

1Q23 CPFL Results

Energy for a more sustainable future

1Q23 CPFL Results

- **EBITDA** of **R\$ 3,530 million (+33.6%)**
- **Net Income** of **R\$ 1,651 million (+42.1%)**
- Net Debt of **R\$ 22.8 billion** and leverage of **1.70x Net Debt/EBITDA**
- Approval of the **dividend** proposal **in the amount of R\$ 2,422 million, R\$ 2.10/share**; the first installment, in the amount of **R\$ 1 billion**, will be paid on May 16th, 2023
- **CPFL Paulista** tariff revision in Apr-23, with **+4.89%** readjustment for consumers and **+0.67%** increase in **Parcel B**
- **RGE** tariff review, in Jun-23, with **preliminary net RAB** of **R\$ 11.2 billion**
- **CPFL Piratininga, CPFL Paulista, RGE** and **CPFL Santa Cruz** were recognized by the **Best in Management** award from the National Quality Foundation (FNQ)
- **Alesta expansion** to serve **RGE** customers, in addition to CPFL Paulista, CPFL Piratininga and CPFL Santa Cruz
- Disclosure of the **Annual Sustainability Report** reinforcing ESG practices and evolution of our commitments to sustainability

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

Friday, May 12, 2023 – 11:00 a.m. (BRT), 10:00 a.m. (ET)

Zoom platform – click here to register:

https://us02web.zoom.us/webinar/register/WN_N9BHwVj7R8eRXq8wn9v

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MESSAGE FROM THE CEO

We started 2023 with impressive operating and financial results from all our segments, with EBITDA of R\$ 3.53 billion, growth of 33.6%, and net income of R\$ 1.65 billion, up 42.1%, both compared to 1Q22.

I wish to start with the Transmission segment. This quarter, CPFL Transmissão contributed significantly to EBITDA, which amounted to R\$ 76 million. Also worth noting is the significant reduction in PMSO, including R\$ 56 million in personnel expenses. We are reaping the rewards of our turnaround strategy rolled out in that company, which resulted from the synergies captured since the acquisition of CPFL Transmissão.

In the Distribution segment, I wish to highlight the benefits of the tariff adjustments made in 2022. Despite the reduction of about 15% in the tariff perceived by consumers due to the withdrawal of the “water scarcity” flags in 2Q22 and the lower ICMS rate, adjustments related to the B portion were applied, thus preserving our returns. EBITDA from the segment increased 26.6%.

Moreover, we improved our ADA by approximately 23% compared to the same period last year. With regard to energy sales, as in the previous quarter, the residential segment performed positively in 1Q23 despite the strong growth of distributed generation in our concession areas due to higher disposable income as a result of lower inflation and tariff reductions.

In the Generation segment, wind power improved its performance in relation to the same period in 2022, with the wind generation increasing by about 17%. Other positive factors were the consolidation of Enercan, contractual adjustments pegged to inflation, the improve in hydrological scenario and, consequently, better GSF.

Regarding Capex, this quarter we invested a total of R\$ 1.1 billion, of which approximately 87% went to the Distribution segment. Our estimated capex for the year continues to be R\$ 5.2 billion.

Moreover, we ended the quarter with cash balance of R\$5.1 billion, while CPFL Energia’s net debt was 1.70 times its EBITDA based on the criterion for measurement in the financial covenants. On April 28th, 2023, the Shareholders Meeting approved the distribution of net income from 2022, considering the dividend payment of R\$ 2.4 billion, equivalent to R\$ 2.10 per share. The payment will be made in installments, with the first installment of R\$ 1 billion (R\$ 0.87 per share) on May 16th, 2023 and the balance until December 31st, 2023.

This year, our focus has been on implementing the Tariff Review process at the group’s three largest distributors: CPFL Paulista, RGE and CPFL Piratininga. The process at CPFL Paulista was completed in April, with a tariff increase of 4.89% for consumers and 0.67% in Portion B, and Net RAB of R\$ 10.6 billion. Aneel also announced the preliminary numbers for RGE, with Net RAB estimated at R\$ 11.2 billion.

Finally, I wish to highlight the recent publication of our Annual Sustainability Report, which underlines our Environmental, Social and Governance (ESG) best practices aligned with the 23

commitments of our 2030 ESG Plan, which are linked to the UN 2030 Agenda and Sustainable Development Goals (SDGs). Another milestone was the Instituto CPFL 20th anniversary celebrations in March. The Institute, our social investment platform since 2003, works on diverse fronts that centralize the planning and implementation of actions in line with our Social Investment Policy.

To conclude, CPFL Energia remains confident of its leadership role in the electricity sector. We have a challenging Capex plan for the coming years and are open to new growth opportunities, provided these are aligned with the financial discipline that has been the hallmark of our operations. I am sure that we are continuing on the best path to generating excellent returns for our shareholders, always with unwavering focus, collaboration and respect for people and the environment, but without neglecting our strong corporate governance.

Gustavo Estrella

Chief Executive Officer, CPFL Energia

Indicators (R\$ Million)	1Q23	1Q22	Var.
Load in the Concession Area - GWh	18,519	18,524	-0.03%
Sales within the Concession Area - GWh	17,690	17,911	-1.2%
Captive Market	10,604	11,013	-3.7%
Free Client	7,086	6,899	2.7%
Gross Operating Revenue	13,410	13,425	-0.1%
Net Operating Revenue	9,839	9,287	5.9%
EBITDA ⁽¹⁾	3,530	2,643	33.6%
Distribution	2,327	1,838	26.6%
Generation	937	673	39.2%
Transmission ⁽²⁾	229	138	65.7%
Commercialization, Services & Others	38	(6)	-
Net Income	1,651	1,162	42.1%
Net Debt ⁽³⁾	(27,617)	(25,160)	9.8%
Net Debt / EBITDA ⁽³⁾	1.70	2.03	-16.3%
Investments ⁽⁴⁾	1,082	1,212	-10.7%

Notes:

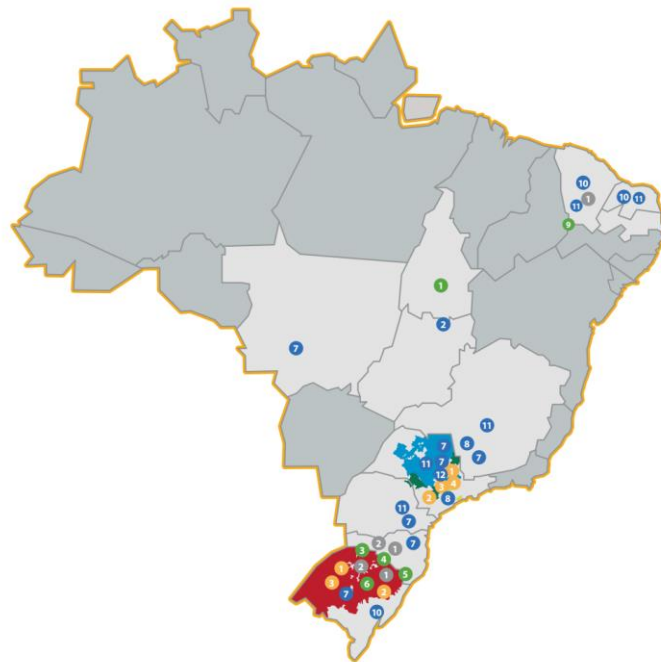
- (1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Resolution no. 156/22. See the calculation in item 3.1 of this report;
- (2) Includes CPFL Transmissão;
- (3) In financial covenants criteria, which considers CPFL Energia's stake in each 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.



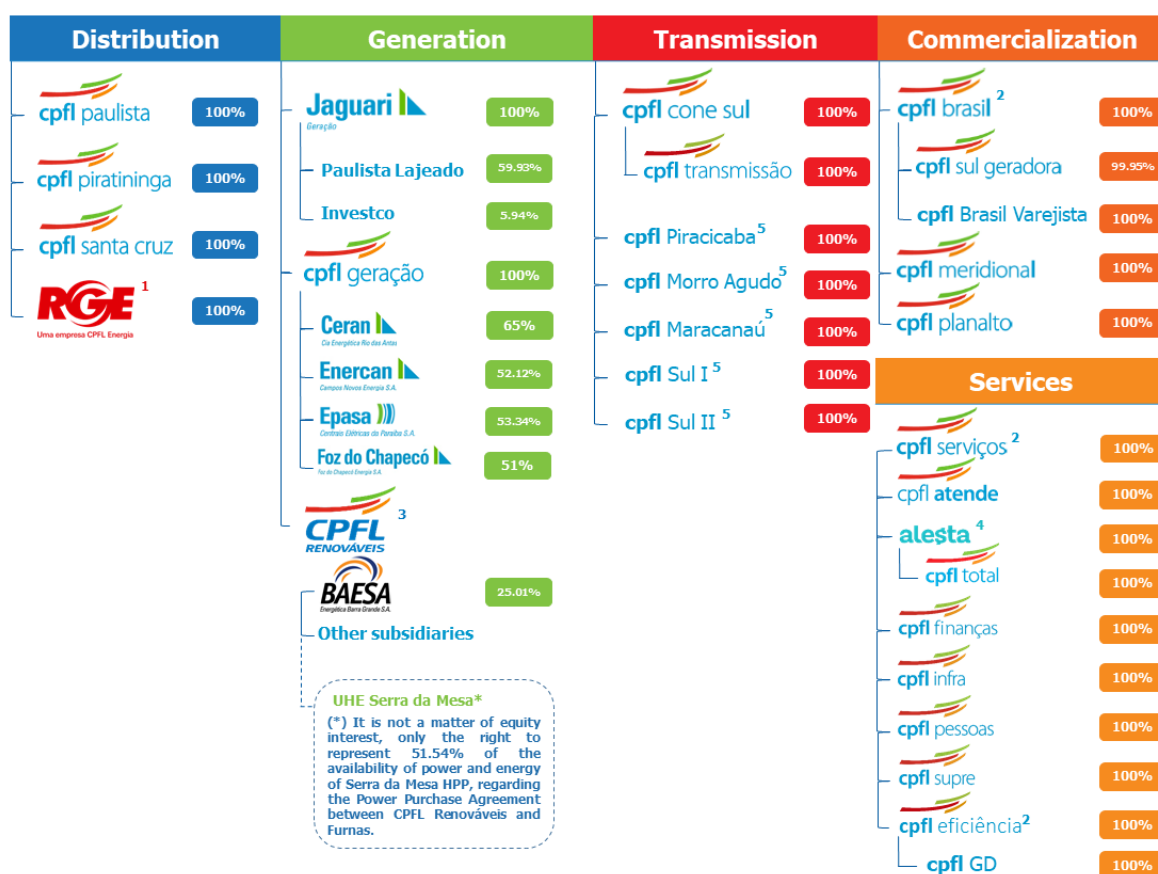
STATE GRID
CORPORATION OF CHINA

83.71%



Free Float

16.29%



Reference date: 03/31/2023

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

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

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

Corporate Governance

The corporate governance model adopted by CPFL Energia is based on the 4 basic principles of the Brazilian Corporative 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			
	1Q23	1Q22	Var.
Captive Market	10,993	11,202	-1.9%
Free Client	7,526	7,322	2.8%
Total	18,519	18,524	-0.03%

2.1.2) Sales within the Distributors' Concession Area

Sales within the Concession Area - GWh				
	1Q23	1Q22	Var.	Part.
Captive Market	10,604	11,013	-3.7%	59.9%
Free Client	7,086	6,899	2.7%	40.1%
Total	17,690	17,911	-1.2%	100.0%

Sales within the Concession Area - GWh				
	1Q23	1Q22	Var.	Part.
Residential	5,645	5,603	0.7%	31.9%
Industrial	6,142	6,203	-1.0%	34.7%
Commercial	3,036	3,040	-0.1%	17.2%
Others	2,868	3,066	-6.5%	16.2%
Total	17,690	17,911	-1.2%	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 **1Q23**:

- **Residential Segment (31.9% of total sales):** growth of 0.7%, mainly associated with the positive macroeconomic result in the segment, amplified by the vegetative growth of consumer units and the favorable calendar effect in the period. On the other hand, there was an impact related to the increase in distributed generation (DG), in addition to the temperature effect, which was negative in the quarter;
- **Industrial Segment (34.7% of total sales):** reduction of 1.0%, reflecting the low economic performance in the sector, considering that industrial production presents an unfavorable scenario in the quarter, which can be seen in the data released for the national average, which closed at -0.4%, and the drop in consumption of the most representative sectors in the concession area, such as food, chemicals, plastic and rubber. In addition, we have the impact related to the increase in distributed generation (DG);
- **Commercial Segment (17.2% of total sales):** reduction of 0.1%, pressured by the

increase in distributed generation (DG), in addition to the unfavorable temperature effect in the quarter. These impacts were partially offset by the positive effect of Normative Resolution (REN) Aneel 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 (16.2% of total sales):** reduction of 6.5%, mainly attributed to the increase in distributed generation (DG), which was more marked in this quarter, especially in the rural segment and in consumer units located in the state of Rio Grande do Sul. Also highlight is the migration of permissionaires to the National Grid, followed by the impact of REN Aneel No 1,000/2021, as previously explained. In addition, the effect of the high volume of rainfall that occurred in the rural area of the concessionaires located in the state of São Paulo negatively impacted the segment.

Sales to the Captive Market - GWh			
	1Q23	1Q22	Var.
Residential	5,645	5,603	0.7%
Industrial	889	975	-8.7%
Commercial	1,869	1,992	-6.2%
Others	2,201	2,443	-9.9%
Total	10,604	11,013	-3.7%

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			
	1Q23	1Q22	Var.
Industrial	5,252	5,228	0.5%
Commercial	1,167	1,048	11.4%
Others	667	623	7.0%
Total	7,086	6,899	2.7%

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 8.44% in the 12 months ended in Mar-23, compared to 8.79% in Mar-22, presenting a decrease of 0.35 p.p. Disregarding the effect of the billing calendar in both periods, the decrease would be of 0.52 p.p. (8.67% in Mar-22 vs. 8.15% in Mar-23), indicating the improvement of the indicator, in addition to indicate an positive perspective for the year.

12M Accumulated Losses ¹						
	Mar-22	Jun-22	Sep-22	Dez-22	Mar-23	ANEEL ²
CPFL Energia	8.79%	8.76%	8.55%	8.39%	8.44%	8.18%
CPFL Paulista	9.32%	9.05%	8.76%	8.70%	8.49%	8.36%
CPFL Piratininga	7.43%	7.43%	7.47%	7.36%	7.43%	6.47%
RGE Sul	9.11%	9.52%	9.29%	8.86%	9.34%	9.17%
CPFL Santa Cruz	7.55%	7.39%	6.82%	7.08%	7.23%	8.30%

Notes:

(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;

(2) Aneel limit referring to 03/31/2023.

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 2023.

The main achievements of 1Q23 were:

- (i) Shielding of electrical borders and internal substations;
- (ii) Mapping of energy losses through microbalances;
- (iii) 105 thousand fraud inspections performed in consumer units;
- (iv) Replacement of more than 3.8 thousand obsolete/defective meters with new electronics;
- (v) Visit in 11.6 thousand consumer units inactivated for cutting in cases of self-reconnection;
- (vi) Market discipline through 107 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.

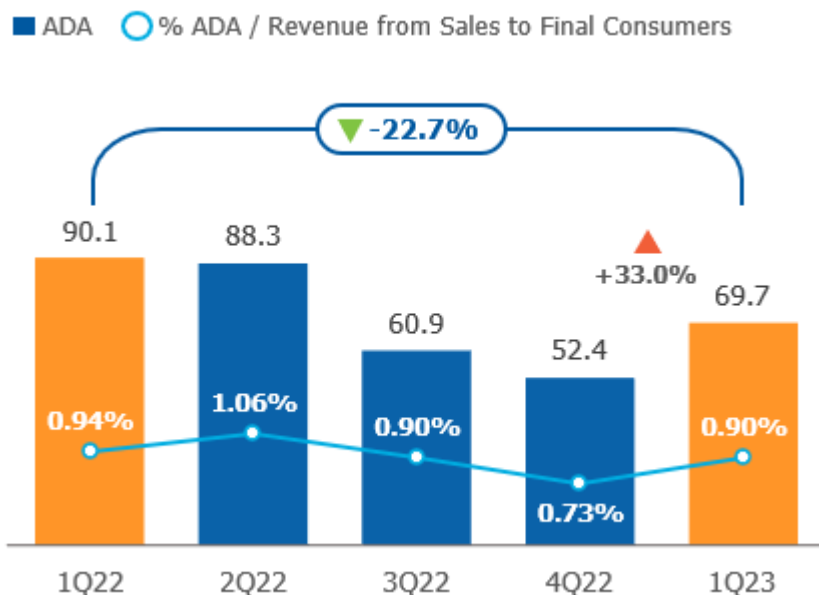
SAIDI Indicators								
Distributor	SAIDI (hours)							
	2019	2020	2021	2022	1Q22	1Q23	Var. %	ANEEL ¹
CPFL Energia	8.83	7.66	7.52	6.76	7.38	6.40	-13.3%	n.d
CPFL Paulista	6.72	6.81	6.21	5.25	5.90	5.14	-12.9%	6.41
CPFL Piratininga	6.49	5.83	5.95	4.95	5.58	4.80	-14.0%	6.04
RGE	14.01	10.83	10.84	10.55	11.06	9.67	-12.6%	10.54
CPFL Santa Cruz	5.56	4.89	5.66	4.74	5.79	4.53	-21.8%	7.99

SAIFI Indicators								
Distributor	SAIFI (interruptions)							
	2019	2020	2021	2022	1Q22	1Q23	Var. %	ANEEL ¹
CPFL Energia	4.93	4.54	4.40	3.88	4.28	3.74	-12.6%	n.d
CPFL Paulista	4.38	4.27	4.24	3.56	4.09	3.46	-15.4%	5.09
CPFL Piratininga	4.34	4.32	4.13	3.65	3.99	3.54	-11.3%	4.99
RGE	6.25	5.27	4.83	4.63	4.80	4.43	-7.7%	7.21
CPFL Santa Cruz	4.25	3.68	4.21	3.22	4.01	3.06	-23.7%	6.56

Note: (1) Aneel limit referring to 2023.

In the consolidated of the distributors, the annualized values of SAIDI and SAIFI in 1Q23 were lower than in 1Q22 (-13.3% and -12.6%, respectively), results that 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



In the 1Q23, the ADA registered a reduction of 22.7% (R\$ 20 million) compared to 1Q22, and an increase of 33.0% (R\$ 17 million) compared to 4Q22.

The ADA/Revenue from Sales to Final Consumers index reached 0.90% in 1Q23, a slight improvement from 0.94% in 1Q22, above the **historical average** of **0.7%** to **0.8%**. The factors that led to this behavior are: (i) increase in real payroll; (ii) removal of the "water scarcity" tariff flag; and (iii) reduction of the ICMS rate, factors that contributed to the improvement of the default scenario in the recent period.

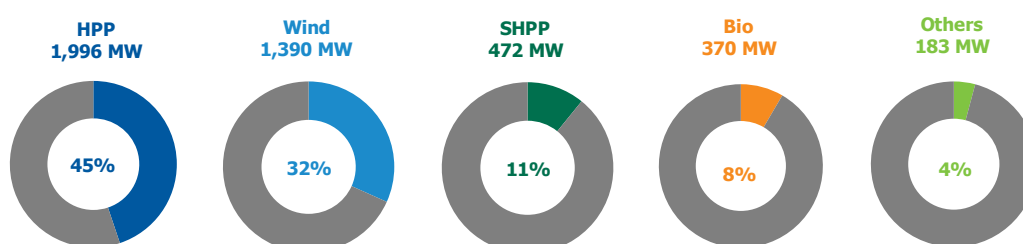
In addition, CPFL has been maintaining a high volume of collection actions, with the main highlighting being the maintenance of the collection actions volume, with the achievement of 1,851 denials, 389 thousand protests and 628 thousand power cuts in 1Q23.

2.2) Generation

2.2.1) Installed Capacity

On March 31st, 2023, 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 March 31st, 2023, 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 March 2023, the physical progress of the project was 29.89%. 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\$ 248.07/MWh – Mar-23).

2.3) Transmission

2.3.1) CPFL Transmissão

Portfolio

Portfolio - CPFL TRANSMISSÃO								
Concession Contracts	Contract Start Date	Contract End Date	CPFL -T Share	Operation Status	Estimated Delivery	Indice	RAP 2022-2023 (R\$ million)	RAP Expected
055/2001	12/31/2002	12/31/2042	100%	Operational	-	IPCA	918	-
080/2002	12/18/2002	12/18/2032	100%	Operational	-	IGP-M	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	28	14
ETAU	12/18/2002	12/18/2032	10%	Operational	-	IGP-M	57	-
TPAE	11/19/2009	11/19/2039	10%	Operational	-	IPCA	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 1Q23, the ENS totaled 302.51 MWh vs. 422.30 MWh in 1Q22, a decrease of 28%, mainly justified by the events that occurred in the 1Q23 had been in minor proportion than the occurred in the 1Q22.

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 1Q23, PVd totaled 0.855% vs. 0.913% in 1Q22, a decrease of 6.4%. The variation in the performance of the indicator is justified due to the fact that the events of assests unavailability n the 1Q23 had a minor impact than those which occurred in the 1Q22.

2.3.2) 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)			
	1Q23	1Q22	Var.
Gross Operating Revenue	13,410	13,425	-0.1%
Net Operating Revenue	9,839	9,287	5.9%
Revenue from building the infrastructure	925	1,042	-11.2%
Net Operating Revenue (ex-rev. from infrastructure)	8,914	8,245	8.1%
Cost of Electric Power	(4,376)	(4,677)	-6.4%
Contribution Margin	4,538	3,569	27.2%
PMSO	(1,054)	(969)	8.8%
Other Operating Costs & Expenses	(1,498)	(1,585)	-5.5%
Equity Income	80	115	-30.8%
EBITDA¹	3,530	2,643	33.6%
Financial Income (Expense)	(551)	(432)	27.6%
Income Before Taxes	2,440	1,741	40.2%
Net Income	1,651	1,162	42.1%

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
1Q23					
EBITDA ¹	2,327	937	229	38	3,530
Financial results	(345)	(140)	(43)	(23)	(551)
Net Income	1,118	453	123	(43)	1,651
1Q22					
EBITDA ¹	1,838	673	138	(6)	2,643
Financial results	(288)	(137)	109	(116)	(432)
Net Income	839	294	147	(119)	1,162
Variation (%)					
EBITDA ¹	26.6%	39.2%	65.7%	-	33.6%
Financial results	20.1%	1.8%	-	-80.6%	27.6%
Net Income	33.2%	54.0%	-16.9%	-64.1%	42.1%

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	1Q23	1Q22
Adjustments to the concession financial assets (VNR)	361	305
Legal and judicial expenses	(59)	(40)
Assets write-off	(29)	(21)
Other extraordinary items:		
CPFL Paulista - Tariff review effects (RAB appraisal report)	136	-

EBITDA effects (CPFL Transmissão Consolidation) - R\$ million	1Q23	1Q22
CPFL Transmissão - EBITDA IFRS (-) Regulatory EBITDA	48	35

EBITDA effects (Enercan Consolidation) - R\$ million	1Q23	1Q22
Enercan - equity and consolidation	203	52

Financial results effects - R\$ million	1Q23	1Q22
Late payment interest and fines	83	122
Mark-to-market (MTM)	88	(11)

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](#).



The explanations below, 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 1Q23, gross operating revenue reached R\$ 13,410 million, representing a decrease of 0.1% (R\$ 14 million). Net operating revenue reached R\$ 9,839 million in 1Q23, registering an increase of 5.9% (R\$ 552 million).

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

Net Operating Revenue (R\$ Million)			
	1Q23	1Q22	Var.
Distribution	8,215	7,847	4.7%
Generation	1,127	815	38.3%
Transmission	399	395	1.1%
Commercialization	520	533	-2.5%
Services	224	233	-4.0%
Elimination and Others	(647)	(536)	20.7%
Total	9,839	9,287	5.9%

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

Cost of Electric Energy

Cost of Electric Energy (R\$ Million)			
	1Q23	1Q22	Var.
Cost of Electric Power Purchased for Resale			
Itaipu	462	651	-29.0%
PROINFA	101	170	-40.5%
Auction, Bilateral Contracts and Spot Market	2,879	2,865	0.5%
PIS and COFINS Tax Credit	(304)	(320)	-4.9%
Total	3,137	3,366	-6.8%
Charges for the Use of the Transmission and Distribution System			
Basic Network Charges	923	687	34.4%
Itaipu Transmission Charges	73	63	16.1%
Connection Charges	28	23	20.9%
Charges for the Use of the Distribution System	21	18	17.1%
ESS / EER	328	662	-50.4%
PIS and COFINS Tax Credit	(134)	(141)	-5.2%
Total	1,239	1,311	-5.5%
Cost of Electric Energy	4,376	4,677	-6.4%

Cost of Electric Power Purchased for Resale

In 1Q23, the cost of electric power purchased for resale reached R\$ 3,137 million, a reduction of 6.8% (R\$ 228 million), mainly due to:

- (i) Decrease of 29.0% in energy from **Itaipu** (R\$ 189 million), as a result of the exchange variation (-27.2%);
- (ii) Decrease of 40.5% in **PROINFA** (R\$ 69 million), due to the reduction in the amount of cost quotas approved for the year 2023 and the increase in the level of migration of captive customers to the free market (ACL);

Partially offset by the:

- (iii) Increase of 0.5% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 14 million);
- (iv) Reduction of 4.9% in **PIS and COFINS tax credit** (R\$ 16 million).

Volume of purchased energy (GWh)	1Q23	1Q22	Var.
Itaipu	2,434	2,496	-2.5%
PROINFA	223	218	2.7%
Auction, Bilateral Contracts and Spot Market	15,154	15,390	-1.5%
Total	17,811	18,104	-1.6%

Average price (R\$/MWh)	1Q23	1Q22	Var.
Itaipu	189.81	260.76	-27.2%
PROINFA	451.94	780.38	-42.1%
Auction, Bilateral Contracts and Spot Market	189.96	186.16	2.0%
Total	193.22	203.58	-5.1%

Charges for the Use of the Transmission and Distribution System

In 1Q23, charges for the use of the transmission and distribution system reached R\$ 1,239 million, a decrease of 5.5% (R\$ 72 million), due to:

- (i) Reduction of 50.4% in **sector charges (ESS/EER)** (R\$ 334 million), mainly due to ESS – System Service Usage Charges. The variation in this charge was due to the improvements in the energy scenario in 1Q23, causing systemic cost to be minimized, compared to 1Q22, due to improvements in hydrological conditions. This effect was partially offset by the increase of EER – Reserve Energy Charges, associated with the entry into operation of some plants contracted under the terms of the 1st Simplified Tender Process - PCS/MME/ANEEL, throughout 2022, whose effects, in the quarterly comparison, appear only in 1Q23;

Partially offset by:

- (ii) Increase of 32.2% in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) (R\$ 254 million), mainly due to the adjustments in the Tariff for the Use of the Transmission System (TUST), as from July 2022, in accordance with ANEEL Resolution No. 3,066/22;
- (iii) Reduction of 5.2% in **PIS and COFINS tax credit** (R\$ 7 million).

PMSO

PMSO (R\$ million)			
	1Q23	1Q22	Var.
Personnel	492	504	-2.4%
Material	125	107	16.7%
Outsourced Services	215	145	48.5%
Other Operating Costs/Expenses	223	213	4.3%
<i>Allowance for doubtful accounts</i>	<i>69</i>	<i>90</i>	<i>-23.8%</i>
<i>Legal and judicial expenses</i>	<i>59</i>	<i>40</i>	<i>48.0%</i>
<i>Assets Write-Off</i>	<i>29</i>	<i>21</i>	<i>40.0%</i>
<i>Others</i>	<i>65</i>	<i>62</i>	<i>5.0%</i>
Total PMSO	1,054	969	8.8%

PMSO in 1Q23 reached R\$ 1.054 million, an increase of 8.8% (R\$ 85 million), due to the following factors:

- (i) Increase of 7.8% (R\$ 54 million) in PMSO expenses linked to inflation: audits and consulting (R\$ 13 million); maintenance and conservation of buildings (R\$ 7 million), transportation (R\$ 5 million), fleet maintenance (R\$ 3 million), uniforms and equipment (R\$ 3 million), travel expenses (R\$ 3 million), among others. Partially offset by the reduction of 2.4% (R\$ 12 million) in the Personnel line, effect of the headcount reduction in the execution of CPFL Transmissão's turnaround;
- (ii) Increase of 48.0% (R\$ 19 million) in legal and judicial expenses;
- (iii) Increase of 19.3% (R\$ 9 million) in expenses with hardware and software;
- (iv) Increase of 22.0% (R\$ 8 million) in expenses related to Capex efforts;
- (v) Increase of 39.7% (R\$ 7 million) in expenses with tree pruning;

- (vi) Increase of 40.0% (R\$ 8 million) in assets write-off;
- (vii) Increase of 7.2% (R\$ 1 million) in collection actions;
Partially offset by:
- (viii) Reduction of 23.8% (R\$ 21 million) in the allowance for doubtful accounts (ADA).

Other operating costs and expenses

Other operating costs and expenses			
	1Q23	1Q22	Var.
Costs of Building the Infrastructure	914	1,040	-12.1%
Private Pension Fund	44	74	-40.3%
Depreciation and Amortization	540	471	14.6%
Total	1,498	1,585	-5.5%

EBITDA

In 1Q23, **EBITDA** reached R\$ 3,530 million, registering an increase of 33.6% (R\$ 887 million), with all segments presenting superior results to those verified in 1Q22, mainly in 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 (R\$ million)			
	1Q23	1Q22	Var.
Net Income	1,651	1,162	42.1%
Depreciation and Amortization	540	471	14.6%
Financial Result	551	432	27.6%
Income Tax / Social Contribution	789	579	36.4%
EBITDA	3,530	2,643	33.6%

Financial Result

Financial Result (R\$ Million)			
	1Q23	1Q22	Var.
Revenues	529	564	-6.1%
Expenses	(1,081)	(995)	8.5%
Financial Result	(551)	(432)	27.6%

Managerial Analysis

Financial Result (R\$ Million)			
	1Q23	1Q22	Var.
Expenses with the net debt	(836)	(693)	20.7%
Late payment interest and fines	83	122	-31.4%
Mark-to-market	88	(11)	-
Adjustment to the sectorial financial asset/liability	81	118	-31.0%
Others financial revenues/expenses	32	33	-0.7%
Financial Result	(551)	(432)	27.6%

In 1Q23, the **net financial expense** was of R\$ 551 million, an increase of 27.6% (R\$ 119 million) compared to 1Q22. The items that explain this variation are:

- (i) Increase of 20.7% (R\$ 143 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 2.39% in 1Q22 to 3.20% in 1Q23, and a higher debt balance;
- (ii) Reduction of 31.4% (R\$ 39 million) in **late payment interests and fines**, reflecting the reduction in the IPCA index (from 3.20% in 1Q22 to 2.09% in 1Q23) levied on overdue energy bills in 1Q23, compared to 1Q22;
- (iii) Reduction of 31.0% (R\$ 36 million) in **adjustments to the sectorial financial asset/liability**, due to the variation in the balance (sectorial financial liability on 12/31/2023 of R\$ 1,102 million, compared to an asset of R\$ 1,844 million on 12/31/2022);
- (iv) Negative variation of R\$ 21 million in **other financial revenues/expenses**;
Partially offset by:
 - (v) Positive variation of R\$ 99 million in **mark-to-market** (non-cash effect), mainly due to the increase in the risk spread practiced by the market in 1Q23;
 - (vi) Positive variation of R\$ 12 million in **tax credits update**;
 - (vii) Reduction of R\$ 5 million in **contingencies update**;
 - (viii) Increase of R\$ 4 million in **discount on the acquisition of ICMS credits**.

Income Tax and Social Contribution

In 1Q23, Income Tax and Social Contribution recorded an increase of 36.4% (R\$ 210 million), mainly explained by the variation in the income before taxes. The effective rate was of 32.3% in 1Q23, compared to 33.2% in 1Q22.

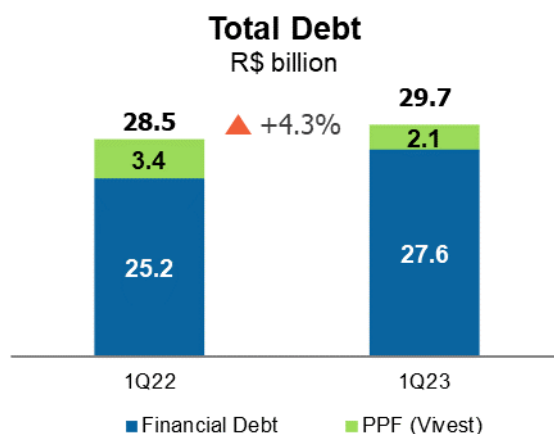
Net Income

Net income was of R\$ 1,651 million in 1Q23, an increase of 42.1% (R\$ 489 million), mainly favored by the good results obtained in the Distribution and Generation segments.

3.2) Indebtedness

3.2.1) Debt (IFRS)

On March 31, 2023, CPFL Energia's total debt was R\$ 29.7 billion, with an increase of 4.3% compared to the last year. The financial debt of the group, which considers loans, debentures and intercompany loans, was of R\$ 27.6 billion in the same date.

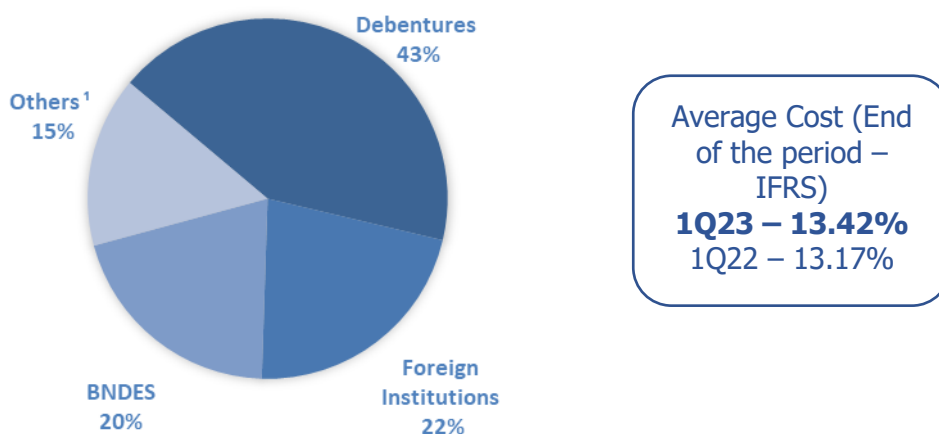


Notes:

(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

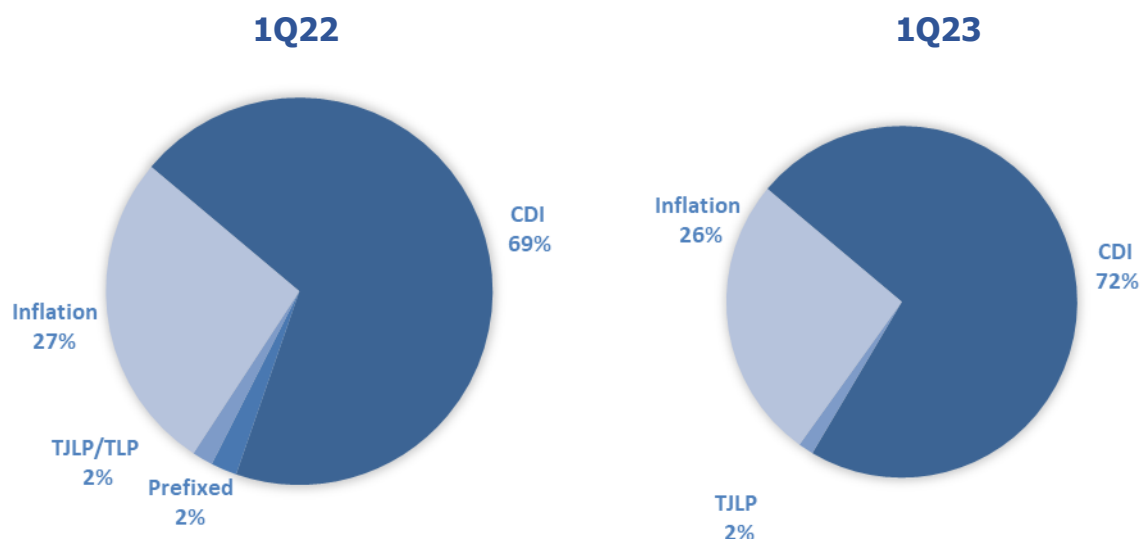


Note: (1) Others: credit lines and intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

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\$ 6.1 billion, is protected by hedge operations. Considering, for instance, foreign loans, which represent almost 21.8% 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

1Q22 vs. 1Q23

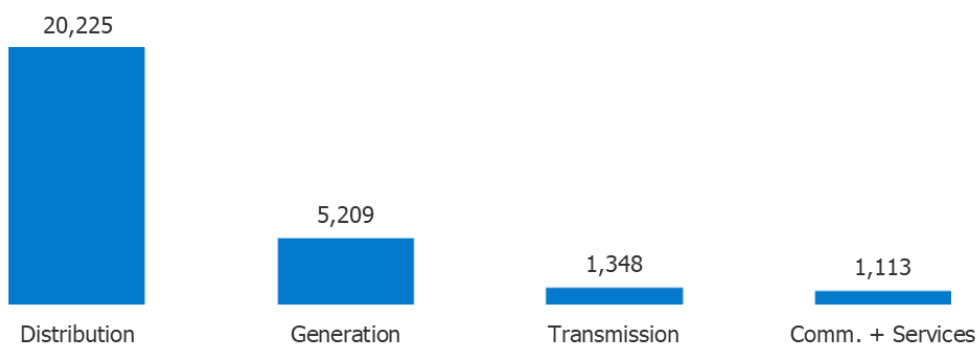


Note: (1) For debts contracted in foreign currency (21.8% of the total in 1Q23), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

Net Debt in IFRS criteria

IFRS R\$ Million	1Q23	1Q22	Var. %
Financial Debt (including hedge)	(27,617)	(25,160)	9.8%
(+) Available Funds	5,071	4,077	24.4%
(=) Net Debt	(22,545)	(21,083)	6.9%

Debt by Segment (R\$ Million – IFRS)



Notes:

- (1) The Generation segment considers CPFL Renováveis, CPFL Geração and Ceran; 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.

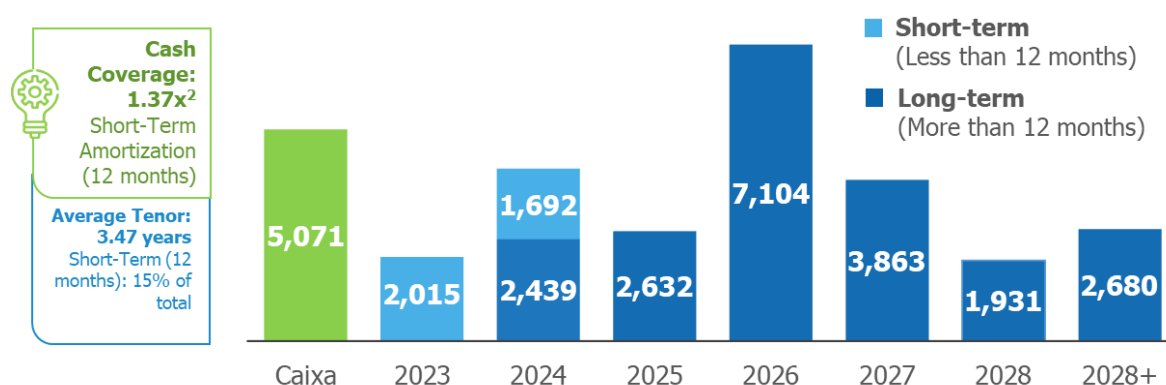
Debt Amortization Schedule in IFRS (March 2023)

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 1Q23 had a coverage ratio of **1.37x** the amortizations of the next 12 months, which allows the CPFL Group to honor all the amortization commitments until March 2024. The average amortization term based on this schedule is of **3.47 years**.

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

Debt Amortization Schedule (IFRS)



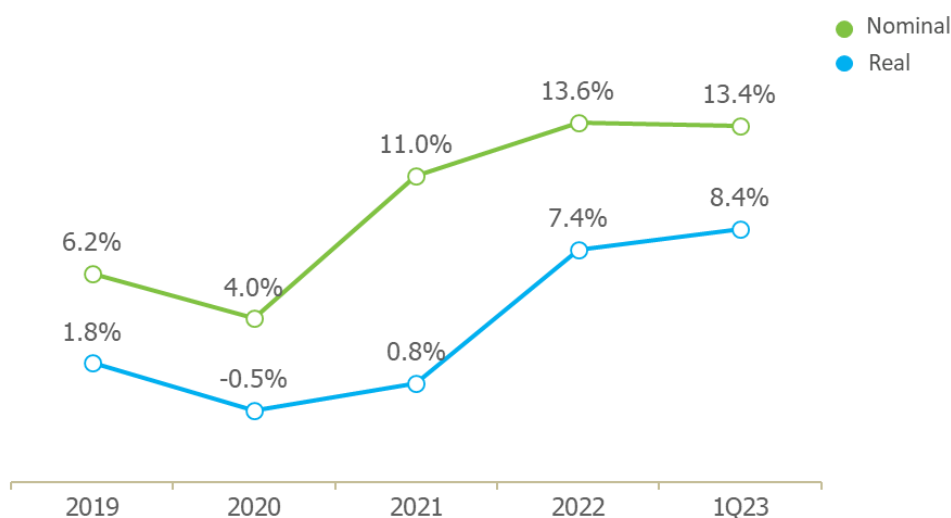
Note:

(1) Considering only the notional and hedge of the debt. In order to reach the financial result of R\$ 27,617 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\$ 864 million of Marketable Securities, according to covenants criteria.

Gross Debt Cost¹ in IFRS criteria



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

Ratings

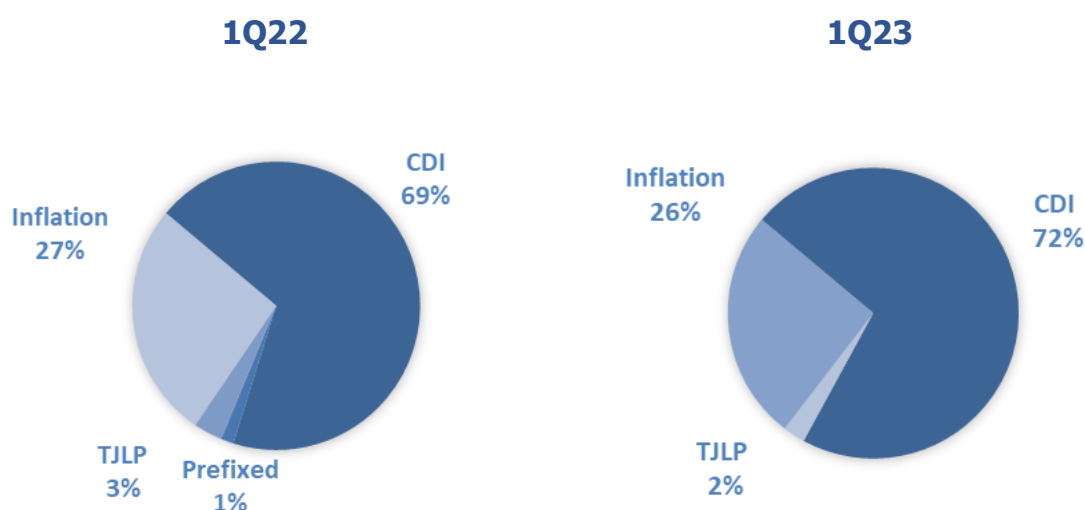
The following table shows the corporate ratings of CPFL Energia.

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 - 1Q22 vs. 1Q23



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 (21.38% 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 1Q23, the *Proforma* Net Debt totaled **R\$ 22,790** million, an increase of **7.6%** compared to net debt position at the end of 1Q22, in the amount of **R\$ 21,180** 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.

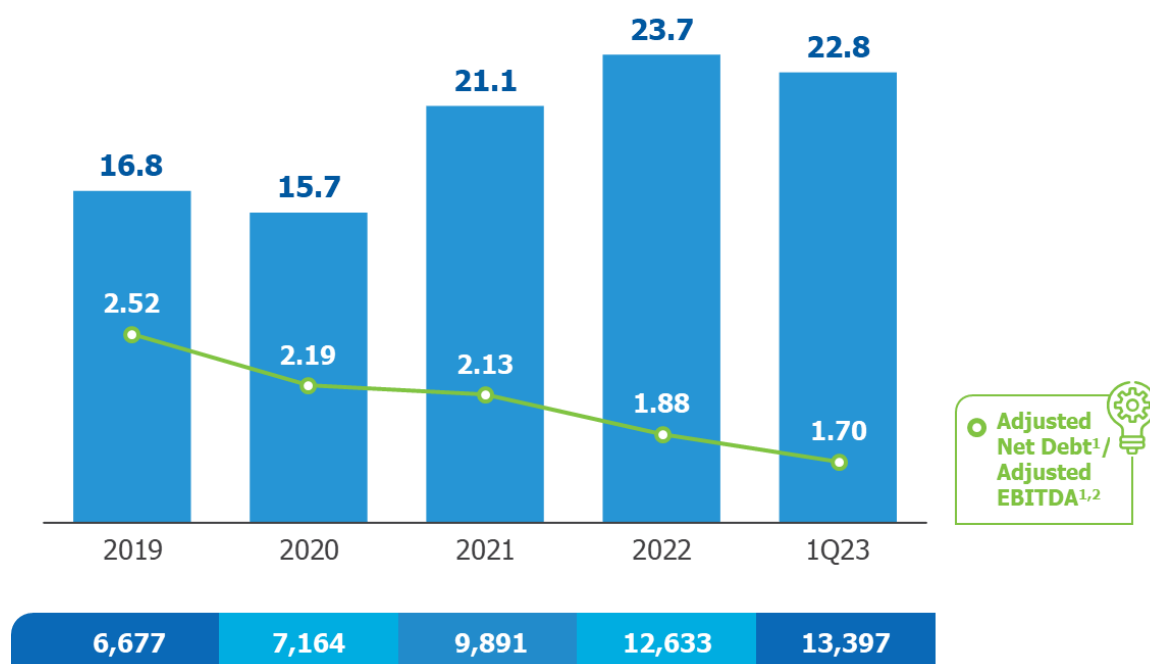
Covenant Criteria - R\$ Million	1Q23	1Q22	Var. %
Financial Debt (including hedge) ¹	(28,176)	(25,432)	10.8%
(+) Available Funds ³	5,386	4,251	26.7%
(=) Net Debt	(22,790)	(21,180)	7.6%
EBITDA Proforma ²	13,397	10,423	28.5%
Net Debt / EBITDA	1.70	2.03	-16.3%

Notes:

- (1) Considers the proportional consolidation of the assets of Generation, in addition to the loan with SGBP.
 (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.
 (3) Available Funds already considering Marketable Securities.

Considering that the *Proforma* Net Debt totaled **R\$ 22,790 million** and *Proforma* EBITDA in the last 12 months reached **R\$ 13,397 million**, the ratio *Proforma* Net Debt/EBITDA at the end of 1Q23 reached **1.70x**.

Leverage in financial covenants criteria - R\$ billion



Notes:

- (1) Adjusted for the proportional consolidation of the assets of Geração, as well as considering the loan agreement with SGBP.
 (2) LTM EBITDA, including CPFL Transmissão, according to financial covenants criteria.

3.3) Investments

3.3.1) Actual Investments

Investments (R\$ Million)			
Segment	1Q23	1Q22	Var.
Distribution	878	975	-9.9%
Generation	84	62	36.2%
Commercialization	1	1	-31.2%
Services and Others ¹	6	4	65.1%
Transmission ²	113	170	-33.7%
Total	1,082	1,212	-10.7%

Notes:

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

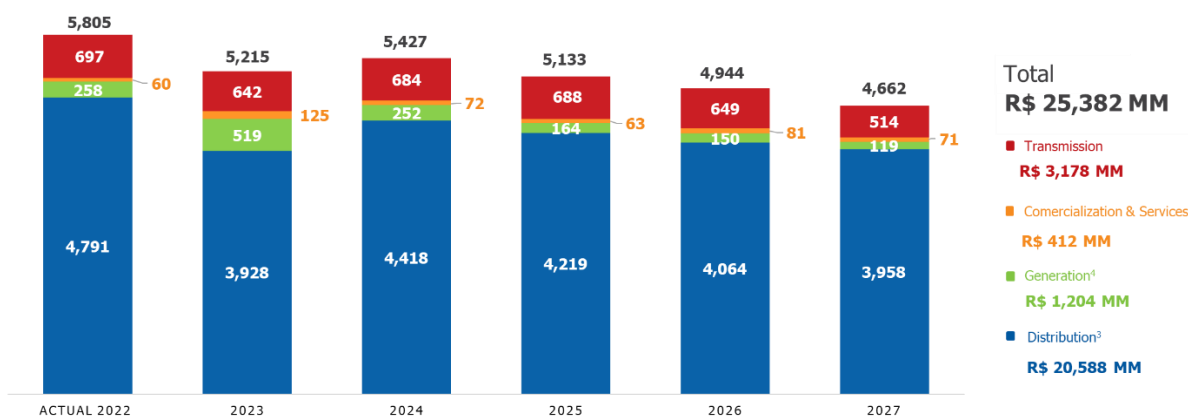
(2) Transmission - Transmission assets do not have fixed assets, the figures in this table are the addition of contractual assets.

In 1Q23, the investments were of R\$ 1,082 million, a decrease of 10.7%, compared to R\$ 1,212 million registered in 1Q22, caused by a slowdown after the effort for Tariff Review.

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.

Investment Forecast (R\$ million)¹



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.

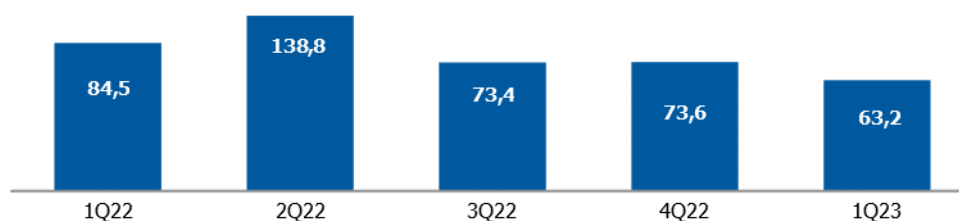
B3			
Date	CPFE3	IEE	IBOV
03/31/2023	R\$ 31.65	74,827	101,882
12/30/2022	R\$ 33.20	78,679	109,735
03/31/2022	R\$ 32.27	85,040	119,999
QoQ	-4.7%	-4.9%	-7.2%
YoY	-1.9%	-12.0%	-15.1%

4.2) Daily Average Volume

The daily average volume trading of CPFL Energia in 1Q23 was R\$ 63.2 million, representing a decrease of 14.1% if compared to 4Q22. Compared to the same period in 2022, there was a 25.1% 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 sustainability 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](#).

5.2) Key ESG Indicators aligned to the Plan

Below we list some indicators in line with the ESG Plan 2030.

1Q23

 Renewable & smart solutions					
Theme	Indicator	Unit	1Q23	1Q22	Var.
Renewable energy	Total energy generated by renewable sources	GWh	2,496	1,895	31.7%
	↳ HPPs (hydro)	GWh	1,061	685	55.0%
	↳ SHPPs and CGHs	GWh	510	420	21.4%
	↳ Solar	GWh	0.3	0.1	169.2%
	↳ Wind	GWh	849	728	16.6%
	↳ Biomass	GWh	75	61	22.9%
Circular economy	Number of installed automatic reclosers	unit	16,728	14,934	12.0%
	% of telemetered load	%	56%	55%	1.5%
Inovação	Investment in innovation (Aneel R&D) in the period	R\$ million	7.5	10.9	-31.5%
Descarbonização	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	67	16	318.8%
	Revenue from sales of carbon credits and energy stamps	R\$ million	1.2	2.9	-57.6%

 Sustainable operations					
Theme	Indicator	Unit	1Q23	1Q22	Var.
Smart Grid	Number of refurbished transformers	unit	3,092	2,363	30.9%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	2,349	1,714	37.0%
Digitalization	Water consumption (administrative buildings)	1,000 m ³	16	42	-62.6%
	Energy consumption (administrative buildings)	MWh	8,651	9,709	-10.9%



Society shared value

Theme	Indicator	Unit	1Q23	1Q22	Var.
Digitalization	% de digitalization of customer services	%	91.0%	90.0%	1.1%
	% of bills paid digitally	%	71%	67%	5.5%
	Number of digital bills	million	4.4	4.1	8.0%
Community	Energy efficiency investments in public hospitals (CPFL and RGE in Hospitals)	R\$ million	16.5	6.3	160.8%
	Investment in socio-environmental projects in communities (Instituto CPFL, Energy Efficiency Program for Low Income and Environment)	R\$ million	93.6	21.4	337.4%
	Number of people benefiting from CPFL Institute social programs in the period	thousand people	304.9	159.6	91.0%
	Number of low-income consumer units benefited by the Energy Efficiency Program (PEE Aneel) in the period	thousand consumer units	2.4	2.0	20.0%
People development and inclusion	Number of training hours	1,000 hours	94.6	149.8	-36.9%
Diversity	% of PoC in the company	%	27%	28%	-3.6%
	% of women in leadership positions	%	21%	21%	0.0%
Sustainable Purchases	Critical suppliers evaluated in sustainability criteria	%	89%	91%	-2.2%

Notes 1) Consider the professional requalification program



Safe & Reliable business

Theme	Indicator	Unit	1Q23	1Q22	Var.
Health and Safety	Accident frequency rate (own employees)	Number of injured * 1MM / hours worked with risk exposure	0.5	1.0	-47.0%
	Accident frequency rate (outsourced)	Number of injured * 1MM / hours worked with risk exposure	4.0	5.1	-21.7%
	Number of fatal accidents with the population	number of accidents	7.0	6.0	16.7%
Ethics	% of employees trained in Ethics and Integrity	%	91%	50%	82.0%
Transparency	Number of Independent Member in the Board of Directors	number	2	2	-
	Number of women in the Board of Directors	number	1	0	-

6) PERFORMANCE OF BUSINESS SEGMENTS

6.1) Distribution Segment

6.1.1) Economic-Financial Performance

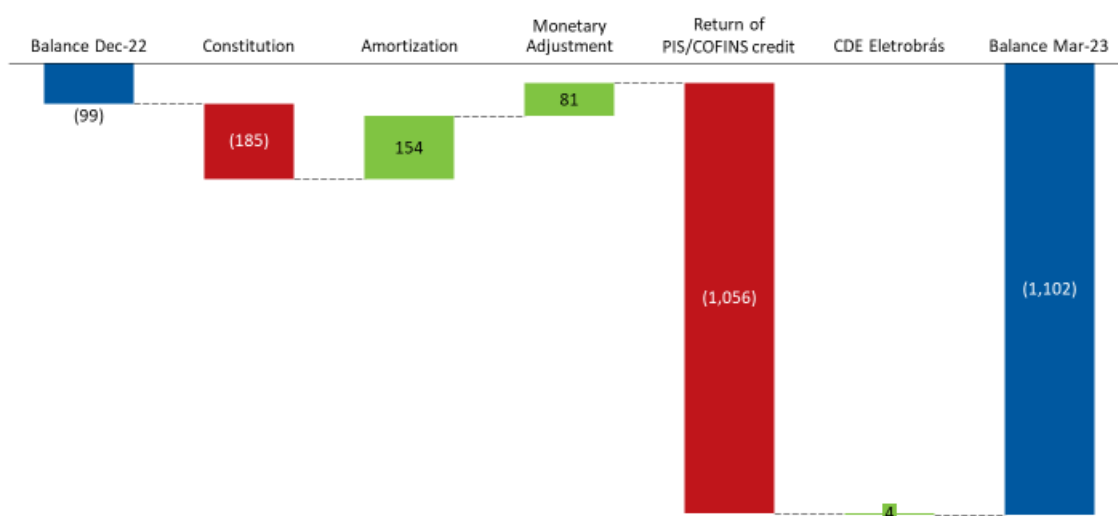
Consolidated Income Statement - Distribution (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue	11,533	11,783	-2.1%
Net Operating Revenue	8,215	7,847	4.7%
Cost of Electric Power	(4,214)	(4,309)	-2.2%
Operating Costs & Expenses	(1,961)	(1,948)	0.6%
EBIT	2,041	1,590	28.4%
EBITDA⁽¹⁾	2,327	1,838	26.6%
Financial Income (Expense)	(345)	(288)	20.1%
Income Before Taxes	1,695	1,302	30.2%
Net Income	1,118	839	33.2%

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 March 31st, 2023, the balance of sectoral financial assets and liabilities was negative (liability) in R\$ 1,102 million. If compared to December 31st, 2022, there was a variation of R\$ 1,002 million, as demonstrated in the chart below:



The variation in this balance was due to the constitution of a liability of R\$ 185 million, mainly due to:

- (i) Electric energy cost (R\$ 353 million);
- (ii) Itaipu costs (R\$ 186 million);
- (iii) Other items (R\$ 64 million);

Partially offset by the constitution of liabilities in:

- (i) Basic Network (R\$ 188 million);
- (ii) System Service Charge ("ESS") and Reserve Energy Charge ("EER") (R\$ 126 million);
- (iii) Over contracting (R\$ 104 million).

The amortization was of R\$ 154 million and the monetary adjustment of assets and liabilities totaled R\$ 81 million.

Moreover, in this period, there was the approval of the refund of the PIS/COFINS credit consumers, in the amount of R\$ 1,056 million. In addition, there was a transfer of found due to CDE Eletrobras, in the amount of R\$ 4 million.

Operating Revenue

Operating Revenue (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue			
Revenue with Energy Sales (Captive + TUSD)	9,546	11,255	-15.2%
Short-term Electric Energy	76	91	-16.4%
Revenue from Building the Infrastructure of the Concession	834	913	-8.7%
Sectoral Financial Assets and Liabilities	(31)	(1,348)	-97.7%
CDE Resources - Low-income and Other Tariff Subsidies	489	471	3.9%
Adjustments to the Concession's Financial Asset	497	305	63.0%
Other Revenues and Income	159	142	12.1%
Compensatory Fines (DIC/FIC)	(37)	(46)	-18.3%
Total	11,533	11,783	-2.1%
Deductions from the Gross Operating Revenue			
ICMS Tax	(960)	(2,130)	-54.9%
PIS and COFINS Taxes	(842)	(732)	15.1%
CDE Sector Charge	(1,347)	(1,436)	-6.2%
R&D and Energy Efficiency Program	(69)	(67)	3.7%
PROINFA	(87)	(55)	56.9%
Tariff Flags	-	494	-
Others	(12)	(11)	9.3%
Total	(3,317)	(3,936)	-15.7%
Net Operating Revenue	8,215	7,847	4.7%

In 1Q23, gross operating revenue amounted to R\$ 11,533 million, a decrease of 2.1% (R\$ 250 million), due to the following factors:

- (i) Decrease of 15.2% (R\$ 1,709 million) in **Revenue with Energy Sales** (captive + free clients), due to:

- a. the adoption of the "hydro scarcity" flag in the three months of 1Q22, compared to green flag in the three months of 1Q23;
 - b. the reduction in the ICMS tax rate on electricity;

Partially offset by:

- c. the positive average tariff adjustment in the distribution companies, in consumer's perception, in the period between 1Q22 and 1Q23 (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 8.7% (R\$ 79 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;

- (iii) Decrease of 16.4% (R\$ 15 million) in **Short-term Electric Energy**, due to a lower spot price (PLD);

Partially offset by:

- (iv) Decrease of 97.7% (R\$ 1,318 million) in the accounting of **Sectoral Financial Assets/Liabilities** due to the net constitution of a liability of R\$ 31 million in 1Q23, against a liability of R\$ 1,348 million in 1Q22;

- (v) Increase of 63.0% (R\$ 192 million) in the **adjustments to the Concession's Financial Asset**, due to the extraordinary effect of R\$ 136 million due to the final RAB appraisal report for CPFL Paulista, which resulted in an additional increase in the asset base, partially offset by the lower IPCA (2.00% in 1Q23 against 2.30% in 1Q22);

- (vi) Increase of 26.6% (R\$ 26 million) in the **other revenues and income**;

- (vii) Increase of 3.9% (R\$ 18 million) in **CDE Resources - Low-income and Other Tariff Subsidies**.

Deductions from the gross operating revenue were R\$ 3,317 million in 1Q23, representing a decrease of 15.7% (R\$ 619 million), due to the following factors:

- (i) Reduction of 37.0% (R\$ 1,059 million) in **taxes** (ICMS and PIS/COFINS), due to the change in ICMS rate;
- (ii) Decrease of 6.2% (R\$ 89 million) in **CDE**, due to the reduction in the coverage in the "CDE Use" quote, mainly in CPFL Paulista and RGE;

Partially offset by:

- (iii) Variation of R\$ 494 million in the accounting of **tariff flags**², due to the reclassification of the balance of the tariff flag to Sectorial Financial Assets and Liabilities in Jan-22;

- (iv) Increase of 26.3% (R\$ 35 million) in the **other items**.

Net operating revenue reached R\$ 8,215 million in 1Q23, representing an increase of 4.7% (R\$ 369 million).

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.

Cost of Electric Energy

Cost of Electric Energy (R\$ Million)			
	1Q23	1Q22	Var.
Cost of Electric Power Purchased for Resale			
Energy from Itaipu Binacional	462	651	-29.0%
PROINFA	101	170	-40.5%
Auction, Bilateral Contracts and Spot Market	2,656	2,397	10.8%
PIS and COFINS Tax Credit	(285)	(279)	2.3%
Total	2,934	2,939	-0.2%
Charges for the Use of the Transmission and Distribution System			
Basic Network Charges	931	709	31.2%
Itaipu Transmission Charges	73	63	16.1%
Connection Charges	67	66	1.4%
Charges for the Use of the Distribution System	12	11	16.1%
ESS / EER	327	661	-50.4%
PIS and COFINS Tax Credit	(130)	(140)	-6.6%
Total	1,280	1,370	-6.6%
Cost of Electric Energy	4,214	4,309	-2.2%

Cost of Electric Power Purchased for Resale

In 1Q23, the cost of electric power purchased for resale reached R\$ 2,934 million, a reduction of 0.2% (R\$ 5 million), mainly due to:

- (i) Decrease of 29.0% in **energy from Itaipu** (R\$ 189 million), mainly due to the exchange variation (-27.2%);
 - (ii) Decrease of 40.5% in **PROINFA** (R\$ 69 million) due to the reduction in the amounts of cost quotas approved by Aneel for the year 2023 and the increase in the level of migration of captive clients to the free market (ACL);
 - (iii) Increase of 2.3% in **PIS and COFINS tax credit** (R\$ 6 million);
- Partially offset by the:
- (iv) Increase of 10.8% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 259 million), mainly due to the higher average price (+16.2%).

Volume of purchased energy (GWh)	1Q23	1Q22	Var.
Energy from Itaipu Binacional	2,434	2,496	-2.5%
PROINFA	223	218	2.7%
Auction, Bilateral Contracts and Spot Market	11,450	12,008	-4.6%
Total	14,106	14,721	-4.2%

Average price (R\$/MWh)	1Q23	1Q22	Var.
Energy from Itaipu Binacional	189.81	260.76	-27.2%
PROINFA	451.94	780.38	-42.1%
Auction, Bilateral Contracts and Spot Market	231.96	199.62	16.2%
Total	207.98	199.64	4.2%

Charges for the Use of the Transmission and Distribution System

In 1Q23, charges for the use of the transmission and distribution system reached R\$ 1,280 million, representing a decrease of 6.6% (R\$ 90 million), due to:

- (i) Reduction of 50.4% (R\$ 333 million) in **sector charges (ESS/EER)**, mainly due to ESS – System Service Usage Charges. The variation in this charge was due to the improvements in the energy scenario in 1Q23, causing systemic cost to be minimized, compared to 1Q22, due to improvements in hydrological conditions. This effect was partially offset by the increase of EER – Reserve Energy Charges, associated with the entry into operation of some plants contracted under the terms of the 1st Simplified Tender Process - PCS/MME/ANEEL, throughout 2022, whose effects, in the quarterly comparison, appear only in 1Q23;

Partially offset by:

- (ii) Increase of 27.6% (R\$ 234 million) in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system), mainly due to the adjustments in the Tariff for the Use of the Transmission System (TUST), as from July 2022, in accordance with ANEEL Resolution No. 3,066/22;
- (iii) Reduction of 6.6% (R\$ 10 million) in **PIS and COFINS tax credit**.

PMSO

PMSO (R\$ million)			
	1Q23	1Q22	%
Personnel	291	255	14.2%
Material	80	65	23.0%
Outsourced Services	261	220	18.3%
Other Operating Costs/Expenses	179	189	-5.3%
<i>Allowance for doubtful accounts</i>	70	90	-22.7%
<i>Legal and judicial expenses</i>	34	32	8.8%
<i>Assets write-off</i>	30	26	16.3%
<i>Others</i>	45	42	8.0%
Total PMSO	811	729	11.2%

In 1Q23, **PMSO** reached R\$ 811 million, an increase of 11.2% (R\$ 82 million), due to the following factors:

- (i) Increase of 14.3% (R\$ 68 million) in PMSO expenses linked to inflation, reflection of the variation of 14.2% (R\$ 36 million) in Personnel, 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%). In addition, we had an increase in the

following expenses: fleet maintenance (R\$ 3 million), call center (R\$ 3 million), among others;

- (ii) Increase of 30.4% (R\$ 11 million) in expenses with hardware and software;
- (iii) Increase of 22.0% (R\$ 8 million) in expenses with the grid and substations maintenance, related to Capex efforts;
- (iv) Increase of 37.0% (R\$ 7 million) in tree pruning expenses;
- (v) Increase of 16.3% (R\$ 4 million) in assets write-off;
- (vi) Increase of 8.8% (R\$ 3 million) in legal and judicial expenses;
- (vii) Increase of 7.5% (R\$ 1 million) in collection actions;

Partially offset by:

- (viii) Reduction of 20.7% (R\$ 20 million) in the allowance for doubtful accounts (ADA).

Other operating costs and expenses

Other operating costs and expenses			
	1Q23	1Q22	Var.
Costs of Building the Infrastructure	834	913	-8.7%
Private Pension Fund	31	58	-47.1%
Depreciation and Amortization	272	234	16.1%
Total	1,136	1,205	-5.7%

EBITDA

EBITDA totaled R\$ 2,327 million in 1Q23, an increase of 26.6% (R\$ 489 million), explained by the positive tariff adjustments, the updating of the concession's financial assets and favored by the growth of the asset base, and by the reduction in expenses with private pension and ADA.

Conciliation of Net Income and EBITDA (R\$ million)			
	1Q23	1Q22	Var.
Net income	1,118	839	33.2%
Depreciation and Amortization	286	248	15.2%
Financial Results	345	288	20.1%
Income Tax /Social Contribution	577	463	24.8%
EBITDA	2,327	1,838	26.6%

EBITDA by Distributor

EBITDA by Distributor			
Distribution	1Q23	1Q22	Var.
CPFL Paulista	1,079	686	57.4%
CPFL Piratininga	358	347	3.1%
RGE	819	736	11.3%
CPFL Santa Cruz	70	69	1.5%
EBITDA	2,327	1,838	26.6%

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](#).

Only CPFL Paulista's Ebitda was impacted by an extraordinary effect, resulting from the final appraisal report of the RAB on the Tariff Revision, in the amount of R\$ 136 million. The other effects mentioned in the explanation above are common to all distributors.

Financial Result

Financial Result (R\$ Million)			
	1Q23	1Q22	Var.
Revenues	452	399	13.2%
Expenses	(798)	(687)	16.1%
Financial Result	(345)	(288)	20.1%

Managerial Analysis

Financial Result (R\$ Million)			
	1Q23	1Q22	Var.
Expenses with the net debt	(602)	(468)	28.7%
Late payment interest and fines	84	122	-31.1%
Mark-to-market	72	(12)	-
Adjustment to the sectorial financial asset/liability	81	118	-31.0%
Others financial revenues/expenses	20	(46)	-
Financial Result	(345)	(288)	20.1%

In 1Q23, the financial result recorded a **net financial expense** of R\$ 345 million, an increase of 20.1% (R\$ 58 million), compared to 1Q22. Due to the following factors:

- (i) Increase of 28.7% (R\$ 134 million) in the **expenses with net debt** (debt charges, net of income from financial investments), resulting mainly from the increase in CDI in the period, from 2.39% in 1Q22 to 3.20% in 1Q23, and higher debt balance;
- (ii) Decrease of 31.1% (R\$ 38 million) in **late payment interest and fines**, due to the lower IPCA index (from 3.20% in 1Q22 to 2.09% in 1Q23) levied on overdue energy bills in 1Q23 and the lower average bill, if compared to 1Q22;
- (iii) Decrease of 31.0% (R\$ 36 million) in **adjustment to the sectorial financial asset/liability**, due to lower balance;

Partially offset by:

- (iv) Positive variation of R\$ 84 million in **mark-to-market** (non-cash effect), mainly due to the higher risk spread practiced by the market;
- (v) Positive variation of R\$ 10 million in **tax credits update**;
- (vi) Increase of R\$ 4 million in **discount on the acquisition of ICMS credits**;
- (vii) Reduction of R\$ 2 million in **contingencies update**;
- (viii) Positive variation of R\$ 50 million in **other financial revenues and expenses**.

Income Tax and Social Contribution

In 1Q23, **Income Tax and Social Contribution** recorded an increase of 24.8% (R\$ 115 million), mainly explained by the variation in the income before taxes. The effective rate went from 35.5% in 1Q22 to 34.1% in 1Q23.

Net Income

Net Income totaled R\$ 1,118 million in 1Q23, an increase of 33.2% (R\$ 279 million), due to the increase in EBITDA, partially offset by the worsening financial result, due to 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
RGE	Every 5 years	June 2023	5 th PTRC	June 19 th	November 06, 2027
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 2028	6 th PTRC	April 8 th	November 20, 2027

Annual Tariff Adjustments and Tariff Reviews in 2022 and 2023

Annual Tariff Adjustments (ATAs)				Periodic tariff reviews (PTRs)
Description	CPFL Santa Cruz	RGE	CPFL Piratininga	CPFL Paulista
Ratifying Resolution	3,178	3,045	3,128	3,183
Adjustment	5.64%	8.72%	21.07%	3.36%
Parcel A	3.24%	4.07%	14.47%	0.89%
Parcel B	1.17%	3.53%	2.03%	0.19%
Financial Components	1.23%	1.12%	4.57%	2.28%
Effect on consumer billings	9.02%	10.98%	14.72%	4.89%
Date of entry into force	03/22/2022	06/22/2022	10/23/2022	04/08/2023

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 (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue	620	605	2.5%
Net Operating Revenue	520	533	-2.5%
Cost of Electric Power	(506)	(575)	-12.0%
Operating Costs & Expenses	(15)	(13)	19.1%
EBIT	(1)	(54)	-98.7%
EBITDA¹	1	(53)	-
Financial Income (Expense)	(30)	(49)	-38.1%
Income Before Taxes	(31)	(103)	-69.9%
Net Income	(31)	(86)	-63.7%

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

Consolidated Income Statement - Services Segment (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue	244	254	-3.8%
Net Operating Revenue	224	233	-4.0%
Operating Costs & Expenses	(191)	(186)	3.1%
EBIT	32	48	-31.9%
EBITDA¹	45	57	-20.7%
Financial Income (Expense)	3	0	1458.9%
Income Before Taxes	36	48	-25.4%
Net Income	29	35	-18.3%

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

6.3) Generation Segment



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)			
	1Q23	1Q22	Var.
Gross Operating Revenue	1,235	882	39.9%
Net Operating Revenue	1,127	815	38.3%
Cost of Electric Power	(134)	(140)	-4.4%
Operating Costs & Expenses	(341)	(300)	13.7%
EBIT	653	375	73.9%
Equity income	77	114	-32.8%
EBITDA¹	937	673	39.2%
Financial Income (Expense)	(140)	(137)	1.8%
Income Before Taxes	589	352	67.4%
Net Income	453	294	54.0%

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 1Q23, the **Gross Operating Revenue** reached R\$ 1,235 million, an increase of 39.9% (R\$ 352 million). The **Net Operating Revenue** was of R\$ 1,127 million, registering an increase of 38.3% (R\$ 312 million).

The main factors that affected the net operating revenue were:

- (i) Increase of 42.0% (R\$ 365 million) in the **Electric Energy Supply**:
 - a. Increase of 31.6% (R\$ 275 million) due to **Enercan consolidation**;
 - b. Increase of 10.4% (R\$ 90 million) in the **Electric Energy Supply**.

Partially offset by:

- (ii) Increase of 59.2% (R\$ 40 million) in **Deductions from Operating Revenue**, mainly due to taxes (PIS/COFINS):
 - a. Increase of 51.1% (R\$ 34 million) due to **Enercan consolidation**;
 - b. Increase of 8.1% (R\$ 6 million) in the **Deductions from Operating Revenue**;
- (iii) Decrease of R\$ 12 million in **Other Revenues**;
- (iv) Decrease of R\$ 1 million in **Energy Sales to Final Consumers**.

Cost of Electric Power

Cost of Electric Energy - R\$ Million			
	1Q23	1Q22	Var.
Energy Purchased in the Spot Market	23	16	44.6%
Bilateral Contracts, ACR and ACL	49	89	-44.4%
PIS and COFINS Tax Credit	(4)	(7)	-42.3%
Cost of Electric Power Purchased for Resale	68	97	-30.1%
Basic Network Charges	54	32	68.7%
Connection Charges	4	3	30.6%
Charges for the Use of the Distribution System	11	9	22.0%
ESS/EER	0	0	-
PIS and COFINS Tax Credit	(4)	(2)	122.6%
Distribution System Usage Charges	66	43	53.6%
Cost of Electric Energy	134	140	-4.4%

In 1Q23, the Cost of Electric Energy was of R\$ 134 million, representing a decrease of 4.4% (R\$ 6 million), compared to 1Q22, due to:

- (i) Decrease of 44.4% (R\$ 39 million) in the cost with energy purchased in **bilateral contracts, regulated (ACR) and free market (ACL)**, despite **Enercan consolidation** (+R\$ 7 million).

Partially offset by:

- (ii) Increase of 53.6% (R\$ 23 million) in **Distribution System Usage Charges**, net of taxes:
 - a. Increase of 46.7% (R\$ 20 million) due to **Enercan consolidation**;
 - b. Increase of 6.9% (R\$ 3 million) in **Distribution System Usage Charges**;
- (iii) Increase of 44.6% (R\$ 7 million) in the cost with **energy in the spot market**:
 - a. Increase of 33.0% (R\$ 5 million) due to **Enercan consolidation**;
 - b. Increase of 11.6% (R\$ 2 million) in the cost with **energy in the spot market**;
- (iv) Decrease of 42.3% (R\$ 3 million) in **PIS and COFINS Tax Credit** relate to the energy purchased, despite **Enercan consolidation** (+R\$ 2 million).

Volume of purchased energy (GWh)	1Q23	1Q22	Var.
Energy Purchased in the Spot Market	472	327	44.3%
Bilateral Contracts, ACR and ACL	1,301	1,408	-7.6%
Total	1,773	1,735	2.2%

Average price (R\$/MWh)	1Q23	1Q22	Var.
Energy Purchased in the Spot Market	48.10	48.02	0.2%
Bilateral Contracts, ACR and ACL	38.00	63.08	-39.8%
Total	40.69	60.24	-32.5%

PMSO

PMSO Consolidated			
	1Q23	1Q22	Var.
Personnel	41	40	2.7%
Material	10	9	14.3%
Outsourced Services	58	48	19.8%
Other Operating Costs/Expenses	25	19	34.1%
<i>Asset Write-off</i>	(1)	(0)	180.3%
<i>GSF Risk Premium</i>	5	6	-13.2%
<i>Legal and judicial expenses</i>	(1)	1	-
<i>Others</i>	22	12	76.7%
Total PMSO	134	116	15.8%

In 1Q23, PMSO was of R\$ 134 million, an increase of 15.8% (R\$ 18 million) compared to 1Q22. This increase is mainly due to:

- (i) Increase of 19.8% (R\$ 10 million) in **Outsourced Services** mainly due to the increase in expenses with maintenance of the electrical system, equipment and buildings (R\$ 6 million);
- (ii) Increase of R\$ 6 million in **Other Expenses**;
- (iii) Increase of 4.7% (R\$ 2 million) in expenses with **Personnel and Material**, highlighting Enercan consolidation (R\$ 1 million).

Other operating costs and expenses

Other operating costs and expenses			
	1Q23	1Q22	Var.
Private Pension Fund	0	1	-
Depreciation and amortization	165	141	17.0%
Amortization of Concession Intangible	42	42	0.2%
Total	207	184	12.6%

Equity Income

Equity Income (R\$ Million)			
	1Q23	1Q22	Var. %
Projects			
Barra Grande HPP	2	0	282.3%
Campos Novos HPP	-	52	-100.0%
Foz do Chapecó HPP	58	42	38.6%
Epasa TPP	17	21	-17.5%
Total	77	114	-33.0%

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	1Q23	1Q22	Var. %
Net Revenue	15	21	-28.0%
Operating Costs / Expenses	(6)	(11)	-44.6%
Deprec. / Amortization	(4)	(4)	-1.2%
Net Financial Result	(2)	(5)	-52.5%
Income Tax	(1)	(0)	322.5%
Net Income	2	0	282.3%

In 1Q23, the net revenue decreased 28.0% (R\$ 6 million), mainly due to tariff reduction, while the operating costs and expenses decreased 44.6% (R\$ 5 million) mainly due to purchased energy volume and price reduction. There was a net financial expense of R\$ 2 million, a decrease of 52.5% (R\$ 3 million), mainly due to lower expenses with UBP, which are adjusted by IGP-M.

Campos Novos:

Equity Income (R\$ Million)			
CAMPOS NOVOS	1Q23	1Q22	Var. %
Net Revenue	-	115	-100.0%
Operating Costs / Expenses	-	(28)	-100.0%
Deprec. / Amortization	-	(7)	-100.0%
Net Financial Result	-	(3)	-100.0%
Income Tax	-	(27)	-100.0%
Net Income	-	52	-100.0%

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	1Q23	1Q22	Var. %
Net Revenue	161	144	12.3%
Operating Costs / Expenses	(36)	(39)	-7.8%
Deprec. / Amortization	(13)	(14)	-6.8%
Net Financial Result	(25)	(28)	-10.6%
Income Tax	(29)	(21)	41.5%
Net Income	58	42	38.6%

In 1Q23, net revenue increased 12.3% (R\$ 18 million), mainly due to increase in the volume and price of energy supplied. The operating costs and expenses decreased 7,8% (R\$ 3 million) in the period. In the net financial expense, there was a decrease of 10.6% (R\$ 3 million), mainly due to income from financial investments, due to the higher cash balance and the increase in the CDI and lower expenses with UBP, which are adjusted by IGP-M and IPCA, partially offset by higher debt expenses.

Epasa:

Equity Income (R\$ Million)			
EPASA	1Q23	1Q22	Var. %
Net Revenue	41	39	6.2%
Operating Costs / Expenses	(12)	(5)	131.7%
Deprec. / Amortization	(12)	(12)	2.2%
Net Financial Result	5	3	74.3%
Income Tax	(4)	(3)	24.6%
Net Income	17	21	-17.5%

In 1Q23, net revenue increased R\$ 2 million and the operating costs and expenses were up by R\$ 7 million, due to higher volumes of generation. There was a net financial income of R\$ 2 million above the previous year, due to the higher cash balance and higher CDI.

EBITDA

In 1Q23, **EBITDA** was of R\$ 937 million, an increase of 39.2% (R\$ 264 million), mainly due to 100% accounting of Enercan, contractual readjustments and better performance of wind generation.

EBITDA and Net Income conciliation (R\$ million)			
	1Q23	1Q22	Var.
Net Income	453	294	54.0%
Depreciation and Amortization	207	183	13.1%
Financial Result	140	137	1.8%
Income Tax / Social Contribution	137	58	135.4%
EBITDA	937	673	39.2%

Financial Result

Financial Result (IFRS - R\$ Million)			
	1Q23	1Q22	Var.
Financial Revenues	41	29	39.1%
Financial Expenses	(181)	(167)	8.4%
Financial Result	(140)	(137)	1.8%

In 1Q23, the financial result was a **net financial expense** of R\$ 140 million, an increase of 1.8% (R\$ 2 million), mainly due to higher expenses with net debt (R\$ 20 million), partially offset by MTM (R\$ 15 million) and other financial revenues (R\$ 3 million).

Income Tax and Social Contribution

In 1Q23, the income tax and social contribution item registered a negative result of R\$ 137 million, compared to R\$ 58 million in 1Q22, which is explained mainly by the better operational performance of the segment in the period.

Net Income

In 1Q23, **net income** was R\$ 453 million, an increase of 54.0% (R\$ 159 million), mainly reflecting the increase in the EBITDA, partially offset by the higher Income Tax and Social Contribution of the period.

6.4) Transmission Segment

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

Consolidated Income Statement - Transmission Segment (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue	463	462	0.3%
Net Operating Revenue	399	395	1.1%
Cost of Electric Power	-	-	-
Operating Costs & Expenses	(188)	(271)	-30.8%
EBIT	212	124	70.6%
EBITDA¹	229	138	65.7%
Financial Income (Expense)	(43)	109	-
Income Before Taxes	171	234	-26.8%
Net Income	123	147	-16.9%

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 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, firmed 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, Approval 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 provisional repositioning of revised ARR (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.

For the Concession Contract No. 055/2001-ANEEL, there was a postponement in the 2023 tariff revision process to 2024 with retroactive effects to 2023, as defined by ANEEL Dispatch No. 402/2023.

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 Approval 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

Note: (*) 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), therefore, is merely for the purpose of analyzing the regulatory/management performance, following the market practices for transmission businesses.

So it does not work as 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.

The figures have not been audited and are still subject to change.

Regulatory Income Statement - CPFL Transmissão (R\$ Million)			
	1Q23	1Q22	Var.
Gross Operating Revenue	314	287	9.5%
Net Operating Revenue	253	225	12.4%
Operating Costs & Expenses	(124)	(168)	-26.2%
Equity Income	1	-	-
EBITDA	157	86	83.2%
Financial Result	(41)	111	-
Earnings Before Taxes	88	168	-47.4%
Net Earnings	68	103	-33.3%

Operating Income

Operating Revenue - CPFL Transmissão (R\$ Million)			
Revenue from Use of the Electricity Grid	1Q23	1Q22	Var.
Concession Contract 055/2001	300	277	8.1%
Concession Contract 080/2002	5	5	9.2%
Concession Contract 004/2021	-	-	-
TESB	9	5	94.8%
Regulatory Charges	(33)	(36)	-8.0%
Gross Revenue	314	287	9.5%
Deductions from Revenue	(61)	(62)	-1.0%
Net Revenue	253	225	12.4%

In 1Q23, gross operating revenue reached R\$ 314 million, an increase of 9.5% (R\$ 27 million), due to the tariff readjustment of the 2022/2023 cycle of concession contracts 055 and 080. The regulatory charges, which are part of billed revenue, together with tariff subsidies, decreased by 8.0% (R\$ 3 million) in the quarter. Deductions from revenue reached R\$ 61 million in 1Q23, decrease of 1%. The net operating revenue reached R\$ 253 million, an increase of 12.4% (R\$ 28 million).

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

PMSO e Depreciation/Amortization			
	1Q23	1Q22	Var.
Personnel	(33)	(87)	-62.1%
Material	(1)	(2)	-45.4%
Outsourced Services	(17)	(15)	13.7%
Private Pension Entity	(16)	(20)	-19.5%
Others	(30)	(16)	88.8%
PMSO	(96)	(139)	-30.8%
Depreciation and Amortization	(28)	(29)	-4.0%
TOTAL	(124)	(168)	-26.2%

PMSO totaled R\$ 124 million in 1Q23, a decrease of 26.2% (R\$ 44 million) compared to 1Q22, mainly due to the following factors:

- (i) Decrease in expenses with Personnel, due to the headcount reduction process that took place throughout 2022 (R\$ 54 million);
- (ii) Decrease in expenses with Private Pension Plan (R\$ 4 million);

Partially offset by:

- (iii) Increase in Others (R\$ 14 million), due to a decrease in the reversal of provisions.

In 1Q23, Depreciation and Amortization item reached R\$ 28 million, a decrease of 4.0% (R\$ 1 million) compared to 1Q22.

Equity Income

Equity Income (R\$ Million)			
	1Q23	1Q22	Var. %
Projects			
TPAE	0	-	-
ETAU	1	-	-
Total	1	-	-

EBITDA

EBITDA and Net Income conciliation (R\$ million)			
	1Q23	1Q22	Var.
Net Income	68	103	-33.3%
Depreciation and Amortization	28	29	-4.0%
Financial Result	42	(111)	-
Income Tax / Social Contribution	20	65	-69.5%
EBITDA	157	86	83.2%

In 1Q23, **Regulatory EBITDA** was of R\$ 157 million, an increase of 83.2% (R\$ 72 million), due to the reduction in operating expenses.

Financial Result

Financial Result (R\$ Million)			
	1Q23	1Q22	Var. %
Revenue	20	126	-84.1%
Expenses	(62)	(15)	301.2%
Financial Result	(42)	111	-

In 1Q23, the financial result was a **net financial expense** of R\$ 42 million, a variation of R\$ 152 million if compared to a net financial revenue of R\$ 111 million registered in the 1Q22, chiefly due to:

- (i) Decrease in the revenues coming from the exchange rate due to the payment of the financing in foreign currency (R\$ 98 million);
- (ii) Increase in the expenses with net debt (R\$ 42 million), mainly because of the debt emitted by the company – debentures indexed to CDI;
- (iii) Increase in contingencies (R\$ 11 million).

Income Tax and Social Contribution

In 1Q23, Income Tax and Social Contribution item registered a decrease of 69.5% compared to 1Q22 (R\$ 45 million), as a consequence of the worsening financial result, and the company reorganization of the deferred taxes accounting register after its acquisition, which did not happen again in this year.

Net Income

In 1Q23, **net income** reached R\$ 68 million, decrease of 33.3% (R\$ 34 million) compared to a net income of R\$ 103 million registered in 1Q22, due to the worsening financial result, offset by the better performance of the EBITDA.

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](#).