit before interest, income tax and Social Contribution tax on profit; depreciation; and amortization, calculated in accordance with CVM Resolution 156, of June 23, 2022; - less: (ii) non-operational profit; any non-recurring non-monetary credits or gains that increase net income; any payments in cash made on consolidated basis during the period relating to non-monetary charges that were newly added in the calculation of Ebitda in any prior period; and any non-recurring non-monetary expenses or charges.

(3) Noncompliance with financial covenants leads to early maturity, creating immediate demandability of payment by the Company of the Nominal Unit Value or the Updated Nominal Unit Value (as the case may be) of the debentures, plus any other charges due, without the need for notification or any action through the courts or otherwise.

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

On December 31, 2021, 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 29.

21. REGULATORY CHARGES

	Consolidated		Parent Company	
	2022	Dec. 31, 2021	2022	Dec. 31, 2021
Liabilities				
Global reversion reserve (RGR)	3,320	3,529	-	-
Royalties for use of water resources (CFURH)	10,424	5,374	6,698	2,227
Energy development account (CDE)	80,814	63,060	80,814	63,060
Electricity services inspection charge (TFSEE)	789	717	713	641
Alternative power source program (Proinfa)	10,291	16,623	10,291	16,623
National scientific and technological development fund (FNDCT)	1,367	1,120	751	577
Research and development (P&D)	13,179	22,103	4,193	16,166
Energy system expansion research	823	699	515	428
Energy development account (CDE) on Research and development (P&D)	540	476	382	330
	121,547	**113,701**	**104,357**	**100,052**
Current liabilities	**116,248**	**111,160**	**104,357**	**100,052**
Non-current liabilities	**5,299**	**2,541**	**-**	**-**

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22. POST-EMPLOYMENT OBLIGATIONS

The Forluz Pension plan (a supplementary retirement pension plan)

The Company is one of the sponsors of the Forluminas Social Security Foundation (Forluz), a non-profit legal entity whose object is to provide its associates and participants and their dependents with a finance income to complement retirement and pension in accordance with the pension plan that they are subscribed in.

Forluz provides the following supplementary pension benefit plans available to its participants:

Mixed Benefit Plan ('Plan B'): This plan operates as a defined-contribution plan in the fund accumulation phase for retirement benefits for normal time of service, and as a defined-benefit plan for disability or death of participants still in active employment, and for receipt of benefits for time of contribution. The Sponsors match the basic monthly contributions of the participants. This is the only plan open for joining by new participants. The actuarial risks related to Plan B occur only as from the option for the lifetime benefit at the moment of the participant's retirement. In this specific case the responsibility for the risk of insufficiency of reserves for coverage of the benefits (deficits) is in parity between sponsors and participants.

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

Independently of the plans made available by Forluz, the Company maintains contributes to a health plan and a dental plan for the active employees, retired employees and dependents, administered by Cemig Saúde.

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.

However, as a result of the amendment in the Collective Work 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.

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On February 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) filed an injunction ordering the Company to comply with and maintain in full the same terms relating to coverage of the life insurance premium as were previously practiced. However, the Regional Employment Law Appeal Court of the 3rd Region refused the request for urgency, on the grounds that it was a dispute involving the validity of a collective rule. In view of this, the Company's legal advisers assessed the chances of loss in this legal action as 'remote'.

Actuarial obligations and recognition in the financial statements

On this Note the Company discloses its obligations and expenses incurred for purposes of the Retirement Plan, Health Plan, Dental Plan and the Life Insurance Plan in accordance with terms of IAS 19/CPC 33 R1 - *Employee Benefit*s (*Benefícios a Empregados*), and the independent actuarial opinion issued as of December 31, 2022.

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 December 31, 2022 the total amount payable by the Company was R$123,843 (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$82,343, and up to 2033 for the 2017 deficit, in the amount of R$41,500. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

Deposits on consignment to Forluz

Resolution of the 2019 deficit

In December 2020, in accordance with legislation, Forluz sent Cemig a proposal for the signing of a new Debt Assumption Instrument between Forluz and the sponsors Cemig, Cemig GT and Cemig D, in accordance with the plan to cover the deficit of Plan A, which occurred in 2019. The total amount to be paid by the Company as a result of the deficit found in Plan A, without considering parity of contribution, is R$36,304, through 166 monthly installments. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

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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$3,765 in consignment (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.

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

Resolution of the 2020 deficit

On March 31, 2022, in view of the divergences mentioned in the previous item, payment in consignation of the 2020 deficit of Plan A was begun, with deposit of the first tranche, limited to 50% of the amounts specified in the Plan proposed by Forluz, in obedience to the constitutional rule of parity of contribution. Forluz appealed, exercising its procedural right, on April 18, 2022. The amount deposited by the Company, on December 31, 2022, was R$2,462, which will be held in escrow, available to Forluz, by an official bank.

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

Debt with the pension fund (Forluz)

On December 31, 2022 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$56,892 (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.

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Actuarial information

2022	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total (consolidated)
Present value of the obligations	2,516,021	714,248	13,138	3,243,407
Fair value of plan assets	(2,078,424)	-	-	(2,078,424)
Initial net liabilities	**437,597**	**714,248**	**13,138**	**1,164,983**
Adjustment to asset ceiling	31,463	-	-	31,463
Net liabilities in the statement of financial position	**469,060**	**714,248**	**13,138**	**1,196,446**

2021	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total (consolidated)
Present value of the obligations	2,669,508	744,895	14,207	3,428,610
Fair value of plan assets	(2,127,603)	-	-	(2,127,603)
Initial net liabilities	**541,905**	**744,895**	**14,207**	**1,301,007**
Adjustment to asset ceiling	6,207	-	-	6,207
Net liabilities in the statement of financial position	**548,112**	**744,895**	**14,207**	**1,307,214**

The asset ceiling is the present value of any economic benefits available in the form of restitutions coming from the plan or reductions in future contributions to the plan.

The present value of the liabilities of the pension plan is adjusted to the asset ceiling, which corresponds to the surplus result of Plan B, which has a specific destination allocation under the regulations of the National Private Pension Plans Council (CNPC).

The changes in the present value of the defined benefit obligation are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Defined-benefit obligation at December 31, 2020	**2,980,490**	**717,713**	**13,891**	**120,823**	**3,832,917**
Cost of current service	523	5,063	128	797	6,511
Past service cost (1)	-	-	-	(91,290)	(91,290)
Interest on the actuarial obligation	198,471	49,945	984	8,610	258,010
Actuarial losses (gains):					
Due to changes in demographic assumptions	87,395	26,382	237	(3,456)	110,558
Due to changes in financial assumptions	(545,827)	(52,058)	(978)	(27,351)	(626,214)
Due to adjustments based on experience	160,152	35,993	600	(5,759)	190,986
	(298,280)	**10,317**	**(141)**	**(36,566)**	**(324,670)**
Benefits paid	(211,696)	(38,143)	(655)	(2,374)	(252,868)
Defined-benefit obligation at December 31, 2021	**2,669,508**	**744,895**	**14,207**	**-**	**3,428,610**
Cost of current service	465	3,762	94	-	4,321
Past service cost (2)	(1,242)	-	-	-	(1,242)
Interest on the actuarial obligation	272,283	77,750	1,483	-	351,516
Actuarial losses (gains):					
Due to changes in demographic assumptions	(2,246)	(240)	21	-	(2,465)
Due to changes in financial assumptions	(191,868)	(65,232)	(1,183)	-	(258,283)
Due to adjustments based on experience	1,976	(1,249)	(685)	-	42
	(192,138)	**(66,721)**	**(1,847)**	**-**	**(260,706)**
Benefits paid	(232,855)	(45,438)	(799)	-	(279,092)
Defined-benefit obligation at December 31, 2022	**2,516,021**	**714,248**	**13,138**	**-**	**3,243,407**

(1) Due to the alterations made in the Collective Work Agreement for 2021-23, for offer and payment of life insurance for the employees and former employees, the post-employment benefit was entirely canceled, and, in this way, the Company wrote off the balance of the obligation.

(2) Refers to the alterations of the conditions in Plan B for applying for Improvement of Pension for Time of Contribution, or due to Special Reasons, or Age.

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Changes in the fair values of the plan assets are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans
Fair value of the plan assets at December 31, 2020	**2,380,823**
Real return on the investments	(94,877)
Contributions from the employer	53,353
Benefits paid	(211,696)
Fair value of the plan assets at December 31, 2021	**2,127,603**
Real return on the investments	122,129
Contributions from the employer	61,547
Benefits paid	(232,855)
Fair value of the plan assets at December 31, 2022	**2,078,424**

Changes in net liabilities were as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2020	**605,258**	**717,713**	**13,891**	**120,823**	**1,457,685**
Expense recognized in Statement of income	41,878	55,008	1,112	9,407	107,405
Past service cost	-	-	-	(91,290)	(91,290)
Contributions paid	(53,353)	(38,143)	(655)	(2,374)	(94,525)
Actuarial gains (losses)	(45,671)	10,317	(141)	(36,566)	(72,061)
Net liabilities at December 31, 2021	**548,112**	**744,895**	**14,207**	**-**	**1,307,214**
Expense recognized in Statement of income	58,544	81,512	1,577	-	141,633
Past service cost	(1,242)	-	-	-	(1,242)
Contributions paid	(61,547)	(45,438)	(799)	-	(107,784)
Actuarial gains (losses)	(74,807)	(66,721)	(1,847)	-	(143,375)
Net liabilities at December 31, 2022	**469,060**	**714,248**	**13,138**	**-**	**1,196,446**
				2022	**2021**
Current liabilities				**84,377**	**75,257**
Non-current liabilities				**1,112,069**	**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, totaling R$131,395 for the year ended December 31, 2022 (R$364 for the year ended December 31, 2021), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$8,996 for the year ended December 31, 2022 (R$15,751 for year ended December 31, 2021).

The amounts recognized in Statement of income are as follows:

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Cost of current service	465	3,762	94	4,321
Past service cost	(1,242)	-	-	(1,242)
Interest on the actuarial obligation	272,283	77,750	1,483	351,516
Return on the assets of the plan	(214,204)	-	-	(214,204)
Total expense in 2022 according to actuarial calculation	**57,302**	**81,512**	**1,577**	**140,391**

Consolidated and Parent Company	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Cost of current service	523	5,063	128	797	6,511
Past service cost	-	-	-	(91,290)	(91,290)
Interest on the actuarial obligation	198,471	49,945	984	8,610	258,010
Return on the assets of the plan	(157,116)	-	-	-	(157,116)
Total expense in 2021 according to actuarial calculation	**41,878**	**55,008**	**1,112**	**(81,883)**	**16,115**

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Sensitivity analysis and estimates for the following year

The independent actuary's estimation for the expense to be recognized for 2023 is as follows:

Consolidated	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Cost of current service	74	3.400	91	3.565
Interest on the actuarial obligation	281.861	81.741	1.506	365.108
Expected return on the assets of the Plan	(226.844)	-	-	(226.844)
Estimate of total expense in 2023 as per actuarial calculation report	**55.091**	**85.141**	**1.597**	**141.829**

The expectation for payment of benefits for 2023 is as follows:

Consolidated	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Estimate of payment of benefits	**241,360**	**47,761**	**834**	**289,955**

The Company has expectation of contribution to the pension fund in 2023 of R$58,919 for amortization of the deficit in Plan A, and of R$23,238 to the Defined Contribution plan (recorded directly in the Statements of income for the year).

Sensitivity of changes in main actuarial assumptions used to determine the defined-benefit obligation, on December 31, 2022:

Effects on the defined-benefit obligation	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Total
Reduction of one year in the mortality table	51,373	11,545	209	**63,127**
Increase of one year in the mortality table	(52,418)	(11,841)	(215)	**(64,474)**
Reduction of 1.00% in the discount rate	222,363	89,312	1,596	**313,271**

In the presentation of the sensitivity analysis, the present value of the defined-benefit obligation was calculated using the Unit Projected Credit method, the same method used to calculate the defined-benefit obligation recognized in the Statements of financial position.

The average maturity periods of the obligations of the benefit plans, in years, are as follows:

Pension plans and retirement supplement plans		Health Plan	Dental Plan
Plan A	Plan B		
9	11	13	12

The main categories plans' assets, as a percentage of total plans' assets are as follows:

	2022	2021
Shares	6.45%	7.77%
Fixed income securities	76.89%	73.95%
Real estate property	4.89%	5.04%
Others	11.77%	13.24%
Total	**100.00%**	**100.00%**

The following assets, measured at fair value, are related to the Company and not considered as assets of the plan. As required by the rules, this amount is presented for information purposes.

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	2022	2021
Non-convertible debentures issued by the Company	-	76,419
Real estate properties of Forluz, occupied by the Company	58,050	59,640
	58,050	**136,059**

Main actuarial assumptions

	2022		2021		
	Pension plans and retirement supplement plans	**Health Plan and Dental Plan**	**Pension plans and retirement supplement plans**	**Health Plan and Dental Plan**	**Life insurance**
Annual discount rate for present value of the actuarial obligation	11.73%	11.83%	10.60%	10.75%	10.73%
Annual expected return on plan assets	11,73%	Not applicable	10.60%	Not applicable	Not applicable
Long-term annual inflation rate	5.31%	5.31%	5.03%	5.03%	5.03%
Estimated future annual salary increases	5.31%	Not applicable	5.03%	Not applicable	6.29%
General mortality rate table	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 S10% by sex	AT-2000 M&F S10% D20%	AT-2000 M&F S10% D20%
Disability rate	Not applicable	Álvaro Vindas Desagravo 30%	Not applicable	Tasa 1927 agravo de 100%	Tasa 1927 agravo de 100%
Disabled mortality rate	AT-83 IAM Male	MI-85 Female	AT-83 IAM Male	MI-85 Female	MI-85 Female
Real growth of contributions above inflation	-	1.00%	-	1.00%	-

The Company has not made changes in the methods used to calculate its post-retirement obligations for the years ending December 31, 2022 and December 31, 2021.

Accounting policy

The liability recorded in the statements of financial position related to retirement benefit pension plan obligations, is the greater of: (a) the amount to be paid in accordance with the terms of the pension plan for amortization of the actuarial obligations, and (b) the present value of the actuarial obligation, as calculated by a qualified actuary, less the fair value of the plan's assets, and adjusted for unrecognized actuarial gains and losses. The actuarial valuation involves use of assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future increases in retirement and pension benefits. The assumptions are reviewed at each base-date.

Expenses related to the debt agreed upon with the pension trust fund were recorded in finance income (expenses), because they represent financial interest and inflation adjustment. Other expenses related to the pension fund were recorded as operating expenses.

Actuarial gains and losses arising as a result of changes in actuarial assumptions are recognized in other comprehensive income and shall not be reclassified to income statement in a subsequent period.

The past service cost, due change or withdrawal of the defined benefit plan, and the gain or loss on settlement of obligations, are determined by remeasurement of the net present value of the obligation, using the revised actuarial assumptions, and is recognized directly in the income statement for the year in which the change, withdrawal or settlement is made.

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23. PROVISIONS

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

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

Consolidated	Dec. 31, 2021	Additions	Reversals	Settled	Dec. 31, 2022
Labor	59,957	20,299	(607)	(9,237)	70,412
Tax	317,326	62,443	(67,490)	(278)	312,001
Regulatory	4,131	2,808	-	(2,202)	4,737
Others	56,629	39,557	(47,141)	(39,155)	9,890
Total	**438,043**	**125,107**	**(115,238)**	**(50,872)**	**397,040**

Consolidated	Dec. 31, 2020	Additions	Reversals	Settled	Dec. 31, 2021
Employment-law cases	58,714	7,225	(4)	(5,978)	59,957
Civil cases	200	126	(200)	(126)	-
Tax	307,052	10,536	-	(262)	317,326
Regulatory	3,426	1,538	-	(833)	4,131
Others	49,156	15,749	(1,669)	(6,607)	56,629
Total	**418,548**	**35,174**	**(1,873)**	**(13,806)**	**438,043**

Parent Company	Dec. 31, 2021	Additions	Reversals	Settled	Dec. 31, 2022
Labor	59,957	20,299	(607)	(9,237)	70,412
Tax	317,287	62,443	(67,451)	(278)	312,001
Regulatory	4,131	2,808	-	(2,202)	4,737
Others	56,397	39,271	(47,141)	(39,140)	9,387
Total	**437,772**	**124,821**	**(115,199)**	**(50,857)**	**396,537**

Parent Company	Dec, 31, 2020	Additions	Reversals	Settled	Dec. 31, 2021
Employment-law cases	58,687	7,225	-	(5,955)	59,957
Civil cases	200	126	(200)	(126)	-
Tax	307,014	10,534	-	(261)	317,287
Regulatory	3,426	1,538	-	(833)	4,131
Others	48,934	15,739	(1,669)	(6,607)	56,397
Total	**418,261**	**35,162**	**(1,869)**	**(13,782)**	**437,772**

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

	Consolidated		Parent Company	
	2022	Dec. 31, 2021	2022	Dec. 31, 2021
Labor	82,580	92,223	80,727	90,459
Civil				
Customers relations	27,950	28,488	27,855	28,385
Other civil cases	56,520	47,454	55,636	46,819
	84,470	**75,942**	**83,491**	**75,204**
Tax	486,999	411,435	459,683	385,878
Regulatory	674,430	480,620	674,430	480,620
Other (1)	401,424	350,404	381,803	332,189
Total	**1,729,903**	**1,410,624**	**1,680,134**	**1,364,350**

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

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

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

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

Tax

The Company are involved in numerous administrative and judicial claims relating to taxes, including, among other matters, subjects relating to the Social Integration Program (*Programa de Integração Social*, or PIS), the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins), Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ), the Social contribution tax on Net income (*Contribuição Social sobre o Lucro Líquido*, or CSLL), and motions to stay tax enforcement. The amount of the obligation is approximately R$128,731 (R$103,841 at December 31, 2021), of which R$2,288 has been provisioned (R$2,118 at December 31, 2021).

Social Security contributions on profit sharing payments

The Brazilian tax authority (*Receita Federal*) has filed administrative and court proceedings against the Company, relating to social security contributions on the payment of profit sharing to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10,101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the chances of loss from 'possible' to 'probable' for some portions paid as profit-sharing amounts, maintaining the classification of the probability of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation. The amount of the obligation is approximately R$416,212 (R$376,009 at December 31, 2021), of which R$276,406 has been provisioned (R$314,056 at December 31, 2021).

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In August 2022, changing its case law, the Higher Tax Appeal Chamber (CSRF) of the Tax Appeals Council (CARF), canceled claims for Social Security contributions on amounts paid as profit sharing. The Chamber recognized that there was no change in the identity or type of the payment of these amounts, provided that they were paid to the employees after signature of the related agreement, whether or not that signature had been given after the start of the period to which the calculation of targets referred. Based on this decision, the Company altered its expectation for the provisions relating to the contingencies of profit-sharing payment that are still in proceedings in the administrative sphere, from 'probable' to 'possible', resulting in a reduction of R$67,451 in the third quarter of 2022. The Company continues to monitor the legal actions in progress in the judiciary, for which it has maintained the assessment of chances of loss as 'probable', thus maintaining the related provisioning.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes - IRPJ, CSLL, PIS/Pasep and Cofins - identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company is contesting the non-homologation of the amounts offset. The amount of the obligation is R$63,255 (R$70,618 at December 31, 2021), of which R$1,221 (R$1,152 at December 31, 2021) has been provisioned, due to the related legal requirements contained in the National Tax Code (CTN) having been met.

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

In 2006 the Company paid an indemnity to its employees, totaling R$41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated into salaries. The company did not pay income tax nor Social Security contributions in relation to these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, given the disagreement, and to avoid risk of a future penalty payment, the Company filed legal actions for recognition of the right not to be taxed on these *Anuênio* payments, making separate submissions and argument in relation to (a) income tax and (b) the social security contribution, and making escrow payments into court of the amount involved in each action, in the aggregate historic amount of R$28,716. In the action relating to applicability of the Social Security contribution, a court judgment was given that impeded consideration of an appeal to the Federal Supreme Court - thus consideration by the Higher Appeal Court remains. In October 2022, a judgment was published refusing to recognize the Special Appeal filed by the Company, reducing the chances of success in the action.

As a result the assessment of the chances of loss in this action were altered from 'possible' to 'probable', and a provision made for the amount deposited in escrow. The chances of loss in the action relating to applicability of income tax on the amounts of the *anuênios*, due to its current phase of procedure, have been maintained as 'possible'. The amount of the obligation is approximately R$71,988 (R$68,399 at December 31, 2021), of which R$32,086 has been provisioned (R$30,496 at December 31, 2021).

Social Security contributions

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The Brazilian tax authority (*Receita Federal do Brasil*) has filed administrative proceedings related to various matters: the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs); and fines for non-compliance with accessory obligations. The Company have presented defenses and await judgment. The amount of the contingency is approximately R$20,208 (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$98,606 (R$88,424 on December 31, 2021).

Labor claims

The Company and its subsidiaries are involved in various legal claims filed by its employees and employees of third parties. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments. The amount of the obligation is approximately R$152,992 (R$152,180 at December 31, 2021), of which R$70,412 has been provisioned (R$59,957 at December 31, 2021).

Regulatory

The Company and its subsidiaries are defendant in court and administrative proceedings challenging, especially: reduction of an energy supply contract, limitation on a procedure for operation of the sluice dam of a hydroelectric plant, a claim of infringement arising from an inspection by the grantor, and other matters. The amount of the obligation is approximately R$55,330 (R$47,915 at December 31, 2021), of which R$4,737 has been provisioned (R$4,131 at December 31, 2021).

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.

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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$506,742 (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.

Dispute on billing of electricity

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

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

Other legal actions

The Company is involved, as plaintiff or defendant, in other lesser claims, related to the normal course of its operations. The amount of the obligation is approximately R$159,994 (R$201,064 at December 31, 2021), of which R$9,890 has been provisioned (R$56,629 at December 31, 2021). Management believes that it has appropriate defense for these actions and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit. The main subjects related to these contingencies concern: (i) disputes on alleged losses suffered as a result of supposed breach of contract at the time of provision of services of cleaning of power line pathways and firebreaks; and (ii) customer relations.

Environmental claims

Impact arising from construction of power plants

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal 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

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classified the chance of loss in this dispute as ‘possible’. The estimated value of the contingency is R$136,795 (R$123,098 on December 31, 2021).

Additionally, the Company is involved in environmental matters, relating to protected areas, environmental licenses, recovery of environmental damage, and other matters, in the amount of R$96,235 (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’.

Renova: Application to override corporate identity

A receivables investment fund filed an application for Override of Legal Identity (Incidente de Desconsideração da Personalidade Jurídica - IDPJ) in relation to certain companies of the Renova group, aiming to include some shareholders of Renova, including the Company and its parent company (Cemig), as defendants jointly and severally liable. The amount of the contingent liability is estimated in the amount of R$102,760 (R$86,256 on December 31, 2021).

24. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

On December 31, 2022 the Company’s issued and outstanding share capital is R$5,473,724 (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).

On October 31, 2022 an Extraordinary General Meeting of Stockholders (EGM) approved an increase in the Company’s share capital, from R$4,123,724 to R$5,473,724, with no alteration in the number of common shares, by capitalization of the amount of R$1,350,000 from the injection of capital made by Cemig (the Company’s controlling stockholder) in the form of an Advance against Future Capital Increase (*Adiantamento para Futuro Aumento de Capital*, or AFAC).

b) Earnings basic and diluted per share

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

	2022	2021
Number of shares (A)	2,896,785,358	2,896,785,358
Earnings for the year (B)	2,085,456	871,434
Earnings per share - Basic and diluted - in R$ (B/A)	**0.72**	**0.30**

The put option of investments in SAAG, as described in note 29, 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 years analyzed.

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c) Reserves

Profit reserves

The composition of the profit reserves account is as follows:

	2022	2021
Profit reserves		
Legal reserve	412,081	308,328
Tax Incentives reserve - Sudene	55,125	44,727
Unrealized earnings reserve	-	222,935
Retained earnings reserve	3,160,879	1,888,682
	3,628,085	**2,464,672**

Legal reserve

Constitution of the Legal reserve is mandatory, up to the limits established by law. The purpose of the reserve is to ensure security of the share capital, its use being allowed only for offsetting of losses or increase in the share capital.

Incentives tax reserve

The Company's has a right to 75% reduction in income tax, including the tax paid at the additional rate, calculated on the basis of the operating profit, when earned in the region of Sudene (the Development Agency for the Northeast), for 10 years starting in 2014. The amount of the Tax incentives reserve on December 31, 2022 was R$55,125 (R$44,727 at December 31, 2021).

Unrealized earnings reserve

Article 197 of the Brazilian corporate law nº 6,404/76 allows the Company to pay the mandatory dividend, calculated as required by the Bylaws, up to the amounts of the realized portion of the net income for the year.

The Company's by-laws establish that, as well as the payment of the mandatory minimum dividend corresponding to 50% of the net income for the year, the balance after retention of the amount specified for investments in a capital budget will be distributed as dividends or Interest on Equity, subject to the availability of cash.

The unrealized earnings reserve amounts can only be used to pay mandatory dividends. Hence, when the Company realizes such profits in cash, it must distribute the corresponding dividend in the subsequent period, after offsetting of any losses in subsequent years. The Company realized the balance of this reserve in 2022, proposing payment of R$222,935 as additional dividends.

Appropriation of retained earnings to profit reserves

This refers to profits not distributed in prior years, to guarantee execution of the Company's Investment Program, and amortizations of loans and financings. The retentions are supported by capital budgets approved by the Board of Directors in the year in question.

d) Remuneration to shareholders

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The obligation to pay dividends is recognized when the distribution is authorized, or at the point in time specified by law or the by-laws. In light of the applicable legislation and the Company's bylaws, which require a minimum dividend payment of 50% of the net profit for the year, this is considered as a present obligation on the date when the business year ends, and is recognized as a liability.

Dividends declared, whether mandatory or extraordinary, are paid in 2 (two) equal installments, by June 30 and December 31 of the year following the generation of the profit. The Executive Board decides the location and processes of payment, subject to these periods.

Article 204 of the Corporate Law states that the by-laws may authorize the management bodies to declare interim dividends, from retained earnings or profit reserves existing in the last annual or six-monthly balance sheet.

The Company's by-laws enable the Board of Directors to declare extraordinary dividends, additional dividends, interim dividends or inter-period dividends, which may include total or partial anticipation of the Minimum Mandatory Dividend for the current year, from retained earnings, profit reserves, or profits ascertained in six-monthly or interim financial statements.

On January 30, 2023, interim dividends in the amount of R$600,000 were declared relating to the profit for the first half of 2022, to be on account of the minimum obligatory dividend for the 2022 business year. Of this amount, R$500,000 was paid in the first quarter of 2023 and the rest is to be paid until December 31, 2023, according to the Company's cash availability.

The calculation of the dividends for the 2022 and 2021 business years and as follows:

	2022	2021
Mandatory dividend		
Net income for the year	2,085,456	871,434
Mandatory dividend - 50% of Net income	1,042,728	435,717
Realization of unrealized reserve	222,935	-
Income tax withheld at source on Interest on Equity	-	43,719
	1,265,663	**479,436**
Dividends declared		
Interest on capital	-	291,462
Interim dividends	600,000	-
Dividends under the by-laws	442,728	187,974
Additional dividends	222,935	-
	1,265,663	**479,436**
Dividends and interest on capital per share		
Mandatory minimum dividend (in R$)	0.21	0.06
Interim dividends (in R$)	0.15	-
Additional dividends (in R$)	0.08	-
Juros sobre capital próprio (in R$)	-	0.10

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This table provides the changes on dividends and interest on capital payable:

	Consolidated and Parent Company
Balance at December 31, 2020	**891,998**
Dividends proposed	187,974
Interest on Equity declared	291,462
Income tax on Interest on Equity	(43,719)
	(527,768)
Balance at December 31, 2021	**799,947**
Dividends proposed	442,728
Interim dividends	600,000
Payment	(435,717)
Balance at December 31, 2022	**1,406,958**

e) Allocation of net income for 2022 - Management's proposal

The Board of Directors decided to propose to the Annual General Meeting to be held in April, 2023 that the income for 2022, in the amount of R$2,085,456, realization of the unrealized earnings reserve in the amount of R$222,935 and realization of the deemed cost of PP&E of R$120,685:

- R$103,753 to be allocated to the Legal Reserve;
- R$1,265,663 for payment of dividends, as follows:
  - R$600,000 through interim dividends, declared on January 30, 2023; and
  - R$442,728 as mandatory minimum dividends;
  - R$222,935 million in additional dividends due to realization of the unrealized earnings reserve.
- R$10.398 to be recorded as Incentives Tax Incentives Reserve, in reference to the tax incentive amounts obtained in relation to the investments made in the region of Sudene.
- R$1,049,262 to be held in Shareholders' Equity in the Retained Earnings Reserve, to guarantee execution of the Company's Investment Program.

The dividends will be paid in two equal installments, by June 30 and December 30, 2023.

f) Equity valuation adjustments

	2022	2021
Adjustments to actuarial liabilities - Employee benefits	(476,146)	(570,774)
Deemed cost of PP&E	267,147	387,832
Equity valuation adjustment	**(208,999)**	**(182,942)**

The amounts recorded as deemed cost of the generation assets represents its fair value determined using the replacement cost at initial adoption of IFRS on January 1, 2009. The valuation of the generation assets resulted in an increase in their book value, recorded in a specific line in Equity, net of the tax effects. These values are being realized based on the depreciation of the assets.

25. REVENUES

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Total revenue from supply of energy - with taxes (a)	7,629,058	7,670,542	6,689,101	6,752,684
Transmission revenue (b)				
Transmission operation and maintenance revenue	722,670	612,898	726,624	618,122
Transmission construction revenue (Note 12)	407,193	251,973	407,193	251,973
Interest revenue arising from the financing component in the transmission contract asset (Note 12)	561,044	630,900	538,988	627,912
Revenue from updating of the concession grant fee (c)	466,857	523,105	-	-
Transactions on CCEE (d)	185,785	339,739	167,650	278,347
Generation indemnity revenue (Note 12.1)	47,028	-	47,028	-
Advances for services provided (1)	-	153,970	-	-
Other operating revenues (e)	118,532	91,237	163,608	134,696
Sector / regulatory charges - Deductions from revenue (f)	(1,989,715)	(1,963,252)	(1,787,680)	(1,761,172)
	8,148,452	**8,311,112**	**6,952,512**	**6,902,562**

(1) Corresponds to the negotiation with a free customer that resulted in a revenue recognition related to trading services provided in advance by the subsidiary ESCEE.

(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Parent Company			
	2022		2021		2022		2021	
	MWh	R$	MWh	R$	MWh	R$	MWh	R$
Industrial	14,453,048	4,229,249	14,598,936	3,932,400	13,462,896	3,830,879	13,581,506	3,680,888
Commercial	4,127,836	1,050,713	4,165,556	901,221	4,122,122	1,048,301	4,158,849	898,860
Rural	15,959	4,656	30,986	8,597	15,959	4,656	30,986	8,597
Subtotal	**18,596,843**	**5,284,618**	**18,795,478**	**4,842,218**	**17,600,977**	**4,883,836**	**17,771,341**	**4,588,345**
Net unbilled retail supply	-	61,752	-	59,570	-	43,298	-	47,367
	18,596,843	**5,346,370**	**18,795,478**	**4,901,788**	**17,600,977**	**4,927,134**	**17,771,341**	**4,635,712**
Wholesale supply to other concession holders (1)	11,376,243	2,290,997	12,530,390	2,909,407	8,072,008	1,769,716	9,018,040	2,239,601
Wholesale supply unbilled, net	-	(8,309)	-	(140,653)	-	(7,749)	-	(122,629)
	29,973,086	**7,629,058**	**31,325,868**	**7,670,542**	**25,672,985**	**6,689,101**	**26,789,381**	**6,752,684**

(1) This revenue includes sales contracts in the Regulated Market to distribution companies, sales on the Free Market to traders and generation companies, 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

(2) Information not audited by independent auditors.

(b) Transmission concession revenue

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

	Consolidated	
	2022	2021
Construction and upgrades revenue	407,193	251,973
Construction and upgrades costs	(290,750)	(183,386)
Margin	**116,443**	**68,587**
Mark-up (%)	**40.05%**	**37.40%**
Operation and maintenance revenue	722,670	612,898
Operation and maintenance cost	(284,460)	(221,241)
Margin	**438,210**	**391,657**
Mark-up (%)	**154.05%**	**177.03%**

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(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 12.

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

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

(e) Other operating revenues

	Consolidated		Parent Company	
	2022	2021	2022	2021
Charged service	38,879	28,539	88,218	72,313
Subsidies	30,603	23,273	30,603	23,273
Rental and leasing	1,194	1,165	1,194	1,165
Reimbursement	41,714	11,040	41,714	10,724
Others	6,142	27,220	1,879	27,221
	118,532	**91,237**	**163,608**	**134,696**

(f) Deductions on revenue

	Consolidated		Parent Company	
	2022	2021	2022	2021
Taxes on revenue				
ICMS tax	633,155	705,972	561,804	640,178
Cofins tax	699,086	693,363	619,565	612,682
PIS and Pasep taxes	151,767	150,522	134,511	133,016
ISS tax on services	4,410	8,877	4,241	3,804
	1,488,418	**1,558,734**	**1,320,121**	**1,389,680**
Charges to the customer				
Global Reversion Reserve (RGR)	14,005	14,673	11,198	12,210
Energy Development Account (CDE)	314,435	242,683	314,435	242,683
CDE on P&D	3,712	4,933	2,786	3,777
Proinfa	77,287	65,733	77,287	65,733
Research and Development (P&D)	9,131	7,543	6,501	5,341
National Scientific and Technological Development Fund (FNDCT)	12,843	12,477	9,287	9,118
Energy System Expansion Research (EPE)	6,421	6,238	4,644	4,559
Electricity Services Inspection Charge (TFSEE)	9,067	13,407	8,144	8,241
Royalties for use of water resources (CFURH)	54,396	36,831	33,277	19,830
	501,297	**404,518**	**467,559**	**371,492**
	1,989,715	**1,963,252**	**1,787,680**	**1,761,172**

Accounting policy

Operational revenue

In general, for the business of the Company and its subsidiaries in the energy sector, revenues are recognized when a performance obligation is satisfied, at the value that is expected to be received in exchange for the goods or services transferred, this value being allocated to that performance obligation. The Entity records the revenue only when it is probable that it will receive the consideration in exchange for the goods or services transferred, taking into account the client’s capacity and intention to comply with the payment obligation.

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Revenues from the sale of energy are recorded based on the energy supplied and the tariffs specified in the terms of the contract or in effect in the market. Revenues from retail supply of energy to final customers are recorded monthly basis, when the energy is supplied, based on measured and invoiced energy. In addition, the Company recognizes the unbilled retail supply of energy, from the period between the last billing and the end of each month, is estimated based on the supply contracted. Historically, the differences between the estimated amounts and the actual revenues recognized are not significant.

Transmission concession revenues are recognized in income on a monthly basis and include:

- Construction revenue corresponds to the performance obligation to build the transmission infrastructure. Are recognized based on the satisfaction of obligation performance over time (construction phase). 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.
- 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 services provided include charges for connection and other related services; the revenues are accounted when the services are provided.

The margin is defined based on the Company's best estimates of profitability at the initial moment of conception of the investment projects. Alterations in the initial measurement of the transaction price, which might give rise to a change in the profitability originally determined, and remeasurement of the contractual asset, are dealt with at the moment of the Periodic Tariff Review.

The profit margin on operation and maintenance of transmission infrastructure is determined based on the individual sale price of the service, based on available information and the costs incurred for the provision of services of operation and maintenance on the value of the consideration that the entity expects to have the right, and the value of the consideration that the entity expects to have the right to, in exchange for the services promised to the client, in cases where the Company's transmission subsidiaries have the right, separately, to the remuneration for the activity of operation and maintenance, as per CPC 47/IFRS 15 - Revenue from contracts with clients.

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The Resolution Aneel 729/2016 regulates the Variable Portion (‘Parcela Variável’ or ‘PV’), which is the pecuniary penalty applied by the grantor as a result of any unavailability’s or operational restrictions on facilities that are part of the National Grid and the surcharge corresponding to the pecuniary bonuses provided to concessionaries as an incentive to improve the transmissions facilities availability. The Company assessed the PV effects, based on historical data, and concluded that the variable compensation estimated with the PV is not material. Therefore, for both situations described, there is the recognition of an increase and/or reduction of operation and maintenance revenue in the period in which they occur.

Government grants

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

The Company receives amounts from the Energy Development Account (EDA) as reimbursement for subsidies on tariffs granted to users of the public energy distribution service - TUSD and EUST (charges for use of the transmission system). These amounts are recognized as revenue in the income statement in a monthly basis, at the moment that the Company acquire the right of receive them.

Sales tax

Expenses and non-current assets acquired are recognized net of the amount of sales taxes when they are recoverable from the taxation authority.

26. OPERATING COSTS AND EXPENSES

a) Cost of energy

	Consolidated		Parent Company	
	2022	2021	2022	2021
Energy purchase for resale				
Spot market - CCEE	71,510	218,085	55,156	175,603
Acquired in free market	4,495,137	4,723,637	4,499,639	4,599,033
PIS/Pasep and Cofins credits	(420,547)	(447,210)	(419,382)	(436,718)
	4,146,100	**4,494,512**	**4,135,413**	**4,337,918**
Charges for use of the national grid				
Transmission charges - Basic network	225,120	198,726	183,141	161,715
Distribution charges	42,319	35,960	10,076	10,402
PIS/Pasep and Cofins credits	(22,007)	(19,699)	(17,791)	(15,853)
	245,432	**214,987**	**175,426**	**156,264**
Total	**4,391,532**	**4,709,499**	**4,310,839**	**4,494,182**

b) Transmission infrastructure construction cost

	Consolidated		Parent Company	
	2022	2021	2022	2021
Personnel	12,419	9,362	12,419	9,362
Materials	215,653	123,952	215,653	123,952
Outsourced services	64,552	50,304	64,552	50,304
Other (recovery of expenses)	(1,874)	(232)	(1,874)	(232)
	290,750	**183,386**	**290,750**	**183,386**

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c) Other operating costs and expenses

	Consolidated									
	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)		2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021		
Personnel	283,538	273,787	-	-	56,433	40,913	1	-	339,972	314,700
Employee profit shares	-	-	-	-	778	5,876	32,944	28,746	33,722	34,622
Post-employment obligation	-	-	-	-	-	-	131,395	364	131,395	364
Materials	24,305	25,722	-	-	3,700	1,137	-	-	28,005	26,859
Outsourced services	174,666	142,964	-	-	51,001	36,472	-	-	225,667	179,436
Depreciation and amortization (1)	321,383	249,845	-	-	7,004	9,609	-	-	328,387	259,454
Contingency provisions (reversals)	9,869	33,301	-	-	-	-	-	-	9,869	33,301
Expected credit losses	-	-	531	13,497	-	-	-	-	531	13,497
Reversal of provision for doubtful with related party - Renova (note 30)	-	-	-	-	-	-	(53,356)	-	(53,356)	-
Put option - SAAG	-	-	-	-	-	-	36,124	100,137	36,124	100,137
Impairment (2)	-	-	-	-	-	-	7,412	-	7,412	-
Adjustment to fair value of financial asset (note 12)	-	-	-	-	-	-	171,770	-	171,770	-
Other operating costs and expenses	22,195	29,120	-	-	5,667	13,360	24,159	72,050	52,021	114,530
	835,956	**754,739**	**531**	**13,497**	**124,583**	**107,367**	**350,449**	**201,297**	**1,311,519**	**1,076,900**

	Parent Company									
	Operating costs		Expected credit losses of accounts receivable		General and administrative expenses		Other operating expenses (revenue)		2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021		
Personnel	257,512	250,291	-	-	56,433	40,913	1	-	313,946	291,204
Employee profit shares	-	-	-	-	605	5,746	32,564	28,702	33,169	34,448
Post-employment obligation	-	-	-	-	-	-	131,395	364	131,395	364
Materials	13,506	12,587	-	-	3,700	1,136	-	-	17,206	13,723
Outsourced services	109,091	92,553	-	-	51,001	36,472	-	-	160,092	129,025
Depreciation and amortization (1)	246,801	184,013	-	-	7,004	9,608	-	-	253,805	193,621
Contingency provisions (reversals)	9,622	33,293	-	-	-	-	-	-	9,622	33,293
Expected credit losses	-	-	1,302	13,413	-	-	-	-	1,302	13,413
Reversal of provision for doubtful with related party - Renova (note 30)	-	-	-	-	-	-	(53,356)	-	(53,356)	-
Put option - SAAG	-	-	-	-	-	-	36,124	100,137	36,124	100,137
Impairment (2)	-	-	-	-	-	-	7,412	-	7,412	-
Disposal of asset (note 11)	-	-	-	-	-	-	171,770	-	171,770	-
Other operating costs and expenses	11,799	17,098	-	-	6,114	13,318	23,048	69,071	40,961	99,487
	648,331	**589,835**	**1,302**	**13,413**	**124,857**	**107,193**	**348,958**	**198,274**	**1,123,448**	**908,715**

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$117 for the Consolidated and R$116 for the Parent Company financial statement, in 2022 (R$108 and R$106 in 2021, for the Consolidated and Parent Company financial statement, respectively).

(2) In the fourth quarter of 2022 the Company recognized the amount of R$7,412 as impairment of its investment held in the jointly-controlled subsidiary Itaocara, in accordance with CPC 01/IAS 36. There are more details in Note 14.

Personnel - Programmed Voluntary Retirement Plan ('PDVP')

In the months of April and December 2022 the Company approved the Programmed Voluntary Severance Plans (PDVPs) of 2022 and 2023, respectively. For the 2022 PDVP, employees were able to join from May 2 to May 20, the program being subsequently reopened for the period May 30 through June 3, 2022, and 57 employees joined. The period for joining the 2023 PDVP was from December 20, 2022 to January 27, 2023, and this program was accepted by 38 employees.

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These programs provided the normal legal severance payments in the 'Severance on request' mode, plus an additional indemnity premium based on a fixed percentage of the employee's compensation, depending on the time of service with the Company, for each year worked. For employees with more than 25 years of service with Cemig this fixed value is 12 times the employee's monthly salary.

The total cost of the programs was R$ 20,536,comprising: R$ 10,838 for the 2022 PDVP, and R$ 9,698 for the 2023 PDVP. These costs were recognized in the income statement as Personnel costs and Personnel expenses.

The voluntary severance program approved in May 2021 ('the 2021 PDVP') had a total cost of R$ 6,168, with acceptance by 53 employees.

27. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	2022	2021	2022	2021
FINANCE INCOME				
Income from cash investments	210,165	74,798	133,912	51,350
Arrears fees on sale of energy	11,775	7,558	8,396	5,184
Monetary updating	39,606	25,605	38,945	22,808
Monetary updating on escrow deposits	13,266	3,741	13,174	3,683
FX variation from loans (Note 20)	338,265	-	338,265	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS	2,822	4,512	-	2,504
Other finance income	11,954	27,472	10,956	26,154
Pasep and Cofins taxes on financial revenues	(23,821)	(5,653)	(22,430)	(5,192)
	604,032	**138,033**	**521,218**	**106,491**
DESPESAS FINANCEIRAS				
Costs of loans and debentures (Note 20)	(548,186)	(803,935)	(548,186)	(803,609)
Amortization of transaction cost (Note 20)	(2,514)	(16,359)	(2,514)	(16,359)
Monetary updating - Forluz	(8,996)	(15,751)	(8,996)	(15,751)
Inflation adjustment - Loans and debentures (Note 20)	(4,569)	(44,757)	(4,569)	(43,637)
Monetary updating	(18,788)	(18,131)	(3,431)	(9,199)
FX variation from loans (Note 20)	-	(353,950)	-	(353,950)
Discount and premium on repurchase of debt securities (Eurobonds) (Note 20)	(46,763)	(491,037)	(46,763)	(491,037)
Losses on financial instruments (Note 29)	(437,887)	(537,976)	(437,887)	(537,976)
Leasing - Monetary variation (Note 17)	(5,246)	(4,856)	(5,021)	(4,653)
Other finance expenses	(8,374)	(11,991)	(4,866)	(6,794)
	(1,081,323)	**(2,298,743)**	**(1,062,233)**	**(2,282,965)**
NET FINANCE EXPENSES	**(477,291)**	**(2,160,710)**	**(541,015)**	**(2,176,474)**

Accounting policy

Financial revenues refer principally to the revenue from cash investments, late fees on energy invoices to customers, updating of tax credits, updating of concession financial assets, updating of Court escrow deposits, and change in the fair value of, or interest on, other financial assets. Interest income is recognized in the income using the effective interest method.

Finance expenses include: interest expense on borrowings, and foreign exchange and monetary adjustments on borrowing costs of debt, debentures and other financial liabilities. They also include the negative variation of the fair value on other financial assets and liabilities. Interest expense on the Company's borrowings that is not capitalized is recognized in the Statements of income using the effective interest method.

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28. RELATED PARTY TRANSACTIONS

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

ENTITIES (1)	ASSETS		LIABILITIES		REVENUE		COSTS/EXPENSES	
	2022	2021	2022	2021	2022	2021	2022	2021
Transactions in energy (2)								
Madeira Energia	8,218	7,533	132,029	106,975	95,932	94,883	(1,687,151)	(1,518,678)
Aliança Geração	-	-	7,201	6,928	711	545	(99,750)	(90,630)
Norte Energia	2,352	2,338	-	-	26,350	26,363	-	(66,485)
Paracambi (formerly Lightger)	-	-	2,476	2,160	-	-	(33,058)	(27,885)
Hidrelétrica Pipoca	-	-	3,491	3,153	-	-	(45,618)	(37,063)
Taesa	24	-	1,335	1,488	278	252	(15,924)	(13,288)
Cemig Distribuição	27,733	24,997	2,790	1,927	303,018	258,035	(33,966)	(28,784)
Connection charges								
Cemig Distribuição (8)	11,049	8,650	-	-	88,360	79,445	-	-
Cooperation Working Agreement								
Cemig Distribuição (7)	2,565	2,362	-	-	431	4,826	-	-
Provision of service (5)								
Aliança Geração	673	512	-	-	4,920	4,693	-	-
Baguari Energia	211	211	-	-	1,549	691	-	-
Taesa	125	150	-	-	1,315	1,242	-	-
Other credits								
Companhia Energética de Minas Gerais	-	4,038	-	-	-	-	-	-
FIP Melbourne (9)	160,643	-	-	-	-	-	-	-
Contingencies								
Aliança Geração (4)	-	-	54,905	52,497	-	-	(3,066)	(11,121)
Adjustment for losses								
Madeira Energia (3)	-	-	-	161,648	161,648	-	-	(161,648)
Hidrelétrica Itaocara (6)	-	-	-	20,767	-	-	-	-
Interest on Equity, and dividends								
Companhia Energética de Minas Gerais	-	-	1,406,958	799,947	-	-	-	-
Retiro Baixo	5,867	7,202	-	-	-	-	-	-
Hidrelétrica Pipoca	3,882	-	-	-	-	-	-	-
Hidrelétrica Cachoeirão	3,867	-	-	-	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	227,884	44,789	-	-	-	-	-	-
Marketable securities	1,352,076	943,747	-	-	67,304	16,545	-	-
Non-current								
Marketable securities	5,105	194,110	-	-	-	-	-	-
Forluz								
Current								
Post-employment obligations (10)	-	-	44,936	40,878	-	-	(58,544)	(41,878)
Supplementary pension contributions - Defined contribution plan (11)	-	-	-	-	-	-	(21,827)	(21,148)
Administrative running costs (12)	-	-	-	-	-	-	(7,909)	(6,952)
Leasing (13)	-	-	5,418	4,983	-	-	(6,742)	(6,316)
Non-current								
Post-employment obligations (10)	-	-	424,124	507,234	-	-	-	-
Leasing (13)	38,838	36,900	38,323	35,534	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (14)	-	-	46,243	38,807	-	-	(83,089)	(56,120)
Non-current								
Health Plan and Dental Plan (14)	-	-	681,143	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 14.
(2) Transactions in energy between generators and distributors are made in auctions in the Regulated Market (ACR) organized by the federal government. The transactions in sale and purchase of energy between generators and distributors are made through auctions in the Regulated Market, organized by the federal government. In the Free Market they are carried out through auctions or by direct contracting, in accordance with applicable legislation. The transactions for transport of energy, are by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
(3) In June 2022, the provision relating to contractual obligations assumed by the Company in favor of the investee and the other shareholders was reversed. More details in Note 14.

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(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$156 million (R$149 million at December 31, 2021), of which Cemig's portion is R$55 million (R$52 million on December, 31, 2021).
(5) Refers to a contract to provide plant operation and maintenance services.
(6) In the fourth quarter of 2022, the Company injected capital of R$24,722 into this investee, corresponding to 49% of the penalty applied by Aneel relating to settlement of the compliance guarantee arising from non-implementation of the Itaocara I hydroelectric plant. With this, the provision for the contractual obligations assumed by the Company to the investee and the other stockholders was reversed. Additionally, Aneel recommended to the Mining and Energy Ministry extinction, on request, of the concession of the Itaocara hydroelectric plant by decision of Concession Contract 001/2015. In view of the non-recoverability of the investment, the Company recognized an impairment of 100% of its investment in accordance with CPC 01 / IAS 36.
(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) In January 2021, a final arbitration award was issued in favor of FIP Melbourne, and in August 2022 an agreement was reached between the parties to close the dispute, with the establishment of an updated compensation amount of R$200 million, settled on September 12, 2022 (see note 14);
(10) 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 22).
(11) 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.
(12) 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.
(13) Rental of the Company's administrative head office, in effect until august 2024 (able to be extended every five years, until 2034, currently in final phase of renewal), with annual inflation adjustment by the IPCA index and price reviewed every 60 months in line with market prices. On September 20, 2021 the rental contract was adjusted upward by 8.72%, corresponding to accumulated IPCA inflation over the prior 12 months. On April 27,2021, Cemig signed with Forluz a contract amendment due to the transfer of Cemig Sim and Gasmig facilities to Júlio Soares building, reducing the Company's rent expenses;
(14) Post-employment obligations relating to the employees' health and dental plan (more details in Note 22).

Dividends receivables

	Consolidated		Parent Company	
	2022	2021	2022	2021
Sá Carvalho S.A.	-	-	691	-
Cemig Geração Três Marias S.A.	-	-	88,841	28,000
Cemig Geração Salto Grande S.A.	-	-	28,845	17,793
Cemig Trading S.A.	-	-	479	-
Aliança Geração de Energia S.A.	126,634	224,896	126,634	224,896
Others (1)	13,616	7,202	13,616	9,515
	140,250	**232,098**	**259,106**	**280,204**

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

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.

With conclusion of the sale of the whole of the equity interest held by Cemig GT in Mesa, on March 20, 2023, Furnas undertook to assume the guarantees given by Cemig and Cemig GT to the Brazilian Development Bank (BNDES) and other creditors, under agreements for financing of SAE, and to hold Cemig and Cemig GT harmless from any obligation relating to these guarantees, up to the time when these obligations are effectively assumed by Furnas. For more information, see Note 34(g) - *Subsequent Events*.

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Cash investments in the *FIC Pampulha* investment fund

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

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

Remuneration of key management personnel

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

	2022	2021
Remuneration	4,449	4,192
Profit shares	1,162	670
Private pension	391	315
Health and dental plans	48	36
Life insurance	10	2
Total (1)	**6,060**	**5,215**

(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.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

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

	Level	2022		2021	
		Book value	Fair value	Book value	Fair value
Financial assets					
Amortized cost					
Marketable securities		186,753	186,753	597,205	597,205
Customers and traders concession holders (transmission service)		1,095,412	1,095,412	797,972	797,972
Restricted cash		14,488	14,488	17,063	17,063
Escrow deposits		174,461	174,461	161,820	161,820
Concession grant fee - Generation concessions		2,950,415	2,950,415	2,792,201	2,792,201
Result of the agreement between FIP Melbourne and AGPar		160,643	160,643		
		4,582,172	**4,582,172**	**4,366,261**	**4,366,261**
Fair value through income or loss					
Cash equivalents - Investments		287,207	287,207	117,154	117,154
Marketable securities					
Bank certificates of deposit (CDBs)	1	148,466	148,466	55,290	55,290
Financial notes (LF's) - Banks	2	702,838	702,838	387,296	387,296
Treasury financial notes (LFT's)	1	311,663	311,663	98,108	98,108
Debentures	2	7,744	7,744	-	-
		1,457,918	**1,457,918**	**657,848**	**657,848**
Derivative financial instruments	3	702,734	702,734	1,219,176	1,219,176
Indemnifiable receivable - Generation	3	691,460	691,460	816,202	816,202
		1,394,194	**1,394,194**	**2,035,378**	**2,035,378**
		7,434,284	**7,434,284**	**7,059,487**	**7,059,487**
Financial Liabilities					
Amortized cost (1)					
Loans and debentures		(4,959,066)	(4,959,066)	(6,029,460)	(6,029,460)
Debt with pension fund (Forluz)		(56,892)	(56,892)	(87,015)	(87,015)
Deficit of pension fund (Forluz)		(123,843)	(123,843)	(121,961)	(121,961)
Concessions payable		(27,291)	(27,291)	(26,813)	(26,813)
Suppliers		(503,110)	(503,110)	(383,786)	(383,786)
Leasing		(62,367)	(62,367)	(45,450)	(45,450)
		(5,732,569)	**(5,732,569)**	**(6,694,485)**	**(6,694,485)**
Fair value through income or loss					
Derivative financial instruments	3	(90,526)	(90,526)	(6,130)	(6,130)
Put Option (SAAG)	3	(672,416)	(672,416)	(636,292)	(636,292)
		(6,495,511)	**(6,495,511)**	**(7,336,907)**	**(7,336,907)**

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 n. 12.1.

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.

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.

Other financial liabilities: Fair value of its loans and debentures were determined using 137.73% 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 and debentures, and debt renegotiated with Forluz, with annual rates between IPCA + 6.00% to 7.62% and CDI + 3.48% to 6.89%.

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b) Financial instruments

Put SAAG option

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.

A liability of R$672,416 was recorded in the Company's financial statement 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.

Also, in 3Q22, the total value of the liability was adjusted to reflect receipt, by FIP Melbourne, under the agreement arising from Arbitration Judgment 86/2016, of the amounts paid by AGPar. More details in Note 14.

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

	Consolidated and Parent
Balance on December 31, 2020	**536,155**
Adjustment to fair value	100,137
Balance on December 31, 2021	**636,292**
Adjustment to fair value	36,124
Balance on December 31, 2022	**672,416**

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 Put option - SAAG , which the private pension plan entities stated interest in exercising in the period from September 9 to October 2, 2020.

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Thus, using the prerogative contained in the option instruments, the Company attempted, through the mechanism of amicable resolution specified in the contract, a negotiation with the private pension plan entities on the terms of the valuation and payment of the options. Since amicable negotiation was not successful, the Company invoked the arbitration clause for resolution of conflicts between the parties, and this is to be heard by the Brazil-Canada Chamber of Commerce.

On February 7, 2023, the decision of the arbitration proceeding was released, condemning Cemig GT to full payment of the exercise price of the options included in the contracts. The Company, together with its legal advisors, is evaluating the appropriate measures.

Swap transactions, currency options and NDF

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

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

2021 - Tender Offer for Eurobonds

In 2021 Cemig GT began studies and contracting for actions related to prudent management of liabilities, including reduction of liquidity risk and risks of exposure to foreign currency. In this context, on July 19, 2021 the Company opened a Tender Offer to acquire, for cash, US$500 million in debt securities maturing 2024 that it had issued in the external market. As part of the implementation of this transaction, on June 7 and 8, 2021 the hedge transactions contracted were partially dismantled in relation to a volume of US$500 million. This resulted in a gain for the Company of R$ 774,409.

To mitigate foreign exchange exposure up to the actual date of repurchase in foreign currency, on June 4, 2021 the Company contracted a short-term hedge against variation in the value of the US dollar for a volume of US$600 million, locking in an exchange rate of R$ 5.0984/US$. The instrument contracted was a non-deliverable forward (NDF), a forward currency delivery contract without physical delivery of currency, guaranteeing the Company a pre-agreed rate at the moment of maturity, which was August 3, 2021. Settlement of the NDF resulted in a gain of R$ 23,700, with net cash inflow of R$ 23,699.

2022 - Second phase of the Tender Offer

On December 28, 2022 the Company opened a second phase of its Tender Offer, offering to acquire US$250 million of its debt securities issued in the external market, maturing 2024. In relation to implementation of this transaction, on August 29, 2022 the derivative financial instruments contracted were partially dismantled, in relation to the amount of US$250 million. This resulted in a gain of R$ 225,516, the net inflow of cash being R$ 191,689.

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On August 29, 2022 the Company contracted a short-term hedge against variation in the US dollar exchange rate for a volume of US$280 million, locking in the exchange rate at R$5.2040/US$. The instrument contracted was a non-deliverable forward (NDF), guaranteeing the Company a pre-agreed rate at the moment of maturity, on December 16, 2022. Settlement of the transaction resulted in a positive balance of R$32,014, with net cash inflow of R$32,012.

The 6-monthly interest on the swap was settled in 2022, resulting in a negative item of R$94,580, and cash outflow of the same amount (this compares to a positive amount of R$399,979 in 2021, with a net cash inflow of R$339,829).

Assets	Liability	Maturity period	Trade market	Notional amount	Realized gain (loss) 2022	Realized gain (loss) 2021
US$ exchange variation + Rate (9.25% p.y.)	R$ 152.01% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$250,000	184,548	1,018,638
US$ exchange variation + Rate (9.25% p.y.)	R$ 125.52% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over the counter	US$500,000	(53,613)	155,569
US$ exchange variation higher R$5.0984	US$ exchange variation lower R$5.0954	August 3, 2021 December 16,2022	Over the counter	2021: US$600,000 2022: US$280,000	32,016	23,700
					162,951	**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 December 31, 2022 was a negative adjustment of R$437,887 (negative adjustment of R$537,976 on December 31, 2021), which was posted in finance income (expenses).

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

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

Assets	Liability	Maturity period	Trade market	Notional amount (2)	Carrying amount on December 31, 2022	Fair value on December 31, 2022	Carrying amount on December 31, 2021	Fair value on December 31, 2021
US$ exchange variation + Rate (9.25% p.y.) (1)	R$ + 152.01% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$250,000	428,134	272.846	873,095	706,401
US$ 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	568,487	339.362	577,565	506,645
					996.621	**612.208**	**1,450,660**	**1,213,046**
Non-current assets						**702.734**		**1,219,176**
Current liabilities						**(90.526)**		**(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. For the additional US$500 issuance of the same Eurobond issued on July 2018 a call spread was contracted for the principal, with floor at R$3.85/US$ and ceiling at R$5.00/US$, and a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate. The upper limit for the exchange rate in the hedge instrument contracted by the Company for the principal of the Eurobonds is R$5.00/US$. The instrument matures in December 2024. If the USD/BRL exchange rate is still over R$5.00 in December 2024, the company will disburse, on that date, the difference between the upper limit of the protection range and the spot dollar on that date. The Company is monitoring the possible risks and impacts associated with the dollar being valued above R$5.00 and assessing various strategies for mitigating the foreign exchange risk up to the maturity date of the transaction. The hedge instrument fully protects the payment of six-monthly interest, independently of the USD/BRL exchange rate. This does not, however, protect the amount of Income tax withheld at source (Imposto de Renda Retida na Fonte - IRRF) on the payment of interest.

(2) In thousands of US$.

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

The fair value on December 31, 2022 was R$612,208 (R$1,213,046 on December 31, 2021), which would be the reference if the Company would liquidate the financial instrument on December 31, 2022, 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$996,621 at December 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 December 31, 2023, in the amount of R$54,480. The fair value of the financial instrument was estimated in R$666,688, with a positive amount of R$745,307 refers to the option (call spread) and a negative amount of R$78,619 refers to the swap.

Based on the base scenario observed at December 31, 2022, the Company measured the effects on its net income of the 'probable' and 'adverse' scenarios, in which the projections for interest rates and the US dollar exchange rate are high, simulating a scenario of economic stress.

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The results are shown below:

Parent Company and Consolidated	Base scenario December 31, 2022	'Probable' scenario December 31, 2023 Selic 12.75% Dollar 5.10	'Adverse' scenario December 31, 2023 Selic 15.75% Dollar 6.02
Swap, asset	2,864,516	2,793,496	2,789,523
Swap, liability	(2,975,800)	(2,872,115)	(2,896,739)
Option / Call spread	723,492	745,307	854,532
Derivative hedge instrument	**612,208**	**666,688**	**747,316**

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 its 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 cash flow.

Exposure to exchange rates	Consolidated and Parent Company			
	2022		2021	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans (Note 20)	(761,824)	(3,974,971)	(1,007,557)	(5,622,673)
Net (liabilities) exposed		**(3,974,971)**		**(5,622,673)**

Sensitivity analysis

The Company estimates, based on finance information from its financial consultants, that in a probable scenario, on December 31, 2023 the exchange rates of foreign currencies in relation to the Real will be as follows: depreciation of the dollar exchange rate by 2.26%, to R$5.10/US$. The Company has made a sensitivity analysis of the effects on profit arising from depreciation of the Real exchange rate considering an adverse scenario.

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Risk: Exposure to exchange rates	2022	2023	
	Book value	'Probable' scenario Dollar 5.10	'Adverse' scenario Dollar 6.00
US dollar			
Loans (Note 20)	(3,974,971)	(3,885,304)	(4,570,946)
Net liabilities exposed	**(3,974,971)**	**(3,885,304)**	**(4,570,946)**
Net effect of exchange rate variation		**89,667**	**(595,975)**

Interest rate risk

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

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

Exposure to Brazilian domestic interest rates	Consolidated		Parent Company	
	2022	2021	2022	2021
Assets				
Cash equivalents (Note 6) - CDI rate	287,207	117,154	190,733	82,292
Securities (Note 7) - CDI and Selic rates	1,357,464	1,137,899	791,344	745,258
Indemnities receivable - Generation (Note 12.1)- CDI and Selic rates	691,460	816,202	691,460	816,202
Restricted cash - CDI	14,488	17,063	6,405	5,843
	2,350,619	**2,088,318**	**1,679,942**	**1,649,595**
Liabilities				
Loans and debentures - CDI (Note 20)	(703,185)	-	(703,185)	-
	(703,185)	**-**	**(703,185)**	**-**
Net assets exposed	**1,647,434**	**2,088,318**	**976,757**	**1,649,595**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on December 31, 2023 will be 12.5%. The Company and its subsidiaries carried out a sensitivity analysis of the effects on results considering an adverse scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

Risk: Reduction in Brazilian interest rates - Consolidated	2022	2023	
	Amount Book value	'Probable' scenario: Selic 12.5%	'Adverse' scenario Selic 9.75%
Assets			
Cash equivalents - Cash investments (Note 6)	287,207	323,108	315,210
Marketable securities (Note 7)	1,357,464	1,527,147	1,489,817
Indemnities receivable - Generation (Note 12.1)	691,460	777,893	758,877
Restricted cash	14,488	16,299	15,901
	2,350,619	**2,644,447**	**2,579,805**
Liabilities			
Loans and debentures - CDI (Note 20)	(703,185)	(791,083)	(771,746)
	(703,185)	**(791,083)**	**(771,746)**
Net assets	**1,647,434**	**1,853,364**	**1,808,059**
Net effect of variation in interest rates		**205,930**	**160,625**

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Inflation risk

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

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

Exposure to inflation	Consolidated		Parent Company	
	2022	2021	2022	2021
Assets				
Generation - Concession grant fee - IPCA (Note 12)	2,950,415	2,792,201	-	-
Liabilities				
Loans and debentures - IPCA (Note 20)	(302,216)	(428,367)	(302,216)	(428,367)
Debt agreed with pension fund (Forluz) - (Note 22)	(56,892)	(87,015)	(56,892)	(87,015)
Solution for Forluz pension fund deficit (Note 22)	(123,843)	(121,961)	(123,843)	(121,961)
	(482,951)	**(637,343)**	**(482,951)**	**(637,343)**
Net assets (liabilities) exposed	**2,467,464**	**2,154,858**	**(482,951)**	**(637,343)**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on December 31, 2023 will be 5.30%. For the risk of reduction in inflation they have made a sensitivity analysis of the effects on profit arising from reductions in rates in an adverse scenario.

Risk: reduction in inflation Consolidated	2022	2023	
	Book value	'Probable' scenario: IPCA 5.30%	'Adverse' scenario IPCA 3.21%
Assets			
Generation - Concession Grant Fee - IPCA (Note 12)	2,950,415	3,106,787	3,045,123
Liabilities			
Loans and debentures - IPCA (Note 20)	(302,216)	(318,233)	(311,917)
Debt agreed with pension fund (Forluz) (Note 22)	(56,892)	(59,907)	(58,718)
Solution for Forluz pension fund deficit (Note 22)	(123,843)	(130,407)	(127,818)
	(482,951)	**(508,547)**	**(498,453)**
Net assets exposed	**2,467,464**	**2,598,240**	**2,546,670**
Net effect of variation in inflation		**130,776**	**79,206**

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 and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is as follows:

Consolidated	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans and debentures	-	-	562,255	5,674,745	-	6,237,000
Onerous concessions	353	699	2,999	13,242	17,472	34,765
Debt agreed with pension fund (Forluz)	3,319	6,712	30,814	21,135	-	61,980
Solution for deficit of pension fund (Forluz)	1,467	2,960	13,648	79,560	93,203	190,838
	5,139	**10,371**	**609,716**	**5,788,682**	**110,675**	**6,524,583**
Fixed rate						
Suppliers	501,380	1,730	-	-	-	503,110
	506,519	**12,101**	**609,716**	**5,788,682**	**110,675**	**7,027,693**

(*) The lease payment flow is presented in note 17.

Parent Company	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans and debentures	-	-	562,255	5,674,745	-	6,237,000
Onerous concessions	353	699	2,999	13,242	17,472	34,765
Debt agreed with pension fund (Forluz)	3,319	6,712	30,814	21,135	-	61,980
Solution for deficit of pension fund (Forluz)	**1,467**	**2,960**	**13,648**	**79,560**	**93,203**	**190,838**
	5,139	**10,371**	**609,716**	**5,788,682**	**110,675**	**6,524,583**
Fixed rate						
Suppliers	**448,229**	**392**	-	-	-	**448,621**
	453,368	**10,763**	**609,716**	**5,788,682**	**110,675**	**6,973,204**

(*) The lease payment flow is presented in note 17.

Risk of debt early maturity

The Company has loans and debentures contracts with covenants relating to financial index of the Company and its parent company, and cross-default clauses. Non-compliance with these covenants could result in earlier maturity of debts. More details in Note 20.

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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.

The balance of expected credit losses on December 31, 2022, considered to be adequate in relation to the credits receivable and in arrears, was R$30,414 (R$28,202 in 2021).

The Company manages counterparty risk of financial institutions based on an internal policy, which is constantly updated.

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

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

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

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

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

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

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

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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.

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.

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.

d) Capital management

The Company has a policy of maintaining a solid capital base to maintain the confidence of investors, creditors and the market and to enable implementation of its investment program and maintenance of its credit quality, with consequent access to the capital market, seeking to invest in projects that offer minimum real internal rates of return that are equal to or better than those specified in the Long Term Policy, having as reference the cost of capital for its various businesses.

The Company monitors its capital situation using as a leverage index the ratio Net Debt / Adjusted Ebitda. Net debt is calculated as the total of loans and debentures, less cash and cash equivalents, securities and derivative hedge instrument. The Company has as a target the intention to keep consolidated net debt lower than 2.5 times Ebitda.

	Consolidated	
	2022	2021
Loans and debentures (Note 20)	4,959,066	6,029,460
(-) Cash and cash equivalents (Note 6)	(292,980)	(123,071)
(-) Marketable securities (Note 7)	(1,357,464)	(1,137,899)
(-) Derivative hedge instrument (Note 29)	(612,208)	(1,213,046)
Net debt	**2,696,414**	**3,555,444**
Ebtida adjusted	2,734,805	2,002,098
Net debt / Ebtida adjusted	**0.99**	**1.78**

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

	Consolidated		Parent Company	
	2022	2021	2022	2021
Total liabilities	11,096,184	11,595,320	10,644,364	11,147,824
Cash and cash equivalents (Note 6)	(292,980)	(123,071)	(194,482)	(86,064)
Marketable securities (Note 7)	(1,352,359)	(943,789)	(788,368)	(618,130)
Net liabilities	9,450,845	10,528,460	9,661,514	10,443,630
Total equity	8,892,810	7,755,454	8,892,810	7,755,454
Net liabilities / equity	1.06	1.36	1.09	1.35

Accounting policy

Financial instruments are classified, at initial recognition, as measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, depending on the financial asset's contractual cash flow characteristics and the Company's and its subsidiaries business model for managing them.

Fair value through profit or loss - In this category are: Cash equivalents; marketable securities not classified at amortized cost; Derivative financial instruments; and Indemnities receivable from generation assets.

The disclosures about the main assumptions used in fair value measurement are summarized in the respective notes.

Derivatives financial instruments - The Company holds derivative hedge instruments to regulate its exposures to risks of variation in foreign exchange rates that are recognized initially at their fair value. The related transaction costs are recognized in the statements of income when they are incurred. After the initial recognition, derivatives are measured at fair value and changes in fair value are recorded in the statements of income.

Financial instruments (Put options) - The options to sell units in FIP Melbourne and FIP Malbec (jointly, 'the SAAG Put Option') are calculated by updating of the amount of the obligation by the IPCA inflation index plus 7% per year, less any dividends and/or Interest on Equity paid by SAAG to the private pension funds.

Amortized cost - In this category are: Receivables from customers, traders, and energy transport concession holders; Restricted cash; Court escrow deposits; Securities for which there is a positive intention to hold them to maturity or the terms of their contracts originate known cash flows that constitute exclusively payments of principal and interest; Concession financial assets related to the concession grant fee for energy generation contracts; Receivables from related parties; Suppliers; loans and debentures; Debt agreed with the pension fund (Forluz); Concessions payable; and Other credits.

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

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30. DISPOSAL OF EQUITY INTEREST

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 was zero due to the equity deficit, was classified as an asset held for sale, according to CPC 31/ IFRS 5 - *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 onerous assignment 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.

31. INSURANCE

The Company maintains insurance policies to cover damages on certain assets, in accordance with orientation by specialists, as listed below, taking into account the nature and the degree of risk. The risk assumptions adopted, due to their nature, are not part of the scope of an audit of the financial statements, and consequently were not examined by the external auditors.

Assets	Cover	Dates of cover	Amount insured (1)	Annual premium (1)
Air transport - Aircraft	Fuselage	May 27, 2022 to May 27, 2023	US$1,500	
	Third party	May 27, 2022 to May 27, 2023	US$4,000	US$58
Warehouse stores	Fire	Nov. 2, 2022 to Nov. 2, 2024	R$21,119	R$35
Facilities in buildings	Fire	Jan. 8, 2023 to Jan. 8, 2024	R$238,814	R$51
Telecoms equipment	Fire	September 30, 2022 to September 30, 2023	R$47,662	R$44
Operational risk - generators, rotors, and power equipment above R$1 million	(2)	Dec, 7, 2022 to Dec. 7, 2023	R$927,549	R$1,554

(1) Amounts expressed in thousands of Reais or dollars.
(2) The maximum indemnity limit (MIL) is R$279,005.

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Except for air travel and aircraft insurance, the Company does not have third party accident liability insurance, and is not seeking proposals for this type of insurance. Additionally, the Company have not sought proposals for and do not have current policies for insurance against events that could affect their facilities such as earthquakes, floods, systemic failures or business interruption. The Company has not suffered significant losses arising from these risks.

32. COMMITMENTS

The Company has contractual obligations and commitments, including purchase of energy and operational leasing, as follows:

	2023	2024	2025	2026	2027	2028 onwards	Total
Purchase of energy	2,625,243	1,052,947	103,856	98,808	119,796	532,809	**4,533,459**

The payment flows for leases, loans, and suppliers are presented in notes 17 and 29.

33. PARLIAMENTARY COMMITTEE OF INQUIRY ('CPI')

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

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

We would note, on the subject of processes of contracting, that the Company carries out regular audits; and that based on the results identified to date, no material impacts on the financial statements for 2022, nor for any prior business year, have been identified.

34. SUBSEQUENT EVENTS

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

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

Disposal of stockholding interest - Mesa

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

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

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

Process of sale of 15 PCHs/CGHs

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

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

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

This being so, the requirements for classification of the assets as Held for sale were met. Thus, in March 2023, with a view to the possibility of a loss on sale of the assets, the amounts were transferred to Current liabilities, at fair value, less expenses of sale. This resulted in a consolidated adjustment of R$ 75,793, comprising a negative amount of R$ 94,490 for Cemig GT and a positive amount of R$ 18,697 for the subsidiary Horizontes.

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Declaration of Interest on Equity

On March 22, 2023 the Executive Board, on authorization by the Board of Directors, approved declaration of Interest on Equity for the 2023 business year in the amount of R$ 163,256, to be paid in two equal installments by June 30, 2024 and December 30, 2024. The Executive Board is responsible for determining the locations and processes of payment, and posting the amounts of Interest on Equity against the mandatory dividend for the 2023 business year, in a proposal to be submitted to the General Meeting of Stockholders.

****

Reynaldo Passanezi Filho
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations Officer

Paulo Mota Henriques
Chief Generation and Transmission Officer

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

Marney Tadeu Antunes
Interim Director without portfolio

Mário Lúcio Braga
Controller
CRC-MG-47,822

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

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

KPMG Auditores Independentes Ltda.
Rua Paraíba, 550 - 12º andar - Bairro Funcionários
30130-141 - Belo Horizonte/MG - Brasil
Caixa Postal 3310 - CEP 30130-970 - Belo Horizonte/MG - Brasil
Telephone +55 (31) 2128-5700
kpmg.com.br

Independent auditor’s report on individual and consolidated financial statements

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

Independent auditors’ report on the individual and consolidated financial statements

To the Stockholders and Board of Directors

Cemig Geração e Transmissão S.A.

Belo Horizonte - MG

Opinion

We have audited the individual and consolidated financial statements of Cemig Geração e Transmissão S.A. (the “Company”), identified as the parent company and consolidated, respectively, which comprise the statement of financial position as of December 31, 2022 and the respective statements of income, comprehensive income, changes in shareholder´s equity and cash flows for the year then ended, and the corresponding notes comprising significant accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements present fairly, in all material aspects, the individual and consolidated financial position of Cemig Geração e Transmissão S.A. as of December 31, 2022, and of its individual and consolidated operations and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the individual and consolidated financial statements” section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements of Ethics Standards Boards for Accountants and Professional Standard issued by Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis - Risks related to non-compliance to laws and regulations

As mentioned in notes 16 and 35 to the individual and consolidated financial statements, there are investigations being conducted by public authorities regarding the Company, its subsidiaries and in the investee Norte Energia S.A., which involve the investee and its executives and other shareholders of these investee. We are currently unable to foresee future developments of potential impacts of these investigations conducted by public authorities. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the post-employment obligations

Note 22 to the individual and consolidated financial statements

Key audit matter	How this matter has been conducted in our audit
The Company and its subsidiaries sponsor defined benefit pension plans and health plans that ensure supplementary retirement benefits and medical assistance to their employees. The measurement of the actuarial obligation of defined benefit pension and health plans involves management's judgments for the choice of actuarial assumptions that are used, mainly: (i) the discount rate; (ii) life expectancy; and (iii) real growth in contributions and wages. The Company and its subsidiaries hire external actuaries to assist in the process of evaluating actuarial assumptions and calculating the obligation of pension and health plans. We consider this matter to be a key audit matter, due to the uncertainties related to the assumptions for estimating the actuarial obligation of defined benefit pension and health plans, which have a risk of resulting in a material adjustment to the balances of the individual and consolidated financial statements.	Our audit procedures included, but were not limited to: - We evaluated the design, implementation and effectiveness of certain internal controls associated with the actuarial liability measurement process, including controls related to the preparation, review and approval of discount rate assumptions, life expectancy and actual growth of contributions and salary; - We assess the scope, independence, competence, professional qualifications, experiences and objectivity of the external actuary hired, to assist in estimating the actuarial obligation of pension and health plans; - We evaluated, with the help of our specialists in actuarial calculations, the reasonableness and consistency of the assumptions used, such as the discount rate, life expectancy and the real growth of contributions and salaries, including comparison with data obtained from external sources. - We assess whether the disclosures made in the individual and consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained through the procedures

	summarized above, we consider acceptable the measurement of the actuarial obligation of defined benefit pension and health plans, as well as the respective disclosures, in the context of the individual and consolidated financial statements, related to the year ended in December 31, 2022.

Recognition and disclosures of provisions for legal and administrative proceedings	
Note 23 to the individual and consolidated financial statements	
Key audit matter	**How this matter has been conducted in our audit**
The Company and its subsidiaries are defendants in civil, tax, labor, environmental and regulatory lawsuits and administrative proceedings, the recognition and measurement of which requires the exercise of judgment by the Company and its subsidiaries. A provision for these claims is recorded when it is probable that an outflow of cash will be required to settle the obligation and the amount can be reliably estimated. The measurement of this estimate involves management judgments for measuring the value and classification of the probability of loss of the shares. The Company discloses contingent liabilities whose likelihood of an outflow of funds from the entity is possible. We consider this matter to be a key audit matter, due to the degree of judgment inherent in determining estimates related to value and assessing the likelihood of loss classification that have a risk of resulting in a material adjustment to the balances and/or disclosures in the individual financial statements and consolidated.	Our audit procedures included, but were not limited to: - We evaluated the design, implementation and effectiveness of key internal controls related to the identification, evaluation, measurement and disclosure of provisions, including controls over the Company's assessment of the likelihood of losing these legal and administrative actions and the amounts that would be paid in case of loss. - We obtained direct confirmation from the internal and external lawyers, in order to obtain their assessment of the risks of losses and the amounts related to the cases in which the Company is a defendant. We compare the information contained in the confirmations received with the accounting records. - With the assistance of our legal specialists, we evaluated the Company's criteria to support forecasts and the amounts associated with certain relevant proceedings, selected on a sampling basis. - We assessed the accuracy of the tax contingencies recorded by the Company, as well as compared, based on a sample, the existing jurisprudence on the topics in question. - We assess whether the disclosures made in the individual and consolidated financial statements are in accordance with applicable standards and whether all relevant information is considered. Based on the evidence obtained through the procedures summarized above, we consider the amount and disclosures of the provision for lawsuits acceptable, in the context of the individual and consolidated financial statements, for the year ended December 31, 2022.

Other matters

Statements of Value Added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted for the auditing procedures jointly with audit of the Company's financial statements. For the purposes of forming our opinion, we evaluate whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria as defined in Technical Pronouncement CPC 09 - Statement of Added Value. In our opinion, this statement of value added have been properly prepared, in all material respects, in accordance with the criteria defined in this Technical Pronouncement and is consistent with the individual and consolidated financial statements taken as a whole.

Corresponding figures

The corresponding figures related to individual and consolidated statement of financial position as of December 31, 2021 and the individual and consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows and respective explanatory notes for the year ended on that date, presented as corresponding figures in the individual and consolidated financial statements for the current year, were audited by other independent auditors, who issued a report dated March 29, 2022, unmodified. The corresponding amounts related to the individual and consolidated statements of value added (DVA), for the year ended December 31, 2021, were submitted to the same audit procedures by these independent auditors who based on their audit have issued an unmodified report.

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

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

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of the financial statements are free from material misstatement, due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors’ responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the group entities or business activities within the Company to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and therefore, responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter, or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Belo Horizonte, March 25, 2023.

KPMG Auditores Independentes Ltda.

CRC SP-014428/O-6 F-MG

(Original in Portuguese signed by)

Thiago Rodrigues de Oliveira

Contador CRC 1SP259468/O-7

OPINION OF THE AUDIT BOARD

The members of the Audit Board of Cemig Geração e Transmissão S.A., undersigned, in performance of their function under the law and the Company's by-laws, have examined the financial statements for the business year ended December 31, 2022 and the related complementary documents, approved by the Company's Board of Directors, on March 24, 2023. After verifying these documents, and considering the examinations carried out by this Board and the explanations provided by the Company's Management in relation to acts of management and the related records in the 2022 financial year, and also based on the unqualified Opinion of KPMG Auditores Independentes Ltda. issued on March 25, 2023, hereby express the following favorable opinion, namely that these statements are adequately presented in all material aspects, and thus merit approval by the stockholders in the Annual General Meeting to be held in 2023.

Belo Horizonte, March 25, 2023.

Gustavo de Oliveira Barbosa - President

Elizabeth Jucá e Mello Jacometti - Board Member

Michele da Silva Gonsales Torres - Board Member

João Vicente Silva Machado - Board Member

Luísa Cardoso Barreto - Board Member

DIRECTORS' STATEMENT OF REVIEW OF THE FINANCIAL STATEMENTS

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Cemig Geração e Transmissão S.A., held on March 22, 2023, we approved the conclusion, on that date, of the Company's financial statements for the business year 2022; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2022 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the said Financial Statements.

Belo Horizonte, March 22, 2023.

Reynaldo Passanezi Filho - Chief Executive Officer
Dimas Costa - Chief Trading Officer
Leonardo George de Magalhães - Chief Finance and Investor Relations Officer
Marney Thadeu Antunes - Chief without portfolio
Marco da Camino Ancona Lopes Soligo - Chief Officer Cemigpar
Thadeu Carneiro da Silva - Chief Generation and Transmission Officer
Henrique Motta Pinto - Chief Regulation and Legal

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

DIRECTORS' STATEMENT OF REVIEW OF THE REPORT BY THE EXTERNAL AUDITORS ON THE FINANCIAL STATEMENTS

STATEMENT

We hereby state, for the due purposes, under the responsibility of our positions, that in meeting of the Executive Board of Companhia Energética de Minas Gerais (Cemig), Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A), held on March 22, 2023, we approved the conclusion, on that date, of the Company's financial statements for the business year 2022; and also submission to the Board of Directors, for decision and submission to the Annual General Meeting, of the Report of Management, the Financial Statements for 2022 and the related complementary documents. In relation to those documents, we declare that we have reviewed, discussed and agree with the opinions expressed by the representatives of the Independent External Auditors.

Belo Horizonte, March 22, 2023.

Reynaldo Passanezi Filho - Chief Executive Officer
Dimas Costa - Chief Trading Officer
Leonardo George de Magalhães - Chief Finance and Investor Relations Officer
Marney Thadeu Antunes - Chief without portfolio
Marco da Camino Ancona Lopes Soligo - Chief Officer Cemigpar
Thadeu Carneiro da Silva - Chief Generation and Transmission Officer
Henrique Motta Pinto - Chief Regulation and Legal

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

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE - March 24, 2023

INTRODUCTION

The purpose of the Audit Committee, a statutory body of Cemig Geração e Transmissão S.A. (‘Cemig GT’), is to advise the Board of Directors on the exercise of its functions of audit and inspection, and, among other duties specified in its Internal Regulations, evaluate and state opinions on: the quality and integrity of the accounting statements; adherence to the rules of law, the bylaws and regulations; and the effectiveness of the systems of internal control, and of independent and external auditing. The assessments made by the Committee are based (i) on information received from Management, from the external auditors, from internal audits, and from those responsible for management of risk and internal controls; and (ii) on its own analyses arising from direct observation. It is a function of the Committee, with the technical and operational support of the Company’s Compliance area, to carry out analysis of the appropriateness of nominations to the post of Manager or member of the Audit Board by carrying out background checks of integrity and compliance.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises: Mr. Pedro Carlos de Mello, Coordinator of the Committee and elected on June 06, 2018; and the committee members Mr. Afonso Henriques Moreira Santos, elected on September 14, 2020, Mr. Márcio de Lima Leite elected on May 21, 2020 and Mr. Roberto Tommasetti elected on May 15, 2019.

ACTIVITIES CARRIED OUT IN THE SCOPE OF ITS DUTIES IN YEAR OF 2022

In 2022 the Committee met 35 times. At the beginning of the first quarter of 2023 it has met 6 times. It has taken part in meetings of the Board of Directors 13 times in 2022 and one in 2023. Four meetings were held jointly with the Audit Board in 2022, and two so far in the first half of 2023. The Committee has maintained permanent contact with the managers of the various areas of the Company, aiming to accompany the work carried out, and obtain input information on which to base its assessments. 18 meetings were held with participation by the external auditors, KPMG Auditores Independentes Ltda., to become aware of methodology, planning and results of the work, with a view to preparation of the Financial Statements at December, 31, 2022. The Committee met with members of the Executive Board of the Company to deal with subjects related to general aspects of the management of the institution, in particular those relating to accounting, internal controls, internal auditing, management of capital, financial management and management of risks. The Committee has presented recommendations for enhancement of processes, and accompanied the implementations of improvements that it has recommended and recommendations in relation to internal and external audits, indicated in the course of its work. The Committee has maintained regular contacts with the Company’s Board of Directors, and has also issued opinions of aspects related to its duties under regulations, and provided information to that Board on its activities.

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THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The work carried out by Deputy Director of Compliance, Corporative Risks and Internal Controls, were the subject of accompaniment by the Committee. The Audit Committee considers that the activity of the Company's management in ensuring the effectiveness of the institution's systems of internal controls and risk management is positive (although in its opinion some points require more attention).

INTERNAL AUDITING

Several meetings have been held with the General Manager and the Managers of Internal Auditing (AI), with a view to accompanying the work carried out by these units. The Committee has made an assessment of the scope and quality of the audits carried out, and the level of independence of the area - assessing it to be positive. In the work carried out by internal auditing, no failures to comply with the legislation in effect and/or the internal rules were found of which the degree of severity could put the solidity and continuity of the Company at risk.

EXTERNAL AUDITING

The Committee met with the external auditors, KPMG Auditores Independentes Ltda., to ascertain the principal events in the works carried out in the preparation of the financial statements for 2022, and in their assessment of the Company's present internal controls. The Committee considers the work carried out to be satisfactory, and has not identified any situations that could affect the objectivity and independence of the external auditors.

THE FINANCIAL STATEMENTS

The Committee has accompanied the process of preparation of the financial statements for 2022, examining trial balances, balance sheets and explanatory notes, and has considered the financial statements, the Report of Management, the Report of the External Auditors and other documents destined for publication. It has taken cognizance of the accounting practices used in the preparation of the financial statements, which are aligned with the fundamental principles of accounting and with Brazilian corporate legislation, and which adequately portray the institution's equity situation.

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CONCLUSION

By the closing date of this report the Audit Committee had not received any reports of any accusation of non-compliance with rules, or absence of controls, or any act or omission by the Company's Management, that might indicate the existence of fraud, failings or errors that might put at risk the continuity of the institution or the fidelity of its accounting statements. Based on the considerations above, the Audit Committee, having duly weighed and considered its responsibilities and the natural limitations arising from the scope of its activity, recommends to the Board of Directors that the Financial Statements of Cemig for 2022 should be approved.

Belo Horizonte, March 24, 2023.

The Audit Committee

PEDRO CARLOS DE MELLO - Coordinator

AFONSO HENRIQUES MOREIRA SANTOS - Member

MÁRCIO DE LIMA LEITE - Member

ROBERTO TOMMASETTI - Member

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CAPITAL BUDGET

In accordance with Clause 196 of the Corporate Law and Article 27, § 1, Sub-item IV of CVM (‘*Comissão de Valores Mobiliários’*) Instruction 80, we present for analysis and subsequent approval of submission to the Ordinary General Meeting of Shareholders to be held on April, 2023, the proposal for the consolidated Capital Budget for the 2023 business year. The planned amount of capital budget will be achieved exclusively by allocating resources from Company’s operations, through the retained earnings for the period of 2022, of R$1,049,262.

Investments planned for 2023	R$
Energy generation system	818,273
Energy transmission system	233,064
Contributions to subsidiaries and associates	56,012
Infrastructure and others	59,710
Total	**1,167,060**

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