

CPFL 4Q22/2022 Results

Energy for a more sustainable future

4Q22 CPFL Results

- **Load on the concession area** of **-1.3%** in **4Q22** and of **-0.9%** in **2022**
- Decrease of **13.3%** in **ADA** reaching **0.91%** of **Supply Revenue**
- **EBITDA** of **R\$ 3,805 million (+49.6%)** in **4Q22** and of **R\$ 12,263 million (+33.9%)** in **2022**
- **Net Income** of **R\$ 1,375 million (+3.3%)** in **4Q22** and of **R\$ 5,219 million (+7.5%)** in **2022**
- Net Debt of **R\$ 23.4 billion** and leverage of **1.88x Net Debt/EBITDA**
- Capex of **R\$ 1,642 million (+21.3%)** in **4Q22** and of **R\$ 5,805 million (+45.1%)** in **2022**
- Management's **dividend** proposal **in the amount of R\$ 2,422 million, R\$ 2.10/share, reaching 50% payout of distributable net income**
- Commercial start-up of **Sul I** and **Sul II** transcos, with expected RAP of **R\$ 77 million** (2022-2023 cycle)
- CPFL Geração concluded the acquisition of **3.4%** of **Enercan**, and now **holds 52.12% of the shares**
- **CPFL Paulista, CPFL Piratininga, RGE** and **CPFL Santa Cruz** presented the **lowest** historical indexes of **SAIDI** and **SAIFI** in 2022
- **Expansion of Alesta** to serve **CPFL Paulista** clients, in addition to CPFL Piratininga and CPFL Santa Cruz

Video Conference with Simultaneous Translation into English (Bilingual Q&A)

Friday, March 17, 2023 – 02:00 p.m. (BRT), 01:00 p.m. (ET)

Zoom platform – click here to register:

https://us02web.zoom.us/webinar/register/WN_owN4J8kVThefviYEh9av3w

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MESSAGE FROM THE CEO

The year 2022 was marked by great internal and external volatility, with repercussions on the electricity sector and on CPFL Energia's businesses. Despite this challenging scenario, the year was marked by many achievements for CPFL, culminating in the delivery of excellent financial and operational results by the Group's businesses. We posted record EBITDA and Net Income of R\$ 12.3 billion and R\$ 5.2 billion, respectively. Our investments, the largest in our history, increased 45.2% from the previous year to R\$5.8 billion. We also announced our plan to invest in all businesses of the CPFL Group, totaling R\$25.4 billion through 2027. This impressive performance reflects the daily efforts and dedication of all our employees.

Regarding our businesses, I wish to highlight the continuous process of integrating CPFL Transmissão into the CPFL Group, with impressive results in the year. Still in Transmission, we had the operational startup of the Sul I and Sul II Transmission Lines, with expected Permitted Annual Revenue (RAP) of R\$70 million (2022-2023 cycle).

In the Distribution segment, I highlight that the continuous investments in improving our grid have brought good results, with the SAIDI and SAIFI indicators and losses among the best in the country. In 2023, we will apply the Tariff Review at our three major distribution companies. We already have the preliminary appraisal report of CPFL Paulista, whose tariff review will be in April 2023, indicating a Net Regulatory Asset Base (RAB) of R\$10.6 billion.

Finally, in the Services segment, I wish to highlight our fintech Alesta, which offers a 100% digital platform for the installment payment of bills by the customers of the distribution companies of CPFL Piratininga, CPFL Santa Cruz and now CPFL Paulista as well.

On the ESG agenda, the Company continues its pursuit of best practices. Accordingly, we approved our new 2030 ESG Plan, integrated to our Strategic Planning, with 23 public commitments organized into the four pillars: Renewable and smart solutions, Sustainable operations, Society Shared Value, and Safe and Reliable Business. One example of how we work is our most recent project, which fills us with pride. We inaugurated in February, in partnership with our parent company State Grid and the State Government of Rio Grande do Norte, a desalinization project at an investment of R\$8 million to transform the reality of more than 3,000 residents in the rural area of the municipality of João Câmara-RN. The initiative is based on a smart and innovative photovoltaic energy system capable of removing salinity from water to produce more than 80,000 liters of clean water per day that is safe for use and consumption, besides promoting the social and economic development of communities in the region.

I also wish to point out that CPFL Energia ranked 3rd place in the selection process for B3's Corporate Sustainability Index (ISE) portfolio, which is the result of hard work and improvements in ESG practices. As for Governance, we obtained the ISO 37.001 Certification – Anti-Bribery Management Systems, reaffirming our commitment to anti-bribery and anti-corruption good practices, while constantly improving our Integrity Program.

Finally, I end this message by highlighting our commitment and respect to - and the trust of - shareholders, clients, partners, society and other stakeholders, and thank all CPFL group employees for the results achieved. I also wish to emphasize that CPFL Energia will continue looking ahead in 2023, reinforcing its strategic pillars, with the focus on clients, innovation and digitization, always pursuing better results through high performance, management of costs and safety of our employees and assets. We also continue to pursue growth opportunities and actively participate in discussions that will drive progress across the electricity sector so that

we can continue our successful trajectory.

Thank you very much!

Gustavo Estrella

Chief Executive Officer, CPFL Energia

Indicators (R\$ Million)	4Q22	4Q21	Var.	2022	2021	Var.
Load in the Concession Area - GWh	17,394	17,622	-1.3%	69,270	69,906	-0.9%
Sales within the Concession Area - GWh	17,369	17,628	-1.5%	69,301	69,692	-0.6%
Captive Market	10,175	10,707	-5.0%	40,690	42,901	-5.2%
Free Client	7,194	6,921	4.0%	28,611	26,791	6.8%
Gross Operating Revenue	14,029	15,488	-9.4%	54,651	56,341	-3.0%
Net Operating Revenue	10,737	10,919	-1.7%	39,354	39,210	0.4%
EBITDA ⁽¹⁾	3,805	2,544	49.6%	12,263	9,160	33.9%
Distribution	1,813	1,763	2.8%	6,998	5,809	20.5%
Generation	1,736	738	135.3%	4,245	3,304	28.5%
Transmission ⁽²⁾	248	88	182.8%	962	(9)	-
Commercialization, Services & Others	8	(44)	-	58	56	3.0%
Net Income	1,375	1,331	3.3%	5,219	4,854	7.5%
Net Debt ⁽³⁾	(23,418)	(20,892)	12.1%	(23,418)	(20,892)	12.1%
Net Debt / EBITDA ⁽³⁾	1.88	2.13	-11.9%	1.88	2.13	-11.9%
Investments ⁽⁴⁾	1,575	1,351	16.6%	5,739	3,997	43.6%

Notes:

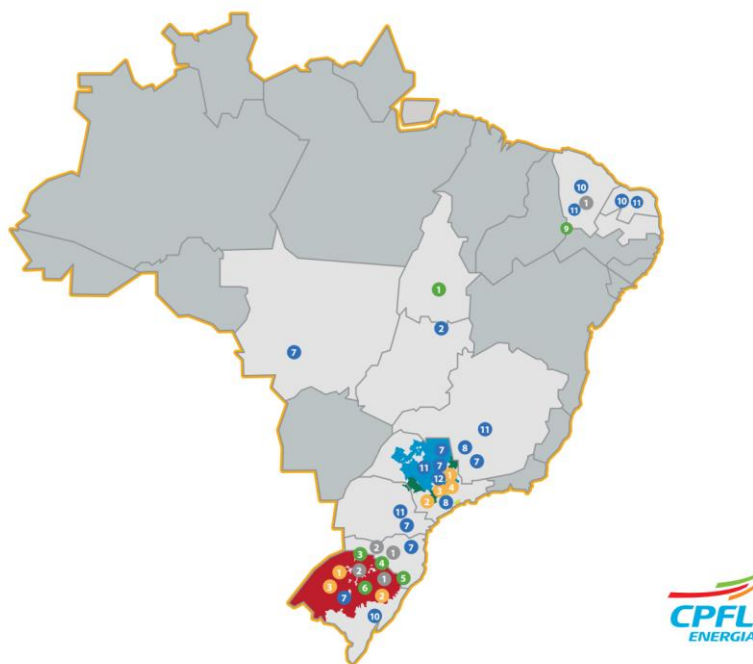
- (1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Resolution no. 156/22. See the calculation in item 3.1 of this report;
- (2) Includes CPFL Transmissão;
- (3) In financial covenants criteria, which considers CPFL Energia's stake in each generation projects and in CPFL Transmissão;
- (4) Does not include special obligations.

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Company Operation

Our Businesses



Shareholders Structure

CPFL Energia is a holding company that owns stake in other companies. State Grid Corporation of China (SGCC) controls CPFL Energia through its subsidiaries State Grid International Development Co. Ltd, State Grid International Development Limited (SGID), International Grid Holdings Limited, State Grid Brazil Power Participações S.A. (SGBP) and ESC Energia S.A.



STATE GRID
CORPORATION OF CHINA

83.71%



Free Float

16.29%

Distribution	Generation	Transmission	Commercialization
100% 100% 100% 100% <small>Uma empresa CPFL Energia</small>	100% <small>Geração</small> 59.93% 5.94% 100% 65% <small>Cia Energética Rio das Antas</small> 52.12% <small>Companhia Noroeste Energias S.A.</small> 53.34% <small>Companhia Estadual de Energia S.A.</small> 51% <small>Foz do Chapecó Energia S.A.</small> 4 51.54% <small>3</small> 25.01% <small>Energia Serra da Mesa S.A.</small> Other subsidiaries	100% 100% 100% 100% 100% 100% 100% <small>6</small>	100% <small>2</small> 99.95% 100% 100% 100% Services 100% <small>2</small> 100% 100% <small>5</small> 100% 100% 100% 100% 100% 100% <small>2</small> 100%

Reference date: 12/31/2022

Notes:

(1) RGE is held by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%);

(2) CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;

(3) 51.54% stake of the availability of power and energy of Serra da Mesa HPP, regarding the Power Purchase Agreement between CPFL Renováveis and Furnas;

(4) CPFL Renováveis is controlled by CPFL Energia (49.1502%) and CPFL Geração (50.8498%);

(5) Alesta is controlled by CPFL Energia (99.99%) and by CPFL Brasil (0.01%);

(6) CPFL Piracicaba, CPFL Morro Agudo, CPFL Maracanaú, CPFL Sul I e CPFL Sul II are consolidated in CPFL Geração.

CPFL Transmissão delisting

On November 18, 2022, the auction of the Delisting Tender Offer was held, in which CPFL Cone Sul became the holder of 9,592,444 shares issued by CPFL Transmissão, representing approximately 99.32% of its total share capital.

On November 30, 2022, the registration conversion from Category "A" to Category "B" was granted by the Brazilian Securities Commission ("CVM"). As a result, shares issued by the Company are no longer allowed to be traded on regulated securities markets.

In view of the conclusion of the Delisting Tender Offer and the fact that the outstanding shares represented at the time less than 5% of the total shares issued by CPFL Transmissão, an Extraordinary General Meeting ("EGM") was called and held on December 7, 2022, when the compulsory redeem of the remaining outstanding shares was deliberated and approved. In a new EGM of CPFL Transmissão, held on December 16, 2022, the redeemed shares were cancelled. Thus, CPFL Cone Sul now owns 100% of the total share capital of CPFL Transmissão.

For more details, please consult relevant facts and notices to the market available on the [IR website](#).

Corporate Governance

The corporate governance model adopted by CPFL Energia is based on the 4 basic principles of the Brazilian Corporate Government System: transparency, equity, accountability and corporate responsibility.

CPFL's Management is composed by the Board of Directors and the Board of Executive Officers.

The Board of Directors is responsible for the strategic direction of the CPFL Group, consists of 7 members (2 independent members), whose term of office is 2 years, with the possibility of reelection. It has 5 Advisory Committees that assist in the decisions and monitoring of relevant and strategic topics, which, are namely: (i) Audit Committee (non-statutory); (ii) Related Parties Committee; (iii) People Committee; (iv) Finance and Risk Management Committee; and (v) Strategy, Growth, Innovation and ESG Committee.

The Board of Executives consists of 1 Chief Executive Officer and 8 Vice-Chief Executive Officers, all with term of office of 2 years, with possibility of reelection, whose responsibility is the execution of the strategies of CPFL Energia and its subsidiaries, which are defined by the Board of Directors going along with the corporate governance guidelines.

CPFL Energia has a permanent Fiscal Council, composed of 3 effective members and equal number of alternates, all with 1 year of term of office, with the possibility of reelection, whose function is to perform an independent oversight role from the administrators and with the objective of preserving the value of the organization.

The guidelines and documents on corporate governance are available at the [IR website](#).

Dividend Policy

The CPFL Energia dividend distribution policy determines that the Company should distribute annually as dividends, at least, 50% of the adjusted net income¹. The approved Dividend Policy is merely indicative, with the purpose of signaling to the market the treatment that the Company intends to give to the distribution of dividends to its shareholders, having, therefore, a programmatic character, not binding upon the Company or its governing bodies. The Dividend Policy is available at the [IR website](#).

¹ It also establishes the factors that will influence in the amount of distribution, as well as other factors considered relevant for the board of directors and the shareholders. It's also highlights that certain obligations contained in the Company's financial contracts may limit the amount of dividends and/or interest on equity that may be distributed.

2) OPERATIONAL PERFORMANCE

2.1) Distribution

2.1.1) Load net of losses in the concession area

Load within the Concession Area - GWh						
	4Q22	4Q21	Var.	2022	2021	Var.
Captive Market	10,156	10,665	-4.8%	40,362	42,733	-5.5%
Free Client	7,238	6,957	4.0%	28,909	27,173	6.4%
Total	17,394	17,622	-1.3%	69,270	69,906	-0.9%

2.1.2) Sales within the Distributors' Concession Area

Sales within the Concession Area - GWh							
	4Q22	4Q21	Var.	Part.	2022	2021	Var. Part.
Captive Market	10,175	10,707	-5.0%	58.6%	40,690	42,901	-5.2% 58.7%
Free Client	7,194	6,921	4.0%	41.4%	28,611	26,791	6.8% 41.3%
Total	17,369	17,628	-1.5%	100.0%	69,301	69,692	-0.6% 100.0%

Sales within the Concession Area - GWh							
	4Q22	4Q21	Var.	Part.	2022	2021	Var. Part.
Residential	5,371	5,292	1.5%	30.9%	20,922	21,051	-0.6% 30.2%
Industrial	6,554	6,565	-0.2%	37.7%	26,110	25,886	0.9% 37.7%
Commercial	2,820	2,850	-1.0%	16.2%	11,362	10,830	4.9% 16.4%
Others	2,625	2,921	-10.1%	15.1%	10,906	11,925	-8.5% 15.7%
Total	17,369	17,628	-1.5%	100.0%	69,301	69,692	-0.6% 100.0%

Notes:

(1) The tables with sales within the concession area by distributor can be consulted in the CPFL Energia's Historical Information Base, available in the IR website. To access it, [click here](#);

(2) As of 1Q22, sales in the concession area also include amounts distributed to other concessionaires and permissionaires, which make use of CPFL Energia's grid ("Use D"), so that the amounts from the free market have been changed throughout the historical series.

Highlights in the concession area in 4Q22:

- **Residential Segment (30.9% of total sales):** growth of 1.5%, reflecting a positive effect of macroeconomics compared to 2021, in addition to the vegetative growth of residential units and the calendar effect in the quarter. On the other hand, there was an impact referring to the increment of distributed generation (DG), combined with the temperature effect, which proved to be negative in the period;
- **Industrial Segment (37.7% of total sales):** reduction of 0.2%, pressured by the increment of distributed generation (DG). To offset this negative effect, there was a growth in the consumption of segments with greater representation in the concession area, such as food, chemical products, plastics and rubber, although slightly minimized by the drop in the segments of non-metallic minerals and metallic products;
- **Commercial Segment (16.2% of total sales):** reduction of 1.0%, mainly associated with the increment of distributed generation (DG), in addition to the negative temperature effect in the quarter. These impacts were partially offset by the positive effects of Normative Resolution (REN) No. 1,000/2021, which deals with the cadastral review of consumer units, especially rural and public consumers, which receive tariff benefits, re-registering them as commercial in case of non-compliance with the criteria to receive the

tariff benefit;

- **Other Segments (15.1% of total sales):** reduction of 10.1%, mainly attributed to the pluviometry effect, due to the high volume of rainfall that occurred in the rural area of the concessionaires with units located in the São Paulo state, compared to 2021, in addition to the effects of the ANEEL REN No. 1,000/2021, as previously explained. Moreover, the migration of permissionaires to the National Grid once again impacted this segment, followed by the increment of distributed generation (DG).

Highlights in 2022:

- **Residential Segment (30.2% of total sales):** reduction of 0.6%, mainly affected by the increment of DG throughout the concession area, in addition to the return of mobility, after the Covid-19 pandemic, which contributed to a drop in average consumption in this segment;
- **Industrial Segment (37.7% of total sales):** growth of 0.9%, above average for Brazilian industrial production, which presented a drop of 0.7% in the year. Increase driven by the positive result presented by CPFL Paulista (1.6%) and RGE (1.2%);
- **Commercial Segment (16.4% of total sales):** growth of 4.9%, reflecting the reopening of the economy with the improvement in Covid-19 indicators. In addition, there was the ANEEL REN No. 1,000/2021 effect which had a positive impact in the segment, as previously explained;
- **Other Segments (15.7% of total sales):** reduction of 8.5%, especially due to the higher volume of rainfall occurred in the concession area, in addition to the permissionaires migration, that presented a drop of 63.5% if compared to 2021, and the effect of the ANEEL REN No. 1,000/2021.

Sales to the Captive Market - GWh						
	4Q22	4Q21	Var.	2022	2021	Var.
Residential	5,371	5,292	1.5%	20,922	21,051	-0.6%
Industrial	996	1,097	-9.2%	4,031	4,422	-8.8%
Commercial	1,778	1,886	-5.7%	7,287	7,357	-1.0%
Others	2,029	2,432	-16.6%	8,450	10,070	-16.1%
Total	10,175	10,707	-5.0%	40,690	42,901	-5.2%

Note: The tables with sales within the concession area by distributor can be consulted in the CPFL Energia's Historical Information Base, available in the IR website. To access it, [click here](#).

Free Client - GWh						
	4Q22	4Q21	Var.	2022	2021	Var.
Industrial	5,557	5,468	1.6%	22,079	21,464	2.9%
Commercial	1,042	964	8.1%	4,075	3,473	17.3%
Others	596	489	21.9%	2,457	1,855	32.4%
Total	7,194	6,921	4.0%	28,611	26,791	6.8%

Note: As of 1Q22, sales in the concession area also include amounts distributed to other concessionaires and permissionaires, which make use of CPFL Energia's grid ("Use D"), so that the amounts from the free market have been changed throughout the historical series.

2.1.3) Losses

The consolidated losses index of CPFL Energia was 8.39% in the 12 months ended in Dec-22, compared to 8.71% in Dec-21, presenting a decrease of 0.32 p.p. Disregarding the effect of the billing calendar in both years, the decrease would be of 0.52 p.p. (8.79% in Dec-21 vs. 8.27% in Dec-22), indicating an improvement of this indicator, in addition to indicate an optimistic perspective in 2023.

12M Accumulated Losses ¹						
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	ANEEL
CPFL Energia	8.71%	8.79%	8.76%	8.55%	8.39%	8.18%
CPFL Paulista	9.02%	9.32%	9.05%	8.76%	8.70%	8.36%
CPFL Piratininga	7.40%	7.43%	7.43%	7.47%	7.36%	6.47%
RGE Sul	9.30%	9.11%	9.52%	9.29%	8.86%	9.17%
CPFL Santa Cruz	7.78%	7.55%	7.39%	6.82%	7.08%	8.29%

Note: (1) According to the criteria defined by the Regulatory Agency (ANEEL), except for not considering distributed generation effects (DG). In CPFL Piratininga and RGE, high-voltage customers (A1) were disregarded.

The CPFL Energia group continually seeks to reduce losses, with a high volume of investments in technology, mainly focused on combating non-technical losses, in a robust metering and grid shielding plan in 2022.

With regard to the shielding plan, in 2022, 1.0 thousand shields of group A customers were carried out with measurement sets, 12.9 thousand shields of group B with Armored Boxes and 8.1 thousand regularizations of illegal consumers.

In addition, the main achievements of 4Q22 were:

- (i) Shielding of electrical borders and internal substations;
- (ii) Mapping of energy losses through microbalances;
- (iii) 90.3 thousand fraud inspections performed in consumer units;
- (iv) Replacement of more than 16.3 thousand obsolete/defective meters with new electronics;
- (v) Visit in 7.7 thousand consumer units inactivated for cutting in cases of self-reconnection;
- (vi) Market discipline through 73 news in media related to CPFL operations to fight fraud and theft.

2.1.4) SAIDI and SAIFI

The SAIDI (System Average Interruption Duration Index) measures the average duration, in hours, of consumer's interruptions per year and the SAIFI (System Average Interruption Frequency Index) measures the average number of consumer's interruptions per year. These indicators measure the quality and reliability of the electricity supply.

SAIDI Indicators										
Distributor	SAIDI (hours)									
	2018	2019	2020	2021	1Q22	2Q22	3Q22	4Q22	Var. %	ANEEL ¹
CPFL Energia	8.62	8.83	7.66	7.52	7.38	7.37	7.11	6.76	-10.1%	n.d
CPFL Paulista	6.17	6.72	6.81	6.21	5.90	5.77	5.56	5.25	-15.5%	6.77
CPFL Piratininga	5.94	6.49	5.83	5.95	5.58	5.61	5.04	4.95	-16.8%	6.21
RGE ²	14.44	14.01	10.83	10.84	11.06	11.23	11.07	10.55	-2.7%	10.76
CPFL Santa Cruz ³	6.01	5.56	4.89	5.66	5.79	5.78	5.39	4.74	-16.3%	8.13

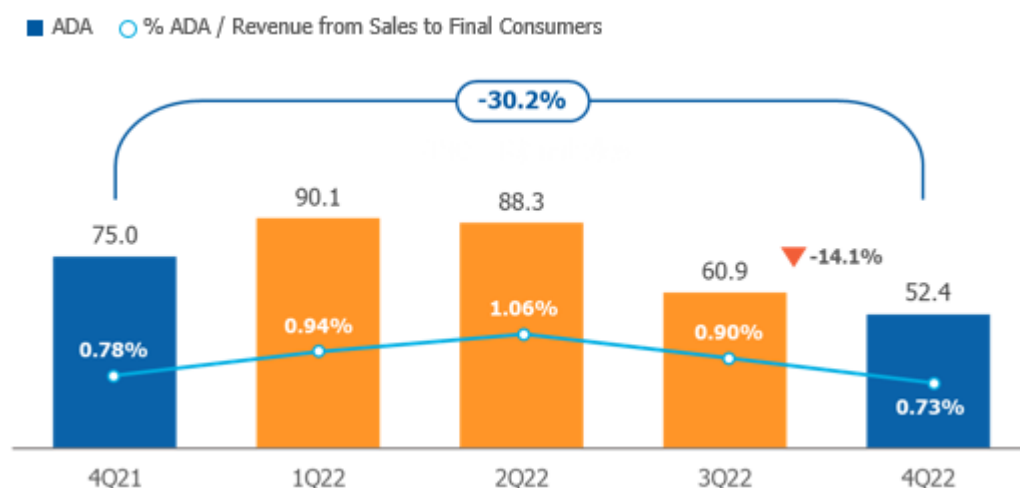
SAIFI Indicators										
Distributor	SAIFI (interruptions)									
	2018	2019	2020	2021	1Q22	2Q22	3Q22	4Q22	Var. %	ANEEL ¹
CPFL Energia	4.68	4.93	4.54	4.40	4.28	4.25	4.02	3.88	-11.8%	n.d
CPFL Paulista	4.03	4.38	4.27	4.24	4.09	3.94	3.74	3.56	-16.0%	5.47
CPFL Piratininga	3.89	4.34	4.32	4.13	3.99	4.20	3.66	3.65	-11.6%	5.15
RGE ²	6.10	6.25	5.27	4.83	4.80	4.82	4.76	4.63	-4.1%	7.69
CPFL Santa Cruz ³	5.09	4.25	3.68	4.21	4.01	3.90	3.54	3.22	-23.5%	6.92

Notes:

- (1) ANEEL limit;
- (2) Since 2019, the RGE and RGE Sul concessions have been unified, becoming a single distributor for the purpose of calculating technical indicators;
- (3) Since 2018, the concessions of CPFL Santa Cruz, Sul Paulista, Mococa, Jaguari and Leste Paulista have been unified, becoming a single distributor for purposes of calculating technical indicators.

In the consolidated of the distributors, the annualized values of SAIDI and SAIFI in 4Q22 were lower than in 4Q21 (-10.1% and -11.8%, respectively). All distributors had their best result in this quarter; highlight mainly for RGE's DEC, which returned to the threshold below the regulatory level. These better results can be attributed to CPFL's continuous search for improvement in its operation, whether through new investments or a strong maintenance operation in its grid.

2.1.5) Delinquency



ADA registered a decrease of 14.1% (R\$ 9 million) in 4Q22, compared to 3Q22, and a reduction of 30.2% (R\$ 23 million) compared to 4Q21.

Comparing the ADA/Revenue from Sales to Final Consumers index, we recorded 0.73% in

4Q22, a slight improvement from 0.78% in 4Q21, standing at the threshold of the **historical average** of **0.7%** to **0.8%**. The factors that led to this behavior are: (i) reduction of the ICMS rate; (ii) removal of the "water scarcity" tariff flag; (iii) increase in real payroll.

In the result of 2022, we had a reduction in ADA of 13.3% (R\$ 44 million) compared to 2021. In the ADA/ Revenue from Sales to Final Consumers ratio, we see a drop in the indicator, that registered 0.91% in 2022 against 1.00% in 2021. Despite the still unfavorable macroeconomic scenario of unemployment and income reduction, we had debts recovered through negotiations with Group A clients (Public Authorities and Hospitals), totalizing R\$ 45 million in the year, in addition to the measures highlighted above, that favored the delinquency control throughout the concession area.

Moreover, CPFL has been maintaining a high volume of collection actions, with the main highlighting:

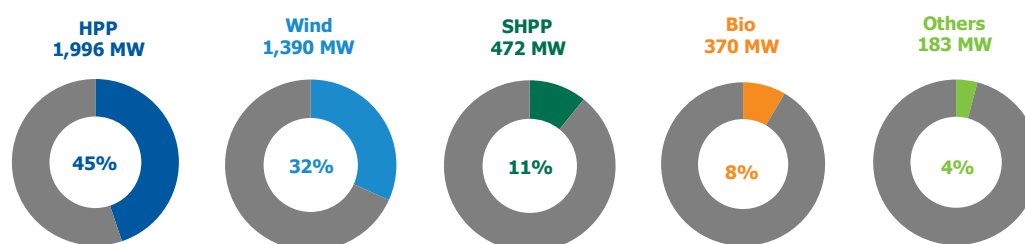
- (i) Maintenance of the collection actions volume, with a record of 1,964 thousand denials, 190 thousand protests and 573 thousand cuts in 4Q22, totaling 10,037 thousand collection actions and 2,418 thousand cuts in 2022;
- (ii) Started in Nov-22, an additional billing format through the WhatsApp tool, with the aim of further simplifying communication with our end consumer.

2.2) Generation

2.2.1) Installed Capacity

On December 31st, 2022, the Generation installed capacity of CPFL Energia, considering the proportional stake in each project, is of 4,411 MW.

Installed Capacity (MW)



Note: In "Others" consider 1 MW of Solar Generation and 182 MW of TPPs.

2.2.2) Operational and under construction projects

In MW	Portfolio						Total
	TPP	HPP	SHPP/MHPP	Bio	Wind	Solar	
In operation	182	1,996	472	370	1,390	1	4,411
In construction	-	-	28	-	-	-	28
In development	-	-	96	-	1,764	2,539	4,399
Total	182	1,996	596	370	3,154	2,540	8,838

On December 31st, 2022, the project portfolio of Generation segment (considering CPFL Energia's participation in each project) totaled 8,838 MW of installed capacity. The plants in operation totalize 4,411 MW, comprising 8 HPPs (1,996 MW), 49 wind farms (1,390 MW), 46 SHPPs and MHPPs (472 MW), 8 biomass thermoelectric plants (370 MW), 2 TPPs (182 MW) and 1 solar plant (1 MW).

Still under construction is the Lucia Cherobim SHPP (28 MW). Additionally, we have wind, solar and SHPP projects under development totaling 4,399 MW.

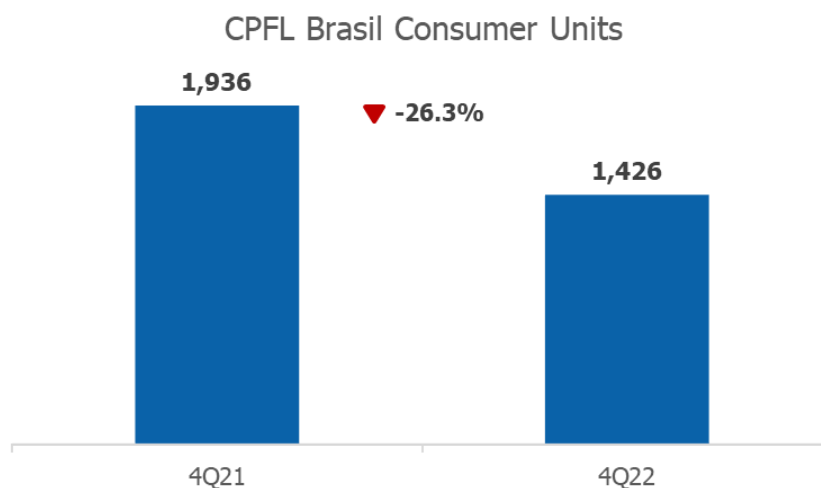
Lucia Cherobim SHPP

Lucia Cherobim SHPP, a project located in the state of Paraná, is scheduled to start operating in 2024. In December 2022, the physical progress of the project was 25.08%. Installed capacity is of 28.0 MW and physical guarantee is of 16.6 average MW. The energy was sold under a long-term contract at the 2018 new energy auction (A-6) (price: R\$ 242.98/MWh – Dec-22).

2.3) Commercialization

Number of Commercialization Consumer Units

In Dec-22, CPFL Brasil consumer units reached 1,426, a decrease of 26.3% compared to the same period of 2021. This was due to a lower volume of contracts signed for 2022.



2.4) Transmission

2.4.1) CPFL Transmissão

Portfolio

Portfolio - CPFL TRANSMISSÃO									
Concession Contracts	Contract Start Date	Contract End Date	CPFL -T Share	Operation Status	Estimated Delivery	Indice	RAP 2021-2022 (R\$ million)	RAP 2022-2023 (R\$ million)	RAP Expected
055/2001	12/31/2002	12/31/2042	100%	Operational	-	IPCA	832	918	-
080/2002	12/18/2002	12/18/2032	100%	Operational	-	IGP-M	20	22	-
004/2021	03/31/2021	03/31/2051	100%	Construction	2024	IPCA	-	-	11
TESB	07/27/2011	07/27/2041	94%	Construction	2023	IPCA	18	28	14
ETAU	12/18/2002	12/18/2032	10%	Operational	-	IGP-M	51	57	-
TPAE	11/19/2009	11/19/2039	10%	Operational	-	IPCA	10	11	-

ENS – Unsupplied Energy (MWh)

The Unsupplied Energy (ENS) indicator consists of the analysis of the amount of energy interrupted due to the unavailability of Transmission assets and, therefore, verifies the effective impact of the unavailability for the society. In 4Q22, the ENS totaled 123.63 MWh vs. 300.22 MWh in 4Q21, a decrease of 59%, mainly justified by the event occurred in the Transmission Line 69 kV Uruguaiana 5 – Uruguaiana 3, in December 2021, which resulted in 115 MWh of ENS. In 4T22, the ENS accounting related to Unsupplied Feeder Energy, which began to be measured only in 2022, totaled 4.45 MWh. Disregarding this effect, the variation would be of -60%.

PVd – Discounted Variable Parcel

The Discounted Variable Parcel (PVd) consists of the percentage ratio of the Variable Parcel discounts effected on the basis of the Transmitter's Monthly Invoicing. Such data are made available monthly by the National Electric System Operator (ONS). In 4Q22, PVd totaled 1.119% vs. 0.839% in 4Q21, an increase of 33.4%. The variation in the performance of the indicator is mainly justified by an event of asset unavailability, occurred in 2022, that affected the results in by around R\$ 500 thousand.

2.4.2) Other Transcos Portfolio

Operational Portfolio					
Project	Location	RAP (R\$ MM)	Capex (R\$ MM)	Operation Start	Substation Nº
Piracicaba	SP	14.1	100	Jun/15	1
Morro Agudo	SP	17.5	100	Jul/17	1
Maracanaú	CE	10.3	102.2	May/22	1
Sul I	SC	33.5	366	Feb/23	1
Sul II	RS	43.1	349	Mar/23	3

3) CPFL ENERGIA ECONOMIC-FINANCIAL PERFORMANCE

3.1) Economic-Financial Performance

Consolidated Income Statement - CPFL ENERGIA (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	14,029	15,488	-9.4%	54,651	56,341	-3.0%
Net Operating Revenue	10,737	10,919	-1.7%	39,354	39,210	0.4%
Revenue from building the infrastructure	1,489	1,148	29.7%	5,357	3,313	61.7%
Net Operating Revenue (ex-rev. from infrastructure)	9,248	9,771	-5.4%	33,998	35,897	-5.3%
Cost of Electric Power	(4,603)	(6,029)	-23.7%	(18,070)	(23,107)	-21.8%
Contribution Margin	4,645	3,742	24.1%	15,927	12,790	24.5%
PMSO	(719)	(1,187)	-39.4%	(3,788)	(3,702)	2.3%
Other Operating Costs & Expenses	(2,285)	(1,756)	30.2%	(7,755)	(5,515)	40.6%
Equity Income	106	135	-21.3%	491	522	-6.0%
EBITDA¹	3,805	2,544	49.6%	12,263	9,160	33.9%
Financial Income (Expense)	(1,351)	(473)	185.7%	(2,911)	(792)	267.4%
Income Before Taxes	1,884	1,609	17.1%	7,320	6,615	10.6%
Net Income	1,375	1,331	3.3%	5,219	4,854	7.5%

Notes:

- (1) EBITDA is calculated from the sum of net income, taxes, financial results and depreciation/amortization;
- (2) The complete Income Statement can be consulted in CPFL Energia's Historical Information Base, available in the IR website. To access it, [click here](#).

CPFL Energia - Key financial indicators by business segment (R\$ million)					
	Distribution	Generation	Transmission	Others	Consolidated
4Q22					
EBITDA ¹	1,813	1,736	248	8	3,805
Financial results	(1,134)	(162)	(26)	(28)	(1,351)
Net Income	122	1,322	46	(115)	1,375
4Q21					
EBITDA ¹	1,763	738	88	(44)	2,544
Financial results	(330)	(103)	(8)	(31)	(473)
Net Income	810	641	(0)	(120)	1,331
Variation (%)					
EBITDA ¹	2.8%	135.3%	182.8%	-	49.6%
Financial results	243.3%	57.2%	218.7%	-9.1%	185.7%
Net Income	-84.9%	106.3%	-	-4.2%	3.3%

CPFL Energia - Key financial indicators by business segment (R\$ million)					
	Distribution	Generation	Transmission	Others	Consolidated
2022					
EBITDA ¹	6,998	4,245	962	58	12,263
Financial results	(2,047)	(616)	(45)	(203)	(2,911)
Net Income	2,378	2,599	560	(319)	5,219
2021					
EBITDA ¹	5,809	3,304	(9)	56	9,160
Financial results	(563)	(271)	(8)	50	(792)
Net Income	2,868	2,202	(104)	(113)	4,854
Variation (%)					
EBITDA ¹	20.5%	28.5%	-	3.0%	33.9%
Financial results	263.3%	127.2%	444.1%	-	267.4%
Net Income	-17.1%	18.0%	-	183.2%	7.5%

Notes: 1) The analysis by business segment is presented in chapter 6; 2) The breakdown of economic-financial performance by business segment can be consulted in CPFL Energia's Historical Information Base, available in the IR website. To access it, [click here](#).

Non-cash effects, extraordinary items and others

We highlight below the non-cash effects, extraordinary items and others of greater relevance observed in the periods analyzed, as a way to facilitate the understanding of the variations in Company's results.

EBITDA effects - R\$ million	4Q22	4Q21	Var.	2022	2021	Var.
Adjustments to the concession financial assets (VNR)	103	413	-75.1%	779	1,158	-32.7%
Legal and judicial expenses	(137)	(149)	-8.5%	(323)	(270)	19.3%
Assets write-off	(75)	(49)	51.9%	(178)	(157)	13.4%
Other extraordinary items:						
RAB appraisal report - Tariff review effects ¹	622	-	-	622	7	-
Negotiation of CPFL Paulista Pension Plan	(215)	-	-	(215)	-	-
Changes in the Pension Plan	(125)	-	-	(50)	-	-
Remeasurement of Enercan in fair value	670	-	-	670	-	-
PIS/Cofins over ICMS ²	-	-	-	-	11	-
Gain with GSF in Free Market and Regulated Market	-	17	-	-	192	-
Higher Capex / delay in start-up of greenfield projects	-	(46)	-	-	(184)	-
EBITDA effects (Equity Income) - R\$ million						
Gain with GSF in Free Market and Regulated Market	-	-	-	-	98	-
EBITDA effects (CPFL Transmissão Consolidation) - R\$ million						
CPFL Transmissão - EBITDA IFRS (-) Regulatory EBITDA	106	105	1.2%	310	105	196.2%
EBITDA effects (Enercan Consolidation) - R\$ million						
Enercan - equity and consolidation	161	52	208.3%	331	203	62.8%

Financial results effects - R\$ million	4Q22	4Q21	Var.	2022	2021	Var.
Late payment interest and fines	91	136	-33.0%	461	566	-18.5%
Mark-to-market (MTM)	4	(11)	-	36	(1)	-
Other extraordinary items:						
CPFL Brasil - PIS/Cofins over ICMS	-	-	-	-	40	-
Negotiation of the CPFL Paulista Pension Plan	(911)	-	-	(911)	-	-

Note: The breakdown of economic-financial performance by business segment can be consulted in CPFL Energia's Historical Information Base, available in the IR website. To access, [click here](#).

1) Preliminary appraisal reports for CPFL Paulista and RGE in 4Q22 and final RTP value for CPFL Santa Cruz in 1Q21; 2) Reversal of CPFL Santa Cruz gain in 1Q21 (R\$ 34 MM) and the gain obtained by CPFL Brasil in 2Q21 (R\$ 45 MM).

Impact of the acquisition of CPFL Transmissão: With the consolidation of CPFL Transmissão's figures as of 10/01/2021, the main impacts in the comparison of 2022 and 2021 on CPFL Energia were:

- (i) R\$ 1,667 million in gross operating revenue, representing an increase of 3.0% in the year;
- (ii) 1,188 million in net operating revenue (ex-construction revenue), representing an increase of 3.3% in the year;
- (iii) R\$ 285 million in PMSO, representing an increase of 7.9% in the year;
- (iv) R\$ 808 million in Ebitda, representing an increase of 8.9% in the year;
- (v) R\$ 4 million of net financial expenses, reducing the variation in financial result in 0.5% in the year;
- (vi) R\$ 485 million in Net Income, representing an increase of 10.1% in the year.

These amounts were considered for the purposes of consolidating CPFL Transmissão into the CPFL Energia group in 2022, that is, they already reflect the effects of the business combination. Therefore, the amounts may differ from those presented in CPFL Transmissão's 2022 Standardized Financial Statements (DFP).

Disregarding the effects of the consolidation of CPFL Transmissão over 4Q21, 4Q22 and the years 2021 and 2022, the variations would be:

Consolidated Income Statement - CPFL ENERGIA without consolidation of CPFL Transmissão (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	13,549	15,137	-10.5%	52,984	55,990	-5.4%
Net Operating Revenue	10,322	10,630	-2.9%	37,941	38,921	-2.5%
Revenue from building the infrastructure	1,380	1,116	23.7%	5,131	3,281	56.4%
Net Operating Revenue (ex-rev. from infrastructure)	8,942	9,514	-6.0%	32,810	35,640	-7.9%
Cost of Electric Power	(4,603)	(6,029)	-23.7%	(18,070)	(23,107)	-21.8%
Contribution Margin	4,339	3,484	24.5%	14,739	12,533	17.6%
PMSO	(685)	(1,096)	-37.5%	(3,504)	(3,611)	-3.0%
Other Operating Costs & Expenses	(2,116)	(1,660)	27.5%	(7,362)	(5,419)	35.9%
Equity Income	106	131	-19.6%	489	519	-5.7%
EBITDA¹	3,578	2,423	47.7%	11,455	9,038	26.7%
Financial Income (Expense)	(1,334)	(465)	186.8%	(2,915)	(785)	271.3%
Income Before Taxes	1,689	1,510	11.9%	6,578	6,517	0.9%
Net Income	1,327	1,290	2.9%	4,734	4,813	-1.6%

- (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization, according to CVM Resolution 156/22.



The explanations below must be read along with the impacts, listed on the previous page, related to the consolidation of CPFL Transmissão, for a complete understanding of the amounts reported in the 2022 Annual Financial Statements.

It is also worth adding that, as of November 2022, SPE Enercan (HPP Campos Novos) became 100% consolidated, line by line. Until October, it was accounted for through equity income. These effects were not excluded and contribute to the growth of the indicators presented below. For further details about this impact, see chapter 6.3 – Generation Segment.

Operating Revenue

In 4Q22, gross operating revenue reached R\$ 13,549 million, representing a decrease of 10.5% (R\$ 1,587 million). Net operating revenue reached R\$ 10,332 million in 4Q22, registering a decrease of 2.9% (R\$ 308 million).

In 2022, gross operating revenue reached R\$ 52,984 million, representing a decrease of 5.4% (R\$ 3,006 million). Net operating revenue reached R\$ 37,941 million, registering decrease of 2.5% (R\$ 980 million).

The breakdown of net operating revenue by business segment is presented in the table below:

Net Operating Revenue without consolidation of CPFL Transmissão(R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Distribution	8,793	9,027	-2.6%	32,399	33,235	-2.5%
Generation	1,330	1,049	26.8%	4,251	3,889	9.3%
Transmission	76	219	-65.1%	551	331	66.4%
Commercialization	618	690	-10.5%	2,337	2,556	-8.5%
Services	260	249	4.5%	1,044	870	19.9%
Elimination and Others	(756)	(605)	25.0%	(2,642)	(1,960)	34.8%
Total	10,322	10,630	-2.9%	37,941	38,921	-2.5%

For further details about the revenue variation by segment, see **chapter 6 – Performance of Business Segments**.

Cost of Electric Energy

Cost of Electric Energy without consolidation of CPFL Transmissão (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Cost of Electric Power Purchased for Resale						
Itaipu	741	953	-22.2%	2,972	3,712	-19.9%
PROINFA	136	84	62.0%	595	355	67.4%
Auction, Bilateral Contracts and Spot Market	2,892	3,583	-19.3%	11,463	15,712	-27.0%
PIS and COFINS Tax Credit	(335)	(407)	-17.7%	(1,333)	(1,757)	-24.1%
Total	3,434	4,213	-18.5%	13,697	18,022	-24.0%
Charges for the Use of the Transmission and Distribution System						
Basic Network Charges	906	617	46.7%	3,128	2,798	11.8%
Itaipu Transmission Charges	76	78	-2.8%	284	302	-6.0%
Connection Charges	27	23	17.4%	103	191	-45.9%
Charges for the Use of the Distribution System	21	18	16.3%	77	66	16.7%
ESS / EER	266	1,274	-79.1%	1,259	2,250	-44.0%
PIS and COFINS Tax Credit	(127)	(193)	-34.3%	(477)	(522)	-8.5%
Total	1,169	1,817	-35.6%	4,374	5,085	-14.0%
Cost of Electric Energy	4,603	6,029	-23.7%	18,070	23,107	-21.8%

Cost of Electric Power Purchased for Resale

In 4Q22, the cost of electric power purchased for resale reached R\$ 3,434 million, a reduction of 18.5% (R\$ 779 million), mainly due to:

- (i) Decrease of 19.3% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 691 million), mainly due to the lower average price (-29.8%);
- (ii) Decrease of 22.2% in energy from **Itaipu** (R\$ 212 million), as a result of the exchange variation (-20.6%);

Partially offset by the:

- (iii) Reduction of 17.7% in **PIS and COFINS tax credit** (R\$ 72 million);
- (iv) Increase of 62.0% in **PROINFA** (R\$ 52 million).

In 2022, the cost of electric power purchased for resale reached R\$ 13,697 million, a reduction of 24.0% (R\$ 4,325 million), mainly due to:

- (i) Decrease of 27.0% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 4,249 million), due to the lower average price (-30.2%);
- (ii) Decrease of 19.9% in energy from **Itaipu** (R\$ 740 million), due to the exchange variation (-17.6%);

Partially offset by the:

- (iii) Reduction of 24.1% in **PIS and COFINS tax credit** (R\$ 424 million);
- (iv) Increase of 67.4% in **PROINFA** (R\$ 239 million).

Volume of purchased energy (GWh)	4Q22	4Q21	Var.	2022	2021	Var.
Itaipu	2,591	2,645	-2.0%	10,198	10,489	-2.8%
PROINFA	262	286	-8.5%	968	1,041	-7.0%
Auction, Bilateral Contracts and Spot Market	14,929	12,984	15.0%	58,883	56,344	4.5%
Total	17,782	15,915	11.7%	70,049	67,874	3.2%

Average price (R\$/MWh)	4Q22	4Q21	Var.	2022	2021	Var.
Itaipu	286.07	360.29	-20.6%	291.39	353.85	-17.6%
PROINFA	519.54	293.29	77.1%	614.53	341.53	79.9%
Auction, Bilateral Contracts and Spot Market	193.71	275.93	-29.8%	194.67	278.86	-30.2%
Total	211.96	290.27	-27.0%	214.56	291.41	-26.4%

Charges for the Use of the Transmission and Distribution System

In 4Q22, charges for the use of the transmission and distribution system reached R\$ 1,169 million, a decrease of 35.6% (R\$ 648 million), due to:

- (i) Reduction of 79.1% in **sector charges (ESS/EER)** (R\$ 1,007 million), mainly due to ESS – System Service Usage Charges. The variation in this charge was due to the lower need to dispatch thermal power plants outside the merit order in 4Q22, compared to 4Q21, due to improvements in hydrological conditions. This effect was partially offset by the increase of EER – Reserve Energy Charges, resulting from a lower PLD and the

impact of the start of operations of some plants contracted under the terms of the 1st Simplified Tender Process - PCS/MME/ANEEL;

Partially offset by:

- (ii) Increase of 39.8% in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) (R\$ 293 million);
- (iii) Reduction of 34.3% in **PIS and COFINS tax credit** (R\$ 66 million).

In 2022, charges for the use of the transmission and distribution system reached R\$ 4,374 million, a decrease of 14.0% (R\$ 712 million), due to:

- (i) Decrease of 44.0% in **sector charges (ESS/EER)** (R\$ 991 million), mainly due to the reduction of the ESS – System Service Usage Charges, due to the lower need to activate thermal power plants, partially offset by the increase in the EER – Reserve Energy Charges, resulting from a lower PLD in this period;

Partially offset by:

- (ii) Increase of 7.0% in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) (R\$ 235 million);
- (iii) Reduction of 8.5% in **PIS and COFINS tax credit** (R\$ 44 million).

PMSO

PMSO without consolidation of CPFL Transmissão (R\$ million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Personnel	515	442	16.7%	1,834	1,586	15.6%
Material	98	105	-7.0%	461	354	30.2%
Outsourced Services	228	188	-2.6%	662	650	1.8%
Other Operating Costs/Expenses	(156)	361	-	548	1,021	-46.4%
<i>Allowance for doubtful accounts</i>	68	79	-13.1%	312	339	-7.9%
<i>Legal and judicial expenses</i>	308	125	146.8%	467	246	89.8%
<i>Assets Write-Off</i>	75	49	51.9%	178	157	13.4%
<i>Negotiation of the CPFL Paulista Pension Plan</i>	209	-	-	209	-	-
<i>Enercan Fair Value</i>	(670)	-	-	(670)	-	-
<i>Others</i>	(146)	109	-	52	279	-81.3%
Total PMSO	685	1,096	-37.5%	3,504	3,611	-3.0%

PMSO in 4Q22 reached R\$ 685 million, a decrease of 37.5% (R\$ 411 million). In this quarter, the PMSO was impact by two extraordinary items:

- (i) Positive effect of R\$ 670 million due to the remeasurement of Enercan at fair value, after the acquisition of a 3.4% stake, on November 17th, 2022;
- (ii) Negative effect of R\$ 215 million in the legal and judicial expenses (R\$ 209 million) and outsourced services (R\$ 6 million), due to the negotiation to extinguish the fiscal processes related to the CPFL Paulista Pension Plan.

Excluding these items, the PMSO would have an increase of 4.0% (R\$ 43 million), due to the following factors:

- (i) Increase of 5.3% (R\$ 42 million) in PMSO expenses linked to inflation, highlighting the Personnel line, which showed a 16.7% variation (R\$ 74 million) due to the salary adjustments in accordance with the collective labor agreement based on inflation and

due to the increase in headcount, mainly in CPFL Serviços (+9%), due to higher volume of executed jobs;

- (ii) Increase of 51.9% (R\$ 25 million) in assets write-off;
- (iii) Increase of 28.2% (R\$ 11 million) in expenses related to Capex efforts;
- (iv) Increase of 5.2% (R\$ 1 million) in collection actions;

Partially offset by:

- (v) Reduction of 20.2% (R\$ 25 million) in legal and judicial expenses;
- (vi) Reduction of 13.1% (R\$ 10 million) in the allowance for doubtful accounts (ADA).

PMSO in 2022 reached R\$ 3,504 million, a decrease of 3.0% (R\$ 108 million). Excluding the 4Q22 extraordinary items, the PMSO would have an increase of 9.6% (R\$ 347 million), due to the following factors:

- (i) Increase of 10.9% (R\$ 290 million) in PMSO expenses linked to inflation, mainly reflecting:
 - a. Increase of 15.6% (R\$ 247 million) in the Personnel line, as a result of the salary adjustments in accordance with the collective labor agreement and the increase of 7% in headcount in CPFL Serviços, due to higher volume of executed jobs, in addition to the increase of headcount in Distribution (+6%) and Generation (+10%) segments.
 - b. Increase of 20.6% (R\$ 37 million) in fleet and transportation expenses, due to the high fuel prices observed mainly in 1H22;

Excluding the effects of the increase in headcount and fleet and transportation expenses, the PMSO linked to inflation would have an increase of 7.0% (R\$ 174 million);

- (ii) Increase of 32.3% (R\$ 44 million) in expenses related to Capex efforts;
- (iii) Increase of 13.4% (R\$ 21 million) in assets write-off;
- (iv) Increase of 4.9% (R\$ 12 million) in legal and judicial expenses;
- (v) Increase of 8.0% (R\$ 6 million) in collection actions;

Partially offset by:

- (vi) Reduction of 7.9% (R\$ 27 million) in the allowance for doubtful accounts (ADA). In the analysis of the index ADA/Revenue from Sales to Final Consumers, we went from 1.00% in 2021 to 0.91% in 2022.

Other operating costs and expenses

Other operating costs and expenses without consolidation of CPFL Transmissão						
	4Q22	4Q21	Var.	2022	2021	Var.
Costs of Building the Infrastructure	1,383	1,156	19.6%	5,121	3,456	48.2%
Private Pension Fund	178	57	214.2%	338	227	48.9%
Depreciation and Amortization	555	447	24.0%	1,962	1,737	13.0%
Total	2,116	1,660	27.5%	7,421	5,420	36.9%

EBITDA

In 4Q22, **EBITDA (without consolidation of CPFL Transmissão)** reached R\$ 3,578 million, registering an increase of 47.7% (R\$ 1,155 million), favored mainly by the good result of the Generation segment, due to the Enercan remeasurement.

In 2022, **EBITDA (without consolidation of CPFL Transmissão)** reached R\$ 11,455 million, registering an increase of 26.7% (R\$ 2,417 million), favored mainly by the good result of the Distribution and Generation segments.

EBITDA is calculated according to CVM Resolution No. 156/22 and showed in the table below:

EBITDA and Net Income conciliation without consolidation of CPFL Transmissão (R\$ million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Net Income	1,327	1,290	2.9%	4,734	4,813	-1.6%
Depreciation and Amortization	555	447	24.0%	1,962	1,737	13.0%
Financial Result	1,334	465	186.8%	2,915	785	271.3%
Income Tax / Social Contribution	362	221	64.1%	1,844	1,704	8.2%
EBITDA	3,578	2,423	47.7%	11,455	9,038	26.7%

Financial Result

Financial Result without consolidation of CPFL Transmissão (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Revenues	439	299	46.8%	1,977	1,100	79.7%
Expenses	(1,774)	(765)	132.0%	(4,892)	(1,885)	159.5%
Financial Result	(1,334)	(465)	186.8%	(2,915)	(785)	271.3%

Managerial Analysis

Financial Result without consolidation of CPFL Transmissão (R\$ Million)						
	4Q22	4Q21	Var.	2022	2022	2021
Expenses with the net debt	(613)	(536)	14.4%	(2,745)	(1,345)	104.0%
Late payment interest and fines	91	136	-33.0%	461	566	-18.5%
Mark-to-market	4	(11)	-	36	(1)	-
Adjustment to the sectoral financial asset/liability	39	36	7.2%	337	84	301.9%
Other financial revenues/expenses	56	(91)	-	(94)	(89)	5.5%
Negotiation of the CPFL Paulista Pension Plan	(911)	-	-	(911)	-	-
Financial Result	(1,334)	(465)	186.8%	(2,915)	(785)	271.3%

In 4Q22, the **net financial expense** was of R\$ 1,334 million, an increase of R\$ 869 million compared to 4Q21. The items that explain this variation are:

- Extraordinary effect of R\$ 911 million in expenses with the negotiation to extinguish the fiscal processes related to the CPFL Paulista Pension Plan. Excluding this effect, the net financial expense would have decreased 9.0% (R\$ 42 million);
- Increase of 14.4% (R\$ 77 million) in the **expenses with the net debt** (debt charges net of income from financial investments), reflecting the increase of CDI in the period, from 1.82% in 4Q21 to 3.20% in 4Q22, and a higher debt balance;
- Reduction of 33.0% (R\$ 45 million) in **late payment interests and fines**, reflecting the reduction in the IPCA index (from 3.40% in 4Q21 to 0.71% in 4Q22) levied on overdue energy bills in 4Q22, compared to 4Q21;

Partially offset by:

- (iv) Positive variation of R\$ 95 million in **updating tax credits**;
- (v) Increase of R\$ 19 million in **discount on the acquisition of ICMS credits**;
- (vi) Reduction of R\$ 18 million in **updating contingencies**;
- (vii) Positive variation of R\$ 15 million in **other financial revenues/expenses**;
- (viii) Positive variation of R\$ 15 million in **mark-to-market** (non-cash effect).
- (ix) Positive variation of R\$ 3 million in **adjustments to the sectoral financial asset/liability**;

In 2022, the **net financial expense** was of R\$ 2,915 million, an increase of R\$ 2,130 million compared to 2021. The items that explain this variation are:

- (i) Increase of 104.0% (R\$ 1,339 million) in the **expenses with the net debt** (debt charges net of income from financial investments), reflecting the increase of CDI in the period, from 4.39% in 2021 to 12.39% in 2022, and a higher debt balance;
- (ii) Extraordinary effect of R\$ 911 million in expenses with the negotiation to extinguish the fiscal processes related to the CPFL Paulista Pension Plan;
- (iii) Reduction of 18.5% (R\$ 105 million) in **late payment interests and fines**, due to the replacement of the IGP-M by the IPCA as the monetary adjustment index and the lower IPCA observed in 2022;

Partially offset by:

- (iv) Positive variation of R\$ 253 million in **adjustments to the sectoral financial asset/liability**;
- (v) Positive variation of R\$ 37 million in **mark-to-market** (non-cash effect);
- (vi) Positive variation of R\$ 5 million in **other financial revenues/expenses**.

Income Tax and Social Contribution

In 4Q22, Income Tax and Social Contribution recorded an increase of 64.1% (R\$ 141 million), explained by the recognition of tax credits in 4Q21 (R\$ 187 million). The effective rate was of 21.4% in 4Q22, compared to 14.6% in 4Q21.

In 2022, Income Tax and Social Contribution recording an increase of 8.2% (R\$ 140 million). The effective rate was of 26.1% in 2021 and of 28.0% in 2022.

Net Income

Net income (without consolidation of CPFL Transmissão) was of R\$ 1,327 million in 4Q22, recording an increase of 2.9% (R\$ 38 million), favored by the good results obtained in the Generation segment, including the extraordinary effect of Enercan remeasurement, partially offset by the negative result of the Distribution segment due to the accounting of the tax settlement of CPFL Paulista's Pension Plan.

In 2022, the **Net income (without consolidation of CPFL Transmissão)** was of R\$ 4,734 million, registering a reduction of 1.6% (R\$ 78 million). This result mainly reflects the lower net income obtained in the Distribution segment.

Allocation of Net Income from the Fiscal Year

CPFL Energia's dividend policy stipulates that a minimum of 50% of adjusted net income will be distributed to shareholders. The proposal for allocation of net income from the fiscal year is shown below:

2022 Dividends	R\$ thousand
Net income for the year - parent company	5,099,586
Realization of comprehensive income	27,124
Time-barred dividends	1,718
Net income considered for allocation	5,128,428
Legal reserve	(254,979)
Profit reserve - unrealized profit	(1,683,741)
Profit reserve - Working capital reinforcement	(767,405)
Mandatory minimum dividends	(1,211,152)
Proposed additional dividends	(1,211,152)
Payout¹ (excludes legal reserve)	50.0%

Note: (1) In order to reach the 50% payout ratio, we must divide the values of the minimum and additional dividends by the adjusted net income (excludes legal reserve).

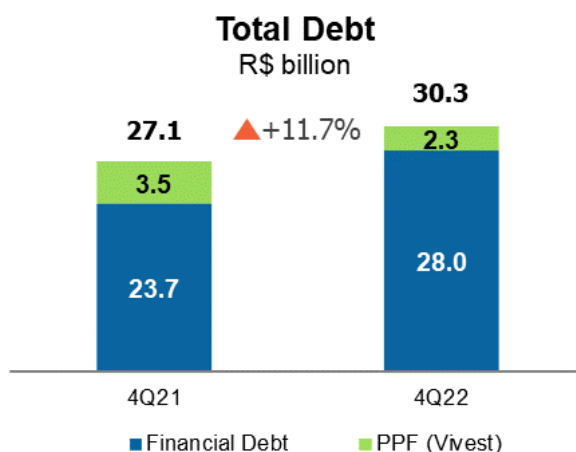
Dividend

The Board of Directors propose the payment of R\$ 2,422 million in dividends to holders of common shares traded on B3 S.A. – Brasil, Bolsa, Balcão (B3). This proposed amount corresponds to R\$ 2,102229464 per share, related to the fiscal year of 2022, and will be distributed after approval at the AGM.

3.2) Indebtedness

3.2.1) Debt (IFRS)

In December 31, 2022, CPFL Energia's total debt was R\$ 30.3 billion, with an increase of 11.7% compared to the last year. The financial debt of the group, which considers loans, debentures and intercompany loans, was of R\$ 28.0 billion in the same date.

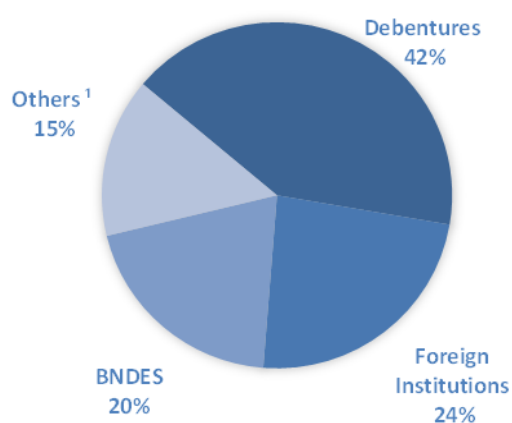


Notes:

(1) Including the mark-to-market (MTM) effect and borrowing costs;

(2) Including the intercompany loan, in the amount of R\$ 2.4 billion, of CPFL Renováveis and CPFL Brasil with SGBP.

Debt Profile – IFRS

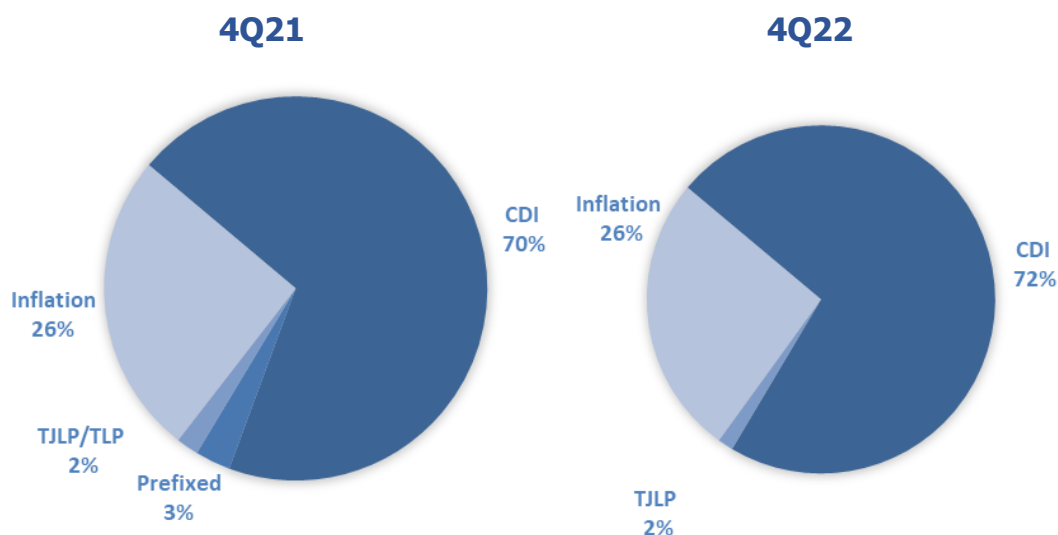


Average Cost (End of the period – IFRS)
4Q22 – 13.60%
 4Q21 – 10.98%

Note: (1) Others: credit lines and intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

The CPFL Group constantly seeks to mitigate any possibility of market fluctuations risk and, for this reason, a share of its debt's portfolio, around R\$ 6.6 billion, is protected by hedge operations. Considering, for instance, foreign loans, which represent almost 23.5% of the total debts (in IFRS), it was contracted swap operations, aiming protection for the foreign exchange and the rate linked to the contract.

Indexation After Hedge 4Q21 vs. 4Q22

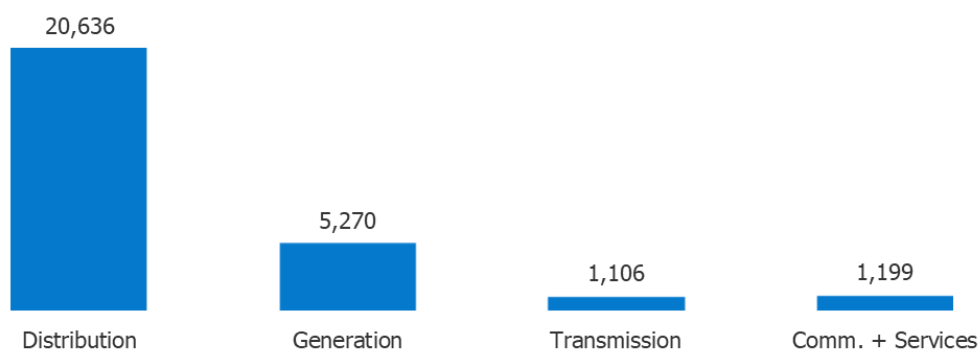


Note: (1) For debts contracted in foreign currency (23.5% of the total in 4Q22), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

Net Debt in IFRS criteria

IFRS R\$ Million	4Q22	4Q21	Var. %
Financial Debt (including hedge)	(28,021)	(23,677)	18.3%
(+) Available Funds	4,602	2,786	65.2%
(=) Net Debt	(23,418)	(20,892)	12.1%

Debt by Segment (R\$ Million – IFRS)



Notes:

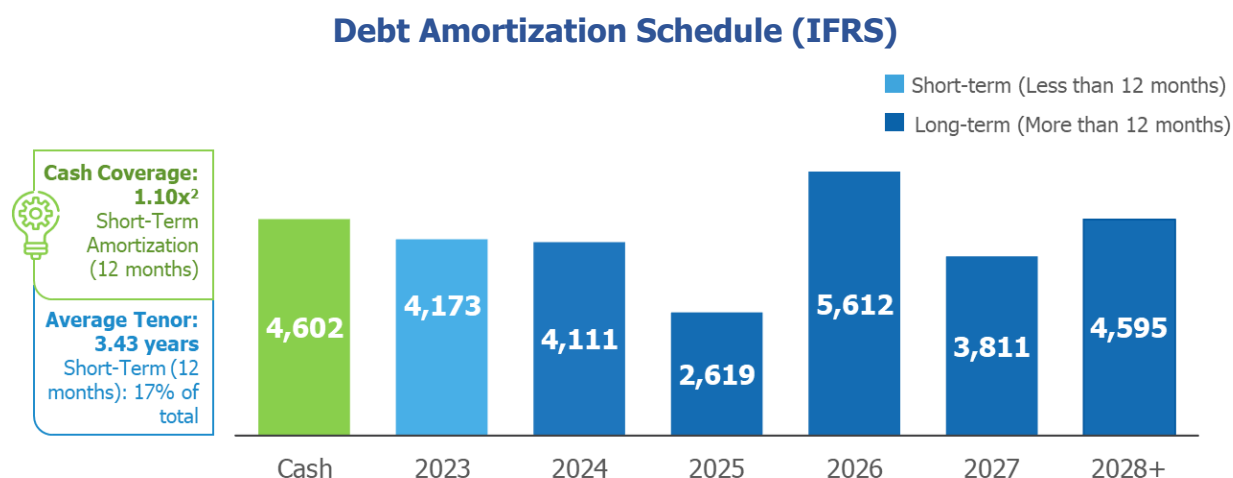
- 1) The Generation segment considers CPFL Renováveis, CPFL Geração, Ceran and Enercan; the Services segment considers CPFL Serviços and CPFL Eficiência.
- 2) Considering the debt's notional, interests and derivatives. Includes the intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

Debt Amortization Schedule in IFRS (December 2022)

The Group CPFL constantly evaluates market opportunities to close deals that enables financial results that meet the company's strategies and policies. Thus, due to CPFL's broad access to several kinds of fundraising in the market, both national and international, different modalities and instruments compose the group's debt portfolio.

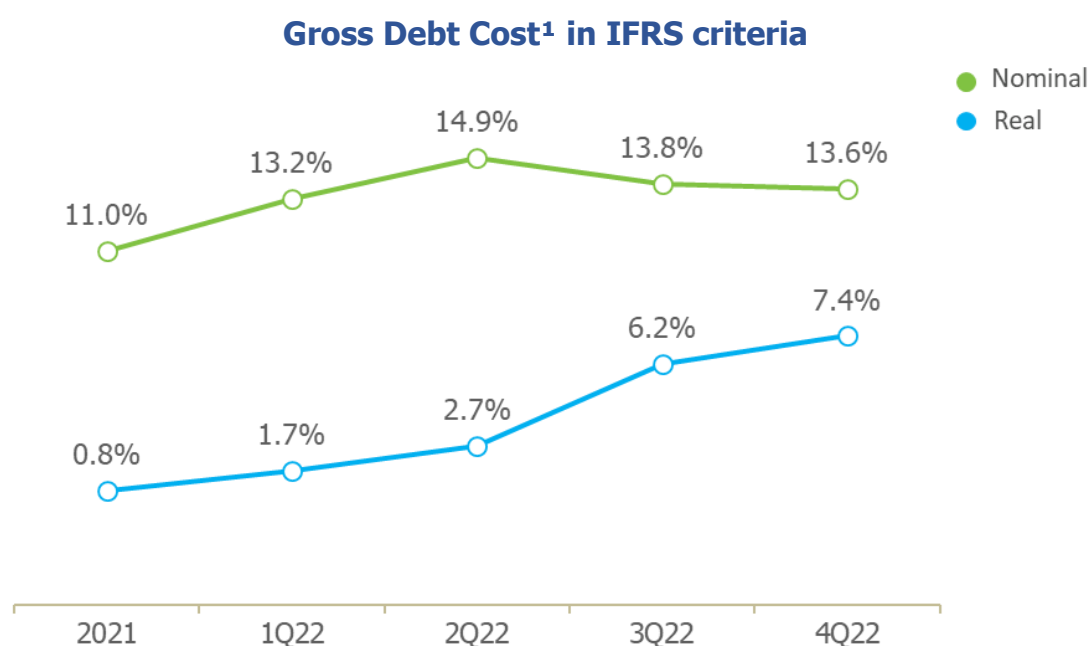
The cash position at the end of 4Q22 had a coverage ratio of **1.10x** the amortizations of the next 12 months, which allows the CPFL Group to honor all the amortization commitments until December 2023. The average amortization term based on this schedule is of **3.43 years**.

The debt amortization schedule of the financial debt below considers only the notional of the debts and derivatives.



Note:

- (1) Considering only the notional and hedge of the debt. In order to reach the financial result of R\$ 28,021 million, should be included charges and the mark-to-market (MTM) effect, cost with funding and intercompany loan;
- (2) Including the intercompany loan of CPFL Renováveis and CPFL Brasil with SGBP;
- (3) It does consider the amount of R\$ 856 million of Marketable Securities, according to covenants criteria.



Note: (1) The calculation considers the average cost in the end of the period, since it better reflects the interest rate variations.

Ratings

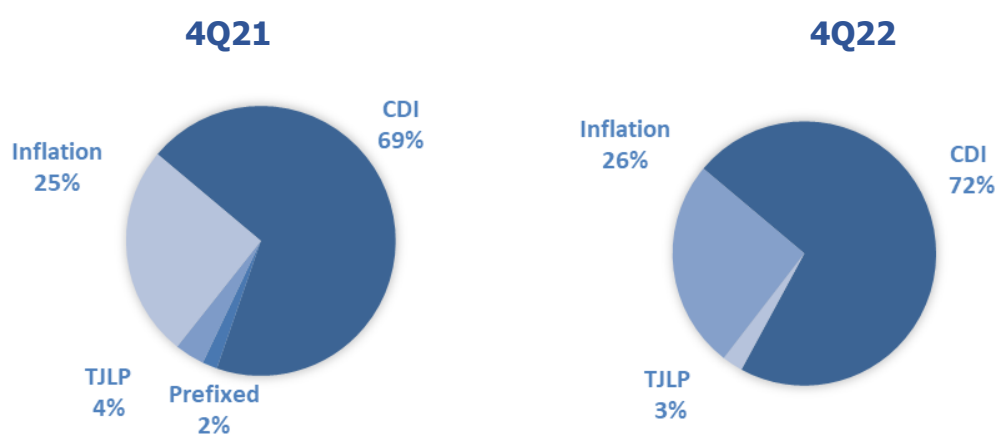
The following table shows the corporate ratings of CPFL Energia.

Ratings of CPFL Energia - Corporate Credit			
Agency	Scale	Rating	Perspective
Standard & Poor's	Brazilian	brAAA	Stable
Fitch Rating	Brazilian	AAA(bra)	Stable
Moody's	Brazilian	Aaa.br	Stable

3.2.2) Debt in Financial Covenants Criteria

Indexation and Debt Cost in Financial Covenants Criteria

Indexation¹ after Hedge² - 4Q21 vs. 4Q22



Notes:

(1) Considers the proportional consolidation of the Generation and CPFL Transmissão assets, in addition to the loan with SGBP;

(2) For debts contracted in foreign currency (23.1% of the total), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

Net Debt in Financial Covenants Criteria and Leverage

In the end of the 4Q22, the *Proforma* Net Debt totaled **R\$ 23,689** million, an increase of **12.5%** compared to net debt position at the end of 4Q21, in the amount of **R\$ 21,058** million.

The reconciliation of CPFL Energia's Net Debt/EBITDA indicator, for purposes of calculating financial covenants, is available on CPFL Energia's Historical Information Base, on the IR website. [Click here](#) to access it.

Covenant Criteria - R\$ Million	4Q22	4Q21	Var.%
Financial Debt (including hedge) ¹	(28,588)	(23,895)	19.6%
(+) Available Funds ³	4,899	2,836	72.7%
(=) Net Debt	(23,689)	(21,058)	12.5%
EBITDA Proforma ²	12,633	9,891	27.7%
Net Debt / EBITDA	1.88	2.13	-11.9%

Notes:

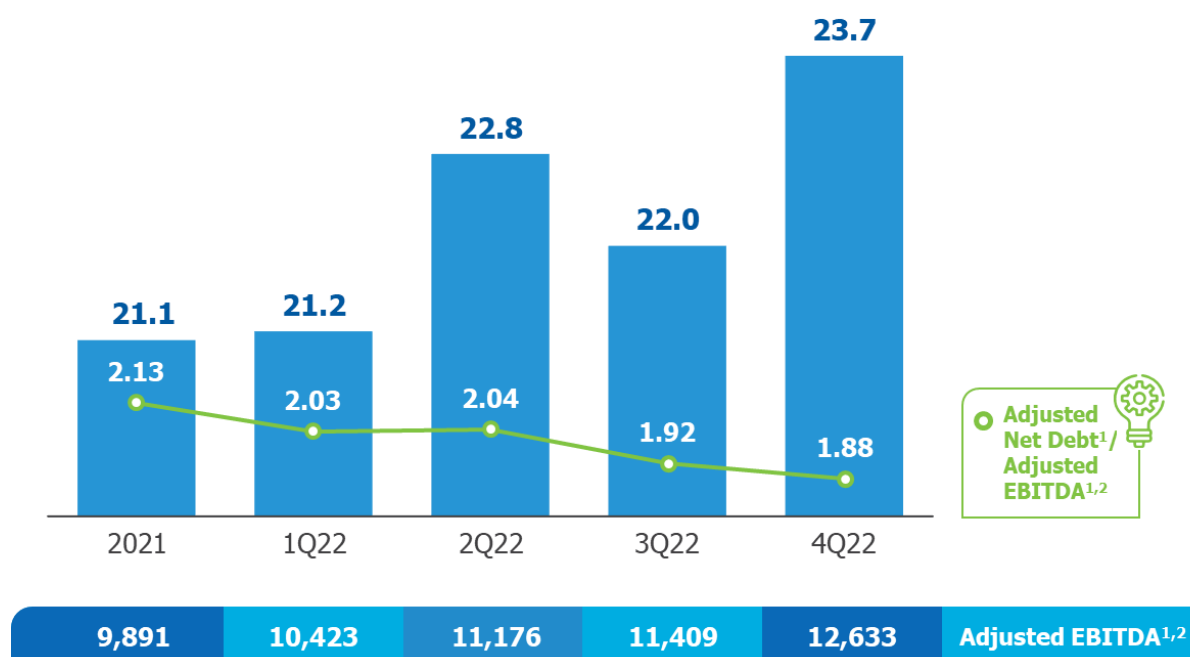
(1) Considers the proportional consolidation of the Generation and CPFL Transmissão assets, in addition to the loan with SGBP. For more details, the reconciliation between IFRS balances and covenants will be in our CPFL Energia's Historical Information Basis;

(2) *Proforma* EBITDA in the financial covenants criteria: (a) adjusted according CPFL Energia's stake in each of its subsidiaries; (b) considers the result of the last 12 months of CPFL Transmissão. For more details, the reconciliation between IFRS balances and covenants is in CPFL Energia's Historical Information Base;

(3) Available Funds already considering Marketable Securities.

Considering that the *Proforma* Net Debt totaled **R\$ 23,689 million** and *Proforma* EBITDA in the last 12 months reached **R\$ 12,633 million**, the ratio *Proforma* Net Debt/EBITDA at the end of 4Q22 reached **1.88x**.

Leverage in financial covenants criteria - R\$ billion



Notes:

(1) Adjusted by the proportional consolidation of Generation assets as well as considering SGBP's intercompany loan;

(2) LTM EBITDA, according to covenants criteria.

3.3) Investments

3.3.1) Actual Investments

Investments (R\$ Million)						
Segment	4Q22	4Q21	Var.	2022	2021	Var.
Distribution	1,304	872	49.5%	4,791	3,028	58.2%
Generation	96	127	-24.8%	258	466	-44.6%
Commercialization	2	2	-5.3%	6	8	-26.3%
Services and Others ¹	23	43	-45.6%	54	99	-45.3%
Transmission ²	218	310	-29.7%	697	399	74.4%
Total	1,642	1,354	21.3%	5,805	4,000	45.1%

Notes:

(1) Others - basically refers to assets and transactions that are not related to the listed segments;

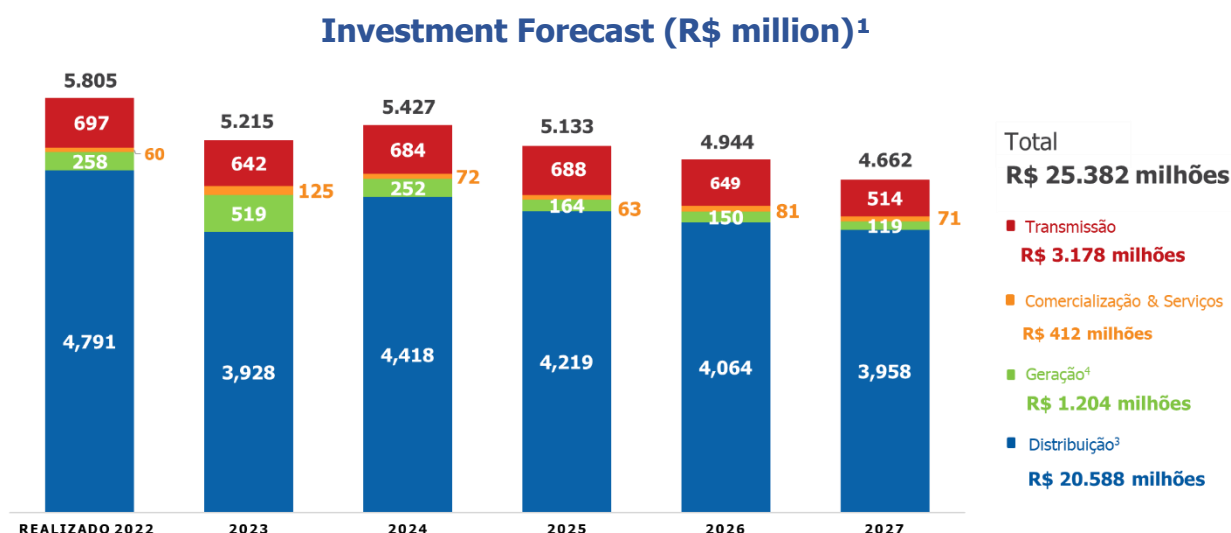
(2) Transmission - Transmission assets do not have fixed assets, the figures in this table are the addition of contractual assets.

In 4Q22, the investments were of R\$ 1,642 million, an increase of 21.3%, compared to R\$ 1,354 million registered in 4Q21. In 2022, the investments were of R\$ 5,805 million, which represents an increase of 45.1% related to 2021.

We highlight investments made by CPFL Energia in the Distribution segment, in the amount of R\$ 1,304 million during the 4Q22 and of R\$ 4.791 million in the year, mainly intended to customer service works and sector expansion, along with improvements and modernization.

3.3.2) Investment Forecast

On December 27th, 2022, the Board of Directors of CPFL Energia approved Board of Executive Officers' 2023/2027 Multiannual Plan for the Company, which was previously discussed by the Corporate Finance Committee and Risk Management.



Notes:

(1) Constant currency;

(2) Disregard investments in Special Obligations (among other items financed by consumers).

4) STOCK MARKETS

4.1) Stock Performance

CPFL Energia is listed in the B3, in Novo Mercado, segment with the highest levels of corporate governance.

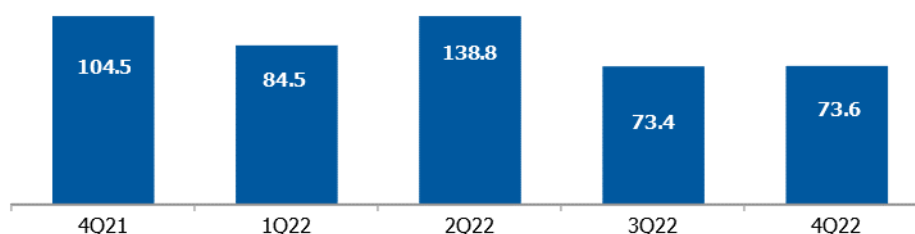
B3			
Data	CPFE3	IEE	IBOV
30/12/2022	R\$ 33.20	78,679	109,735
30/09/2022	R\$ 33.76	78,488	110,037
31/12/2021	R\$ 26.83	76,305	104,822
Var. Tri	-1.7%	0.2%	-0.3%
Var. 12M	23.7%	3.1%	4.7%

4.2) Daily Average Volume

The daily average volume trading of CPFL Energia in 4Q22 was R\$ 73.6 million, representing an increase of 0.3% if compared to 3Q21. Compared to the same period in 2021, there was a 30% reduction.

Daily Average Volume in the B3

R\$ Million



5) SUSTAINABILITY AND ESG INDICATORS

5.1) ESG Plan 2030


The ESG Plan 2030, launched in November 2022, which updates our old plan and brings new guidelines and strategies so that we can “provide sustainable, accessible and reliable energy at all times, making people's lives safer, healthier and more prosperous in the regions where we operate”. Our corporate goal is to drive the transition to a more sustainable model of producing and consuming energy, leveraging the positive impacts of our business model on the community and the value chain.


To this end, we have identified four pillars that support the way we conduct our business and execute our strategy: Renewable and smart solutions, Sustainable operations, Society shared value and Safe and reliable business. Within the pillars, we made 23 commitments guided by the United Nations' Sustainable Development Goals (SDGs). The commitments are available on the CPFL Energia IR website: www.cpfl.com.br/ir.

5.2) Key ESG Indicators aligned to the Plan

Below we list some indicators in line with the old Sustainability Plan (2020-2024).

4Q22

 SUSTAINABLE ENERGY - Seeking the smallest possible environmental footprint					
Theme	Indicator	Unit	4Q22	4Q21	Var.
Renewable energy	Total energy generated by renewable sources	GWh	3,496	3,347	4.5%
	↳ HPPs (hydro)	GWh	1,682	1,493	12.7%
	↳ SHPPs and CGHs	GWh	415	398	4.2%
	↳ Solar	GWh	0.1	0.2	-37.0%
	↳ Wind	GWh	1,229	1,297	-5.2%
	↳ Biomass	GWh	169	158	7.2%
Circular economy	Number of refurbished transformers	unit	3,318	3,296	0.7%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	2,574	2,019	27.5%
Natural resources	Water consumption (administrative buildings)	1,000 m ³	67	34	98.1%
	Energy consumption (administrative buildings)	MWh	9,088	8,461	7.4%

 SMART SOLUTIONS - Offering solutions for the future of energy					
Theme	Indicator	Unit	4Q22	4Q21	Var.
Smart Grid	% of telemetered load	%	56.3%	56.0%	0.5%
	Number of installed automatic reclosers	unit	16,515	14,765	11.9%
Digitalization	% de digitalization of customer services	%	91.2%	89.0%	2.5%
	Number of digital bills	million	4.4	4.2	5.4%
	% of bills paid digitally	%	70.1%	65.3%	7.4%
Innovation	Investments in innovation (Aneel R&D) ¹	R\$ million	12.4	29.7	-58.3%
Low carbon solutions	Carbon credits and Energy stamps sales Revenue	R\$ million	0.5	1.6	-67.4%
	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	42	16	162.5%

Note

¹ Considering only investments that are 100% under CPFL Energia's management


SOCIETY SHARED VALUE - Maximizing our positive impacts on the community and the value chain

Theme	Indicator	Unit	4Q22	4Q21	Var.
Social transformation	Investment in Energy Efficiency actions (Aneel)	R\$ million	38.9	52.3	-25.7%
	Investment through Instituto CPFL ¹	R\$ million	18.1	23.8	-23.9%
	Number of hospitals benefited by the "CPFL nos Hospitais" Program ²	number of hospitals	367	204	79.9%
	Number of people benefited by Instituto CPFL social programs	1,000 people	157.4	224.9	-30.0%
Health & Safety	Number of low income families benefited by the Energy Efficiency Programs (Aneel)	1,000 families	3.0	12.0	-75.0%
	Number of safety inspections carried out in our own headcount and in contracted ones	1,000 inspections	7.9	6.9	14.0%
	Number of audits carried out in the contracted companies	number of audits	208	210	-1.0%
	Accident frequency rate (own employees)	Number of injured * 1MM / hours worked with risk exposure	0.9	1.4	-34.0%
	Accident frequency rate (outsourced)	Number of injured * 1MM / hours worked with risk exposure	4.8	2.9	61.9%
	Number of fatal accidents with the population	number of accidents	6	5	20.0%

Notes ¹ Instituto CPFL's investments start in the 2Q


ENABLERS

Theme	Indicator	Unit	4Q22	4Q21	Var.
Ethics	% of employees trained in Ethics and Integrity	%	91%	86%	5.8%
Employee Development & Inclusion	Number of training hours ¹	1,000 hours	191	208	-8.2%
	% of PoC in the company	%	27.9%	27.3%	2.4%
	% of women in leadership positions	%	21.5%	20.4%	5.5%
Transparency	Number of Independent Member in the Board of Directors	number	2	2	-
	Number of women in the Board of Directors	number	1	0	-

Note: ¹ Consider the professional requalification program

2022

SUSTAINABLE ENERGY - Seeking the smallest possible environmental footprint

Theme	Indicator	Unit	2022	2021	Var.
Renewable energy	Total energy generated by renewable sources	GWh	13,357	12,603	6.0%
	↳ HPPs (hydro)	GWh	6,940	5,713	21.5%
	↳ SHPPs and CGHs	GWh	1,581	1,194	32.4%
	↳ Solar	GWh	0.3	1.2	-72.7%
	↳ Wind	GWh	4,007	4,717	-15.1%
	↳ Biomass	GWh	829	979	-15.3%
Circular economy	Number of refurbished transformers	unit	11,565	11,660	-0.8%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	9,047	7,432	21.7%
Natural resources	Water consumption (administrative buildings)	1,000 m ³	136	123	10.9%
	Energy consumption (administrative buildings)	MWh	36,236	34,420	5.3%

**SMART SOLUTIONS - Offering solutions for the future of energy**

Theme	Indicator	Unit	2022	2021	Var.
Smart Grid	% of telemetered load	%	56.9%	56.0%	1.6%
	Number of installed automatic reclosers	unit	16,515	14,765	11.9%
Digitalization	% de digitalization of customer services	%	91.2%	89.0%	2.5%
	Number of digital bills	million	4.4	4.2	5.4%
	% of bills paid digitally	%	68.2%	63.2%	7.9%
Innovation	Investments in innovation (Aneel R&D) ¹	R\$ million	48.9	68.3	-28.4%
Low carbon solutions	Carbon credits and Energy stamps sales Revenue	R\$ million	24.6	9.4	160.6%
	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	42	16	162.5%

Note: ¹ Considering only investments that are 100% under CPFL Energia's management

**SOCIETY SHARED VALUE - Maximizing our positive impacts on the community and the value chain**

Theme	Indicator	Unit	2022	2021	Var.
Social transformation	Investment in Energy Efficiency actions (Aneel)	R\$ million	117.6	164.5	-28.5%
	Investment through Instituto CPFL ¹	R\$ million	19.8	27.6	-28.2%
	Number of hospitals benefited by the "CPFL nos Hospitais" Program ²	number of hospitals	367	204	79.9%
	Number of people benefited by Instituto CPFL social programs	1,000 people	719.3	564.5	27.4%
	Number of low income families benefited by the Energy Efficiency Programs (Aneel)	1,000 families	16.8	42.0	-60.0%
Health & Safety	Number of safety inspections carried out in our own headcount and in contracted ones	1,000 inspections	28.6	25.3	12.8%
	Number of audits carried out in the contracted companies	number of audits	848	819	3.5%
	Accident frequency rate (own employees)	Number of injured * 1MM / hours worked with risk exposure	0.9	1.4	-34.0%
	Accident frequency rate (outsourced)	Number of injured * 1MM / hours worked with risk exposure	4.8	2.9	61.9%
	Number of fatal accidents with the population	number of accidents	18	18	0.0%

Notes: ¹ Instituto CPFL's investments start in the 2Q

**ENABLERS**

Theme	Indicator	Unit	2022	2021	Var.
Ethics	% of employees trained in Ethics and Integrity	%	91%	86%	5.8%
Employee Development & Inclusion	Number of training hours ¹	1,000 hours	744	904	-17.7%
	% of PoC in the company	%	27.9%	27.3%	2.4%
	% of women in leadership positions	%	21.5%	20.4%	5.5%
Transparency	Number of Independent Member in the Board of Directors	number	2	2	-
	Number of women in the Board of Directors	number	1	0	-

Note: ¹ Consider the professional requalification program

6) PERFORMANCE OF BUSINESS SEGMENTS

6.1) Distribution Segment

6.1.1) Economic-Financial Performance

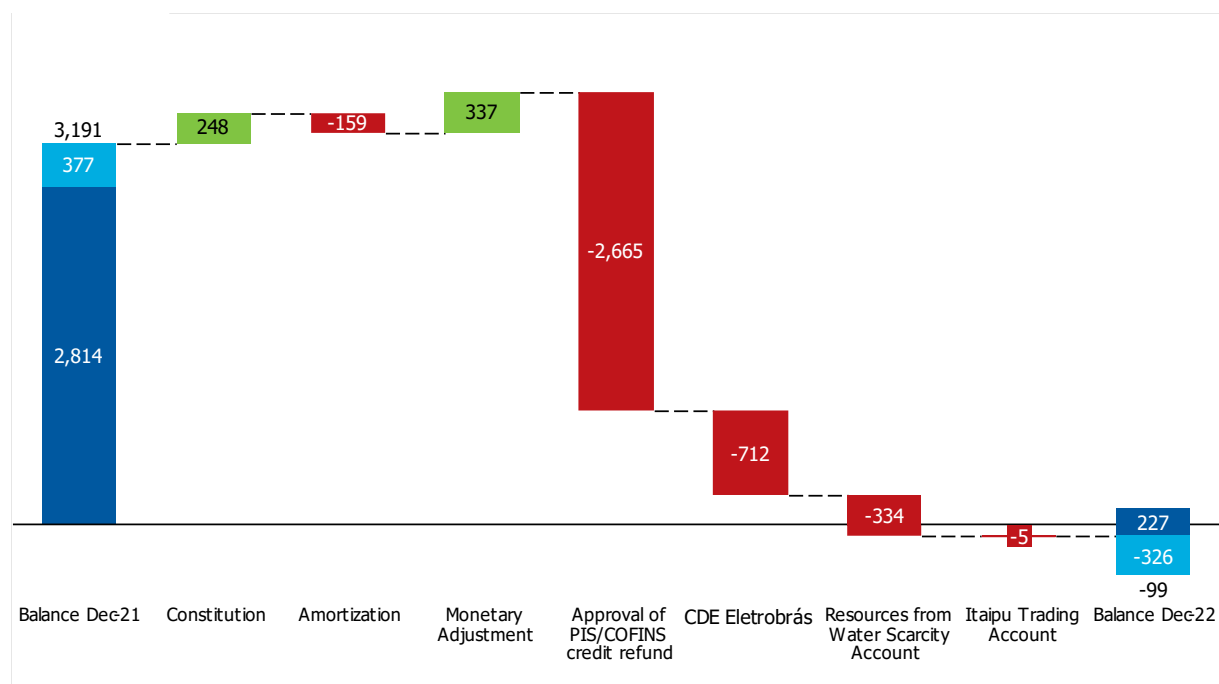
Consolidated Income Statement - Distribution (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	11,794	13,355	-11.7%	46,700	49,732	-6.1%
Net Operating Revenue	8,793	9,027	-2.6%	32,399	33,235	-2.5%
Cost of Electric Power	(4,354)	(5,487)	-20.7%	(16,903)	(21,236)	-20.4%
Operating Costs & Expenses	(2,920)	(2,018)	44.7%	(9,569)	(7,115)	34.5%
EBIT	1,519	1,522	-0.2%	5,928	4,884	21.4%
EBITDA⁽¹⁾	1,813	1,763	2.8%	6,998	5,809	20.5%
Financial Income (Expense)	(1,134)	(330)	243.3%	(2,047)	(563)	263.3%
Income Before Taxes	385	1,192	-67.7%	3,881	4,320	-10.2%
Net Income	122	810	-84.9%	2,378	2,868	-17.1%

Notes:

- (1) EBITDA (IFRS) is calculated from the sum of net income, taxes, financial result and depreciation/amortization;
 (2) The complete Income Statement can be consulted in the CPFL historical information base, available in the IR website, to access it, [click here](#).

Sectoral Financial Assets and Liabilities

On December 31st, 2022, the balance of sectoral financial assets and liabilities was negative (liability) in R\$ 99 million. If compared to December 31st, 2021, there was a variation of R\$ 3,290 million, as demonstrated in the chart below:



The variation in this balance was due to the constitution of a liability of R\$ 248 million, mainly due to:

- (i) Over contracting (R\$ 1,352 million);
- (ii) Energy Development Account ("CDE") (R\$ 817 million);
- (iii) Other financial components (R\$ 817 million);
- (iv) Itaipu costs (R\$ 618 million);
- (v) Basic Network (R\$ 415 million);
- (vi) Other items (R\$ 72 million);

Partially offset by the constitution of assets in:

- (vii) Electric energy cost (R\$ 2,853 million);
- (viii) System Service Charge ("ESS") and Reserve Energy Charge ("EER") (R\$ 989 million).

The amortization was of R\$ 159 million and the monetary adjustment of assets and liabilities totaled R\$ 337 million.

Moreover, there was also an impact of R\$ 2,665 million, referring to the:

- (i) Approval of the refund of the PIS/COFINS credit; and
- (ii) Deferral of the 2021 tariff processes in CPFL Paulista and RGE.

In addition, there was a transfer of found due to CDE Eletrobras, in the amount of R\$ 712 million.

There was also the transfer of resources from the Water Scarcity Account and Energy Imports and the Cost of the Incentivized Reduction Bonus, in the amount of R\$ 334 million.

Finally, Aneel approved the transfer of the balance of the Itaipu account, in the amount of R\$ 5 million to CPFL's distributors, decision taken in order to mitigate the tariff increase.

Operating Revenue

	Operating Revenue					
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue						
Revenue with Energy Sales (Captive + TUSD)	8,494	10,932	-22.3%	37,494	38,922	-3.7%
Short-term Electric Energy	120	182	-33.9%	516	1,441	-64.2%
Revenue from Building the Infrastructure of the Concession	1,331	906	47.0%	4,737	3,000	57.9%
Sectoral Financial Assets and Liabilities	518	357	44.8%	89	3,171	-97.2%
CDE Resources - Low-income and Other Tariff Subsidies	454	432	5.1%	1,926	1,610	19.6%
Adjustments to the Concession's Financial Asset	725	413	75.7%	1,401	1,165	20.3%
Other Revenues and Income	174	157	10.8%	647	519	24.8%
Compensatory Fines (DIC/FIC)	(21)	(24)	-10.6%	(111)	(96)	15.8%
Total	11,794	13,355	-11.7%	46,700	49,732	-6.1%
Deductions from the Gross Operating Revenue						
ICMS Tax	(565)	(2,263)	-75.0%	(5,200)	(7,997)	-35.0%
PIS and COFINS Taxes	(880)	(894)	-1.5%	(3,199)	(3,841)	-16.7%
CDE Sector Charge	(1,390)	(906)	53.6%	(5,623)	(3,711)	51.5%
R&D and Energy Efficiency Program	(68)	(77)	-12.6%	(264)	(292)	-9.6%
PROINFRA	(86)	(55)	54.9%	(297)	(204)	45.8%
Tariff Flags	-	(120)	-100.0%	328	(412)	-
Others	(12)	(11)	8.2%	(46)	(38)	20.6%
Total	(3,001)	(4,326)	-30.6%	(14,301)	(16,495)	-13.3%
Net Operating Revenue	8,793	9,028	-2.6%	32,399	33,237	-2.5%

In 4Q22, gross operating revenue amounted to R\$ 11,794 million, a decrease of 11.7% (R\$ 1,561 million), due to the following factors:

- (i) Decrease of 22.3% (R\$ 2,439 million) in **Revenue with Energy Sales** (captive + free clients), due to:
 - a. the reduction in the ICMS tax rate on electricity;
 - b. the reduction of 1.3% in the load in the concession area;
 - c. the adoption of the "hydro scarcity" flag in the three months of 4Q21, compared to green flag in the three months of 4Q22;

Partially offset by:

- d. the positive average tariff adjustment in the distribution companies, in consumer's perception, in the period between 4Q22 and 4Q21 (average increases of 10.98% at RGE, in June 2022, of 6.51% at CPFL Santa Cruz, and of 12.53% at CPFL Paulista, adjusted in the extraordinary tariff review of July 2022; and of 14.72% at CPFL Piratininga, in October 2022);
- (ii) Decrease of 33.9% (R\$ 62 million) in **Short-term Electric Energy**, due to a lower spot price (PLD);

Partially offset by:

- (iii) Increase of 47.0% (R\$ 425 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;
- (iv) Increase of 75.7% (R\$ 312 million) in the **adjustments to the Concession's Financial Asset**, due to the extraordinary effect of R\$ 622 million due to the preliminary estimate of BRR for CPFL Paulista and RGE RTPs. Excluding this item, the adjustments of the Concession's Financial Assets would have a reduction of 75.1% (R\$ 310 million), due to the lower IPCA inflation index (3.40% in 4Q22 against 0.71% in 4Q21);
- (v) Increase of 44.8% (R\$ 160 million) in the accounting of **Sectorial Financial Assets/Liabilities**;
- (vi) Increase of 5.1% (R\$ 22 million) in **CDE Resources - Low-income and Other Tariff Subsidies**;
- (vii) Increase of 14.6% (R\$ 19 million) in the **other revenues and income**.

Deductions from the gross operating revenue were R\$ 3,001 million in 4Q22, representing a decrease of 30.6% (R\$ 1,325 million), due to the following factors:

- (i) Reduction of 54.2% (R\$ 1,712 million) in **taxes** (ICMS and PIS/COFINS);
- (ii) Variation of R\$ 120 million in the accounting of **tariff flags**², due to the reclassification of the tariff flag to Sectorial Financial Assets and Liabilities;

Partially offset by:

- (iii) Increase of 53.6% (R\$ 485 million) in **CDE** due to the increase in the "CDE Use" quote, mainly in CPFL Paulista and RGE;
- (iv) Increase of 15.0% (R\$ 22 million) in the **other items**.

² Since Jan/22, the Tariff Flags are no longer accounted for in Deductions from Gross Operating Revenue and started to compose the balance of Sectorial Financial Assets and Liabilities.

Net operating revenue reached R\$ 8,793 million in 4Q22, representing a decrease of 2.6% (R\$ 235 million).

In 2022, gross operating revenue amounted to R\$ 46,700 million, a decrease of 6.1% (R\$ 3,032 million), due to the following factors:

- (i) Reduction of R\$ 3,081 million in the accounting of **Sectorial Financial Assets/Liabilities**, due to improvements in hydrological conditions and higher tariff coverage. This variation was also affected by the inclusion of the balance of tariff flags from December 2021, accounted before as a deduction from operating revenues, and considered as a regulatory asset only upon tariff adjustment, according to ANEEL Dispatch No. 2,904/21 (which approved the 2022 version of the MCSE), in the amount of R\$ 494 million;
- (ii) Reduction of 3.7% (R\$ 1,428 million) in **Revenue with Energy Sales** (captive + free clients), due to: (a) the reduction of 0.9% in the load in the concession area; (b) the reduction of ICMS rate as explained in the quarter; and (c) the adoption of the green flag in 8 months of the year 2022, partially offset by (d) the positive average tariff adjustment in the distribution companies, in consumers' perception, in the period between 2021 and 2022;
- (iii) Decrease of 64.2% (R\$ 925 million) in **Short-term Electric Energy**, due to a lower spot price (PLD);

Partially offset by:

- (iv) Increase of 57.9% (R\$ 1,737 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;
- (v) Increase of 19.6% (R\$ 316 million) in **CDE Resources - Low-income and Other Tariff Subsidies**;
- (vi) Increase of 20.3% (R\$ 237 million) in the **adjustments to the Concession's Financial Asset**, due to the extraordinary effect of 4Q22 explained above, in addition to the fact that, in 1Q21, the BRR report was booked for CPFL Santa Cruz (R\$ 7 million). Excluding these effects, the adjustments to the Concession's Financial Assets would have a reduction of 32.6% (R\$ 378 million), due to the lower IPCA (10.74% in 2021 compared against 5.90% in 2022);
- (vii) Increase of 26.8% (R\$ 114 million) in the **other revenues and income**.

Deductions from the gross operating revenue were R\$ 14,301 million in 2022, representing a decrease of 13.3% (R\$ 2,194 million), due to the following factors:

- (i) Decrease of 29.1% (R\$ 3,439 million) in **taxes** (ICMS and PIS/COFINS);
- (ii) Variation of R\$ 740 million in the accounting of **tariff flags**³, due to the reclassification of the tariff flag to Sectorial Financial Assets and Liabilities;

Partially offset by:

- (iii) Increase of 51.5% (R\$ 1,911 million) in **CDE** due to the increase of R\$ 1,711 million in the "CDE Use" quote and an increase of R\$ 200 million the inclusion of the "CDE Covid Account";

³ Since Jan/22, the Tariff Flags are no longer accounted for in Deductions from Gross Operating Revenue and started to compose the balance of Sectorial Financial Assets and Liabilities.

- (iv) Increase of 13.7% (R\$ 73 million) in the **other items**.

Net operating revenue reached R\$ 32,399 million in 2022, representing a decrease of 2.5% (R\$ 837 million).

Cost of Electric Energy

Cost of Electric Energy (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Cost of Electric Power Purchased for Resale						
Energy from Itaipu Binacional	741	953	-22.2%	2,972	3,712	-19.9%
PROINFA	136	84	62.0%	595	355	67.4%
Auction, Bilateral Contracts and Spot Market	2,568	2,918	-12.0%	9,932	13,685	-27.4%
PIS and COFINS Tax Credit	(308)	(347)	-11.3%	(1,201)	(1,575)	-23.7%
Total	3,137	3,608	-13.0%	12,297	16,177	-24.0%
Charges for the Use of the Transmission and Distribution System						
Basic Network Charges	921	639	44.1%	3,222	2,749	17.2%
Itaipu Transmission Charges	76	78	-2.8%	284	302	-6.0%
Connection Charges	66	66	0.4%	268	228	17.5%
Charges for the Use of the Distribution System	12	11	12.5%	46	41	10.8%
ESS / EER	266	1,277	-79.2%	1,256	2,255	-44.3%
PIS and COFINS Tax Credit	(124)	(192)	-35.3%	(469)	(516)	-9.0%
Total	1,217	1,879	-35.3%	4,606	5,059	-9.0%
Cost of Electric Energy	4,354	5,487	-20.7%	16,903	21,236	-20.4%

Cost of Electric Power Purchased for Resale

In 4Q22, the cost of electric power purchased for resale reached R\$ 3,137 million, a reduction of 13.0% (R\$ 471 million), mainly due to:

- (i) Decrease of 12.0% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 350 million), mainly due to the lower average price (-15.9%);
- (ii) Decrease of 22.2% in **energy from Itaipu** (R\$ 212 million), mainly due to the exchange variation (-20.6%);

Partially offset by the:

- (iii) Increase of 62.0% in **PROINFA** (R\$ 52 million);
- (iv) Reduction of 11.3% in **PIS and COFINS tax credit** (R\$ 39 million).

In 2022, the cost of electric power purchased for resale reached R\$ 12,297 million, a reduction of 24.0% (R\$ 3,880 million), mainly due to:

- (i) Decrease of 27.4% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 3,754 million), due to the lower average price (-28.8%);
- (ii) Decrease of 19.9% in **energy from Itaipu** (R\$ 740 million), mainly due to the exchange variation (-17.6%);

Partially offset by the:

- (iii) Reduction of 23.7% in **PIS and COFINS tax credit** (R\$ 374 million);
- (iv) Increase of 67.4% in **PROINFA** (R\$ 239 million).

Volume of purchased energy (GWh)	4Q22	4Q21	Var.	2022	2021	Var.
Energy from Itaipu Binacional	2,591	2,645	-2.0%	10,198	10,489	-2.8%
PROINFA	262	286	-8.5%	968	1,041	-7.0%
Auction, Bilateral Contracts and Spot Market	11,330	10,826	4.7%	45,649	44,757	2.0%
Total	14,183	13,757	3.1%	56,815	56,287	0.9%

Average price (R\$/MWh)	4Q22	4Q21	Var.	2022	2021	Var.
Energy from Itaipu Binacional	286.07	360.29	-20.6%	291.39	353.85	-17.6%
PROINFA	519.54	293.29	77.1%	614.53	341.53	79.9%
Auction, Bilateral Contracts and Spot Market	226.63	269.53	-15.9%	217.56	305.77	-28.8%
Total	221.20	262.25	-15.7%	216.43	287.41	-24.7%

Charges for the Use of the Transmission and Distribution System

In 4Q22, **charges for the use of the transmission and distribution system** reached R\$ 1,217 million, representing a decrease of 35.3% (R\$ 663 million), due to:

- (i) Reduction of 79.2% (R\$ 1,011 million) in **sector charges (ESS/EER)**, mainly due to the ESS – System Service Usage Charges. The variation in this charge was due to the lower need to dispatch thermal power plants outside the merit order in 4Q22, compared to 4Q21, due to improvements in hydrological conditions. This effect was partially offset by the increase of the EER – Reserve Energy Charges, resulting from a lower PLD;

Partially offset by:

- (ii) Increase of 35.4% (R\$ 281 million) in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system), mainly due to the adjustment in the Tariff for the Use of the Transmission System (TUST), since July 2022, in accordance with ANEEL Resolution No. 3,066/2022;
- (iii) Decrease of 35.3% (R\$ 68 million) in **PIS and COFINS tax credit**.

In 2022, **charges for the use of the transmission and distribution system** reached R\$ 4,606 million, representing a decrease of 9.0% (R\$ 453 million), due to:

- (i) Decrease of 44.3% (R\$ 999 million) in **sector charges (ESS/EER)** as explained in the variation in the quarter;

Partially offset by:

- (ii) Increase of 15.0% (R\$ 499 million) in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) mainly due to the adjustment in the TUST;
- (iii) Decrease of 9.0% (R\$ 46 million) in **PIS and COFINS tax credit**.

PMSO

PMSO (R\$ million)						
	4Q22	4Q21	%	2022	2021	%
Personnel	317	276	14.9%	1,129	1,005	12.3%
Material	71	57	23.4%	286	211	35.2%
Outsourced Services	289	265	9.4%	1,010	924	9.3%
Other Operating Costs/Expenses	441	217	102.8%	1,061	827	28.4%
<i>Allowance for doubtful accounts</i>	52	75	-30.2%	292	336	-13.3%
<i>Legal and judicial expenses</i>	97	65	49.8%	248	178	38.8%
<i>Negotiation of the CPFL Paulista Pension Plan</i>	209	-	-	209	-	-
<i>Assets write-off</i>	57	30	88.6%	161	138	16.5%
<i>Others</i>	26	47	-45.8%	153	174	-12.3%
Total PMSO	1,118	815	37.1%	3,486	2,967	17.5%

In 4Q22 **PMSO** reached R\$ 1,118 million, an increase of 37.1% (R\$ 303 million).

In this quarter, the PMSO was impact by the negative effect of R\$ 209 million in the legal and judicial expenses and of R\$ 7 million in outsourced services, due to the negotiation of the extinction of the fiscal processes related to the CPFL Paulista Pension Plan (extraordinary item).

Excluding this item, the PMSO would have an increase of 10.7% (R\$ 88 million), due to the following factors:

- (i) Increase of 6.7% (R\$ 39 million) in PMSO expenses linked to inflation, reflection of the variation of 14.9% (R\$ 41 million) in the Personnel line, explained not only by the salary adjustments in accordance with the collective labor agreement based on inflation, but also due to the increase in headcount (+6.0%);
- (ii) Increase of 49.8% (R\$ 32 million) in legal and judicial expenses;
- (iii) Increase of 88.6% (R\$ 27 million) in assets write-off;
- (iv) Increase of 28.2% (R\$ 11 million) in expenses with the grid and substations maintenance, related to Capex efforts;
- (v) Increase of 6.1% (R\$ 1 million) in collection actions;

Partially offset by:

- (vi) Reduction of 30.2% (R\$ 23 million) in the allowance for doubtful accounts (ADA).

In 2022, **PMSO** reached R\$ 3,486 million, an increase of 17.5% (R\$ 519 million). Excluding this extraordinary item from 4Q22 explained above, the PMSO would have an increase of 10.2% (R\$ 304 million), due to the following factors:

- (i) Increase of 9.8% (R\$ 206 million) in PMSO expenses linked to inflation, due to:
 - a. Increase of 12.3% (R\$ 124 million) in Personnel, due to the salary adjustments in accordance with the collective labor agreement and the increase of 6% in the headcount.
 - b. Increase of 29.9% (R\$ 30 million) in fleet and transportation expenses, due to the high fuel prices observed mainly in 1H22;

Excluding the effects of the increase in headcount and fleet and transportation expenses, the PMSO linked to inflation would have increased by 5.8% (R\$ 116 million), in line with the IPCA registered in 2022, which was of 5.90%;

- (ii) Increase of 38.8% (R\$ 69 million) in legal and judicial expenses;
 - (iii) Increase of 32.3% (R\$ 44 million) in expenses with grid and substations maintenance, related to Capex efforts;
 - (iv) Increase of 16.5% (R\$ 23 million) in assets write-off.
 - (v) Increase of 7.8% (R\$ 6 million) in collection actions;
- Partially offset by:
- (i) Reduction of 13.3% (R\$ 45 million) in the allowance for doubtful accounts (ADA);

Other operating costs and expenses

Other operating costs and expenses						
	4Q22	4Q21	Var.	2022	2021	Var.
Costs of Building the Infrastructure	1,331	906	47.0%	4,737	3,000	57.9%
Private Pension Fund	177	56	217.8%	275	223	23.5%
Depreciation and Amortization	280	227	23.5%	1,014	868	16.8%
Total	1,788	1,188	50.5%	6,026	4,091	47.3%

In 4Q22, CPFL Paulista and CPFL Piratininga employees were able to change the condition of their pension plan from lifetime income to financial income, which caused an extraordinary negative effect of R\$ 125 million. Excluding this effect, expenses with Private Pension Fund, achieving a reduction of 6.5% (R\$ 4 million).

In addition, in 3Q22, the Piratininga PSAP Plan was discontinued, and the settlement was approved by the regulator. As a result, the plan ceased to receive new monthly contributions and its assumptions were revised in order to contemplate its termination. As a result, an actuarial revenue of R\$ 75 million was recorded (extraordinary effect) in the Private Pension Fund line.

Thus, in 2022, excluding the extraordinary effects explained above, expenses with Private Pension Fund would have an increase of 1.1% (R\$ 2 million).

EBITDA

EBITDA totaled R\$ 1,813 million in 4Q22, an increase of 2.8% (R\$ 50 million), explained by the adjustment to the concession's financial assets and the tariff adjustments, partially offset by the extraordinary items recorded in the quarter.

In 2022, **EBITDA** totaled R\$ 6,998 million, an increase of 20.5% (R\$ 1,190 million), mainly explained by the tariff adjustments between 2021 and 2022.

Conciliation of Net Income and EBITDA (R\$ million)						
	4Q22	4Q21	Var.	2,022	2021	Var.
Net income	122	810	-84.9%	2,378	2,868	-17.1%
Depreciation and Amortization	294	241	22.1%	1,071	925	15.8%
Financial Results	1,134	330	243.3%	2,047	563	263.3%
Income Tax /Social Contributio	263	382	-31.2%	1,502	1,452	3.5%
EBITDA	1,813	1,763	2.8%	6,998	5,809	20.5%

EBITDA by Distributor

EBITDA by Distributor						
Distribution	4Q22	4Q21	Var.	2022	2021	Var.
CPFL Paulista	834	752	10.9%	2,941	2,467	19.2%
CPFL Piratininga	203	276	-26.6%	1,145	921	24.3%
RGE	701	660	6.2%	2,623	2,179	20.4%
CPFL Santa Cruz	76	75	1.1%	289	242	19.8%
EBITDA	1,813	1,763	2.8%	6,998	5,809	20.5%

Note: The Income Statement by company can be consulted in the CPFL historical information base, available in the IR website. To access it, [click here](#).

CPFL Paulista:

EBITDA totaled R\$ 834 million in 4Q22, an increase of 10.9% (R\$ 82 million), basically explained by the following extraordinary itens: (i) provision for adjustment of the BRR, due to the preliminary appraisal report from RTP (+R\$ 429 million); (ii) Pension Plan tax agreement (-R\$ 275 million); and (iii) migration of employees to a new modality (from lifetime income to financial income) in the Pension Plan (-R\$ 73 million).

In 2022, EBITDA totaled R\$ 2,941 million, an increase of 19.2% (R\$ 474 million). The positive result is mainly explained by the tariff readjustment and by the provision for adjustment of the BRR, as mentioned above (R\$ 429 million).

CPFL Piratininga:

EBITDA totaled R\$ 203 million in 4Q22, a decrease of 26.6% (R\$ 73 million), explained by the increase in the expenses with Private Pension Fund, due to migration of employees to the new modality (from lifetime income to financial income) (R\$ 53 million) and the lower updating of the concession's financial assets (R\$ 47 million), partially offset by the tariff readjustment.

In 2022, EBITDA totaled R\$ 1,145 million, an increase of 24.3% (R\$ 224 million). The positive result is explained by the tariff readjustment.

RGE:

EBITDA totaled R\$ 701 million in 4Q22, an increase of 6.2% (R\$ 41 million), explained by provision for adjustment of the BRR, due to the preliminary appraisal report from RTP (+R\$ 193 million – extraordinary effect), partially offset by the lower updating of the concession's financial assets (-R\$ 139 million) and by the strong impact of the expansion of distributed

generation on the residential and commercial markets, partially offsetting the positive effect generated by the tariff readjustment.

In 2022, EBITDA totaled R\$ 2,623 million, an increase of 20.4% (R\$ 444 million). The positive result is explained by the tariff readjustment and the provision for adjustment of the BRR (R\$ 193 million).

CPFL Santa Cruz:

EBITDA totaled R\$ 76 million in 4Q22, an increase of 1.1% (R\$ 1 million). In 2022, EBITDA totaled R\$ 289 million, an increase of 19.8% (R\$ 48 million), as in 1Q21 the reversal of the gain recorded in 2019 related to the legal process to exclude ICMS from the tax base of PIS and Cofins was recorded, in the amount of R\$ 34 million, reducing the basis of comparison. Excluding this effect, EBITDA would have increased by 4.9% (R\$ 14 million), underpinned by market and tariff.

Financial Result

Financial Result (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Revenues	372	254	46.2%	1,744	860	102.9%
Expenses	(1,506)	(585)	157.5%	(3,791)	(1,423)	166.4%
Financial Result	(1,134)	(330)	243.3%	(2,047)	(563)	263.3%

Managerial Analysis

Financial Result (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Expenses with the net debt	(475)	(425)	11.7%	(1,985)	(1,066)	86.2%
Late payment interest and fines	90	136	-33.6%	461	566	-18.6%
Mark-to-market	2	(12)	-	15	(26)	-
Adjustment to the sectoral financial asset/liability	39	36	7.2%	337	84	301.9%
Negotiation of the CPFL Paulista Pension Plan	(911)	-	-	(911)	-	-
Other financial revenues/expenses	120	(66)	-	37	(121)	-
Financial Result	(1,134)	(330)	243.3%	(2,047)	(563)	263.3%

In 4Q22, the financial result recorded a **net financial expense** of R\$ 1,134 million, an increase of 243.3% (R\$ 804 million) compared to 4Q21, mainly explained by the negotiation of the tax agreement (R\$ 911 million) related to the CPFL Paulista Pension Plan (extraordinary item).

Excluding this effect, the **net financial expense** would have decreased by 32.4% (R\$ 107 million), due to the following factors:

- (i) Increase of 11.7% (R\$ 50 million) in the **expenses with net debt**, resulting mainly from the increase in CDI and higher debt balance;
- (ii) Decrease of 33.6% (R\$ 46 million) in **late payment interest and fines**, due to the lower IPCA index levied on overdue energy bills in 4Q22, compared to 4Q21;

Partially offset by:

- (iii) Increase of 37.5% (R\$ 88 million) in **updating tax credits**;
- (iv) Positive variation of R\$ 63 million in **other financial revenues and expenses**;
- (v) Increase of R\$ 19 million in **discount on the acquisition of ICMS credits**;

- (vi) Reduction of R\$ 16 million in **updating contingencies**;
- (vii) Positive variation of R\$ 14 million in **mark-to-market** (non-cash effect);
- (viii) Positive variation of R\$ 3 million in **adjustment to the sectoral financial asset/liability**.

In 2022, the financial result recorded a **net financial expense** of R\$ 2,047 million, an increase of 263.3% (R\$ 1,484 million) compared to 2021, mainly due to the extraordinary effect explained above. Excluding this effect, the **net financial expense** would have increased by 101.7% (R\$ 573 million), due to the following factors:

- (i) Increase of 86.2% (R\$ 919 million) in the **expenses with net debt**, resulting mainly from the increase in CDI and higher debt balance;
- (ii) Decrease of 18.6% (R\$ 105 million) in **late payment interest and fines**, due to the replacement of the IGP-M by the IPCA from July/21 and lower IPCA index verified in 1H22;

Partially offset by:

- (ix) Positive variation of R\$ 253 million in **adjustment to the sectoral financial asset/liability**;
- (x) Increase of 215.0% (R\$ 93 million) in **updating tax credits**;
- (iii) Positive variation of R\$ 41 million in the **mark-to-market** (non-cash effect);
- (iv) Increase of R\$ 33 million in **discounts on the acquisition of ICMS credits**;
- (v) Increase of R\$ 19 million in **updating contingencies**;
- (vi) Negative variation of R\$ 13 million in **other financial revenues and expenses**.

Net Income

Net Income totaled R\$ 122 million in 4Q22, a decrease of 84.9% (R\$ 688 million). In 2022, the **Net Income** totaled R\$ 2,378 million, a decrease of 17.1% (R\$ 490 million). This result was due to the worse financial result, due to the negotiation of the CPFL Paulista Pension Plan and higher expenses with net debt.

6.1.2) Tariff Events

Reference dates

Tariff Revision					
Distributor	Periodicity	Next Revision	Cycle	Tariff Process Dates	Expiration of Concessions
CPFL Piratininga	Every 4 years	October 2023	6 th PTRC	October 23 rd	October 23, 2028
CPFL Santa Cruz	Every 5 years	March 2026	6 th PTRC	March 22 nd	July 07, 2045
CPFL Paulista	Every 5 years	April 2023	5 th PTRC	April 8 th	November 20, 2027
RGE	Every 5 years	June 2023	5 th PTRC	June 19 th	November 06, 2027

Annual Tariff Adjustments and Extraordinary Tariff Reviews in 2022

Annual Tariff Adjustments (ATAs)				
Annual Tariff Adjustments (ATAs)	CPFL Santa Cruz	CPFL Paulista	RGE	CPFL Piratininga
Ratifying Resolution	3,017	3,018	3,045	3,128
Adjustment	7.82%	12.77%	8.72%	21.07%
Parcel A	5.44%	7.27%	4.07%	14.47%
Parcel B	2.69%	4.27%	3.53%	2.03%
Financial Components	-0.31%	1.23%	1.12%	4.57%
Effect on consumer billings	8.83%	14.97%	10.98%	14.72%
Date of entry into force	03/22/2022	04/08/2022	06/22/2022	10/23/2022

Extraordinary Tariff Reviews (ETRs)		
Extraordinary Tariff Reviews (ETRs)	CPFL Santa Cruz	CPFL Paulista
Ratifying Resolution	3,059	3,058
Financial Components	-2.32%	-2.44%
Effect on consumer billings	6.51%	12.53%
Date of entry into force	07/12/2022	07/12/2022

Note (1): the effect on consumer billing is also impacted by the financial components removed in the last tariff revision or adjustment.

6.2) Commercialization and Services Segments

Economic-Financial Performance

Consolidated Income Statement - Commercialization Segment ² (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	741	783	-5.3%	2,754	2,854	-3.5%
Net Operating Revenue	618	690	-10.5%	2,337	2,556	-8.5%
Cost of Electric Power	(605)	(731)	-17.2%	(2,369)	(2,578)	-8.1%
Operating Costs & Expenses	(16)	(36)	-55.7%	(60)	(82)	-27.1%
EBIT	(4)	(77)	-95.1%	(92)	(104)	-11.9%
EBITDA¹	(1)	(76)	-98.1%	(86)	(100)	-14.1%
Financial Income (Expense)	(29)	(34)	-13.5%	(167)	30	-
Income Before Taxes	(33)	(111)	-70.4%	(259)	(74)	248.0%
Net Income	(33)	(113)	-70.5%	(243)	(93)	-99.7%

Notes:

(1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

(2) 4Q21 and 2021 data include CPFL Cone Sul and, therefore, the equity income relative to CPFL Transmissão. CPFL Cone Sul was reclassified to the Transmission segment in January-2022.

Extraordinary item: in 2Q21, R\$ 45 million were recognized in deductions from Gross Revenue and R\$ 40 million as monetary adjustment in the financial result, related to the lawsuit filed by CPFL Brasil to exclude ICMS from the PIS/COFINS calculation base, in line with the understanding of the external audit.

Consolidated Income Statement - Services Segment (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	283	272	4.1%	1,133	948	19.5%
Net Operating Revenue	260	249	4.5%	1,044	870	19.9%
Operating Costs & Expenses	(248)	(211)	17.3%	(896)	(711)	26.0%
EBIT	13	38	-66.9%	147	159	-7.5%
EBITDA¹	37	47	-19.7%	200	192	3.9%
Financial Income (Expense)	(3)	2	-272.7%	(0)	4	-103.9%
Income Before Taxes	10	40	-75.6%	147	163	-9.9%
Net Income	10	30	-66.6%	113	122	-7.6%

Note: (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

6.3) Generation Segment



Since 4Q21, the result of the Generation segment no longer considers the group's transmission companies, which were all consolidated in the Transmission segment (Chapter 6.4).

It should also be added that, as of November 2022, SPE Enercan (HPP Campos Novos) became 100% consolidated, line by line. Until October, it was accounted by equity. These effects were not eliminated and contribute to the growth of the indicators presented below.

Consolidated Income Statement - Generation Segment (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	1,447	1,133	27.7%	4,599	4,191	9.7%
Net Operating Revenue	1,330	1,049	26.8%	4,251	3,889	9.3%
Cost of Electric Power	(152)	(195)	-21.9%	(545)	(504)	8.2%
Operating Costs & Expenses	243	(428)	-	(712)	(1,311)	-45.7%
EBIT	1,421	426	233.8%	2,994	2,074	44.4%
Equity income	106	131	-19.6%	489	519	-5.7%
EBITDA¹	1,736	738	135.3%	4,245	3,304	28.5%
Financial Income (Expense)	(162)	(103)	57.2%	(616)	(271)	127.2%
Income Before Taxes	1,364	453	200.8%	2,867	2,321	23.5%
Net Income	1,322	641	106.3%	2,599	2,202	18.0%

Notes:

(1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

(2) The complete Income Statement can be consulted in the CPFL historical information base, available in the IR website, to access it, [click here](#).

Operating Revenue

In 4Q22, the **Gross Operating Revenue** reached R\$ 1,447 million, an increase of 27.7% (R\$ 314 million). The **Net Operating Revenue** was of R\$ 1,330 million, registering an increase of 26.8% (R\$ 281 million).

The main factors that affected the net operating revenue were:

- (i) Increase of 31.1% (R\$ 343 million) in the **Electric Energy Supply**;
 - a. Increase of 18.9% (R\$ 209 million) due to **Enercan consolidation**;
 - b. Increase of 12.2% (R\$ 134 million) in the **Electric Energy Supply**;

Partially offset by:

- (ii) Increase of 40.0% (R\$ 33 million) in **Deductions from Operating Revenue**, mainly due to taxes (PIS/COFINS).
 - a. Increase of 33.1% (R\$ 28 million) due to **Enercan consolidation**;
 - b. Increase of 6.9% (R\$ 5 million) in the **Deductions from Operating Revenue**;
- (iii) Decrease of R\$ 25 million in **Other Revenues**;
- (iv) Decrease of R\$ 4 million in **Energy Sales to Final Consumers**.

In 2022, the **Gross Operating Revenue** reached R\$ 4,599 million, an increase of 9.7% (R\$ 408 million). The **Net Operating Revenue** was of R\$ 4,251 million, registering an increase of 9.3% (R\$ 362 million).

The main factors that affected the net operating revenue were:

- (i) Increase of 10.4% (R\$ 429 million) in the **Electric Energy Supply**;
 - a. Increase of 5.3% (R\$ 220 million) in the **Electric Energy Supply**;
 - b. Increase of 5.1% (R\$ 209 million) due to **Enercan consolidation**;

Partially offset by:

- (ii) Increase of 15.1% (R\$ 46 million) in **Deductions from Operating Revenue**, mainly due to taxes (PIS/COFINS);
 - a. Increase of 9.2% (R\$ 28 million) due to **Enercan consolidation**;
 - b. Increase of 5.9% (R\$ 18 million) in the **Deductions from Operating Revenue**;
- (iii) Decrease of R\$ 12 million in **Energy Sales to Final Consumers**;
- (iv) Decrease of R\$ 9 million in **Other Revenues**.

Cost of Electric Power

Cost of Electric Energy - R\$ Million						
	4Q22	4Q21	Var.	2022	2021	Var.
Energy Purchased in the Spot Market	18	39	-55.4%	66	248	-73.5%
Bilateral Contracts, ACR and ACL	81	154	-47.3%	315	334	-5.6%
ACR / ACL GSF Solution	-	(17)	-100.0%	-	(192)	-100.0%
PIS and COFINS Tax Credit	(6)	(14)	-59.6%	(24)	(29)	-19.2%
Cost of Electric Power Purchased for Resale	93	162	-42.6%	358	362	-1.1%
Basic Network Charges	47	30	59.1%	141	114	23.8%
Connection Charges	4	3	25.6%	14	12	15.4%
Charges for the Use of the Distribution System	11	9	23.1%	40	33	23.5%
ESS/EER	0	(7)	-	0	(10)	-
PIS and COFINS Tax Credit	(3)	(1)	104.4%	(8)	(6)	37.4%
Distribution System Usage Charges	59	33	78.3%	188	142	31.7%
Cost of Electric Energy	152	195	-21.9%	545	504	8.2%

In 4Q22, the Cost of Electric Energy was of R\$ 152 million, representing a decrease of 21.9% (R\$ 43 million), compared to 4Q21, due to:

- (i) Decrease of 47.3% (R\$ 73 million) in the cost with energy purchased in **bilateral contracts, regulated (ACR) and free market (ACL)**, despite **Enercan consolidation** (+R\$ 25 million).
- (ii) Decrease of 55.4% (R\$ 22 million) in the cost with **energy in the spot market**, despite **Enercan consolidation** (+R\$ 5 million);

Partially offset by:

- (iii) Increase of 78.3% (R\$ 26 million) in **Distribution System Usage Charges**, net of taxes;
 - a. Increase of 40.5% (R\$ 14 million) due to **Enercan consolidation**;
 - b. Increase of 37.8% (R\$ 12 million) in **Distribution System Usage Charges**;
- (iv) Accounting in 4Q21 of the **solution for the GSF of the regulated and free market** of Lajeado (R\$ 17 million) – extraordinary effect;
- (v) Decrease of 59.6% (R\$ 9 million) in **PIS and COFINS Tax Credit** relate to the energy purchased, despite **Enercan consolidation** (+R\$ 2 million).

In 2022, the Cost of Electric Energy was of R\$ 545 million, representing an increase of 8.2% (R\$ 41 million), compared to 2021, due to:

- (i) Accounting in 2021 of R\$ 192 million of the **solution for the GSF of the regulated and free market** of Ceran (R\$ 49 million), of SHPPs of CPFL Renováveis (R\$ 126 million) and of Lajeado (R\$ 17 million) – extraordinary effect;
- (ii) Increase of 31.7% (R\$ 45 million) in **Distribution System Usage Charges**, net of taxes;
 - a. Increase of 22.2% (R\$ 31 million) in **Distribution System Usage Charges**;
 - b. Increase of 9.5% (R\$ 14 million) due to **Enercan consolidation**;
- (iii) Decrease of 19.2% (R\$ 6 million) in **PIS and COFINS Tax Credit** relate to the energy purchased, despite **Enercan consolidation** (+R\$ 2 million);

Partially offset by:

- (iv) Decrease of 73.5% (R\$ 183 million) in the cost with **energy in the spot market**, despite **Enercan consolidation** (+R\$ 5 million);
- (v) Decrease of 5.6% (R\$ 19 million) in the cost with energy purchased in **bilateral contracts, regulated (ACR) and free market (ACL)**, despite **Enercan consolidation** (+R\$ 25 million).

Volume of purchased energy (GWh)	4Q22	4Q21	Var.	2022	2021	Var.
Energy Purchased in the Spot Market	472	398	18.4%	1,838	1,552	18.4%
Bilateral Contracts, ACR and ACL	1,018	1,216	-16.3%	4,279	4,056	5.5%
Total	1,490	1,614	-7.7%	6,116	5,608	9.1%

Average price (R\$/MWh)	4Q22	4Q21	Var.	2022	2021	Var.
Energy Purchased in the Spot Market	37.11	98.52	-62.3%	35.81	160.07	-77.6%
Bilateral Contracts, ACR and ACL	79.75	126.72	-37.1%	73.73	82.41	-10.5%
Total	66.25	119.76	-44.7%	62.34	103.90	-40.0%

PMSO

PMSO Consolidated						
	4Q22	4Q21	Var.	2022	2021	Var.
Personnel	48	38	28.5%	172	141	21.8%
Material	3	11	-73.4%	30	31	-4.1%
Outsourced Services	71	60	19.0%	236	220	6.9%
Other Operating Costs/Expenses	(576)	139	-	(490)	204	-
<i>Asset Write-off</i>	18	13	33.7%	18	16	14.5%
<i>GSF Risk Premium</i>	6	6	10.1%	25	22	10.2%
<i>Remeasurement of Enercan</i>	(670)	-	-	(670)	-	-
<i>Legal and judicial expenses</i>	(1)	67	-	2	70	-97.8%
<i>Others</i>	71	53	34.7%	135	95	41.8%
Total PMSO	(453)	247	-	(53)	596	-

In 4Q22, PMSO had a positive result of R\$ 453 million, a R\$ 701 million variation compared to 4Q21. This is mainly due to the accounting of the extraordinary effect of **R\$ 670 million** of remeasurement of Enercan at fair value. The other contributing factors were:

- (i) R\$ 68 million variation in **Legal and Judicial Expenses**;

Partially offset by:

- (ii) Increase of R\$ 18 million in **Other Expenses**;
- (iii) Increase of 28.5% (R\$ 11 million) in expenses with **Personnel**, driven by salary adjustments in accordance with the collective labor agreement based on inflation and also due to the increase in headcount (+9.9%);
- (iv) Increase of 4.5% (R\$ 3 million) in **Material and Outsourced Services** highlighting Enercan consolidation (R\$ 2 million).

In 2022, PMSO reached a positive result of R\$ 53 million, a R\$ 649 million variation compared to 2021, mainly due to the accounting of Enercan effect, as explained in the quarter. The other contributing factors were:

- (i) Decrease of R\$ 68 million in **Legal and Judicial Expenses**;

Partially offset by:

- (ii) Increase of 41.8% (R\$ 40 million) in **Other Expenses**, mainly leases and rentals (R\$ 9 million) and insurance (R\$ 5 million), among others;
- (iii) The increase of 21.8% (R\$ 31 million) in expenses with **Personnel**, due to the collective agreement and the higher number of employees;
- (iv) Increase of 5.6% (R\$ 14 million) in **Material and Outsourced Services**, mainly replacement of machinery and equipment (R\$ 7 million), building maintenance (R\$ 3 million) and Enercan consolidation (R\$ 2 million), among others.

Other operating costs and expenses

Other operating costs and expenses						
	4Q22	4Q21	Var.	2022	2021	Var.
Private Pension Fund	1	1	14.1%	4	4	1.5%
Depreciation and amortization	167	138	20.8%	594	543	9.3%
Amortization of Concession Intangible	42	42	-0.8%	168	168	-0.3%
Total	210	182	15.7%	765	716	7.0%

Equity Income

Equity Income (R\$ Million)						
	4Q22	4Q21	Var. %	2022	2021	Var. %
Projects						
Barra Grande HPP	0	13	-97.0%	(1)	10	-
Campos Novos HPP	24	53	-54.6%	194	204	-4.9%
Foz do Chapecó HPP	70	46	52.5%	224	234	-4.3%
Epasa TPP	11	20	-43.1%	72	71	1.5%
Total	105	131	-19.8%	489	519	-5.8%

Notes:

- (1) Disclosure of interest in subsidiaries is made in accordance with IFRS 12 and CPC 45;
- (2) The complete Income Statement of the projects can be consulted in the CPFL historical information base, available in the IR website, to access it, [click here](#).

Below are the main variations of each project:

Barra Grande:

Equity Income (R\$ Million)						
BARRA GRANDE	4Q22	4Q21	Var. %	2022	2021	Var. %
Net Revenue	16	41	-61.0%	81	115	-29.5%
Operating Costs / Expenses	(13)	(16)	-14.4%	(53)	(63)	-15.2%
Deprec. / Amortization	(4)	(3)	8.7%	(14)	(13)	11.8%
Net Financial Result	1	(2)	-	(15)	(25)	-38.5%
Income Tax	0	(7)	-	1	(4)	-
Net Income	0	13	-97.0%	(1)	10	-

In 4Q22, the net revenue decreased 61.0% (R\$ 25 million), mainly due to tariff reduction, while the operating costs and expenses decreased 14.4% (R\$ 2 million) mainly due to

purchased energy volume and price reduction. There was a net financial revenue of R\$ 1 million, compared to a net financial expense of R\$ 2 million in 4Q21, due to income from financial investments, due to the higher cash balance and the increase in CDI, and lower expenses with UBP, which are adjusted by IGP-M.

In 2022, the net revenue decreased 29.5% (R\$ 34 million), while the operating costs and expenses decreased 15.2% (R\$ 10 million) in the period. The net financial expense presented a decrease of 38.5% (R\$ 6 million), due to income from financial investments, as a result of the higher cash balance and the increase in CDI and lower expenses with UBP.

Campos Novos:

Equity Income (R\$ Million)						
CAMPOS NOVOS	4Q22	4Q21	Var. %	2022	2021	Var. %
Net Revenue	49	119	-58.7%	420	429	-2.0%
Operating Costs / Expenses	(12)	(34)	-65.3%	(101)	(88)	15.1%
Deprec. / Amortization	(2)	(6)	-64.6%	(22)	(27)	-16.9%
Net Financial Result	1	(0)	-315.6%	(1)	(6)	-78.5%
Income Tax	(12)	(26)	-52.4%	(100)	(103)	-3.4%
Net Income	24	53	-54.6%	194	204	-4.9%

As of November 2022, SPE Enercan (HPP Campos Novos) became 100% consolidated, line by line. Until October, it was accounted by equity income.

Foz do Chapecó:

Equity Income (R\$ Million)						
FOZ DO CHAPECÓ	4Q22	4Q21	Var. %	2022	2021	Var. %
Net Revenue	163	146	11.6%	609	544	11.9%
Operating Costs / Expenses	(33)	(37)	-10.3%	(128)	(24)	433.0%
Deprec. / Amortization	(13)	(14)	-3.7%	(54)	(56)	-2.6%
Net Financial Result	(11)	(20)	-41.8%	(84)	(106)	-20.8%
Income Tax	(35)	(22)	60.2%	(113)	(118)	-3.8%
Net Income	70	46	52.5%	224	234	-4.3%

In 4Q22, net revenue increased 11.6% (R\$ 17 million), mainly due to increase in the price of energy supplied. The operating costs and expenses decreased 10.3% (R\$ 4 million) in the period. In the net financial expense, there was a decrease of 41.8% (R\$ 8 million), mainly due to income from financial investments, due to the higher cash balance and the increase in the CDI, partially offset by higher debt expenses.

In 2022, net revenue increased 11.9% (R\$ 65 million), mainly due to the contracts' readjustments, mostly by IGP-M and an increase in the amount of energy supplied. The operating costs and expenses increased R\$ 104 million, due to the accounting of the GSF solution in 2021. In the net financial expense, there was a decrease of 20.8% (R\$ 22 million), mainly due to income from financial investments, due to the higher cash balance and the increase in the CDI, partially offset by higher debt expenses.

Epasa:

Equity Income (R\$ Million)						
EPASA	4Q22	4Q21	Var. %	2022	2021	Var. %
Net Revenue	41	243	-83.4%	166	731	-77.3%
Operating Costs / Expenses	(14)	(209)	-93.3%	(44)	(600)	-92.7%
Deprec. / Amortization	(12)	(12)	0.5%	(49)	(48)	0.8%
Net Financial Result	4	0	-	16	(1)	-
Income Tax	(7)	(2)	210.6%	(17)	(10)	68.9%
Net Income	11	20	-43.1%	72	71	1.5%

In 4Q22, net revenue decreased R\$ 203 million and the operating costs and expenses were down by R\$ 195 million, due to lower volumes of generation. There was a net financial income of R\$ 4 million, due to the higher cash balance and higher CDI.

In 2022, net revenue decreased R\$ 565 million and the operating costs and expenses were down by R\$ 556 million, due to lower volumes of generation. There was a net financial income of R\$ 16 million, compared to a net expense of R\$ 1 million in 2021, due to the higher cash balance and higher CDI, in addition to lower debt expenses.

EBITDA

In 4Q22, **EBITDA** was of R\$ 1,736 million, an increase of 135.3% (R\$ 998 million), mainly due to Enercan remeasurement at fair value and contractual readjustments, partially offset by worse performance of wind generation.

In 2022, **EBITDA** was of R\$ 4,245 million, an increase of 28.5% (R\$ 941 million). This variation is mainly explained by the same factors that impacted the quarter.

EBITDA and Net Income conciliation (R\$ million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Net Income	1,322	641	106.3%	2,599	2,202	18.0%
Depreciation and Amortization	209	181	15.7%	762	712	7.0%
Financial Result	162	103	57.2%	616	271	127.2%
Income Tax / Social Contribution	42	(187)	-	268	119	125.7%
EBITDA	1,736	738	135.3%	4,245	3,304	28.5%

Financial Result

Financial Result (IFRS - R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Financial Revenues	53	39	37.9%	174	136	27.7%
Financial Expenses	(216)	(142)	51.9%	(790)	(407)	93.9%
Financial Result	(162)	(103)	57.2%	(616)	(271)	127.2%

In 4Q22, the financial result was a **net financial expense** of R\$ 162 million, an increase of 57.2% (R\$ 59 million), mainly due to higher expenses with net debt (R\$ 43 million) and other financial expenses (R\$ 19 million), despite Enercan net financial revenue (R\$ 3 million).

In 2022, the financial result was a **net financial expense** of R\$ 616 million, an increase of 127.2% (R\$ 345 million), mainly due to higher expenses with net debt (R\$ 291 million), lower revenue from CCEE energy settlement (R\$ 40 million), due to the lower PLD, and other financial expenses (R\$ 17 million), despite Enercan net financial revenue (R\$ 3 million).

Income Tax and Social Contribution

In 4Q22, the income tax and social contribution item registered a negative result of R\$ 42 million, compared to a positive result of R\$ 187 million in 4Q21, a variation of R\$ 229 million, explained mainly by the recognition of tax credits in CPFL Renováveis of R\$ 238 million in 4Q21.

In 2022, the income tax and social contribution item registered a negative result of R\$ 268 million, an increase of 125.7% (R\$ 149 million), an effective rate of 9.4%, mainly due to the recognition of tax credits in CPFL Renováveis in 2021, partially offset by the better performance of equity income projects in the period.

Net Income

In 4Q22, **net income** was R\$ 1,322 million, an increase of 106.3% (R\$ 681 million), mainly reflecting the increase in the EBITDA, partially offset by the worse financial result, due to higher expenses with net debt.

In 2022, **net income** was R\$ 2,599 million, an increase of 18.0% (R\$ 397 million), also due to the increase in the EBITDA in 4Q22.

6.4) Transmission Segment

IFRS Economic-Financial Performance (CPFL Transmissão + 5 projects)

Consolidated Income Statement - Transmission Segment (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	560	578	-3.2%	2,240	687	225.9%
Net Operating Revenue	491	509	-3.5%	1,964	621	216.5%
Operating Costs & Expenses	(259)	(439)	-41.1%	(1,074)	(648)	65.8%
EBIT	233	69	-	890	(27)	-
EBITDA¹	248	88	-	962	(9)	-
Financial Income (Expense)	(26)	(8)	218.7%	(45)	(8)	444.1%
Income Before Taxes	207	64	-	847	(32)	-
Net Income	46	(0)	-	560	(104)	-

Note:

- (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization;
- (2) The complete Income Statement can be consulted on CPFL Energia's Historical Information Base, available on the IR website. To access it, [click here](#);
- (3) Since 1Q22, the Transmission segment began to include CPFL Cone Sul, holding company of CPFL Transmissão.

6.4.1) CPFL Transmissão

6.4.1.1) Regulatory Themes

Periodic Tariff Revision ("PTR")

The Concession Contract for Electric Power Transmission No. 055/2001-ANEEL, firm ed between The Federal Government and the State Electric Power Transmission Company (CEEE-T), was extended under the Law No. 12,783/2013 that defines, in its eighth clause, the review standards that suffice to maintain the economic and financial balance of the concession.

The contract settled that the transmitter received for the provision of service, the Annual Revenue Requirement ("ARR") annually adjusted and revised every five (5) years, since July 1, 2013, according to regulations. Thus, the first Periodic Tariff Revision ("PTR") was scheduled for the 1st of July 2018.

However, the methodology to be applied in this PTR culminated in a long process initiated in August 2017, that went through 3 stages of Public Hearing No. 041/2017, being finalized only in 2020, through the publication of version 4.0 of Submodule 9.1, Tariff Regulation Procedures (PRORET), which was approved by Normative Resolution (REN) No. 880, 7 April 2020.

In this sense, on June 30, 2020, Ratifying Resolution (REH) No. 2,709 was published, which approved the provisional result of the PTR of the ARR of Concession Contract No. 055/2001-ANEEL, effective July 1, 2018. The result was temporary since the Regulatory Remuneration Base ("RRB") was in a preliminary position, without the consolidation of the audit conducted by the Superintendence of Economic and Financial Supervision (SFF). Thusly, the definitive values were determined to be processed after the conclusion of RRB inspection activities and that the necessary adjustments and consequent financial effects would be considered in subsequent tariff adjustment, occurred with the REH No. 2,725/2020. The index of ARR provisional repositioning revised (assets that went into operation until January 31, 2018) in 2020 was **7.17%**.

Due to the filing of Administrative Appeal against REH No. 2,709/2020, the ANEEL Board of Directors published, on April 22, 2021, REH No. 2,845, changing the provisional result approved in 2020. With the adjustments conducted, the index of provisional repositioning in 2021 increased to **7.53%**.

Subsequently, with the conclusion of RRB audit process, as well as the examination of the appeal approved by REH No. 2,845/2021, on October 13, 2021, ANEEL ratified the definitive result of the 2018 PTR of RAP, jointly with Concession Contract No. 055/2001, under the responsibility of the Companhia Estadual de Transmissão de Energia Elétrica - CEEE-T, through the publication of REH No. 2,960/2021, which presented the definitive repositioning index of **3.11%**.

However, a need to make new adjustments to the calculation sheets of the referred REH was identified, through the formalization of an administrative appeal. The financial effects (adjustments in the amounts received to the detriment to the provisional result) resulting from this modification should be enforced in the adjustment of the ARR of the 2022-2023 cycle, to start effectively from July 1, 2022 to June 30, 2023, pursuant to Submodule 9.3 of the PRORET.

Ordinance MME 120/2016 – RBSE

In order to regulate and operationalize the provisions of Law No. 12,783/2013, regarding the payment of assets considered non-depreciated existing on May 31, 2000 ("RBSE"), the Ministry of Mines and Energy ("MME") issued Ordinance No. 120, on April 20, 2016. According to the aforesaid Ordinance, ANEEL issued REN No. 762 of February 21, 2017, defining, in its article 2, that the capital cost of electric power transmission concessionaires would be composed of portions of remuneration and regulatory reintegration quota.

However, in April 2017, some users of the transmission system ended up opposing in court against the payment of the share of equity remuneration ("ke") owing to the transmitters, aiming to suspend the effects on their tariffs, obtaining favorable injunctions.

Since July 2017, the Company received remuneration for RBSE transmission assets existing in May 31, 2000, referring to Concession Contract no. 055/2001, through its ARR. The payment of the parameter ("ke") was not made until the reversal of the suspensive judicial decisions, which occurred at the end of 2019. Therefore, in the tariff process following the recognition of this right (in July 2020), ANEEL included the payment of these suspended amounts ("ke") to the transmitters in the PTR processes of its ARRs.

In the readjustment REH of the 2021/2022 cycle, ANEEL proceeded with the recalculation of the debt balance, constituted by the cost of capital remunerated at the equity cost rate ("ke") until the date of the beginning of the effective payment (July 1st of 2020).

Concomitant with the 2021/2022 cycle, ANEEL implemented the "reprofiling" of the payment of the Basic Network Existing System "RBSE" Financial Component within 8 years (cycles from 2020/2021 to 2027/2028), ensuring the net present value of the operation. And keeping the RBSE Economic and O&M Components unchanged.

In May 2021, requests for reconsideration were submitted, alleging material errors, to the detriment of the ANEEL Homologatory Resolution, cycle 2021/2022, which dealt with the "reprofiling". In June 2022, ANEEL's Technical Superintendence proposed a Technical Note about the request for reconsideration. Since then, CPFL and the other affected Transmitters have worked together, via ABRATE, demonstrating that the methodological choice adopted by the Agency is valid. The matter still depends on the deliberation of the Collegiate Board of ANEEL.

Annual Tariff Adjustment ("ATA")

ARR is the remuneration that the transmission companies receive for the provision of the electric power transmission service from the entry into commercial operation of the facilities, as laid down in the concession contract.

The ARR is divided into Basic Network of New Installations ("RBNI"), Basic Network Existing System ("RBSE"), Tendered Basic Network ("RBL") and Connection Revenue to Transmission System ("CCT"). RBNI refers to the New Transmission Facilities, which entered into operation as in January 2013. RBSE concerns undepreciated assets from May 2000 to the end of December 2012, defined in the Annex to Resolution No. 166 of May 31, 2000, validated by Law No. 12,783/13. These two sets of assets generate the largest portion of ARR. RBL is the revenue from the tendered contracts. The Transmission System Connection Revenue is the remuneration that the transmitter receives from users connected to other Transmission Facilities ("DITs") for the provision of the transmission service. DITs are composed, for example, of transmission lines, power buses, power transformers and substation equipment, not part of the Basic Network. Revenue growth is the result of the variation of the IPCA and the entry into operation of reinforcement and improvement projects.

According to REH No. 3,067/2022, for the 2022/2023 cycle, revenue (ARR) added to the adjustment portion (PA) of Concession Contract No. 055/2001 totalizes R\$ 917.2 million, net of PIS and COFINS, composed of:

- (i) Monetary adjustment of the 2021/2022 cycle (IPCA), totaling R\$ 91.9 million;
- (ii) Re-profiling the financial component of PRT MME 120/2016, for 8 years counting from the 2020/2021 cycle, that resulted in a positive impact of R\$ 50.2 million;
- (iii) Adjustment Portion (AP) considering the effects of the retroactivity of the Final Revision in 2018 (portion 3 of 3), in the amount of R\$ 70.5 million, negatively impacted by the return of revenue received in advance and other adjustments of the 2021/2022 cycle, in the amount of R\$ 87.6 million, which totals a negative AP of R\$ 16.4 million;
- (iv) Expansion of facilities, entry into operation of new reinforcements and improvements during the 2021/2022 cycle increased R\$ 7.7 million.

Annual Tariff Adjustment 2022/2023							
REH 2959/2021 (*)	IPCA	Expansions, reinforcements and improvements	Deactivations / Transfers	Adjustment RBSE	Adjustment Portion	PTR Repositioning	REH 3067/2022
763,074	91,911	7,692	(4,704)	50,218	(16,359)	25,283	917,117

(*) Approved values not considering the Adjustment Portion – PA.

Concession Agreement No. 080/2002 was adjusted by IGP-M, with an increase of 10.7%, totaling R\$ 22 million. The Adjustment Portion was negative in the amount of R\$ 0.7 million, referring to the return of revenue received beforehand.

Annual Tariff Adjustment 2022/2023							
REH 2959/2021 (*)	IGP-M	Expansions, reinforcements and improvements	Deactivations / Transfers	Adjustment RBSE	Adjustment Portion	PTR Repositioning	REH 3067/2022
20,265	2,173	-	-	-	(705)	-	21,733

The revenue of the subsidiary TESB - Concession Contract No. 001/2011 added to the Adjustment Portion for the 2022/2023 cycle totals R\$ 24.0 million:

- (i) Revenue repositioning after the Tariff Review in R\$ 5.9 million, related to the assets of the 2021/2022 cycle;
- (ii) Negative adjustment portion in the order of R\$ 3.9 million, due to the refund of anticipated revenue received and the discounts provided in REN No. 905/2020 for installations classified as RBF or DITC that entered into commercial operation with non-impediment own pending.

Annual Tariff Adjustment 2022/2023			
REH 2959/2021 (*)	Adjustment Portion	PTR Repositioning	REH 3067/2022
22,073	(3.915)	5,851	24,009

The Regulatory Revenue totals the Company for Concession Contracts No. 055/2001, 080/2002 and the subsidiary TESB 001/2011, net of PIS and COFINS, presents a composition as follows:

Regulatory Revenue 2022/2023								
Concession Contract	RBSE	RBNI	RBL	Adjustment Portion	RPC	RCDM	RMEL	Total 2022 (*)
055/2001	579,904	139,646	-	(16,359)	133,692	71,972	8,383	917,240
080/2002	-	-	22,437	(704)	-	-	-	21,733
001/2011	-	-	25,214	(3,915)	-	-	-	21,299
	579,905	139,647	47,652	(20,979)	133,693	71,972	8,383	960,273

Note: (*) Figures considering Adjustment Parcel – PA.

Fourth Term Additive to Concession Contract No. 055/2001-ANEEL - Suppression of SE Porto Alegre 4

Due to the conclusion of the Concession Contract for Electric Power Transmission No. 3/2021 between ANEEL and MEZ 5 Energia, that occurred on 03/31/2021 (lot 5 of Auction No. 1/2020-ANEEL), was signed the Fourth Additive Term of Concession Contract No. 55/2001-ANEEL. This additive term aims at the economic and financial rebalancing due to the unilateral reduction of the contract due to the removal of SS 230/13.8 kV Porto Alegre 4, which resulted in a reduction in revenue in the order of R\$ 13,114,858.05.

Concession Contract No. 4/2021-ANEEL

On March 31, 2021, Concession Contract no. 4/2021-ANEEL was concluded, which regulates the concession of the public service for the transmission of electricity for the construction, operation and maintenance of transmission facilities in SE 230/138 kV Cachoeirinha 3, referring to Lot 6 of the Auction Notice No. 01/2020-ANEEL. The Company will receive for the provision of the public transmission service, ARR in the amount of R\$ 11,106,511.48 adjusted, from the entry into operation of the assets, scheduled for 2024.

6.4.1.2) Regulatory Results

Disclaimer:



This chapter contains the regulatory results (Regulatory Financial Statements prepared for Aneel, the electricity sector regulatory agency) and analyzes the performance of CPFL Transmissão regardless of its date of acquisition by the CPFL Energia group. **This content, therefore, is merely for the purpose of analyzing the regulatory/management performance, following the market practices for transmission businesses and is not an official report from the Company to the Securities and Exchange Commission of Brazil (CVM), which strictly and rigidly follows the IFRS international accounting standards.**

CPFL Transmissão was acquired, and its balances were incorporated into the consolidated balance sheet of CPFL Energia as of 10/01/2021. The following comparisons are merely illustrative for the purposes of analyzing its performance in 4Q22 vs. 4Q21 and 2022 vs. 2021. **The figures have not been audited and are still subject to change.**

Regulatory Income Statement - CPFL Transmissão (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Gross Operating Revenue	311	277	12.3%	1,195	1,232	-3.0%
Net Operating Revenue	249	216	15.1%	946	979	-3.3%
Operating Costs & Expenses	(155)	(230)	-32.6%	(559)	(614)	-8.9%
Equity Income	(0)	2	-	2	48	-96.3%
EBITDA	121	17	610.4%	498	531	-6.1%
Financial Result	(17)	(7)	137.0%	4	(47)	-
Earnings Before Taxes	77	(18)	-	393	366	7.3%
Net Earnings	74	(51)	-	357	88	306.4%

Operating Income

Operating Revenue - CPFL Transmissão (R\$ Million)						
Revenue from Use of the Electricity Grid	4Q22	4Q21	Var.	2022	2021	Var.
Concession Contract 055/2001	298	268	11.3%	1,152	1,197	-3.8%
Concession Contract 080/2002	5	5	5.6%	20	17	19.3%
Concession Contract 004/2021	-	-	0.0%	-	-	-
TESB	8	4	87.7%	23	18	27.0%
Regulatory Charges	(33)	(36)	-7.7%	(141)	(142)	-1.1%
Gross Revenue	311	277	12.3%	1,195	1,232	-3.0%
Deductions from Revenue	(62)	(62)	0.8%	(249)	(253)	-1.6%
Net Revenue	249	216	15.1%	946	979	-3.3%

In 4Q22, gross operating revenue reached R\$ 311 million, an increase of 12.3% (R\$ 34 million), due to the tariff readjustment of the 2022/2023 cycle of concession contracts 055 and 080. In addition, the increase in revenue is due to an extraordinary event that occurred in contract 055, related to the receipt of an excess amount in 3Q21 that was returned in 4Q21 (R\$ 13 million), reducing the basis for comparison. The regulatory charges, which are part of billed revenue, together with tariff subsidies, decreased by 7.7% (R\$ 3 million) in the quarter. Deductions from revenue reached R\$ 62 million in 4Q22, keeping in line with the 4Q21.

In 2022, gross operating revenue reached R\$ 1,195 million, a reduction of 3.0% (R\$ 37 million), mainly explained by reprofiling of the financial component of RBSE. The regulatory charges decreased by 1.1% and deductions from revenue reached R\$ 249 million in 2022, reduction of 1.6% (R\$ 4 million), due to the reduction of the energy development account (CDE).

O&M Costs and Expenses – PMSO and Depreciation/Amortization

PMSO and Depreciation/Amortization						
	4Q22	4Q21	Var.	2022	2021	Var.
Personnel	(32)	(41)	-21.6%	(198)	(212)	-6.7%
Material	(1)	(1)	-26.9%	(5)	(5)	0.2%
Outsourced Services	(23)	(19)	20.9%	(73)	(70)	4.9%
Private Pension Entity	(17)	(26)	-34.6%	(65)	(105)	-38.0%
Others	(55)	(114)	-51.7%	(109)	(104)	5.0%
PMSO	(128)	(201)	-36.4%	(450)	(495)	-9.2%
Depreciation and Amortization	(27)	(29)	-6.7%	(109)	(119)	-8.0%
TOTAL	(155)	(230)	-32.6%	(559)	(614)	-9.0%

PMSO totaled R\$ 128 million in 4Q22, a decrease of 36.4% (R\$ 73 million) compared to 4Q21, mainly due to the following factors:

- (i) Additional provision for impairment of long-term assets in TESB in 4Q21 (R\$ 57 million) – extraordinary effect;
- (ii) Decrease in Private Pension Fund expenses (R\$ 9 million);
- (iii) Decrease in expenses with Personnel, caused by headcount reduction (R\$ 9 million);
- (iv) Others (R\$ 2 million);

Partially offset by:

- (v) Increase in Outsourced Services, especially due to a vehicles rental and real state (R\$ 4 million).

In 4Q22, Depreciation and Amortization item reached R\$ 27 million, a decrease of 6.7% (R\$ 2 million) compared to 4Q21.

In 2022, PMSO was of R\$ 450 million, presenting a reduction of 9.2% (R\$ 45 million), due to the following effects:

- (i) Decrease in expenses with Private Pension Fund (R\$ 40 million);
- (ii) Reduction in the current expenses with Personnel, caused by the decrease of headcount and the implementation of the Retirement Incentive Program (PIA) (R\$ 14 million);

Partially offset by:

- (iii) Increase in Others, mainly due to the gain with the accounting of the disposal of assets (TSLE and FOTE) in May and June 2021, respectively – extraordinary effect (R\$ 6 million);
- (iv) Increase with expenses arising from outsourced services that were previously paid by the company CEEE-G and which after the spin-off were incorporated into the Company (R\$ 3 million).

In 2022, Depreciation and Amortization item reached R\$ 109 million, a decrease of 8.0% (R\$ 10 million) compared to 2021.

Equity Income

	Equity Income (R\$ Million)					
	4Q22	4Q21	Var.	2022	2021	Var.
Projects						
FOTE	-	-	-	-	16	-100.0%
TSLE	-	3	-100.0%	-	30	-100.0%
TPAE	0	(1)	-	0	(1)	-
ETAU	(0)	1	-	2	3	-41.3%
Total	(0)	2	-	2	48	-96.3%

In 4Q22, the equity income recorded in the regulatory accounting decreased by R\$ 3 million, justified by the sale of TSLE, which was still consolidated in the company in 4Q21, and by the close to zero results of TPAE and ETAU.

In 2022, the equity income decreased 96.3% (R\$ 46 million), also justified essentially by the sale of FOTE and TSLE in 2021, as part of the Company's privatization process.

EBITDA

EBITDA and Net Income conciliation (R\$ million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Net Income	74	(51)	245.4%	357	88	306.4%
Depreciation and Amortization	27	29	-6.7%	109	119	-8.0%
Financial Result	17	7	154.1%	(4)	47	-
Income Tax / Social Contribution	3	32	-90.8%	37	277	-86.8%
EBITDA	121	17	630.6%	498	532	-6.3%

In 4Q22, **Regulatory EBITDA** was of R\$ 121 million, an increase of 630.6% (R\$ 104 million), due to gains from optimizing operations by reducing operating expenses and costs, in addition to an increase in revenue.

In 2022, **Regulatory EBITDA** was of R\$ 498 million, a reduction of 6.3% (R\$ 33 million) in contrast to the R\$ 532 million recorded in 2021, mainly due to the decrease in the equity income due to the sale of TSLE and FOTE.

Financial Result

Financial Result (R\$ Million)						
	4Q22	4Q21	Var.	2022	2021	Var.
Revenue	11	26	-56.2%	177	161	10.2%
Expenses	(28)	(33)	-16.0%	(173)	(206)	-16.2%
Resultado Financeiro	(17)	(7)	154.1%	4	(47)	-

In 4Q22, the financial result was a **net financial expense** of R\$ 17 million, a variation of R\$ 10 million, chiefly due to:

- (i) Net debt expense variation (R\$ 35 million), mainly due to the debt emitted by the Company – debentures indexed to CDI (R\$ 36 million);

Partially offset by:

- (ii) Other effects (R\$ 22 million):
 - a. Increase in financial revenue of R\$ 8 million
 - b. Decrease in other expenses of R\$ 13 million in interest and fines due to the settlement of the Company's financial debts;
- (iii) Reduction in expenses with exchange variation (R\$ 3 million) due to the settlement of debts with IDB and AFD.

In 2022, the financial result was a **net financial revenue** of R\$ 4 million, compared to a net financial expense of R\$ 47 million in 2021, which resulted in a variation of R\$ 51 million, chiefly due to:

- (i) Settlement of financing in foreign currency – extraordinary effect (R\$ 108 million); Partially offset by the:
- (ii) Increase in expenses with net debt (R\$ 74 million), partially offset by the higher cash balance (R\$ 21 million);
- (iii) Increase in PIS and COFINS tax credit (R\$ 4 million).

Income Tax and Social Contribution

In 4Q22, Income Tax and Social Contribution item registered a decrease of 90.8% compared to 4Q21 (R\$ 29 million), mainly due to the annual tariff readjustment (ATA), where the deferred amount will be taxed over time, as it is received.

In 2022, a decrease of 86.8% compared to 2021 (R\$ 241 million), mainly impacted by the accounting register of deferred taxes in the previous year, in line with practices carried out by the CPFL Group, in addition to the tax credits effects from the settlement of the debt in foreign currency with the AFD and IDB.

Net Income

In 4Q22, **net income** reached R\$ 74 million, variation of R\$ 125 million compared to a net loss of R\$ 51 million registered in 4Q21, mainly due to better operational and financial results.

In 2022, **net income** reached R\$ 357 million, increase of 306.4% (R\$ 269 million), mainly explained by the income tax and social contribution issues and a better financial result.

6.4.1.3) Key Differences – Regulatory vs. IFRS

Revenue: As per IFRS, revenues from investments made during the concession period are recognized through the cash flow of the contractual asset, which is remunerated at the estimated rate of the projects. In regulatory accounting, investments are treated as property, plant and equipment, and depreciated over their life cycle, with revenue booked through the billing process, during the concession term, similar to perceived revenue in operating cash flow.

Cost of Construction: Under IFRS, infrastructure installation costs that refer to the investment amounts made, considering the manpower used, are recognized in results. Does not exist in regulatory accounting.

Depreciation: Under IFRS, assets related to the concession are classified as contractual assets or financial assets. Under IFRS, property, plant and equipment comprises assets belonging to the Company and not linked to the concession. In regulatory accounting, the concession asset is considered property, plant and equipment and is depreciated over its life cycle.

Other Expenses (Provisions): Under IFRS, Contractual Assets are measured at fair value and losses related to the impairment of assets that comprise them must be recognized in results. This loss is calculated through future investments linked to obligations, which, according to discounted cash flow, would not be recoverable during the concession period due to the delay in works that result in the reduction of expected RAP. In regulatory accounting,

the rule of fair value measurement is not applicable.

Income Tax/Social Contribution: The difference between corporate and regulatory Income Tax/Social Contribution expenses is due to the respective differences in their calculation bases.

7) ATTACHMENTS

The tables contained in this chapter in previous versions of CPFL Energia's Earnings Release are available in Excel format, in the CPFL Energia Historical Information Base, available on the IR website. [Click here](#) access the file.

If you have any doubts, please [Contact IR](#).