

## 3Q23 CPFL Results

Energy for a more sustainable future

# 3Q23 CPFL Results

- **EBITDA** of **R\$ 3,134 million (+5.6%)**
- **Net Income** of **R\$ 1,313 million (-7.5%)**
- Net Debt of **R\$ 23.1 billion** and leverage of **1.71x Net Debt/EBITDA**
- 4 new issuances in the total amount of **R\$ 1,750 MM**, with average cost of **IPCA+6.18%**
- Launch of CPFL Soluções' **e-commerce platform** with digital sale of our products: Migration to free market, short-term energy, carbon credits and I-RECs
- **CPFL Energia** is the **best company in the electricity sector** in **Valor 1000**
- **CPFL Energia** is the **best company in the electricity sector**, according to the yearbook **"Época Negócios 360°"**
- **CPFL Energia** was recognized by its diversity, being included in the **B3's Diversity Index (IDIVERSA)**, launched in August 2023

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

Friday, November 10, 2023 – 11:00 a.m. (BRT), 09:00 a.m. (ET)

**Zoom platform – Click here to register:**

[https://cpfl-br.zoom.us/webinar/register/WN\\_j\\_oeIsjhTOGum9IO0QOL5w#/registration](https://cpfl-br.zoom.us/webinar/register/WN_j_oeIsjhTOGum9IO0QOL5w#/registration)

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## MESSAGE FROM THE CEO

The third quarter was marked by a series of extreme climate events, which included heavy rainfall in Southern Brazil and heat waves in our areas of operation, and which brought significant impacts – both positive and negative – to our business.

The generation segment posted weaker results, with EBITDA growing just 1.9% in 3Q23, mainly due to less generation by wind farms on account of changes in the dispatch criterion made by the National Electricity System Operator (ONS), which caused a loss of R\$33 million. Other segments continued to deliver consistent results, notably the Distribution segment, with EBITDA of R\$1.7 billion in 3Q23, up 14.2% year on year, mainly driven by the performance of the market in its concession area, especially the Residential and Commercial segments, which grew 5.1% and 2.9% respectively, reflecting the improvement in real household income and the positive temperature and calendar effects. Consequently, sales mix improved and generated higher returns to distributors. Delinquency levels remain under control in the four group distributors and this quarter, the ratio of provision for doubtful accounts (PDA) to supply revenue was 0.82%, which is closest to our historical average.

In the Transmission segment, we achieved another significant result two years after the acquisition of CPFL Transmissão. The Company is now fully integrated into the CPFL Group, bringing us important synergies and significantly reducing PMSO expenses. On the operational front, the highlights were the adjustment to contract 055 and the operational startup of Sul I and Sul II projects.

Finally, in the Trading and Services segment, we launched our e-commerce, with CPFL Soluções now having a digital platform in which clients can directly use virtual services for the four main product offerings: short-term energy contracts, purchase of carbon credits, purchase of I-REC certificates and migration to the free market.

Consolidated EBITDA of the CPFL Group in 9M23 was R\$9.7 billion, up 14.9%, and Net Income was R\$4.2 billion, growing 9.5%.

Capex in the quarter totaled R\$1.2 billion, and R\$3.5 billion in the first nine months. Around 75% of the amount was allocated to the Distribution business, in assets that will become part of the remuneration base for the next tariff review cycle beginning in 2023.

On the financial front, we continue to exercise financial discipline. We ended the quarter with cash balance of R\$5.7 billion, while the net debt of CPFL Energia stood at 1.71 times EBITDA based on the measurement criterion of our financial covenants. We wish to highlight the debentures issued by CPFL Paulista, CPFL Piratininga, RGE and CPFL Transmissão, totaling R\$ 1.75 billion, with an average term of 9.6 years and cost of IPCA + 6.18%.

As regards dividends, note that we already paid R\$1.9 billion until October 25 and will further pay R\$1.4 billion (R\$1.22/share) by December 30, 2023, for a total payout of 100% of the cash profit.

On the ESG front, I wish to highlight the inclusion of CPFL Energia in the portfolio of IDIVERSA, the new diversity index launched by B3 in August.

Finally, I wish to share with you a few achievements of the CPFL Group, such as the Valor 1000 awards, which recognized CPFL Energia as the best company in the energy sector in

financial result and ESG practices. We also won the ÉPOCA NEGÓCIOS 360º award, ranking 1st among electricity companies operating in Brazil on the following aspects: financial performance, corporate governance, innovation, people management, social and environmental responsibility and vision of the future. These awards are a recognition of all our people, which motivate us to continue innovating and positively impacting the lives of people. I reiterate our trust in and commitment to all our stakeholders, and remain optimistic about the progress being made in Brazil's electricity sector and the continuity of CPFL Group's business platform, which is increasingly better prepared and positioned to face the challenges and opportunities in the country.

**Gustavo Estrella**

Chief Executive Officer, CPFL Energia

Indicators (R\$ Million)	3Q23	3Q22	Var.	9M23	9M22	Var.
Load in the Concession Area - GWh	17,194	16,720	2.84%	52,129	51,880	0.5%
Sales within the Concession Area - GWh	16,753	16,789	-0.2%	51,659	51,931	-0.5%
Captive Market	9,532	9,590	-0.6%	29,891	30,515	-2.0%
Free Client	7,221	7,199	0.3%	21,768	21,416	1.6%
Gross Operating Revenue	14,372	13,245	8.5%	41,428	40,622	2.0%
Net Operating Revenue	9,975	10,006	-0.3%	29,203	28,618	2.0%
EBITDA <sup>(1)</sup>	3,134	2,967	5.6%	9,719	8,458	14.9%
Distribution	1,712	1,499	14.2%	5,843	5,185	12.7%
Generation	1,100	1,080	1.9%	2,965	2,509	18.2%
Transmission	262	374	-30.0%	751	714	5.1%
Commercialization, Services & Others	60	14	339.8%	160	49	224.3%
Net Income	1,313	1,419	-7.5%	4,210	3,844	9.5%
Net Debt <sup>(2)</sup>	(23,120)	(21,957)	5.3%	(23,120)	(21,957)	5.3%
Net Debt / EBITDA <sup>(2)</sup>	1.71	1.92	-10.9%	1.71	1.92	-10.9%
Investments <sup>(3)</sup>	1,234	1,606	-23.1%	3,517	4,163	-15.5%

Notes:

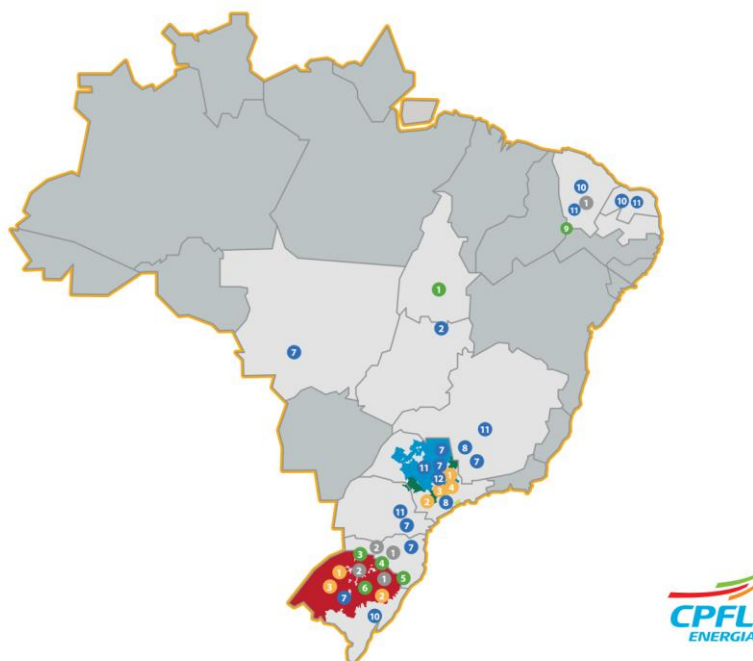
- (1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Resolution no. 156/22. See the calculation in item 3.1 of this report;
- (2) In financial covenants criteria, which considers CPFL Energia's stake in each generation projects and in CPFL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



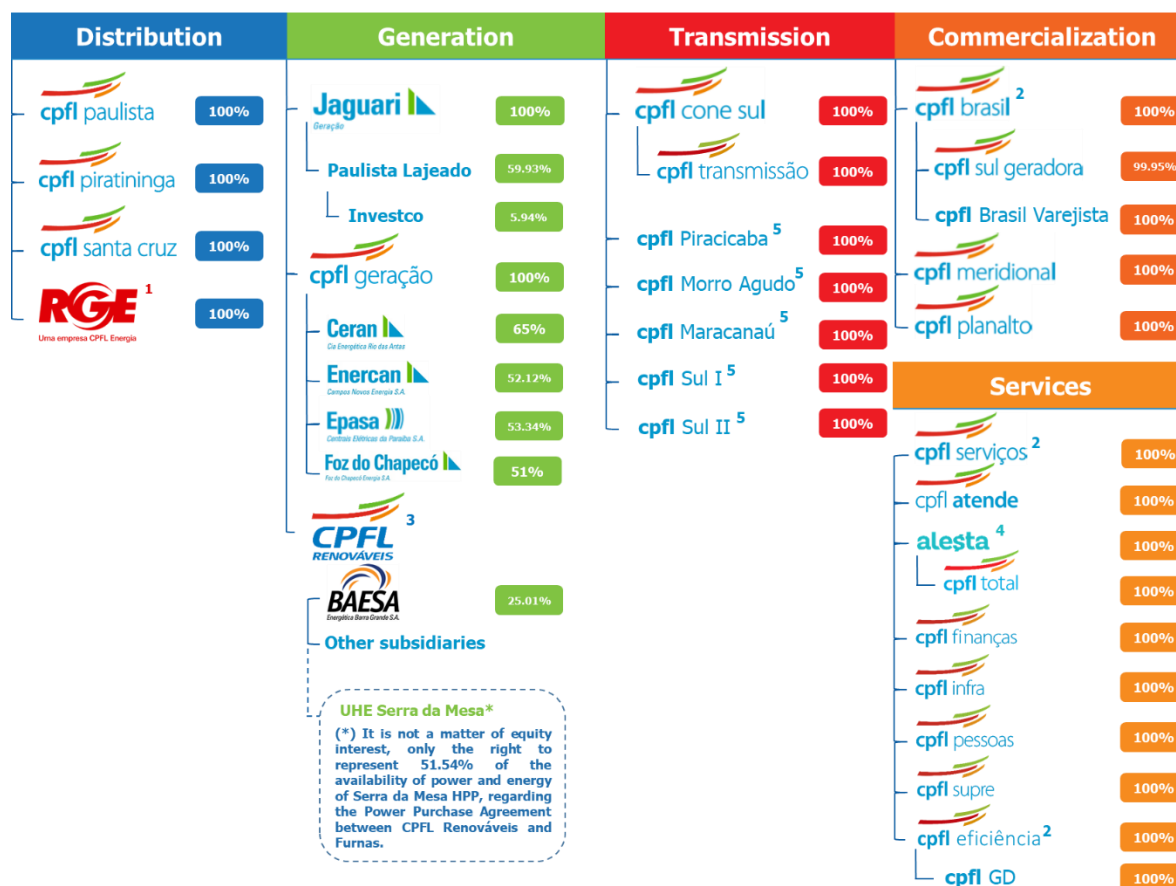
**STATE GRID**  
CORPORATION OF CHINA

83.71%



Free Float

16.29%



Reference date: 09/30/2023

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 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 income<sup>1</sup>. 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](#).

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<sup>1</sup> 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						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Captive Market	9,847	9,455	4.1%	30,105	30,206	-0.3%
Free Client	7,347	7,264	1.1%	22,024	21,674	1.6%
<b>Total</b>	<b>17,194</b>	<b>16,720</b>	<b>2.8%</b>	<b>52,129</b>	<b>51,880</b>	<b>0.5%</b>

Load performance in this quarter was favored by the high temperatures recorded mainly in the 2<sup>nd</sup> half of September-23. Much of this effect has not yet been observed in the billed market, as shown in item 2.1.2 below, although it has already been recorded as unbilled revenue, in accordance with accounting standards.

#### 2.1.2) Sales within the Distributors' Concession Area

Sales within the Concession Area - GWh							
	3Q23	3Q22	Var.	Part.	9M23	9M22	Var.
Captive Market	9,532	9,590	-0.6%	56.9%	29,891	30,515	-2.0%
Free Client	7,221	7,199	0.3%	43.1%	21,768	21,416	1.6%
<b>Total</b>	<b>16,753</b>	<b>16,789</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>51,659</b>	<b>51,931</b>	<b>-0.5%</b>

Sales within the Concession Area - GWh							
	3Q23	3Q22	Var.	Part.	9M23	9M22	Var.
Residential	5,154	4,905	5.1%	30.8%	15,955	15,551	2.6%
Industrial	6,507	6,685	-2.7%	38.8%	19,238	19,557	-1.6%
Commercial	2,695	2,618	2.9%	16.1%	8,662	8,542	1.4%
Others	2,397	2,581	-7.1%	14.3%	7,805	8,282	-5.8%
<b>Total</b>	<b>16,753</b>	<b>16,789</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>51,659</b>	<b>51,931</b>	<b>-0.5%</b>

Notes:

(1) The tables with sales within the concession area by distribution company 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 3Q23:

- **Residential Segment (30.8% of total sales):** growth of 5.1%, mainly associated with the improvement in payroll in the quarter, in addition to the vegetative growth of consumer units. Another point that contributed to the positive result in this segment was the increase in temperature recorded in September, especially in the state of São Paulo, as well as the calendar effect in the quarter. Offsetting these effects, we had the impact related to the increase in distributed generation (DG);
- **Industrial Segment (38.8% of total sales):** reduction of 2.7%, pressured mainly by the low economic performance in the sector, considering that the industry still presents an unfavorable scenario, which can be seen in the data released for national industrial production, which registered a drop of 0.04% in the quarter, reflecting the predominance of negative rates in consumption in 9 of the 10 sectors with the largest share in our concession area; the exception was the food sector, which showed growth in the period. In addition, we had the impact regarding the increase in distributed generation (DG). It is important to highlight, however, that contracted demand from these customers has



remained stable;

- **Commercial Segment (16.1% of total sales):** growth of 2.9%, pointing to a scenario of recovery in this segment, which registered an improvement in the retail, health and civil construction sectors, which are more relevant in the concession area, a context that excluded only the wholesale sector, which ended in fall in the period. Additionally, there was a positive effect of Normative Resolution (REN) ANEEL no. 1,000/2021, which determined the registration review of consumer units, especially rural and public consumers, who receive tariff benefits, re-registering them as commercial in case of non-compliance with the criteria to receive the benefit. Furthermore, there was a positive effect of temperature and calendar. On the other hand, there was a relevant negative impact related to the increase in distributed generation (DG);
- **Others Segment (14.3% of total sales):** reduction of 7.1%, attributed mainly to the increase in distributed generation (DG), especially in the rural segment and in the permissionaires, with emphasis on consumer units located in the state of Rio Grande do Sul, in addition to the negative effect linked to the extremely high volume of rains occurred in the southern region of the country. Also noteworthy are the impact of REN ANEEL no. 1,000/2021 on the rural segment – as detailed in the item above, and the migration of permissionaires to the National Grid.

In relation to **9M23** highlights:

- **Residential Segment (30.9% of total sales):** growth of 2.6%, mainly reflecting a more favorable economic outlook compared to the same period in 2022, combined with the vegetative growth of consumer units. On the other hand, we have the negative effect related to the increase in DG;
- **Industrial Segment (37.2% of total sales):** reduction of 1.6%, due to the low economic performance in the sector, considering that national industrial production accumulated a drop of 0.2% in the year. Another point that contributed to the negative result was the impact related to the increase in DG;
- **Commercial Segment (16.8% of total sales):** growth of 1.4%, mainly linked to the more positive economic scenario compared to the same period in 2022, in addition to re-registrations resulting from REN ANEEL no. 1,000/2021, but still pressured by the increase in DG;
- **Others Segment (15.1% of total sales):** reduction of 5.8%, strongly linked to the accentuated increase in DG, concentrated mainly in the rural segment and permissionaires, throughout the concession area, and on a larger scale in the state of Rio Grande do Sul. Other impacts such as the effect of migration of permissionaires to the National Grid and REN ANEEL no. 1,000/2021, in addition to the increase in rainfall, also contributed to the drop in this segment.

Sales to the Captive Market - GWh						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Residential	5,154	4,905	5.1%	15,955	15,551	2.6%
Industrial	906	1,038	-12.7%	2,702	3,035	-11.0%
Commercial	1,603	1,671	-4.1%	5,221	5,509	-5.2%
Others	1,870	1,977	-5.4%	6,013	6,421	-6.4%
<b>Total</b>	<b>9,532</b>	<b>9,590</b>	<b>-0.6%</b>	<b>29,891</b>	<b>30,515</b>	<b>-2.0%</b>

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					
	3Q23	3Q22	Var.	9M23	9M22	Var.
Industrial	5,602	5,648	-0.8%	16,536	16,522	0.1%
Commercial	1,092	947	15.3%	3,441	3,033	13.4%
Others	528	604	-12.7%	1,792	1,861	-3.7%
<b>Total</b>	<b>7,221</b>	<b>7,199</b>	<b>0.3%</b>	<b>21,768</b>	<b>21,416</b>	<b>1.6%</b>

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 8.64% in the 12 months ended in Sep-23, compared to 8.55% in Sep-22, presenting an increase of 0.09 p.p. The drop trajectory shown in previous quarters was interrupted by the high temperatures observed at the end of September, which increased the load, without there being yet a counterpart in the billed market. This effect, however, is temporary and should be normalized in the coming months.

Still, disregarding the effect of the billing calendar in both periods, the decrease would be of 0.14 p.p. (8.35% in Sep-23 vs. 8.49% in Sep-22), indicating the evolution of the indicator, in addition to pointing to an optimist perspective for the year.

12M Accumulated Losses <sup>1</sup>						
	Sep-22	Dez-22	Mar-23	Jun-23	Sep-23	ANEEL <sup>2</sup>
<b>CPFL Energia</b>	8.55%	8.39%	8.44%	8.19%	8.64%	<b>7.96%</b>
CPFL Paulista	8.76%	8.70%	8.49%	8.48%	9.10%	<b>7.90%</b>
CPFL Piratininga	7.47%	7.36%	7.43%	7.39%	7.65%	<b>6.47%</b>
RGE Sul	9.29%	8.86%	9.34%	8.38%	8.73%	<b>9.16%</b>
CPFL Santa Cruz	6.82%	7.08%	7.23%	7.27%	7.62%	<b>8.30%</b>

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 09/30/2023.

The CPFL Energia Group continually seeks to reduce losses, with a high volume of investments in technology in 2023, mainly focused on combating non-technical losses, in a robust measurement and network shielding plan. The main achievements of 3Q23 were:

- (i) Shielding of electrical borders and internal substations;
- (ii) Mapping of energy losses through microbalances;
- (iii) 124.6 thousand fraud inspections performed in consumer units;
- (iv) Replacement of more than 27.5 thousand obsolete/defective meters for new electronic meters;
- (v) Visit in 9.7 thousand consumer units inactivated for cutting in cases of self-reconnection;
- (vi) Regularization of 5.2 thousand consumer units, with increase of consumption and without contract;
- (vii) Regularization of 1.3 thousand clandestine consumer units, most of which having the

need of CPFL Energia's grid construction;

- (viii) Market discipline through 36 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.

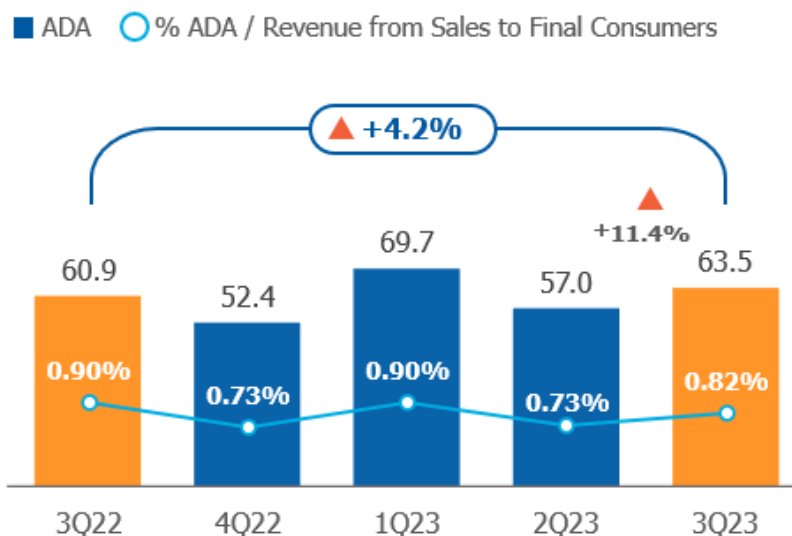
SAIDI Indicators								
Distributor	SAIDI (hours)							
	2019	2020	2021	2022	3Q22	3Q23	Var. %	ANEEL <sup>1</sup>
CPFL Energia	8.83	7.66	7.52	6.76	7.11	5.86	-17.6%	<b>n.d</b>
CPFL Paulista	6.72	6.81	6.21	5.25	5.56	4.87	-12.4%	<b>6.41</b>
CPFL Piratininga	6.49	5.83	5.95	4.95	5.04	4.48	-11.1%	<b>6.02</b>
RGE	14.01	10.83	10.84	10.55	11.07	8.51	-23.1%	<b>10.56</b>
CPFL Santa Cruz	5.56	4.89	5.66	4.74	5.39	4.38	-18.7%	<b>7.98</b>

SAIFI Indicators								
Distributor	SAIFI (interruptions)							
	2019	2020	2021	2022	3Q22	3Q23	Var. %	ANEEL <sup>1</sup>
CPFL Energia	4.93	4.54	4.40	3.88	4.02	3.45	-14.2%	<b>n.d</b>
CPFL Paulista	4.38	4.27	4.24	3.56	3.74	3.25	-13.1%	<b>5.09</b>
CPFL Piratininga	4.34	4.32	4.13	3.65	3.66	3.15	-13.9%	<b>4.97</b>
RGE	6.25	5.27	4.83	4.63	4.76	4.05	-14.9%	<b>7.22</b>
CPFL Santa Cruz	4.25	3.68	4.21	3.22	3.54	2.89	-18.4%	<b>6.55</b>

Note: (1) Aneel limit referring to 2023.

In the consolidated of the distributors, the annualized values of SAIDI and SAIFI in 3Q23 showed a reduction compared to 3Q22 (-17.6% and -14.2%, respectively), results that can be attributed to CPFL's continuous search for improvement in its operation, maturation of ADMS operating system, logistical increment and intensification, both through new investments as in the grid operation and maintenance.

### 2.1.5) Delinquency



In the 3Q23, the ADA showed an increase of 4.2% (R\$ 3 million) compared to the same period in 2022, a result associated with the growth in supply revenue in this quarter. In relation to 2Q23, there was an increase of 11.4% (R\$ 7 million).

Despite this, the ADA/ Revenue from Sales to Final Consumers index registered 0.82% in 3Q23, an improvement compared to 0.90% in 3Q22, mainly attributed to the increase in payroll and the improvement in macroeconomic indicators.

In 9M23, we had a reduction in ADA of 20.5% (R\$ 49 million) in relation to 9M22, mainly linked to the following effects: (i) increase in payroll; (ii) better hydrological scenario, favoring the energy tariff with the maintenance of the green flag throughout 2023; and (iii) reduction in the ICMS rate. In the ADA/Gross Supply Revenue ratio, the index reached 0.82%, evolving in relation to the 0.97% recorded in 9M22.

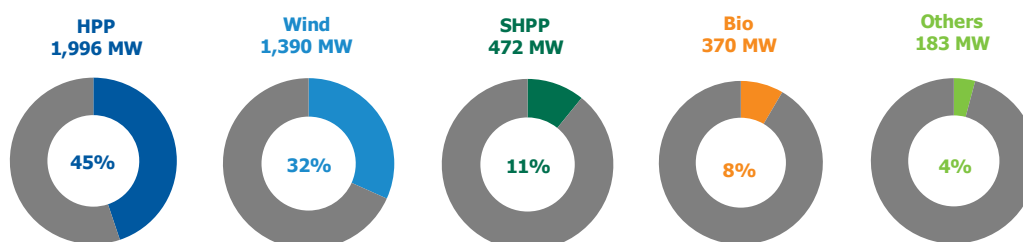
CPFL has been carrying out its collection actions in accordance with planned, as a way of ensuring control of delinquency indicators, with a focus on maintaining volume. We ended the quarter with 632 thousand cuts, totaling 1,908 thousand cuts carried out in 2023. In addition, we recorded strategic negotiations from CPFL group clients, mainly at CPFL Paulista, resulting in the reversal of delinquency.

## 2.2) Generation

### 2.2.1) Operating Installed Capacity

On September 30<sup>th</sup>, 2023, the Generation operating installed capacity of CPFL Energia, considering the proportional stake in each project, is of 4,411 MW.

## Operating Installed Capacity (MW)



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

The plants in operation 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).

### 2.2.2) Portfolio (adding projects under construction and under development)

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
<b>Total</b>	<b>182</b>	<b>1,996</b>	<b>596</b>	<b>370</b>	<b>3,154</b>	<b>2,540</b>	<b>8,838</b>

On September 30<sup>th</sup>, 2023, the project portfolio of Generation segment (considering CPFL Energia's participation in each project) totaled 8,838 MW of installed capacity.

In addition to the projects in operation, we have PCH Lucia Cherobim (28 MW), which is still under construction, and we have wind (1,764 MW), solar (2,539 MW) and SHPP (96 MW) projects under development, totaling a pipeline of 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 September 2023, the physical progress of the project was 41.13%. 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\$ 251.48/MWh – Sep-23).

## 2.3) Transmission

### 2.3.1) Portfolio Transmission Segment

Portfolio - Transmission Segment										
Concession Contracts	Contract Start Date	Contract End Date	CPFL - T Share	Operation Status	Estimated Delivery	Index	RAP 2022-2023 <sup>1</sup> (R\$ million)	RAP Expected 2022-2023 (R\$ million)	RAP 2023-2024 <sup>1</sup> (R\$ million)	RAP Expected 2023-2024 (R\$ million)
CEEE-T 055/01	12/31/2002	12/31/2042	100%	Operational	-	IPCA	917	-	1,069	182
CEEE-T 080/02	12/18/2002	12/18/2032	100%	Operational	-	IGP-M	22	-	21	-
CEEE-T 004/21	03/31/2021	03/31/2051	100%	Construction	2024	IPCA	-	11	-	12
TESB	07/27/2011	07/27/2041	94%	Operational	-	IPCA	24	14	31	6
SUL I	03/22/2019	03/22/2049	100%	Operational	-	IPCA	-	34	34	-
SUL II	03/22/2019	03/22/2049	100%	Operational	-	IPCA	-	43	41	2
MORRO AGUDO	03/24/2015	03/24/2045	100%	Operational	-	IPCA	18	-	19	-
PIRACICABA	02/24/2013	02/24/2043	100%	Operational	-	IPCA	14	-	15	-
MARACANAÚ	09/21/2018	09/21/2048	100%	Operational	-	IPCA	10	-	10	-
ETAU	12/18/2002	12/18/2032	10%	Operational	-	IGP-M	57	-	55	-
TPAE	11/19/2009	11/19/2039	10%	Operational	-	IPCA	11	-	11	-

Note: (1) Net RAP discounting the Adjustment Portion (PA).

### 2.3.2) CPFL Transmissão Indicators

#### 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. The ENS value totaled in 3Q23 was 197.65 MWh, remaining stable in relation to the value recorded in 3Q22, which was 193.74 MWh.

In 2023 there was a recurrence of events responsible for a relevant amount of not supplied energy, but which represented smaller impacts in ENS. In 2022, however, there were few events, but with ENS value greater than 20 MWh.

#### PVd – Discounted Variable Parcel

The Discounted Variable Portion (PVd) consists of the percentage ratio of the Variable Portion discounts effected on the basis of the Transmitter's Monthly Billing. Such data are made available monthly by the National Electric System Operator (ONS). In 3Q23, PVd totaled 0.418% vs. 1.150% in 3Q22, a decrease of 64%.

The unavailability events that marked the month of September will only have an impact on the next quarter, since the deduction is made about 2 months after the event. As there were no events of unavailability of assets with large proportions previously, there was a significant reduction in the indicator compared to the previous year, since in 2022 there were 2 events with PVd above R\$ 400 thousand.



### 3) CPFL ENERGIA ECONOMIC-FINANCIAL PERFORMANCE

#### 3.1) Economic-Financial Performance

Consolidated Income Statement - CPFL ENERGIA (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Gross Operating Revenue	14,372	13,245	8.5%	41,428	40,622	2.0%
Net Operating Revenue	9,975	10,006	-0.3%	29,203	28,618	2.0%
Revenue from building the infrastructure	1,244	1,559	-20.2%	3,316	3,868	-14.3%
<b>Net Operating Revenue (ex-rev. from infrastructure)</b>	<b>8,731</b>	<b>8,447</b>	<b>3.4%</b>	<b>25,888</b>	<b>24,750</b>	<b>4.6%</b>
Cost of Electric Power	(4,604)	(4,613)	-0.2%	(13,157)	(13,467)	-2.3%
<b>Contribution Margin</b>	<b>4,128</b>	<b>3,833</b>	<b>7.7%</b>	<b>12,731</b>	<b>11,283</b>	<b>12.8%</b>
PMSO	(1,183)	(1,012)	16.9%	(3,340)	(3,070)	8.8%
Other Operating Costs & Expenses	(1,700)	(2,074)	-18.0%	(4,893)	(5,470)	-10.5%
Equity Income	89	143	-37.5%	253	385	-34.4%
<b>EBITDA<sup>1</sup></b>	<b>3,134</b>	<b>2,967</b>	<b>5.6%</b>	<b>9,719</b>	<b>8,458</b>	<b>14.9%</b>
Financial Income (Expense)	(683)	(480)	42.4%	(1,920)	(1,560)	23.0%
Income Before Taxes	1,894	1,970	-3.8%	6,146	5,435	13.1%
<b>Net Income</b>	<b>1,313</b>	<b>1,419</b>	<b>-7.5%</b>	<b>4,210</b>	<b>3,844</b>	<b>9.5%</b>

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
<b>3Q23</b>					
EBITDA <sup>1</sup>	1,712	1,100	262	60	<b>3,134</b>
Financial results	(508)	(103)	(60)	(12)	<b>(683)</b>
Net Income	603	600	120	(10)	<b>1,313</b>
<b>3Q22</b>					
EBITDA <sup>1</sup>	1,499	1,080	374	14	<b>2,967</b>
Financial results	(258)	(169)	(25)	(28)	<b>(480)</b>
Net Income	621	618	231	(51)	<b>1,419</b>
<b>Variation (%)</b>					
EBITDA <sup>1</sup>	14.2%	1.9%	-30.0%	339.8%	<b>5.6%</b>
Financial results	97.2%	-38.8%	138.5%	-57.9%	<b>42.4%</b>
Net Income	-2.9%	-2.9%	-48.2%	-80.0%	<b>-7.5%</b>

CPFL Energia - Key financial indicators by business segment (R\$ million)					
	Distribution	Generation	Transmission	Others	Consolidated
<b>9M23</b>					
EBITDA <sup>1</sup>	5,843	2,965	751	160	<b>9,719</b>
Financial results	(1,315)	(404)	(147)	(54)	<b>(1,920)</b>
Net Income	2,424	1,472	392	(77)	<b>4,210</b>
<b>9M22</b>					
EBITDA <sup>1</sup>	5,185	2,509	714	49	<b>8,458</b>
Financial results	(913)	(454)	(19)	(175)	<b>(1,560)</b>
Net Income	2,256	1,277	515	(204)	<b>3,844</b>
<b>Variation (%)</b>					
EBITDA <sup>1</sup>	12.7%	18.2%	5.1%	224.3%	<b>14.9%</b>
Financial results	44.1%	-11.0%	674.4%	-69.4%	<b>23.0%</b>
Net Income	7.4%	15.3%	-23.9%	-62.1%	<b>9.5%</b>

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	3Q23	3Q22	Var.	9M23	9M22	Var.
Adjustments to the concession financial assets (VNR)	38	(67)	-	672	676	-0.7%
Legal and judicial expenses	(115)	(60)	92.1%	(224)	(186)	20.7%
Assets write-off	(44)	(47)	-6.4%	(112)	(103)	8.3%
Other extraordinary items:						
CPFL Piratininga- payment of the balance of pension fund		75			75	
Tariff review effects (RAB reports)				196		
EBITDA effects (Transmission Segment) - R\$ million	3Q23	3Q22	Var.	9M23	9M22	Var.
EBITDA IFRS (-) Regulatory EBITDA	(0)	199	-	129	305	-57.7%
EBITDA effects (Enercan Consolidation) - R\$ million	2Q23	2Q22	Var.	1H23	1H22	Var.
Enercan - equity and consolidation	215	62	246.2%	619	170	263.6%
Financial results effects - R\$ million	3Q23	3Q22	Var.	9M23	9M22	Var.
Late payment interest and fines	95	108	-11.9%	279	370	-24.7%
Mark-to-market (MTM)	(60)	(1)	9218.2%	15	31	-52.4%

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](#).



**In the explanations below, as of November 2022, SPE Enercan (HPP Campos Novos) became 100% consolidated, line by line. Until October 2022, it was accounted for through equity income method. 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 3Q23, gross operating revenue reached R\$ 14,372 million, representing an increase of 8.5% (R\$ 1,127 million). Net operating revenue reached R\$ 9,975 million in 3Q23, registering a decrease of 0.3% (R\$ 31 million).

In 9M23, gross operating revenue reached R\$ 41,428 million, representing an increase of 2.0% (R\$ 807 million). Net operating revenue reached R\$ 29,203 million in 9M23, registering an increase of 2.0% (R\$ 585 million).

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

Net Operating Revenue (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Distribution	7,978	8,008	-0.4%	23,967	23,606	1.5%
Generation	1,387	1,221	13.6%	3,606	2,921	23.4%
Transmission	539	582	-7.4%	1,412	1,473	-4.1%
Commercialization	629	637	-1.3%	1,659	1,720	-3.6%
Services	261	285	-8.5%	734	783	-6.3%
Elimination and Others	(818)	(728)	12.4%	(2,174)	(1,886)	15.3%
<b>Total</b>	<b>9,975</b>	<b>10,006</b>	<b>-0.3%</b>	<b>29,203</b>	<b>28,618</b>	<b>2.0%</b>

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)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Cost of Electric Power Purchased for Resale</b>						
Itaipu	595	792	-24.9%	1,588	2,230	-28.8%
PROINFA	108	142	-23.9%	313	459	-31.8%
Auction, Bilateral Contracts and Spot Market	2,952	2,973	-0.7%	8,498	8,571	-0.8%
PIS and COFINS Tax Credit	(327)	(350)	-6.5%	(927)	(998)	-7.1%
Ressarcimento geradoras	(4)	(2)	69.6%	(21)	(63)	-66.8%
<b>Total</b>	<b>3,328</b>	<b>3,558</b>	<b>-6.4%</b>	<b>9,473</b>	<b>10,263</b>	<b>-7.7%</b>
<b>Charges for the Use of the Transmission and Distribution System</b>						
Basic Network Charges	1,025	868	18.1%	2,859	2,222	28.7%
Itaipu Transmission Charges	109	79	38.1%	260	208	25.0%
Connection Charges	26	27	-2.0%	81	76	6.8%
Charges for the Use of the Distribution System	21	20	7.9%	63	56	11.4%
ESS / EER	232	178	30.4%	822	993	-17.2%
PIS and COFINS Tax Credit	(138)	(115)	19.8%	(400)	(350)	14.2%
<b>Total</b>	<b>1,275</b>	<b>1,056</b>	<b>20.8%</b>	<b>3,684</b>	<b>3,204</b>	<b>15.0%</b>
<b>Cost of Electric Energy</b>	<b>4,604</b>	<b>4,613</b>	<b>-0.2%</b>	<b>13,157</b>	<b>13,467</b>	<b>-2.3%</b>

### Cost of Electric Power Purchased for Resale

In 3Q23, the cost of electric power purchased for resale reached R\$ 3,328 million, a reduction of 6.4% (R\$ 229 million), mainly due to:

- Decrease of 24.9% in energy from **Itaipu** (R\$ 197 million), mainly as a result of the exchange variation (-22.1%);
- Decrease of 23.9% in **PROINFA** (R\$ 34 million), due to the reduction in the amount of approved funding quotas for 2023 and the increase in the level of migration of captive customers to the free market;
- Reduction of 0.7% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 21 million), since the lower volume of purchased energy (-9.1%) was

offset by the higher average price (9.2%);

Partially offset by the:

- (iv) Reduction of 6.5% in **PIS and COFINS tax credit** (R\$ 23 million).

In 9M23, the cost of electric power purchased for resale reached R\$ 9,473 million, a reduction of 7.7% (R\$ 790 million), mainly due to:

- (i) Decrease of 28.8% in energy from **Itaipu** (R\$ 642 million), mainly as a result of the exchange variation (-26.7%);
- (ii) Decrease of 31.8% in **PROINFA** (R\$ 146 million), due to the reduction in the amount of approved funding quotas for the year 2023 and the increase in the level of migration of captive customers to the free market;
- (iii) Reduction of 0.8% in energy purchased in **auctions, bilateral contracts and spot market** (R\$ 72 million);

Partially offset by the:

- (iv) Reduction of 7.1% in **PIS and COFINS tax credit** (R\$ 71 million).

Volume of purchased energy (GWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Itaipu	2,493	2,585	-3.6%	7,386	7,607	-2.9%
PROINFA	240	259	-7.1%	689	706	-2.5%
Auction, Bilateral Contracts and Spot Market	13,240	14,559	-9.1%	41,936	43,954	-4.6%
<b>Total</b>	<b>15,973</b>	<b>17,402</b>	<b>-8.2%</b>	<b>50,011</b>	<b>52,267</b>	<b>-4.3%</b>

Average price (R\$/MWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Itaipu	238.66	306.46	-22.1%	215.06	293.21	-26.7%
PROINFA	451.03	550.55	-18.1%	454.20	649.71	-30.1%
Auction, Bilateral Contracts and Spot Market	222.95	204.18	9.2%	202.65	195.00	3.9%
<b>Total</b>	<b>229</b>	<b>225</b>	<b>1.9%</b>	<b>208</b>	<b>215</b>	<b>-3.5%</b>

### **Charges for the Use of the Transmission and Distribution System**

In 3Q23, charges for the use of the transmission and distribution system reached R\$ 1,275 million, an increase of 20.8% (R\$ 220 million), due to:

- (i) Increase of 19.0% in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) (R\$ 188 million), mainly due to the adjustments in the Tariff for the Use of the Transmission System (TUST), as from July 2023, in accordance with ANEEL Resolution no. 3,217/23;
- (ii) Increase of 30.4% in **sectoral charges (ESS/EER)** (R\$ 54 million), mainly due to the EER – Reserve Energy Charge, associated with the 1<sup>st</sup> Simplified Competitive Procedure - PCS/MME/ANEEL, in which there was an increase in the number of plants with Reserve Energy Contracts (RECs). In this contract model, the maintenance costs of these plants are apportioned among the distributors, regardless of their activation.

Partially offset by:

- (iii) Increase of 19.8% in **PIS and COFINS tax credit** (R\$ 23 million).

In 9M23, charges for the use of the transmission and distribution system reached R\$ 3,684 million, an increase of 15.0% (R\$ 480 million), due to:

- (i) Increase of 27.3% in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system) (R\$ 701 million), mainly due to the adjustment in the TUST, as from July 2022, in accordance with ANEEL Resolution no. 3,066/22 and the adjustment in the TUST, as from July 2023, in accordance with ANEEL Resolution no. 3,217/23;

Partially offset by:

- (ii) Reduction of 17.2% in **sector charges (ESS/EER)** (R\$ 171 million), mainly due to ESS – System Service Usage Charges, due to the lower need to activate thermal power plants, partially offset by the increase of EER, associated with the 1st Simplified Competitive Procedure - PCS/MME/ANEEL, as explained above;
- (iii) Increase of 14.2% in **PIS and COFINS tax credit** (R\$ 50 million).

## PMSO

PMSO (R\$ million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Personnel	532	486	9.5%	1,555	1,488	4.5%
Material	138	135	2.5%	376	366	2.7%
Outsourced Services	236	177	32.9%	699	484	1.5%
Other Operating Costs/Expenses	278	214	29.6%	709	731	-3.0%
<i>Allowance for doubtful accounts</i>	<i>63</i>	<i>63</i>	<i>-0.6%</i>	<i>191</i>	<i>245</i>	<i>-22.2%</i>
<i>Legal and judicial expenses</i>	<i>115</i>	<i>60</i>	<i>92.1%</i>	<i>224</i>	<i>186</i>	<i>20.7%</i>
<i>Assets Write-Off</i>	<i>44</i>	<i>47</i>	<i>-6.4%</i>	<i>112</i>	<i>103</i>	<i>8.3%</i>
<i>Others</i>	<i>56</i>	<i>44</i>	<i>26.5%</i>	<i>(182)</i>	<i>(196)</i>	<i>-7.4%</i>
<b>Total PMSO</b>	<b>1,183</b>	<b>1,012</b>	<b>16.9%</b>	<b>3,340</b>	<b>3,070</b>	<b>8.8%</b>

PMSO in 3Q23 reached R\$ 1,183 million, an increase of 16.9% (R\$ 171 million), due to the following factors:

- (i) Increase of 15.9% (R\$ 115 million) in PMSO expenses linked to inflation, due to:
- Increase of 9.5% (R\$ 46 million) in Personnel expenses for the CPFL group. This increase reflects the salary adjustments resulting from the collective agreements applied in 2022 and 2023 and the 3.6% increase in the headcount in the Distribution segment, a segment that represents around 62% of the company's workforce;
  - Increase of 29.2% (R\$ 69 million) in MSO expenses, such as auditing and consultancy (R\$ 13 million), transport (R\$ 4 million), travel (R\$ 2 million), and insurance (R\$ 1 million), among others;
- (ii) Increase of 92.1% (R\$ 55 million) in legal and judicial expenses, mainly in the Generation segment;
- (iii) Increase of 26.2% (R\$ 13 million) in expenses with hardware and software;

Partially offset by:

- (iv) Decrease of 17.5% (R\$ 9 million) in expenses related to Capex efforts;
- (v) Decrease of 6.4% (R\$ 3 million) in assets write-off.

PMSO in 9M23 reached R\$ 3,340 million, an increase of 8.8% (R\$ 270 million), due to the following factors:

- (i) Increase of 10.6% (R\$ 234 million) in PMSO expenses linked to inflation, due to the following variations, which occurred due to the reasons already explained above:
  - a. Increase of 23.2% (R\$ 168 million) in MSO expenses, such as technology (R\$ 15 million), transport (R\$ 14 million), auditing and consultancy (R\$ 10 million), tree pruning (R\$ 4 million), insurance (R\$ 3 million), travel (R\$ 3 million), telecommunications (R\$ 2 million), and call center (R\$ 1 million), among others;
  - b. Increase of 10.2% (R\$ 135 million) in Personnel expenses for the CPFL group (except CPFL Transmissão);

Partially offset by:

- c. Reduction of 40.0% (R\$ 68 million) in personnel expenses of CPFL Transmissão;
- (ii) Increase of 34.0% (R\$ 44 million) in expenses with hardware and software;
- (iii) Increase of 20.7% (R\$ 39 million) in legal and judicial expenses;
- (iv) Increase of 8.3% (R\$ 9 million) in assets write-off;
- (v) Increase of 3.0% (R\$ 2 million) in collection actions;

Partially offset by:

- (vi) Reduction of 22.2% (R\$ 55 million) in the allowance for doubtful accounts (ADA);
- (vii) Reduction of 2.7% (R\$ 4 million) in expenses related to Capex efforts.

## Other operating costs and expenses

Other operating costs and expenses						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Costs of Building the Infrastructure	1,097	1,559	-29.6%	3,102	3,863	-19.7%
Private Pension Fund	46	(2)	-	139	145	-4.3%
Depreciation and Amortization	557	517	7.7%	1,653	1,462	13.1%
<b>Total</b>	<b>1,700</b>	<b>2,074</b>	<b>-18.0%</b>	<b>4,894</b>	<b>5,470</b>	<b>-10.5%</b>

## EBITDA

In 3Q23, **EBITDA** reached R\$ 3,134 million, registering an increase of 5.6% (R\$ 168 million), with Distribution segment presenting superior results to those verified in 3Q22.

In 9M23, **EBITDA** reached R\$ 9,719 million, registering an increase of 14.9% (R\$ 1,261 million), with all segments presenting superior results to those verified in 9M22, mainly 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)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Net Income</b>	<b>1,313</b>	<b>1,419</b>	<b>-7.5%</b>	<b>4,210</b>	<b>3,844</b>	<b>9.5%</b>
Depreciation and Amortization	557	517	7.7%	1,653	1,462	13.1%
Financial Result	683	480	42.4%	1,920	1,560	23.0%
Income Tax / Social Contribution	581	550	5.6%	1,936	1,592	21.6%
<b>EBITDA</b>	<b>3,134</b>	<b>2,967</b>	<b>5.6%</b>	<b>9,719</b>	<b>8,458</b>	<b>14.9%</b>



## Financial Result

Financial Result (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Revenues	476	567	-16.0%	1,496	1,703	-12.2%
Expenses	(1,159)	(1,047)	10.8%	(3,415)	(3,264)	4.6%
<b>Financial Result</b>	<b>(683)</b>	<b>(480)</b>	<b>42.4%</b>	<b>(1,920)</b>	<b>(1,560)</b>	<b>23.0%</b>

## Managerial Analysis

Financial Result (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Expenses with the net debt	(704)	(633)	11.1%	(2,249)	(2,129)	5.6%
Late payment interest and fines	95	108	-11.9%	279	370	-24.7%
Mark-to-market	(60)	(1)	9218.2%	15	31	-52.4%
Adjustment to the sectorial financial asset/liability	(4)	74	-	63	298	-78.8%
Others financial revenues/expenses	(10)	(28)	-63.5%	(27)	(130)	-78.9%
<b>Financial Result</b>	<b>(683)</b>	<b>(480)</b>	<b>42.4%</b>	<b>(1,920)</b>	<b>(1,560)</b>	<b>23.0%</b>

In 3Q23, the **net financial expense** was of R\$ 683 million, an increase of 42.4% (R\$ 203 million), if compared to 3Q22. The items that explain this variation are:

- (i) Variation of R\$ 78 million in **adjustments to the sectorial financial asset/liability**, from an income of R\$ 74 million in 3Q22 to an expense of R\$ 4 million in 3Q23, due to the reduction in asset balance subject to update existing in 3Q22;
- (ii) Increase of 11.1% (R\$ 70 million) in the **expenses with the net debt** (debt charges net of income from financial investments), reflecting the increase of the IPCA in the period (from -0.37% in 3Q22 to +0.27% in 3Q23), and the higher debt balance indexed to CDI;
- (iii) Negative variation of R\$ 60 million in **mark-to-market** (non-cash effect), mainly due to the reduction in the risk spread practiced by the market in 3Q23;
- (iv) Reduction of 11.9% (R\$ 13 million) in **late payment interests and fines**, reflecting the reduction in installments made at distributors, due to the offer of new modalities, such as Alesta (CPFL's fintech) and credit card;

Partially offset by:

- (v) Positive variation of R\$ 17 million in **other financial revenues/expenses**;
  - a. Gain of R\$ 6 million in CCEE financial settlement;
  - b. Reduction of R\$ 5 million in Pis/Cofins over financial income;
  - c. Increase of R\$ 3 million in discount on the acquisition of ICMS credits.
  - d. Positive variation of R\$ 2 million in other items.

In 9M23, the **net financial expense** was of R\$ 1,920 million, an increase of 23.0% (R\$ 359 million), if compared to 9M22. The items that explain this variation are:

- (i) Reduction of 78.8% (R\$ 235 million) in **adjustments to the sectorial financial asset/liability**, due to the reduction in asset balance subject to update;
- (ii) Increase of 5.6% (R\$ 119 million) in the **expenses with the net debt** (debt charges net of income from financial investments), reflection of the higher debt balance and increase in the CDI (from 8.85% in 9M22 to 9.92% in 9M23), partially offset by the

- reduction of the IPCA in the period (from 5.15% in 9M22 to 3.00% in 9M23);
- (iii) Reduction of 24.7% (R\$ 91 million) in **late payment interests and fines**, reflection of the reduction in the IPCA (from 5.15% in 9M22 to 3.00% in 9M23) on outstanding accounts, lower delinquency, in addition to the new payment methods, as explained in 3Q23;
  - (iv) Negative variation of R\$ 16 million in **mark-to-market** (non-cash effect), mainly due to the lower risk spread practiced by the market this year;

Partially offset by:

- (vi) Positive variation of R\$ 103 million in **other financial revenues/expenses**:
  - a. Reduction of R\$ 40 million in Pis/Cofins on financial income;
  - b. Positive variation of R\$ 23 million in contingencies monetary adjustment;
  - c. Increase of R\$ 18 million in discount on the acquisition of ICMS credits;
  - d. Positive variation of R\$ 22 million in other items.

## Income Tax and Social Contribution

In 3Q23, **Income Tax and Social Contribution** recorded an increase of 5.6% (R\$ 31 million), explained mainly by better operational performance, partially offset by lower results in subsidiaries with a presumed profit regime, and lower equity income results, after the consolidation of Enercan in November-22. The effective rate was 30.7% in 3Q23, compared to 27.9% in 3Q22.

In 9M23, **Income Tax and Social Contribution** recorded an increase of 21.6% (R\$ 344 million), mainly explained by the better operational performance. The effective rate, which was 29.3% in 9M22, went to 31.5% in 9M23.

## Net Income

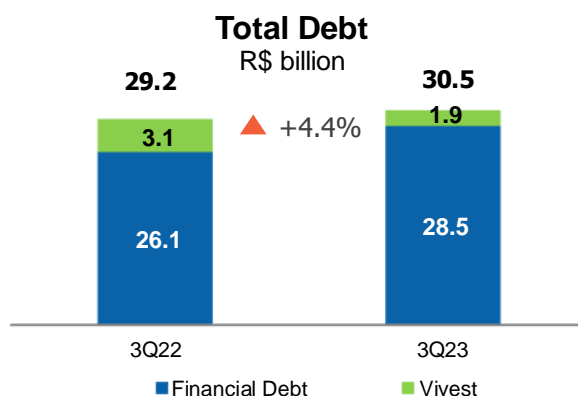
**Net income** was of R\$ 1,313 million in 3Q23, a decrease of 7.5% (R\$ 107 million). This result reflects the higher net financial expenses, partially offset by the good operational performance in the Distribution segment.

In 9M23, **net income** was of R\$ 4,210 million, an increase of 9.5% (R\$ 367 million). This result reflects the increase in EBITDA, mainly due to the performance of the Distribution and Generation segments, partially offset by the net financial expenses that was impacted by the expenses with the net debt and the adjustment to the sectorial financial asset/liability.

## 3.2) Indebtedness

### 3.2.1) Debt (IFRS)

On September 30<sup>th</sup>, 2023, CPFL Energia's total debt was R\$ 30.5 billion, a variation of +4.4% compared to the previous year.

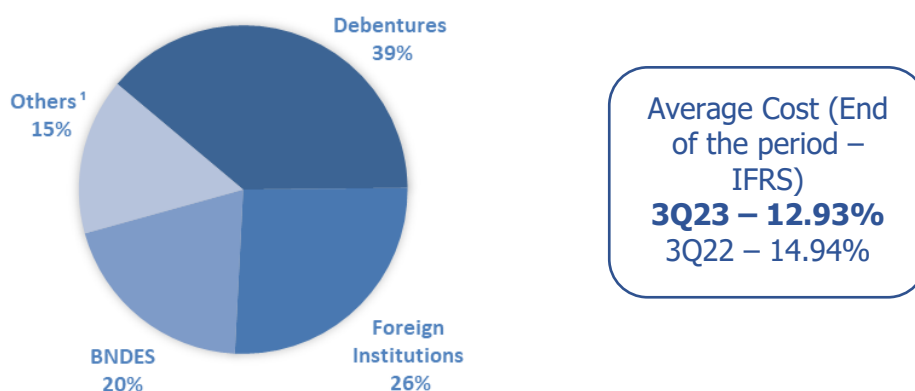


Notes:

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

(2) Including the intercompany loan, in the amount of R\$ 3.1 billion, of CPFL Renováveis and CPFL Brasil with SGBP.

### Debt Profile – IFRS

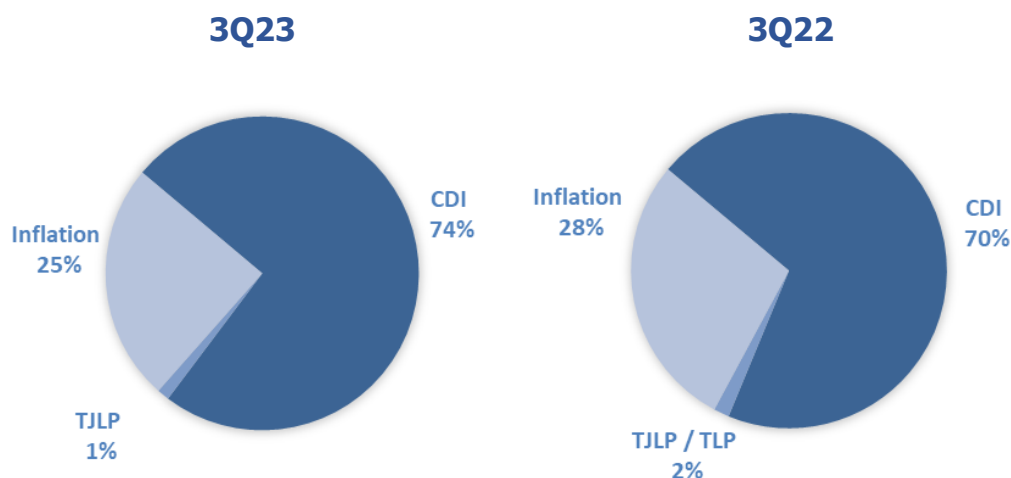


Note: (1) Others: credit lines and intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

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\$ 7.6 billion, is protected by hedge operations. Considering, for instance, foreign loans, which represent almost 26.4% 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

3Q23 vs. 3Q23

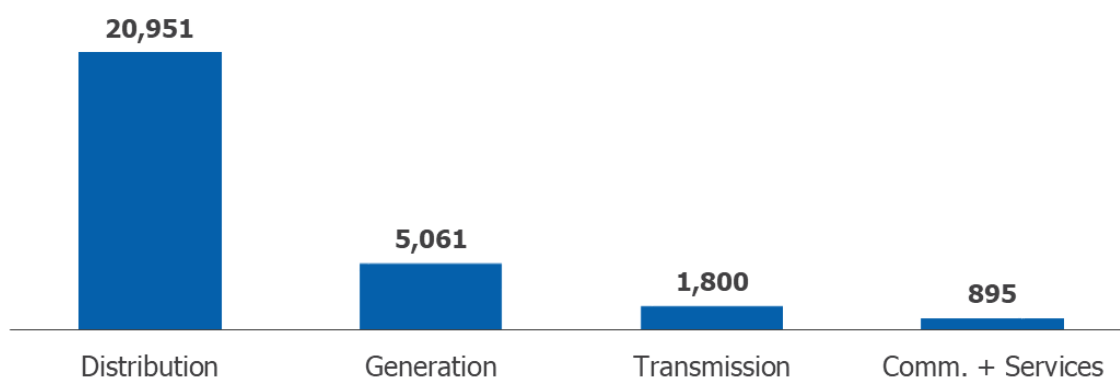


Note: (1) For debts contracted in foreign currency (26.4% of the total in 3Q23), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

### Net Debt in IFRS criteria

IFRS   R\$ Million	3Q23	3Q22	Var. %
Financial Debt (including hedge)	(28,519)	(26,091)	9.3%
(+) Available Funds	5,704	4,312	32.3%
<b>(=) Net Debt</b>	<b>(22,816)</b>	<b>(21,779)</b>	<b>4.8%</b>

### 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.

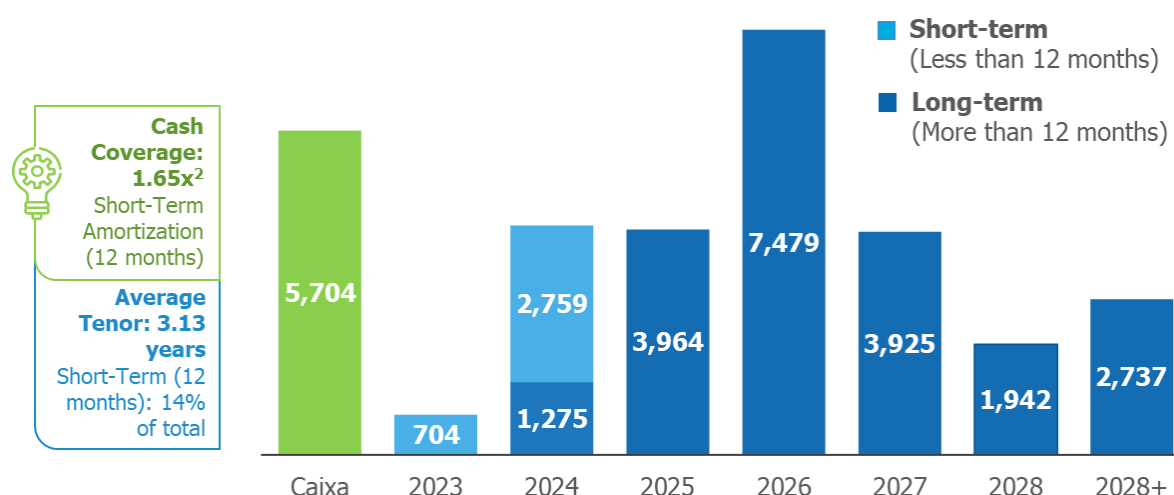
## Debt Amortization Schedule in IFRS (September 2023)

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 3Q23 had a coverage ratio of **1.65x** the amortizations of the next 12 months, which allows the CPFL Group to honor all the amortization commitments until September 2024. The average amortization term based on this schedule is of **3.13 years**.

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

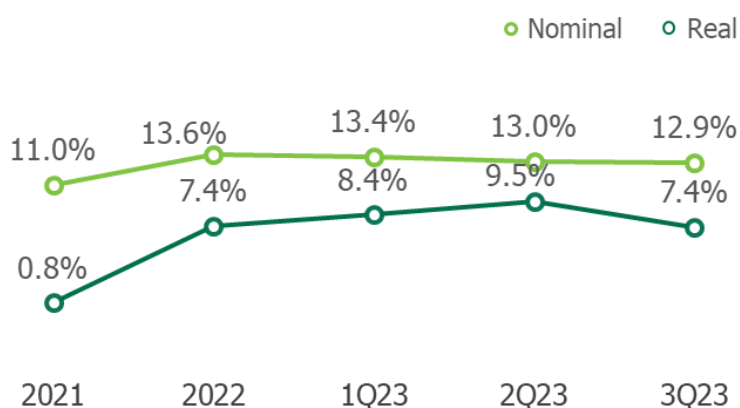
### Debt Amortization Schedule (IFRS)



#### Notes:

- (1) Considering only the notional and hedge of the debt. In order to reach the financial result of R\$ 28,519 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\$ 271 million of Marketable Securities, according to covenants criteria.

### Gross Debt Cost<sup>1</sup> 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

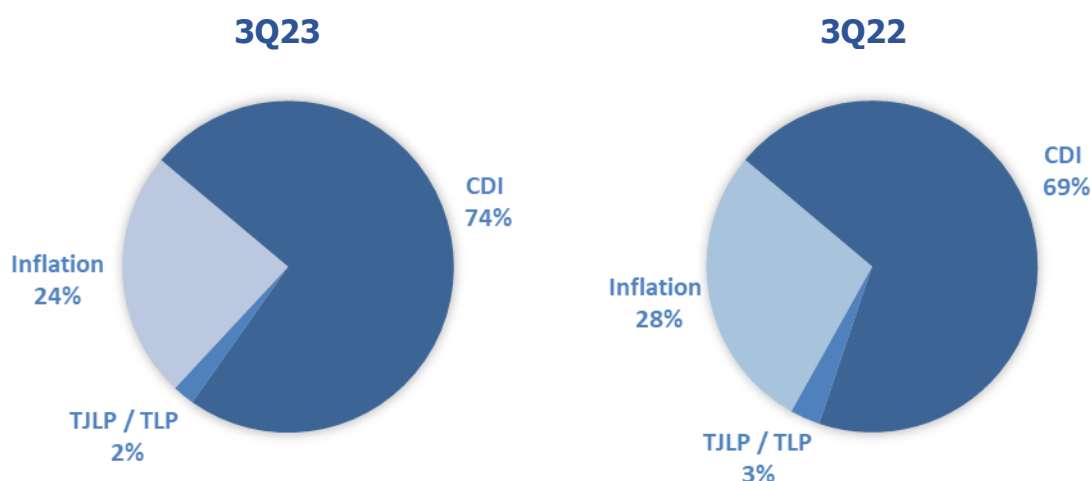
The following table shows the corporate ratings of CPFL Energia.

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

##### Indexation<sup>1</sup> after Hedge<sup>2</sup> - 3Q23 vs. 3Q22



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 (26.4% 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 3Q23, the *Proforma* Net Debt totaled **R\$ 23,120 million**, an increase of **5.3%** compared to net debt position at the end of 3Q22, in the amount of **R\$ 21.957 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	3Q23	3Q22	Var. %
Financial Debt (including hedge) <sup>1</sup>	(28,995)	(26,692)	8.6%
(+) Available Funds <sup>3</sup>	5,875	4,734	24.1%
<b>(=) Net Debt</b>	<b>(23,120)</b>	<b>(21,957)</b>	<b>5.3%</b>
EBITDA Proforma <sup>2</sup>	13,482	11,409	18.2%
<b>Net Debt / EBITDA</b>	<b>1.71</b>	<b>1.92</b>	<b>-10.9%</b>

Notes:

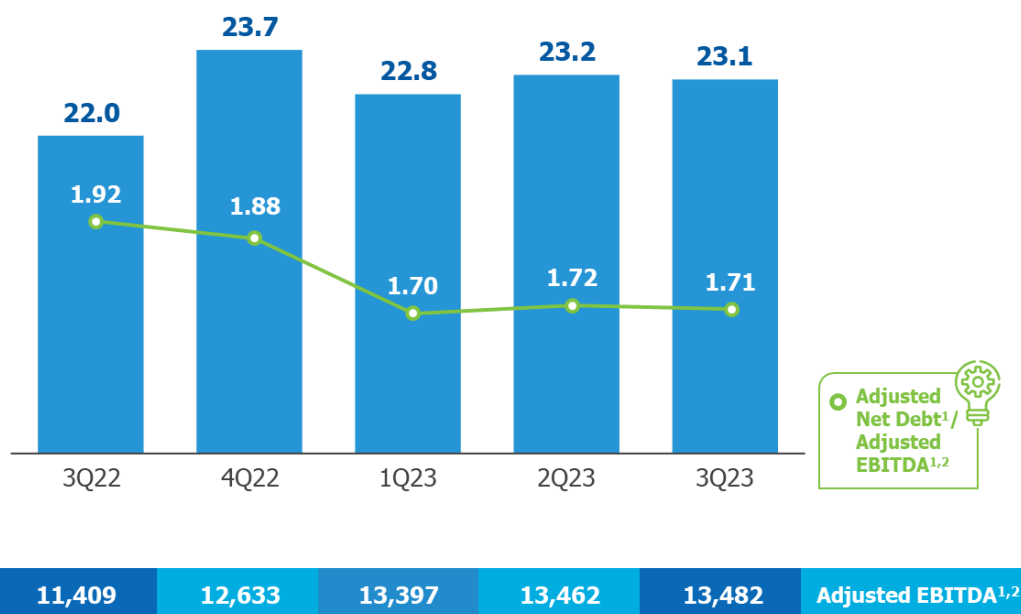
(1) Considers the proportional consolidation of the assets of Generation, in addition to the loan with SGBP.

(2) Proforma EBITDA in the financial covenants criteria, adjusted according to CPFL Energia's stake in each of its subsidiaries;

(3) Available Funds already considering Marketable Securities.

Considering that the *Proforma* Net Debt totaled **R\$ 23,193 million** and *Proforma* EBITDA in the last 12 months reached **R\$ 13,482 million**, the ratio *Proforma* Net Debt/EBITDA at the end of 3Q23 reached **1.71x**.

### 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, according to financial covenants criteria.

### 3.3) Investments

#### 3.3.1) Actual Investments

Investments (R\$ Million)						
Segment	3Q23	3Q22	Var.	9M21	9M22	Var.
Distribution	896	1,375	-34.9%	2,701	3,487	-22.5%
Generation	114	58	97.6%	273	162	68.2%
Commercialization	1	2	-27.3%	3	4	-40.9%
Services and Others <sup>1</sup>	43	16	160.9%	63	31	104.7%
Transmission <sup>2</sup>	181	155	16.5%	477	479	-0.3%
<b>Total</b>	<b>1,234</b>	<b>1,606</b>	<b>-23.1%</b>	<b>3,517</b>	<b>4,163</b>	<b>-15.5%</b>

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.

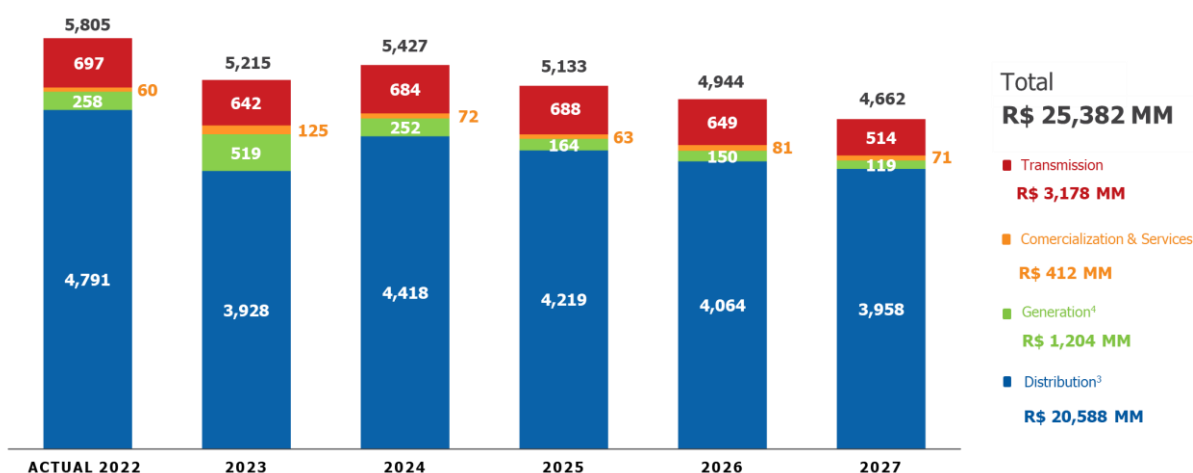
In 3Q23, investments were R\$ 1,234 million, a reduction of 23.1% compared to the R\$ 1,606 million registered in 3Q22. The decrease is mainly due to the Distribution segment, which had high investments in 2022 because of the proximity of the Tariff Review processes. On the other hand, the Transmission segment stands out, where CPFL Energia has been directing more resources to reinforcements and improvements in its subsidiary CPFL Transmissão.

In 9M23, investments totaled R\$ 3,517 million, a reduction of 15.5% compared to 9M22, in which R\$ 4,163 million in investments were reached. The decrease is justified mainly by the slowdown in Distribution segment, as explained above.

#### 3.3.2) Investment Forecast

On December 27<sup>th</sup>, 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)<sup>1</sup>



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.

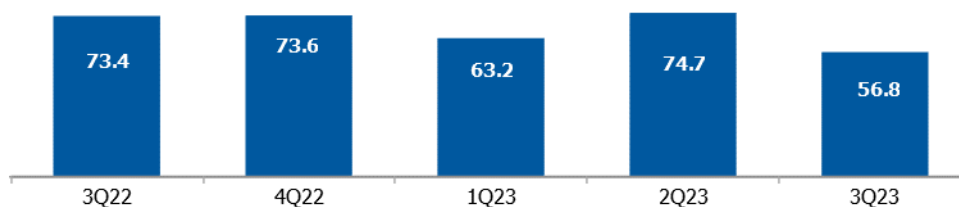
B3			
Date	CPFE3	IEE	IBOV
09/29/2023	R\$ 33.61	85,443	116,565
12/30/2022	R\$ 33.20	78,679	109,735
09/30/2022	R\$ 33.76	78,488	110,037
<b>QoQ</b>	<b>1.2%</b>	<b>8.6%</b>	<b>6.2%</b>
<b>YoY</b>	<b>-0.4%</b>	<b>8.9%</b>	<b>5.9%</b>

### 4.2) Daily Average Volume

The daily average volume trading of CPFL Energia in 3Q23 was R\$ 56.8 million, representing an increase of 23.9% if compared to 2Q23. Compared to the same period in 2022, there was a 22.5% 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.

#### 3Q23

 Renewable & smart solutions					
Theme	Indicator	Unit	3Q23	3Q22	Var.
Renewable energy	Total energy generated by renewable sources	GWh	4,990	4,577	9.0%
	↳ HPPs (hydro)	GWh	2,979	2,578	15.6%
	↳ SHPPs and CGHs	GWh	380	293	30.0%
	↳ Solar	GWh	0.3	0.0	966.7%
	↳ Wind	GWh	1,246	1,383	-9.9%
	↳ Biomass	GWh	384	323	18.9%
Smart Grid	Number of installed automatic reclosers	unit	17,606	15,954	10.4%
	% of telemetered load	%	57%	58%	-1.4%
Innovation	Investment in innovation (Aneel R&D) in the period	R\$ million	12.4	13.2	-5.8%
Decarbonization	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	67	40	67.5%
	Revenue from sales of carbon credits and energy stamps	R\$ million	0.0	13.5	-99.7%

 Sustainable operations					
Theme	Indicator	Unit	3Q23	3Q22	Var.
Circular Economy	Number of refurbished transformers	unit	2,118	3,162	-33.0%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	26,785	2,491	975.3%
Eco-Efficiency	Water consumption (administrative buildings)	1,000 m <sup>3</sup>	19	17	13.0%
	Energy consumption (administrative buildings)	MWh	8,492	9,174	-7.4%



## Society shared value

Theme	Indicator	Unit	3Q23	3Q22	Var.
Digitalization	% de digitalization of customer services	%	89.0%	90.0%	-1.1%
	% of bills paid digitally	%	73%	69%	5.4%
	Number of digital bills	million	4.6	4.3	6.3%
Community	Energy efficiency investments in public hospitals (CPFL and RGE in Hospitals)	R\$ million	12.8	9.3	38.7%
	Investment in socio-environmental projects in communities (Instituto CPFL, Energy Efficiency Program for Low Income and Environment)	R\$ million	13.7	28.4	-52.0%
	Number of people benefiting from CPFL Institute social programs in the period	thousand people	548.3	562.0	-2.4%
	Number of low-income consumer units benefited by the Energy Efficiency Program (PEE Aneel) in the period	thousand consumer units	17.3	10.0	73.0%
People development and inclusion	Number of training hours	1,000 hours	287.1	196.7	46.0%
Diversity	% of PoC in the company	%	30%	28%	7.3%
	% of women in leadership positions	%	22%	22%	-2.2%
Sustainable Purchases	Critical suppliers evaluated in sustainability criteria	%	91%	88%	3.4%

Notes 1) Consider the professional requalification program



## Safe &amp; Reliable business

Theme	Indicator	Unit	3Q23	3Q22	Var.
Health and Safety	Accident frequency rate (own employees)	Number of injured * 1MM / hours worked with risk exposure	0.7	1.2	-41.7%
	Accident frequency rate (outsourced)	Number of injured * 1MM / hours worked with risk exposure	2.8	5.2	-45.5%
	Number of fatal accidents with the population	number of accidents	2.0	2.0	0.0%
Ethics	% of employees trained in Ethics and Integrity	%	97%	90%	7.8%
Transparency	Number of Independent Member in the Board of Directors	number	2	2	-
	Number of women in the Board of Directors	number	1	1	-

## 9M23



## Renewable &amp; smart solutions

Theme	Indicator	Unit	9M23	9M22	Var.
Renewable energy	Total energy generated by renewable sources	GWh	10,134	9,861	2.8%
	↳ HPPs (hydro)	GWh	5,150	5,258	-2.1%
	↳ SHPPs and CGHs	GWh	1,370	1,166	17.5%
	↳ Solar	GWh	0.9	0.2	429.7%
	↳ Wind	GWh	2,843	2,778	2.4%
	↳ Biomass	GWh	769	660	16.6%
Smart Grid	Number of installed automatic reclosers	unit	17,606	15,954	10.4%
	% of telemetered load	%	57%	58%	-1.4%
Innovation	Investment in innovation (Aneel R&D) in the period	R\$ million	34.7	36.5	-5.0%
Decarbonization	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	67	40	67.5%
	Revenue from sales of carbon credits and energy stamps	R\$ million	3.3	24.1	-86.4%



## Sustainable operations

Theme	Indicator	Unit	9M23	9M22	Var.
Circular Economy	Number of refurbished transformers	unit	8,623	8,247	4.6%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	54,929	6,474	748.5%
Eco-Efficiency	Water consumption (administrative buildings)	1,000 m <sup>3</sup>	53	84	-36.5%
	Energy consumption (administrative buildings)	MWh	26,538	27,831	-4.6%



## Society shared value

Theme	Indicator	Unit	9M23	9M22	Var.
Digitalization	% de digitalization of customer services	%	90.3%	90.0%	0.4%
	% of bills paid digitally	%	72%	68%	6.0%
	Number of digital bills	million	4.6	4.3	6.3%
Community	Energy efficiency investments in public hospitals (CPFL and RGE in Hospitals)	R\$ million	49.5	25.6	93.5%
	Investment in socio-environmental projects in communities (Instituto CPFL, Energy Efficiency Program for Low Income and Environment)	R\$ million	56.6	81.5	-30.6%
	Number of people benefiting from CPFL Institute social programs in the period	thousand people	1,739.3	1,070.4	62.5%
	Number of low-income consumer units benefited by the Energy Efficiency Program (PEE Aneel) in the period	thousand consumer units	22	13.8	59.4%
People development and inclusion	Number of training hours	1,000 hours	592.0	552.9	7.1%
Diversity	% of PoC in the company	%	30%	28%	7.3%
	% of women in leadership positions	%	22%	22%	-2.2%
Sustainable Purchases	Critical suppliers evaluated in sustainability criteria	%	91%	88%	3.4%

Notes 1) Consider the professional requalification program



**Safe & Reliable business**

Theme	Indicator	Unit	9M23	9M22	Var.
<b>Health and Safety</b>	Accident frequency rate (own employees)	Number of injured * 1MM / hours worked with risk exposure	0.7	1.2	-41.7%
	Accident frequency rate (outsourced)	Number of injured * 1MM / hours worked with risk exposure	2.8	5.2	-45.5%
	Number of fatal accidents with the population	number of accidents	6.0	12.0	-50.0%
<b>Ethics</b>	% of employees trained in Ethics and Integrity	%	97%	90%	7.8%
<b>Transparency</b>	Number of Independent Member in the Board of Directors	number	2	2	-
	Number of women in the Board of Directors	number	1	1	-

## 6) PERFORMANCE OF BUSINESS SEGMENTS

### 6.1) Distribution Segment

#### 6.1.1) Economic-Financial Performance

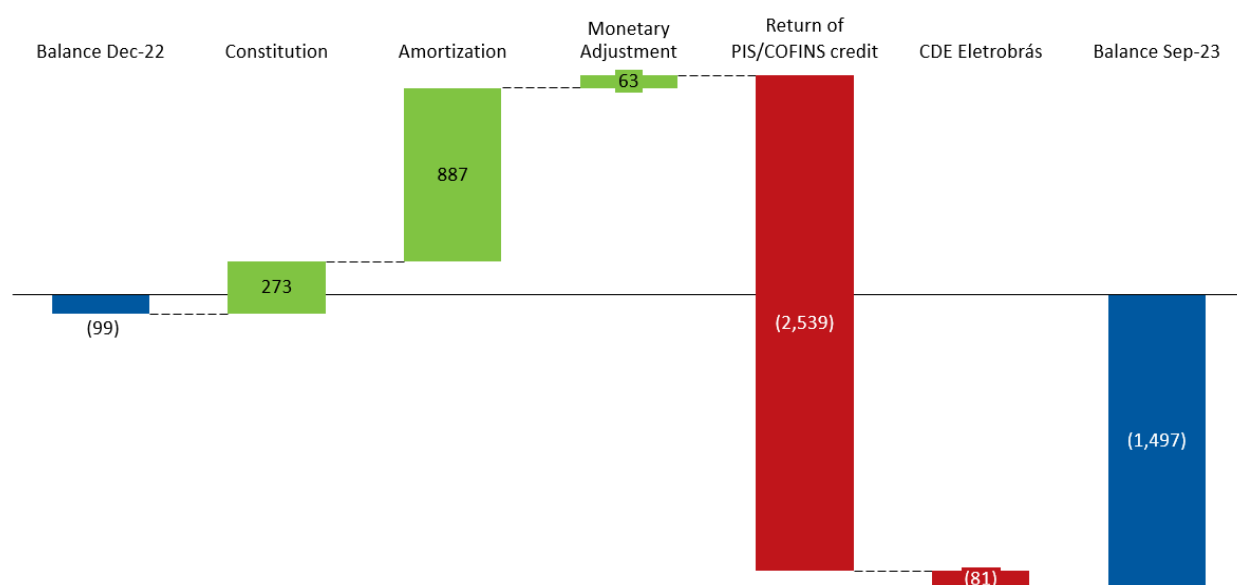
Consolidated Income Statement - Distribution (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Gross Operating Revenue</b>	<b>12,098</b>	<b>10,980</b>	<b>10.2%</b>	<b>35,416</b>	<b>34,906</b>	<b>1.5%</b>
<b>Net Operating Revenue</b>	<b>7,978</b>	<b>8,008</b>	<b>-0.4%</b>	<b>23,967</b>	<b>23,606</b>	<b>1.5%</b>
Cost of Electric Power	(4,418)	(4,306)	2.6%	(12,724)	(12,549)	1.4%
Operating Costs & Expenses	(2,141)	(2,479)	-13.6%	(6,271)	(6,648)	-5.7%
EBIT	1,419	1,223	16.0%	4,972	4,409	12.8%
<b>EBITDA<sup>(1)</sup></b>	<b>1,712</b>	<b>1,499</b>	<b>14.2%</b>	<b>5,843</b>	<b>5,185</b>	<b>12.7%</b>
Financial Income (Expense)	(508)	(258)	97.2%	(1,315)	(913)	44.1%
Income Before Taxes	910	966	-5.7%	3,657	3,496	4.6%
<b>Net Income</b>	<b>603</b>	<b>621</b>	<b>-2.9%</b>	<b>2,424</b>	<b>2,256</b>	<b>7.4%</b>

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 September 30<sup>th</sup>, 2023, the balance of sectoral financial assets and liabilities was negative (liability) in R\$ 1,497 million. If compared to December 31<sup>st</sup>, 2022, there was a variation of R\$ 1,596 million, as demonstrated in the chart below:



The variation in this balance was due to the constitution of an asset of R\$ 273 million, mainly

due to:

- (i) Over contracting (R\$ 798 million);
- (ii) Basic Network (R\$ 524 million);
- (iii) System Service Charge ("ESS") and Reserve Energy Charge ("EER") (R\$ 199 million);

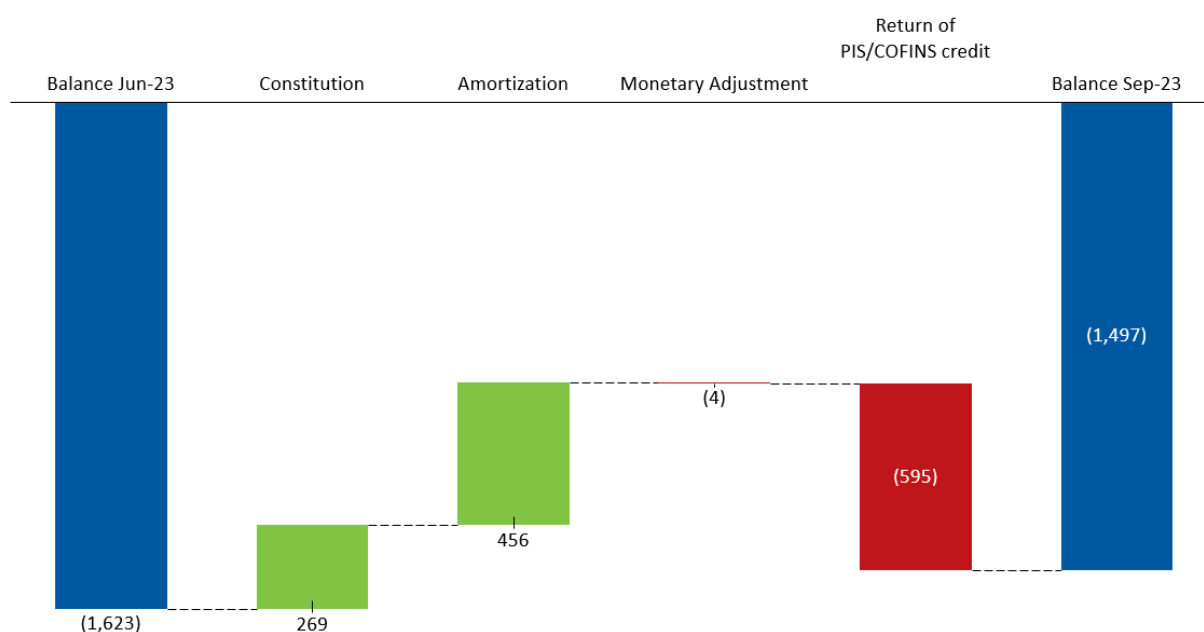
Partially offset by the constitution of liabilities in:

- (iv) Electric energy cost (R\$ 854 million);
- (v) Itaipu costs (R\$ 369 million);
- (vi) Other items (R\$ 25 million).

The amortization was of R\$ 887 million, with highlight for the return of PIS/Cofins credit to the consumer in the total of R\$ 1,662 million and the monetary adjustment of assets and liabilities totaled R\$ 63 million.

Moreover, in this year, there was the approval of the refund to the consumers of a new PIS/COFINS credit, in the amount of R\$ 2,539 million. In addition, there was a transfer of funds related to CDE Eletrobras, in the amount of R\$ 81 million. It should be noted that these items are not monetarily updated and, therefore, do not have an impact on the financial result.

For analysis purposes, below is the graph that demonstrates the movement in the balances of sectoral assets and liabilities, only in 3Q23:



## Operating Revenue

Operating Revenue (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Gross Operating Revenue</b>						
Revenue with Energy Sales (Captive + TUSD)	9,609	7,987	20.3%	28,373	29,000	-2.2%
Short-term Electric Energy	113	182	-37.9%	363	396	-8.2%
Revenue from Building the Infrastructure of the Concession	943	1,409	-33.1%	2,753	3,406	-19.2%
Sectoral Financial Assets and Liabilities	725	832	-12.8%	1,160	(428)	-
CDE Resources - Low-income and Other Tariff Subsidies	500	477	4.8%	1,452	1,472	-1.4%
Adjustments to the Concession's Financial Asset	38	(67)	-	868	676	28.3%
Other Revenues and Income	187	178	4.9%	524	473	10.6%
Compensatory Fines (DIC/FIC)	(17)	(18)	-5.2%	(76)	(89)	-14.8%
<b>Total</b>	<b>12,098</b>	<b>10,980</b>	<b>10.2%</b>	<b>35,416</b>	<b>34,906</b>	<b>1.5%</b>
<b>Deductions from the Gross Operating Revenue</b>						
ICMS Tax	(1,524)	(621)	145.3%	(4,030)	(4,635)	-13.0%
PIS and COFINS Taxes	(874)	(801)	9.1%	(2,519)	(2,319)	8.7%
CDE Sector Charge	(1,471)	(1,390)	5.8%	(4,257)	(4,232)	0.6%
R&D and Energy Efficiency Program	(70)	(67)	4.7%	(204)	(196)	4.0%
PROINFRA	(80)	(80)	-0.2%	(251)	(211)	18.7%
Tariff Flags	(5)	-	-	(5)	328	-
Others	(96)	(12)	709.3%	(183)	(34)	437.5%
<b>Total</b>	<b>(4,120)</b>	<b>(2,972)</b>	<b>38.7%</b>	<b>(11,449)</b>	<b>(11,300)</b>	<b>1.3%</b>
<b>Net Operating Revenue</b>	<b>7,978</b>	<b>8,008</b>	<b>-0.4%</b>	<b>23,967</b>	<b>23,606</b>	<b>1.5%</b>

In 3Q23, gross operating revenue amounted to R\$ 12,098 million, an increase of 10.2% (R\$ 1,118 million), due to the following factors:

- (i) Increase of 20.3% (R\$ 1,622 million) in **Revenue with Energy Sales** (captive + free clients), due to:
  - a. the positive average tariff adjustment in the distribution companies, in consumer's perception, in the period between 3Q22 and 3Q23 (average increases of 14.72% at CPFL Piratininga, in October 2022, of 9.02% at CPFL Santa Cruz, in March 2023, of 4.89% at CPFL Paulista, in April 2023, and of 1.10% at RGE, in June 2023);
  - b. increase of 2.8% in the load in the concession area, mainly due to the increase in temperature recorded in the month of September, especially in the state of São Paulo;
  - c. increase in the ICMS tax, resulting from the return of its incidence over TUSD.
- (ii) Variation of R\$ 105 million in the **Adjustments to the Concession's Financial Assets**, due to the higher IPCA in the period (0.27% in 3Q23 compared to -0.37% in 3Q22), in the amount of R\$ 92 million, and the increase of 33.5% in RAB (R\$ 13 million);
- (iii) Increase of 4.8% (R\$ 23 million) in **CDE Resources – Low-income and Other Tariff Subsidies**, due to the inclusion of the "Hydro scarcity CDE" and "DG CDE";
- (iv) Increase of 4.9% (R\$ 9 million) in **Other revenues and income**;  
Partially offset by:
  - (v) Decrease of 33.1% (R\$ 466 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;
  - (vi) Decrease of 12.8% (R\$ 107 million) in the accounting of **Sector Financial Assets and Liabilities**, due to the net constitution of an asset of R\$ 269 million in 3Q23 and

amortization of a liability of R\$ 456 million, compared to the net constitution of assets of R\$ 803 million and amortization of a liability of R\$ 58 million in 3Q22;

- (vii) Decrease of 37.9% (R\$ 69 million) in **Short-term Electric Energy**, due to a lower volume of energy settled in the CCEE.

Deductions from the gross operating revenue were R\$ 4,120 million in 3Q23, representing an increase of 38.7% (R\$ 1.149 million), due to the following factors:

- (i) Increase of 68.6% (R\$ 976 million) in **taxes** (ICMS and PIS/COFINS), mainly due to return of the incidence of ICMS on TUSD;
- (ii) Increase of R\$ 92 million in the **Other items**, mainly due to the replenishment of resources to the Itaipu Electric Energy Trading Account;
- (iii) Increase of 5.8% (R\$ 81 million) in **CDE**, due to the inclusion of the "Hydro scarcity CDE" and "DG CDE".

Net operating revenue reached R\$ 7,978 million in 3Q23, representing a decrease of 0.4% (R\$ 31 million).

In 9M23, gross operating revenue amounted to R\$ 35,416 million, an increase of 1.5% (R\$ 510 million), due to the following factors:

- (i) Variation of R\$ 1,588 million in the accounting of **Sector Financial Assets and Liabilities**, due to the net constitution of an asset of R\$ 272 million in 9M23 and amortization of a liability of R\$ 887 million, compared to the net constitution of liabilities of R\$ 623 million and amortization of a liability of R\$ 224 million in 9M22;
- (ii) Increase of 28.3% (R\$ 191 million) in the **Monetary Adjustments of the Concession's Financial Assets**, due to increases in the regulatory asset base with the updating of the reports of the tariff review processes;
- (iii) Increase of 10.6% (R\$ 50 million) in **Other revenues and income**;
- (iv) Reduction of 14.8% (R\$ 13 million) in **Compensatory fines**;

Partially offset by:

- (v) Decrease of 19.2% (R\$ 653 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;
- (vi) Decrease of 2.2% (R\$ 627 million) in **Revenue with Energy Sales** (captive + free clients), due to:
  - a. a reduction in the ICMS tax rate on electricity and exclusion of the TUSD from the calculation basis during 2022; and
  - b. an increase of only 0.5% in the load, influenced by a negative effect related to the increase in DG, in addition to the impacts of temperature and calendar.
- (vii) Decrease of 8.2% (R\$ 33 million) in **Short-term Electric Energy**, due to a lower amount of energy settled in the CCEE;
- (viii) Decrease of 1.4% (R\$ 20 million) in **CDE Resources - Low-income and Other Tariff Subsidies**.

Deductions from the gross operating revenue were R\$ 11,449 million in 9M23, representing an increase of 1.3% (R\$ 150 million), due to the following factors:

- (i) Variation of R\$ 332 million in the accounting of **tariff flags**, due to the reclassification of the balance of the tariff flag to Sectorial Financial Assets and Liabilities in 2022;
- (ii) Increase of R\$ 149 million in **Others**, mainly due to the replenishment of resources to the Itaipu Electric Energy Trading Account;
- (iii) Increase of 18.7% in **PROINFA** (R\$ 40 million), due to the increase in the amounts of the funding quotas approved by ANEEL for the year 2023;
- (iv) Increase of 0.7% (R\$ 32 million), in the **other items**;

Partially offset by:

- (v) Reduction of 5.8% (R\$ 404 million) in **taxes** (ICMS and PIS/COFINS), due to the change in the ICMS rate.

Net operating revenue reached R\$ 23,967 million in 9M23, representing an increase of 1.5% (R\$ 360 million).

## Cost of Electric Energy

Cost of Electric Energy (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Cost of Electric Power Purchased for Resale</b>						
Energy from Itaipu Binacional	595	792	-24.9%	1,588	2,230	-28.8%
PROINFA	108	142	-23.9%	313	459	-31.8%
Auction, Bilateral Contracts and Spot Market	2,708	2,570	5.3%	7,892	7,364	7.2%
PIS and COFINS Tax Credit	(309)	(315)	-2.1%	(880)	(894)	-1.5%
<b>Total</b>	<b>3,102</b>	<b>3,189</b>	<b>-2.7%</b>	<b>8,913</b>	<b>9,160</b>	<b>-2.7%</b>
<b>Charges for the Use of the Transmission and Distribution System</b>						
Basic Network Charges	1,034	895	15.5%	2,886	2,301	25.4%
Itaipu Transmission Charges	109	79	38.1%	260	208	25.0%
Connection Charges	63	67	-6.1%	196	202	-3.0%
Charges for the Use of the Distribution System	13	12	13.4%	38	34	13.1%
ESS / EER	231	178	30.3%	819	990	-17.3%
PIS and COFINS Tax Credit	(134)	(114)	17.9%	(388)	(345)	12.4%
<b>Total</b>	<b>1,316</b>	<b>1,117</b>	<b>17.9%</b>	<b>3,810</b>	<b>3,389</b>	<b>12.4%</b>
<b>Cost of Electric Energy</b>	<b>4,418</b>	<b>4,306</b>	<b>2.6%</b>	<b>12,724</b>	<b>12,549</b>	<b>1.4%</b>

## Electric Power Purchased for Resale

In 3Q23, the cost of electric power purchased for resale reached R\$ 3,102 million, a reduction of 2.7% (R\$ 88 million), mainly due to:

- (i) Decrease of 24.9% in **energy from Itaipu** (R\$ 197 million), mainly due to the exchange variation (-22.1%);
- (ii) Decrease of 23.9% in **PROINFA** (R\$ 34 million) due to the reduction in the amount of the funding quotas approved by ANEEL for the year 2023 and the increase in the level of migration of captive clients to the free market;

Partially offset by the:

- (iii) Increase of 5.3% in **energy purchased in auctions, bilateral contracts and spot**

**market** (R\$ 137 million), mainly due to the higher average price (+11.9%);

- (iv) Decrease of 2.1% in **PIS and COFINS tax credit** (R\$ 6 million).

In 9M23, the cost of electric power purchased for resale reached R\$ 8,913 million, a reduction of 2.7% (R\$ 246 million), mainly due to:

- (i) Decrease of 28.8% in **energy from Itaipu** (R\$ 642 million), mainly due to the exchange variation, that reduced the average price of this energy by 26.7%;
- (ii) Decrease of 31.8% in **PROINFA** (R\$ 146 million);

Partially offset by the:

- (iii) Increase of 7.2% in **energy purchased in auctions, bilateral contracts and spot market** (R\$ 528 million), mainly due to the higher average price (+12.0%);
- (iv) Decrease of 1.5% in **PIS and COFINS tax credit** (R\$ 14 million).

Volume of purchased energy (GWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Energy from Itaipu Binacional	2,493	2,585	-3.6%	7,386	7,607	-2.9%
PROINFA	240	259	-7.1%	689	706	-2.5%
Auction, Bilateral Contracts and Spot Market	10,548	11,207	-5.9%	32,830	34,319	-4.3%
<b>Total</b>	<b>13,282</b>	<b>14,050</b>	<b>-5.5%</b>	<b>40,905</b>	<b>42,633</b>	<b>-4.1%</b>

Average price (R\$/MWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Energy from Itaipu Binacional	238.66	306.46	-22.1%	215.06	293.21	-26.7%
PROINFA	451.03	550.55	-18.1%	454.20	649.71	-30.1%
Auction, Bilateral Contracts and Spot Market	256.68	229.35	11.9%	240.38	214.57	12.0%
<b>Total</b>	<b>233.56</b>	<b>227.00</b>	<b>2.9%</b>	<b>217.91</b>	<b>214.85</b>	<b>1.4%</b>

### **Charges for the Use of the Transmission and Distribution System**

In 3Q23, charges for the use of the transmission and distribution system reached R\$ 1,316 million, representing an increase of 17.9% (R\$ 199 million), due to:

- (i) Increase of 15.8% (R\$ 164 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 2023, in accordance with ANEEL Resolution no. 3,217/23;
- (ii) Increase of 30.3% (R\$ 54 million) in **sector charges (ESS/EER)**, mainly due to the EER – Reserve Energy Charge, associated with the 1st Simplified Competitive Procedure - PCS/MME/ANEEL, in which there was an increase in the number of plants with Reserve Energy Contracts (CERs). In this contract model, the maintenance costs of these plants are apportioned among the distributors, regardless of their activation.

Partially offset by:

- (iii) Increase of 17.9% (R\$ 20 million) in **PIS and COFINS tax credit**.

In 9M23, **charges for the use of the transmission and distribution system** reached R\$ 3,810 million, representing an increase of 12.4% (R\$ 421 million), due to:

- (i) Increase of 23.1% (R\$ 635 million) in **connection and transmission charges** (basic network, Itaipu transport, connection, and use of the distribution system), mainly due to the increase in annual readjustments of transmission companies;



Partially offset by:

- (ii) Decrease of 17.3% (R\$ 171 million) in **sector charges (ESS/EER)**. The variation of the ESS – System Service Charge was due to the improvement of the energy scenario perceived in 9M23, causing the systemic costs to be minimized, compared to 9M22, due to improved hydrological conditions. This effect was partially offset by the increase in the EER, associated with the 1st Simplified Competitive Procedure - PCS/MME/ANEEL, as explained above;
- (iii) Increase of 12.4% (R\$ 43 million) in **PIS and COFINS tax credit**.

## PMSO

PMSO (R\$ million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Personnel	320	277	15.5%	941	812	15.9%
Material	71	76	-7.1%	220	215	2.1%
Outsourced Services	279	260	7.5%	818	720	13.6%
Other Operating Costs/Expenses	203	198	2.7%	577	621	-7.1%
<i>Allowance for doubtful accounts</i>	64	61	4.2%	190	239	-20.5%
<i>Legal and judicial expenses</i>	57	58	-1.8%	138	151	-8.6%
<i>Assets write-off</i>	41	42	-1.7%	115	103	11.7%
<i>Others</i>	42	37	12.0%	133	127	4.5%
<b>Total PMSO</b>	<b>873</b>	<b>811</b>	<b>7.7%</b>	<b>2,555</b>	<b>2,368</b>	<b>7.9%</b>

In 3Q23, **PMSO** reached R\$ 873 million, an increase of 7.7% (R\$ 62 million), due to the following factors:

- (i) Increase of 10.3% (R\$ 58 million) in PMSO expenses linked to inflation:
  - a. increase of 15.5% (R\$ 43 million) in Personnel expenses, explained not only by the salary adjustments in accordance with the collective labor agreement based on inflation<sup>2</sup>, but also due to the increase in headcount (+3.6%) and the higher use of medical assistance plans;
  - b. increase of 5.2% (R\$ 15 million) in MSO expenses: outsourced services (R\$ 5 million), call center (R\$ 4 million); building maintenance (R\$ 3 million), transportation (R\$ 2 million), among others.
- (ii) Increase of 32.3% (R\$ 12 million) in expenses with hardware and software;
- (iii) Increase of 4.2% (R\$ 3 million) in the allowance for doubtful accounts (ADA);

Partially offset by:

- (iv) Reduction of 17.5% (R\$ 9 million) in expenses with the grid and substations maintenance, related to Capex efforts;
- (v) Reduction of 1.8% (R\$ 1 million) in legal and judicial expenses;
- (vi) Reduction of 1.7% (R\$ 1 million) in assets write-off;

In 9M23, **PMSO** reached R\$ 2,555 million, an increase of 7.9% (R\$ 187 million), due to the following factors:

<sup>2</sup> The dates of the last distributors salary adjustments occurred between June 2022 and June 2023, reflecting the inflation practiced during this period.

- (i) Increase of 12.3% (R\$ 201 million) in PMSO expenses linked to inflation:
    - a. increase of 15.9% (R\$ 129 million) in Personnel expenses, due to the factors already explained above in 3Q23;
    - b. increase of 8.7% (R\$ 72 million) in MSO expenses. It should be noted that there is a concentration of contractual adjustments of the expenses of the distributors in the middle of the year, in such a way that these expenses are still influenced by the higher inflationary indexes of 2022;
  - (ii) Increase of 38.0% (R\$ 40 million) in expenses with hardware and software;
  - (iii) Increase of 11.7% (R\$ 12 million) in assets write-off;
- Partially offset by:
- (iv) Reduction of 20.5% (R\$ 49 million) in the allowance for doubtful accounts (ADA);
  - (v) Reduction of 8.6% (R\$ 13 million) in legal and judicial expenses, mainly due to the lower volume of civil and labor lawsuits;
  - (vi) Reduction of 2.7% (R\$ 4 million) in expenses with the grid and substations maintenance, related to Capex efforts.

## Other operating costs and expenses

Other operating costs and expenses						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Costs of Building the Infrastructure	943	1,409	-33.1%	2,753	3,406	-19.2%
Private Pension Fund	31	(18)	-	92	98	-6.5%
Depreciation and Amortization	279	262	6.6%	829	734	12.9%
<b>Total</b>	<b>1,253</b>	<b>1,654</b>	<b>-24.2%</b>	<b>3,673</b>	<b>4,238</b>	<b>-13.3%</b>

## EBITDA

**EBITDA** totaled R\$ 1,712 million in 3Q23, an increase of 14.2% (R\$ 212 million), mainly explained by the positive average tariff adjustments of our distributors, increase of load in the concession area and the increase of adjustments to the concession's financial assets, impacted by the higher IPCA index in the period.

In 9M23, **EBITDA** totaled R\$ 5,843 million, an increase of 12.7% (R\$ 658 million), explained by the extraordinary effects due to RAB appraisal reports of the tariff review processes, positive adjustment of parcel B and higher adjustment of the concession's financial asset.

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

Conciliation of Net Income and EBITDA (R\$ million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Net income</b>	<b>603</b>	<b>621</b>	<b>-2.9%</b>	<b>2,424</b>	<b>2,256</b>	<b>7.4%</b>
Depreciation and Amortization	293	276	6.3%	871	776	12.2%
Financial Results	508	258	97.2%	1,315	913	44.1%
Income Tax /Social Contribution	307	344	-10.8%	1,232	1,240	-0.6%
<b>EBITDA</b>	<b>1,712</b>	<b>1,499</b>	<b>14.2%</b>	<b>5,843</b>	<b>5,185</b>	<b>12.7%</b>

## EBITDA by Distribution Company

EBITDA by Distributor						
Distribution	3Q23	3Q22	Var.	9M23	9M22	Var.
CPFL Paulista	757	624	21.5%	2,504	2,108	18.8%
CPFL Piratininga	289	292	-0.8%	990	942	5.0%
RGE	587	511	14.8%	2,124	1,922	10.5%
CPFL Santa Cruz	78	73	6.9%	226	213	5.9%
<b>EBITDA</b>	<b>1,712</b>	<b>1,499</b>	<b>14.1%</b>	<b>5,843</b>	<b>5,185</b>	<b>12.7%</b>

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](#).

In CPFL Piratininga, the negative variation is mainly due to the actuarial revenue recorded in 3Q22 (R\$ 75 million), resulting from the settlement of the Piratininga PSAP Plan, which was discontinued – non-recurring effect.

The other effects, mentioned in the explanation above, are common to all distributors.

## Financial Result

Financial Result (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Revenues</b>	370	489	-24.3%	1,213	1,372	-11.6%
<b>Expenses</b>	(878)	(747)	17.6%	(2,528)	(2,285)	10.6%
<b>Financial Result</b>	<b>(508)</b>	<b>(258)</b>	<b>97.2%</b>	<b>(1,315)</b>	<b>(913)</b>	<b>44.1%</b>

## Managerial Analysis

Financial Result (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Expenses with the net debt	(534)	(424)	25.8%	(1,695)	(1,511)	12.2%
Late payment interest and fines	94	108	-12.5%	276	370	-25.3%
Mark-to-market	(58)	1	-	2	13	-80.8%
Adjustment to the sectoral financial asset/liability	(4)	74	-	63	298	-78.8%
Other financial revenues/expenses	(7)	(16)	-58.6%	38	(83)	-
<b>Financial Result</b>	<b>(508)</b>	<b>(258)</b>	<b>97.2%</b>	<b>(1,315)</b>	<b>(913)</b>	<b>44.1%</b>

In 3Q23, the **Net Financial Expense** was of R\$ 508 million, an increase of 97.2% (R\$ 250 million), if compared to 3Q22. The items that explain this variation are:

- (i) Increase of 25.8% (R\$ 110 million) in the **Expenses with the Net Debt** (debt charges, net of income from financial investments), reflecting of new funding indexed in CDI, in addition to the increase of the IPCA index in the period, from -0.37% in 3Q22 to 0.27% in 3Q23;
- (ii) Variation of R\$ 78 million, from a revenue of R\$ 74 million to an expense of R\$ 4 million, in **Adjustment to the sectoral financial asset/liability**, due to the reduction in updateable asset balance existing in 3Q22, compared to 3Q23;
- (iii) Negative variation of R\$ 59 million in **Mark-to-market** (non-cash effect), mainly due to the lower risk spread practiced by the market, if compared to 2Q23;
- (iv) Reduction of 12.5% (R\$ 13 million) in **Late payment interest and fines**, reflecting the lower delinquency, with the adoption of the new payment methods (credit card

and Alesta), if compared to 3Q22;

Partially offset by:

- (v) Positive variation of R\$ 9 million in **Other financial revenues/expenses**.

In 9M23, the financial result recorded a **net financial expense** of R\$ 1,315 million, an increase of R\$ 403 million if compared to 9M22. The items that explain this variation are:

- (i) Reduction of R\$ 235 million, in revenue from **Adjustment to the sectoral financial asset/liability**, due to the reduction in the asset balance subject to update existing in 9M22, compared to 9M23;
- (ii) Reduction of 25.3% (R\$ 94 million) in **Late payment interests and fines**, reflecting the lower IPCA index in the period, lower delinquency and the adoption of the new payment methods;
- (iii) Increase of 12.2% (R\$ 185 million) in the **Expenses with the net debt** (debt charges, net of income from financial investments), reflecting the higher debt balance and increase in the CDI index (from 8.85% in 9M22 to 9.92% in 9M23), partially offset by the reduction in the IPCA index in the period, (from 5.15% in 9M22 to 3.00% in 9M23);
- (iv) Negative variation of R\$ 10 million in **Mark-to-market** (non-cash effect), mainly due to the lower risk spread practiced by the market, during this year;

Partially offset by:

- (v) Positive variation of R\$ 121 million in **Other financial revenues and expenses**:
  - a. Increase of R\$ 43 million in PIS/Cofins over financial income;
  - b. Increase of R\$ 17 million in the discount on the acquisition of ICMS credits;
  - c. Positive variation of R\$ 6 million in expenses with contingency updates;
  - d. Other financial expenses of R\$ 55 million.

## Income Tax and Social Contribution

In 3Q23, **Income Tax and Social Contribution** recorded a decrease of 10.8% (R\$ 37 million), mainly explained by the variation in the income before taxes. The effective rate went from 35.7% in 3Q22 to 33.7% in 3Q23.

In 9M23, **Income Tax and Social Contribution** recorded a decrease of 0.6% (R\$ 8 million), mainly explained by the variation in the income before taxes. The effective rate went from 35.5% in 9M22 to 33.7% in 9M23.

## Net Income

**Net income** totaled R\$ 603 million in 3Q23, a decrease of 2.9% (R\$ 18 million), due to the worsening in the financial result, mainly due to higher expenses with the net debt, partially offset by the higher EBITDA, as explained previously.

In 9M23, **Net income** was R\$ 2,424 million, an increase of 7.4% (R\$ 168 million). This result reflects the increase in EBITDA, partially offset by a higher net financial expense.

## 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 2027	7 <sup>th</sup> PTRC	October 23 <sup>rd</sup>	October 23, 2028
CPFL Santa Cruz	Every 5 years	March 2026	6 <sup>th</sup> PTRC	March 22 <sup>nd</sup>	July 07, 2045
CPFL Paulista	Every 5 years	April 2028	6 <sup>th</sup> PTRC	April 8 <sup>th</sup>	November 20, 2027
RGE	Every 5 years	June 2028	6 <sup>th</sup> PTRC	June 19 <sup>th</sup>	November 06, 2027

## Annual Tariff Adjustments and Tariff Reviews in 2023

Annual Tariff Adjustments (ATAs)		Periodic Tariff Reviews (PTRs)		
Description	CPFL Santa Cruz	CPFL Paulista	RGE	CPFL Piratininga
Ratifying Resolution	3,178	3,183	3,206	3,277
<b>Adjustment</b>	<b>5.65%</b>	<b>3.36%</b>	<b>1.67%</b>	<b>-0.73%</b>
Parcel A	3.24%	0.89%	6.79%	1.97%
Parcel B	1.17%	0.19%	0.43%	-1.08%
Financial Components	1.23%	2.28%	-5.55%	-1.62%
<b>Effect on consumer billings<sup>1</sup></b>	<b>9.02%</b>	<b>4.89%</b>	<b>1.10%</b>	<b>-4.37%</b>
Date of entry into force	03/21/2023	04/08/2023	06/19/2023	10/23/2023

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)						
	3Q23	3Q22	Var. %	9M23	9M22	Var. %
<b>Gross Operating Revenue</b>	739	758	-2.5%	1,967	2,013	-2.3%
<b>Net Operating Revenue</b>	<b>629</b>	<b>637</b>	<b>-1.3%</b>	<b>1,659</b>	<b>1,720</b>	<b>-3.6%</b>
Cost of Electric Power	(602)	(651)	-7.4%	(1,592)	(1,764)	-9.7%
Operating Costs & Expenses	(17)	(15)	10.6%	(50)	(44)	15.3%
EBIT	10	(28)	-	16	(88)	-
<b>EBITDA<sup>1</sup></b>	<b>11</b>	<b>(27)</b>	<b>-</b>	<b>20</b>	<b>(85)</b>	<b>-</b>
Financial Income (Expense)	(13)	(35)	-62.8%	(67)	(138)	-51.6%
Income Before Taxes	(3)	(63)	-95.2%	(51)	(226)	-77.6%
<b>Net Income</b>	<b>(3)</b>	<b>(64)</b>	<b>-94.8%</b>	<b>(51)</b>	<b>(210)</b>	<b>-75.5%</b>

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

Consolidated Income Statement - Services Segment (R\$ Million)						
	3Q23	3Q22	Var. %	9M23	9M22	Var. %
<b>Gross Operating Revenue</b>	284	309	-8.1%	802	850	-5.7%
<b>Net Operating Revenue</b>	<b>261</b>	<b>285</b>	<b>-8.5%</b>	<b>734</b>	<b>783</b>	<b>-6.3%</b>
Operating Costs & Expenses	(215)	(244)	-12.0%	(605)	(649)	-6.8%
EBIT	46	41	12.6%	129	135	-3.9%
<b>EBITDA<sup>1</sup></b>	<b>58</b>	<b>50</b>	<b>16.1%</b>	<b>166</b>	<b>162</b>	<b>2.7%</b>
Financial Income (Expense)	3	1	128.6%	10	3	252.0%
Income Before Taxes	49	42	16.4%	139	137	1.2%
<b>Net Income</b>	<b>36</b>	<b>32</b>	<b>13.2%</b>	<b>105</b>	<b>103</b>	<b>2.2%</b>

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 2022, it was accounted by equity income method. These effects were not eliminated and contribute to the growth of the indicators presented below.

Consolidated Income Statement - Generation Segment (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Gross Operating Revenue</b>	1,510	1,313	15.0%	3,935	3,152	24.9%
<b>Net Operating Revenue</b>	<b>1,387</b>	<b>1,221</b>	<b>13.6%</b>	<b>3,606</b>	<b>2,921</b>	<b>23.4%</b>
Cost of Electric Power	(143)	(139)	2.9%	(404)	(393)	3.0%
Operating Costs & Expenses	(452)	(331)	36.7%	(1,130)	(955)	18.3%
EBIT	793	752	5.4%	2,071	1,573	31.6%
Equity income	89	143	-37.5%	249	384	-35.0%
<b>EBITDA<sup>1</sup></b>	<b>1,100</b>	<b>1,080</b>	<b>1.9%</b>	<b>2,965</b>	<b>2,509</b>	<b>18.2%</b>
Financial Income (Expense)	(103)	(169)	-38.8%	(404)	(454)	-11.0%
Income Before Taxes	778	725	7.3%	1,916	1,503	27.5%
<b>Net Income</b>	<b>600</b>	<b>618</b>	<b>-2.9%</b>	<b>1,472</b>	<b>1,277</b>	<b>15.3%</b>

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 3Q23, the **Gross Operating Revenue** reached R\$ 1,510 million, an increase of 15.0% (R\$ 197 million). The **Net Operating Revenue** was of R\$ 1,387 million, registering an increase of 13.6% (R\$ 166 million).

The main factors that affected the net operating revenue were:

- (i) Increase of 18.0% (R\$ 229 million) in the **Electric Energy Supply**:
  - a. Increase of R\$ 296 million due to **Enercan consolidation**;
  - b. Decrease of R\$ 67 million in the **Electric Energy Supply**.

Partially offset by:

- (ii) Decrease of R\$ 32 million in **Other Revenues**;
- (iii) Increase of 33.9% (R\$ 31 million) in **Deductions from Operating Revenue**, mainly due to taxes (PIS/COFINS):
  - a. Increase of R\$ 39 million due to **Enercan consolidation**;
  - b. Decrease of R\$ 8 million in the **Deductions from Operating Revenue**.

In 9M23, the **Gross Operating Revenue** reached R\$ 3,935 million, an increase of 24.9% (R\$ 783 million). The **Net Operating Revenue** was of R\$ 3,606 million, registering an increase of 23.4% (R\$ 684 million).

The main factors that affected the net operating revenue were:

- (i) Increase of 27.0% (R\$ 834 million) in the **Electric Energy Supply**:



- a. Increase of R\$ 847 million due to **Enercan consolidation**;
- b. Decrease of R\$ 13 million in the **Electric Energy Supply**;

Partially offset by:

- (ii) Increase of 43.0% (R\$ 99 million) in **Deductions from Operating Revenue**, mainly due to taxes (PIS/COFINS):
  - a. Increase of R\$ 105 million due to **Enercan consolidation**;
  - b. Decrease of R\$ 6 million in the **Deductions from Operating Revenue**;
- (iii) Decrease of R\$ 49 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						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Energy Purchased in the Spot Market	23	18	27.2%	67	97	-31.4%
Bilateral Contracts, ACR and ACL	56	82	-32.3%	149	234	-36.5%
PIS and COFINS Tax Credit	(2)	(6)	-65.2%	(9)	(18)	-47.6%
<b>Cost of Electric Power Purchased for Resal</b>	<b>76</b>	<b>94</b>	<b>-19.1%</b>	<b>206</b>	<b>265</b>	<b>-22.2%</b>
Basic Network Charges	56	32	72.3%	165	94	76.1%
Connection Charges	4	4	19.4%	13	10	24.1%
Charges for the Use of the Distribution System	10	10	1.7%	32	29	12.5%
ESS/EER	0	0	-	0	0	-
PIS and COFINS Tax Credit	(4)	(2)	151.2%	(11)	(5)	143.8%
<b>Distribution System Usage Charges</b>	<b>66</b>	<b>45</b>	<b>49.1%</b>	<b>199</b>	<b>128</b>	<b>55.0%</b>
<b>Cost of Electric Energy</b>	<b>143</b>	<b>139</b>	<b>2.9%</b>	<b>404</b>	<b>393</b>	<b>3.0%</b>

In 3Q23, the Cost of Electric Energy was of R\$ 143 million, representing an increase of 2.9% (R\$ 4 million), compared to 3Q22, due to:

- (i) Increase of 49.1% (R\$ 22 million) in **Distribution System Usage Charges**, net of taxes:
  - a. Increase of 45.9% (R\$ 20 million) due to **Enercan consolidation**;
  - b. Increase of 3.2% (R\$ 2 million) in **Distribution System Usage Charges**;
- (ii) Increase of 27.2% (R\$ 5 million) in the cost with **energy in the spot market**:
  - a. Increase of 23.7% (R\$ 4 million) due to **Enercan consolidation**;
  - b. Increase of 3.5% (R\$ 1 million) in the cost with **energy in the spot market**;
- (iii) Decrease of 65.2% (R\$ 4 million) in **PIS and COFINS Tax Credit** related to the energy purchased, despite **Enercan consolidation** (+R\$ 1 million);

Partially offset by:

- (iv) Decrease of 32.3% (R\$ 27 million) in the cost with energy purchased in **bilateral contracts, regulated (ACR) and free market (ACL)**, despite **Enercan consolidation** (+R\$ 14 million).

In 9M23, the Cost of Electric Energy was of R\$ 404 million, representing an increase of 3.0%

(R\$ 12 million), compared to 9M22, due to:

- (i) Increase of 55.0% (R\$ 70 million) in **Distribution System Usage Charges**, net of taxes:
  - a. Increase of 47.5% (R\$ 61 million) due to **Enercan consolidation**;
  - b. Increase of 7.5% (R\$ 9 million) in **Distribution System Usage Charges**;
- (ii) Increase of 38.1% (R\$ 18 million) in the cost with **energy in the spot market**:
  - a. Increase of 35.9% (R\$ 17 million) due to **Enercan consolidation**;
  - b. Increase of 2.2% (R\$ 1 million) in the cost with **energy in the spot market**;
- (iii) Decrease of 47.6% (R\$ 9 million) in **PIS and COFINS Tax Credit** relate to the energy purchased, despite **Enercan consolidation** (+R\$ 3 million);

Partially offset by:

- (iv) Decrease of 36.5% (R\$ 86 million) in the cost with energy purchased in **bilateral contracts, regulated (ACR) and free market (ACL)**, despite **Enercan consolidation** (+R\$ 32 million).

Volume of purchased energy (GWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Energy Purchased in the Spot Market	213	427	-50.0%	700	1,366	-48.7%
Bilateral Contracts, ACR and ACL	522	829	-37.0%	1,277	2,446	-47.8%
<b>Total</b>	<b>736</b>	<b>1,256</b>	<b>-41.4%</b>	<b>1,977</b>	<b>3,811</b>	<b>-48.1%</b>

Average price (R\$/MWh)	3Q23	3Q22	Var.	9M23	9M22	Var.
Energy Purchased in the Spot Market	105.66	41.51	154.6%	95.27	35.36	169.4%
Bilateral Contracts, ACR and ACL	106.29	98.99	7.4%	116.44	95.80	21.5%
<b>Total</b>	<b>106.11</b>	<b>79.45</b>	<b>33.6%</b>	<b>108.94</b>	<b>74.14</b>	<b>46.9%</b>

## PMSO

PMSO Consolidated						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Personnel	43	44	-3.6%	125	123	1.2%
Material	22	8	184.2%	44	27	62.9%
Outsourced Services	75	60	24.9%	202	164	23.1%
Other Operating Costs/Expenses	94	33	186.1%	114	85	33.4%
<i>Asset Write-off</i>	1	0	-	(4)	(0)	-
<i>GSF Risk Premium</i>	5	6	-12.7%	16	19	-12.8%
<i>Legal and judicial expenses</i>	68	1	-	44	2	-
<i>Others</i>	19	25	-25.6%	58	65	-10.0%
<b>Total PMSO</b>	<b>233</b>	<b>145</b>	<b>60.9%</b>	<b>485</b>	<b>400</b>	<b>21.2%</b>

In 3Q23, PMSO was of R\$ 233 million, an increase of 60.9% (R\$ 88 million) compared to 3Q22. This increase is mainly due to:

- (i) Increase of R\$ 61 million in **Other Expenses**, mainly due to an increase of R\$ 67 million in **Legal and Judicial Expenses**;
- (ii) Increase of 24.9% (R\$ 15 million) in **Outsourced Services** mainly due to the increase in expenses with Travel and Transportation (R\$ 5 million), Enercan consolidation (R\$ 3 million) and building maintenance (R\$ 2 million);
- (iii) Increase of R\$ 14 million in **Material** mainly due to imports of materials for wind

farm maintenance (R\$ 11 million)<sup>3</sup>.

Partially offset by:

- (iv) Decrease of 3.6% (R\$ 2 million) in expenses with **Personnel**.

In 9M23, PMSO was of R\$ 485 million, an increase of 21.2% (R\$ 85 million) compared to 9M22. This increase is mainly due to:

- (i) Increase of 23.1% (R\$ 38 million) in **Outsourced Services** mainly due to the increase in expenses with building maintenance (R\$ 15 million), Enercan consolidation (R\$ 8 million), expenses with Travel and Transportation (R\$ 7 million) and hardware/software maintenance (R\$ 4 million);
- (ii) Increase of R\$ 29 million in **Other Expenses**, mainly due to the increase of **Legal and Judicial Expenses**;
- (iii) Increase of 62.9% (R\$ 17 million) in **Material** mainly due to imports of materials for wind farm maintenance (R\$ 11 million)<sup>3</sup> and the increase in expenses with fleet maintenance (R\$ 4 million);
- (iv) Increase of 1.2% (R\$ 2 million) in expenses with **Personnel**.

## Other operating costs and expenses

Other operating costs and expenses						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Private Pension Fund	0	1	-64.6%	0	3	-86.2%
Depreciation and amortization	176	143	23.4%	519	426	21.6%
Amortization of Concession Intangible	42	42	0.3%	126	126	0.2%
<b>Total</b>	<b>219</b>	<b>186</b>	<b>17.7%</b>	<b>645</b>	<b>555</b>	<b>16.2%</b>

## Equity Income

Equity Income (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Projects</b>						
Barra Grande HPP	1	(0)	-	3	(2)	-
Campos Novos HPP	-	62	-100.0%	-	170	-100.0%
Foz do Chapecó HPP	68	63	8.9%	189	154	22.8%
Epasa TPP	20	18	10.3%	57	61	-6.8%
<b>Total</b>	<b>89</b>	<b>143</b>	<b>-37.7%</b>	<b>249</b>	<b>384</b>	<b>-35.0%</b>

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:

<sup>3</sup> This expense will be reclassified to Capex in 4Q23.

**Barra Grande:**

Equity Income (R\$ Million)						
BARRA GRANDE	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenue	12	23	-48.2%	41	65	-36.7%
Operating Costs / Expenses	(11)	(16)	-34.0%	(25)	(40)	-36.4%
Deprec. / Amortization	(4)	(4)	0.1%	(11)	(11)	0.2%
Net Financial Result	3	(4)	-	0	(17)	-
Income Tax	(0)	0	-	(2)	1	-
<b>Net Income</b>	<b>1</b>	<b>(0)</b>	<b>-</b>	<b>3</b>	<b>(2)</b>	<b>-</b>

In 3Q23, the net revenue decreased 48.2% (R\$ 11 million), mainly due to tariff reduction, while the operating costs and expenses decreased 34.0% (R\$ 6 million) due to purchased energy volume and price reduction. There was a net financial revenue of R\$ 3 million due to the adjustment in expenses with UBP, which are adjusted by IGP-M.

In 9M23, the net revenue decreased 36.7% (R\$ 24 million), mainly due to tariff reduction, while the operating costs and expenses decreased 36.4% (R\$ 14 million) due to purchased energy volume and price reduction. There was a zero net financial result million due to the adjustment in expenses with UBP, which are adjusted by IGP-M.

**Campos Novos:**

Equity Income (R\$ Million)						
CAMPOS NOVOS	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenue	-	135	-100.0%	-	371	-100.0%
Operating Costs / Expenses	-	(34)	-100.0%	-	(90)	-100.0%
Deprec. / Amortization	-	(7)	-100.0%	-	(20)	-100.0%
Net Financial Result	-	1	-100.0%	-	(2)	-100.0%
Income Tax	-	(32)	-100.0%	-	(88)	-100.0%
<b>Net Income</b>	<b>-</b>	<b>62</b>	<b>-100.0%</b>	<b>-</b>	<b>170</b>	<b>-100.0%</b>

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

**Foz do Chapecó:**

Equity Income (R\$ Million)						
FOZ DO CHAPECÓ	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenue	163	157	3.3%	483	446	8.1%
Operating Costs / Expenses	(34)	(31)	9.5%	(105)	(95)	11.2%
Deprec. / Amortization	(13)	(13)	0.4%	(40)	(41)	-3.1%
Net Financial Result	(11)	(15)	-27.0%	(46)	(72)	-36.9%
Income Tax	(35)	(31)	11.7%	(99)	(78)	26.3%
<b>Net Income</b>	<b>68</b>	<b>63</b>	<b>8.9%</b>	<b>189</b>	<b>154</b>	<b>22.8%</b>

In 3Q23, net revenue increased 3.3% (R\$ 5 million), due to increase in the volume and price of energy supplied. The operating costs and expenses increased 9.5% (R\$ 3 million) in the

period mainly due to purchased energy volume and charges adjustment. In the net financial expense, there was a decrease of 27.0% (R\$ 4 million), mainly due to the reduction in expenses with UBP, which are adjusted by IGP-M and IPCA, and in debt expenses, partially offset by lower income from financial investments.

In 9M23, net revenue increased 8.1% (R\$ 36 million), due to increase in the volume and price of energy supplied. The operating costs and expenses increased 11.2% (R\$ 11 million) in the period, mainly due to charges adjustment. In the net financial expense, there was a decrease of 36.9% (R\$ 27 million), mainly due to the reduction in expenses with UBP, which are adjusted by IGP-M and IPCA, partially offset by the increase in debt expenses.

### Epasa:

EPASA	Equity Income (R\$ Million)					
	3Q23	3Q22	Var.	9M23	9M22	Var.
Net Revenue	41	47	-11.5%	124	126	-1.1%
Operating Costs / Expenses	(8)	(17)	-51.2%	(30)	(30)	-1.8%
Deprec. / Amortization	(12)	(12)	-0.1%	(37)	(37)	1.4%
Net Financial Result	4	4	-0.3%	13	11	15.6%
Income Tax	(5)	(3)	72.4%	(13)	(10)	38.8%
<b>Net Income</b>	<b>20</b>	<b>18</b>	<b>10.3%</b>	<b>57</b>	<b>61</b>	<b>-6.8%</b>

In 3Q23, net revenue decreased R\$ 5 million and the operating costs and expenses were down by R\$ 9 million, due to a dispatch that happened in September-22. There was a net financial income of R\$ 4 million, in line with last year.

In 9M23, net revenue decreased R\$ 1 million and the operating costs and expenses were down by R\$ 1 million, due to the lower dispatch. There was a net financial income of R\$ 13 million, higher than the previous year, due to higher CDI.

### EBITDA

In 3Q23, **EBITDA** was of R\$ 1,100 million, an increase of 1.9% (R\$ 21 million), mainly due to the 100% accounting for Enercan, partially offset by the worsening in wind generation due to generation restrictions.

In 9M23, **EBITDA** was of R\$ 2,965 million, an increase of 18.2% (R\$ 456 million), mainly due to the 100% accounting for Enercan, contractual readjustments and better wind generation.

EBITDA and Net Income conciliation (R\$ million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Net Income</b>	<b>600</b>	<b>618</b>	<b>-2.9%</b>	<b>1,472</b>	<b>1,277</b>	<b>15.3%</b>
Depreciation and Amortization	219	185	18.1%	645	553	16.7%
Financial Result	103	169	-38.8%	404	454	-11.0%
Income Tax / Social Contribution	179	108	65.8%	444	226	96.6%
<b>EBITDA</b>	<b>1,100</b>	<b>1,080</b>	<b>1.9%</b>	<b>2,965</b>	<b>2,509</b>	<b>18.2%</b>

## Financial Result

Financial Result (IFRS - R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Financial Revenues	68	50	34.6%	165	120	36.9%
Financial Expenses	(171)	(219)	-22.0%	(569)	(574)	-0.9%
<b>Financial Result</b>	<b>(103)</b>	<b>(169)</b>	<b>-38.8%</b>	<b>(404)</b>	<b>(454)</b>	<b>-11.0%</b>

In 3Q23, the financial result was a **net financial expense** of R\$ 103 million, a decrease of 38.8% (R\$ 66 million), mainly due to lower expenses with net debt (R\$ 42 million), reduction in other financial expenses (R\$ 18 million) and reduction in expenses with UBP (R\$ 6 million).

In 9M23, the financial result was a **net financial expense** of R\$ 404 million, a decrease of 11.0% (R\$ 50 million), mainly due to lower expenses with net debt (R\$ 51 million).

## Income Tax and Social Contribution

In 3Q23, the Income Tax and Social Contribution item registered a negative result of R\$ 179 million, compared to R\$ 108 million in 3Q22, which is explained mainly by the worse results of subsidiaries under the presumed profit tax regime and by the lower equity income result, due to the consolidation of Enercan. The effective rate in the period was 22.9% compared to 14.8% in 3Q22.

In 9M23, the Income Tax and Social Contribution item registered a negative result of R\$ 444 million, compared to R\$ 226 million in 9M22, which is explained by the same factors that had impacted the quarter.

## Net Income

In 3Q23, **net income** was R\$ 600 million, a decrease of 2.9% (R\$ 18 million), reflecting the worse results of subsidiaries under the presumed profit tax regime and Enercan effect, which is now consolidated, in accordance with IFRS rules.

In 9M23, **net income** was R\$ 1,472 million, an increase of 15.3% (R\$ 195 million), reflecting the better operational performance and Enercan consolidation.

## 6.4) Transmission Segment

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

IFRS Consolidated Income Statement - Transmission Segment (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Gross Operating Revenue</b>	831	820	1.3%	2,121	2,289	-7.3%
<b>Net Operating Revenue</b>	<b>539</b>	<b>582</b>	<b>-7.4%</b>	<b>1,412</b>	<b>1,473</b>	<b>-4.1%</b>
Operating Costs & Expenses	(292)	(238)	22.8%	(709)	(816)	-13.1%
Equity income	(0)	(0)	-73.0%	3	2	104.6%
<b>EBITDA<sup>1</sup></b>	<b>262</b>	<b>374</b>	<b>-30.0%</b>	<b>751</b>	<b>714</b>	<b>5.1%</b>
Financial Income	(60)	(25)	138.5%	(147)	(19)	674.4%
Income Before Taxes	<b>187</b>	<b>319</b>	-41.4%	<b>560</b>	<b>640</b>	-12.5%
<b>Net Income</b>	<b>120</b>	<b>231</b>	<b>-48.2%</b>	<b>392</b>	<b>515</b>	<b>-23.9%</b>

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) Regulatory Themes

##### Periodic Tariff Revision ("PTR")

Aneel's Dispatch No. 402, dated February 14, 2023, postponed the 2023 Periodic Tariff Revision (PTR) of the Annual Revenue Requirement (ARR) of the transmission concessionaires, extended pursuant to Law No. 12,783/2013 and partially postponed the scope of the 2023 PTR of the ARR of the bided transmission concessionaires, with regard to Reinforcements and Improvements, for July 1, 2024, maintaining only the Review of revenues offered in the Auction for transmission companies tendered with PTR in 2023.

##### Ordinance MME 120/2016 – RBSE

In order to regulate and operationalize the guidelines of Law no. 12,783/2013, regarding the payment of non-depreciated existing assets 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 existing RBSE transmission assets 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 ARR.



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 1<sup>st</sup> 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.

In May 2021, requests for reconsideration were submitted, alleging material errors, to the detriment of the ANEEL REH, cycle 2021/2022, which dealt with the "reprofiling". In June 2022 and April 2023, ANEEL's Technical Superintendence proposed a Technical Note about the request for reconsideration. Since then, CPFL and the other affected transmission companies have worked together, via ABRATE, demonstrating that the methodological choice adopted in 2020 by the Agency is valid. The matter still depends on the deliberation of the Collegiate Board of ANEEL.

In the 2023 readjustment, RBSE's financial component reached the last level of adjustments due to the reprofiling.

### Annual Tariff Adjustment ("ATA")

The Permitted Annual Revenue (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 provided in the concession agreement.

The ARR is divided into Basic Network of New Facilities (RBNI), Basic Network Existing System (RBSE), Bidded Basic Network (RBL) and Connection to Transmission System Revenue (CCT), the details of which are presented below, with revenue growth due to the variation of the IPCA and the entry into operation of reinforcement and improvement projects.

- (i) RBNI: new facilities of the Transmission, which started operating from January 2013;
- (ii) RBSE: 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. RBNI and RBSE represents the two sets of assets that generate the largest portion of the ARR for Concession Contract no. 055/2001 (CPFL Transmissão);
- (iii) RBL: revenue from the tendered contracts;
- (iv) Connection to Transmission System Revenue (CCT): remuneration that the transmitter receives from users connected to the Other Transmission Facilities (DITs) for the provision of the transmission service. The DITs are composed, for example, of transmission lines, buses, power transformers and substation equipment, not part of the Basic Network.

According to REH no. 3,216/2023, for the cycle from 07/01/2023 to 06/30/2024, the revenue (ARR) added to the adjustment portion (PA) of the **Concession Agreement no. 055/2001** totalizes about R\$ 1.07 billion, net of PIS and COFINS, highlighting:

- (i) Reprofiling of the financial component of MME Ordinance no. 120/2016 (RBSE), with a positive impact of R\$ 150.2 million;
- (ii) Monetary adjustment by IPCA, related to the 2021/2022 cycle, totaling R\$ 36.7 million;
- (iii) Expansions of facilities, entry into operation of new reinforcements, sectioning of lines



and improvements, carried out during the 2022/2023 cycle, increased the transmission company revenue by R\$ 3.3 million;

- (iv) Discount of the Adjustment Portion (PA) in the amount of R\$ 53.2 million, whose negative impact is mainly due to the return of revenue received in advance in the 2022/2023 cycle.

Tariff Adjustment Cycle 2023/2024								
REH 3067/2022 (*)	Earned Resources (REH 3067/22)	Correction (IPCA)	Low	Project Energization	RBSE	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
933.60	1.19	36.68	(2.92)	3.28	150.19	1,122.02	(53.17)	1,068.85

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

The revenue related to **Concession Agreement no. 080/2002** totalizes R\$ 21.0 million, highlighting:

- (i) Reduction of R\$ 1.0 million due to the IGP-M monetary adjustment of -4.47% for the period;
- (ii) Discount of the Adjustment Portion in the order of R\$ 446 thousand, referring to the return of revenue received in advance in previous cycles.

Tariff Adjustment Cycle 2023/2024				
REH 3067/2022 (*)	IGP-M	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
22.44	(1.00)	21.44	(0.45)	20.99

Note: (\*) Approved value disregarding the Adjustment Portion (PA).

In addition, the revenue related to **Concession Agreement no. 001/2011 (TESB)** added to the Adjustment Portion totals R\$ 31.2 million, net of PIS and COFINS, highlighting:

- (i) Inflow of new revenues in the amount of R\$ 8.2 million;
- (ii) Discount of the Adjustment Portion in order of R\$ 6.0 million, whose negative impact is mainly due to the discounts provided in REN no. 905/2020 for installations classified as RBF or DITC that entered into commercial operation with their own non-impeding pendency and for the return of revenue received in advance in the 2022/2023 cycle.

Tariff Adjustment Cycle 2023/2024					
REH 3067/2022 (*)	IPCA	Project Energization	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
27.92	1.10	8.21	37.23	(6.03)	31.20

Note: (\*) Approved value disregarding the Adjustment Portion (PA).

The **Concession Agreement no. 005/2019 (CPFL Sul I)** was energized in the 2022/2023 cycle, starting to receive revenue as from December 2022. The revenue added to the Adjustment Portion totals R\$ 34.2 million, net of PIS and COFINS, highlighting:

- (i) Discount of the Adjustment Portion in the order of R\$ 682 thousand, due to the return of revenue received in advance in the 2022/2023 cycle.

Tariff Adjustment Cycle 2023/2024		
REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
34.86	(0.68)	34.17

Note: (\*) Approved value disregarding the Adjustment Portion (AP).

**Concession Agreement no. 011/2019 (CPFL Sul II)** was energized and began to realize revenue as from September 2022. In the 2023/2024 cycle, the revenue added to the Adjustment Portion totals R\$ 40.8 million, net of PIS and COFINS, highlighting:

- (i) Discount of the Adjustment Portion in the order of R\$ 2.4 million, due to the return of revenue received in advance in previous cycles and the discounts provided for in REN no. 905/2020 for installations classified as RBF or DITC that entered into commercial operation with their own non-impeding pendency.

Tariff Adjustment Cycle 2023/2024		
REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
43.19	(2.41)	40.77

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

The revenue related to **Concession Agreement no. 006/2015 (CPFL Morro Agudo)** added to the Adjustment Portion totals R\$ 18.7 million, net of PIS and COFINS, highlighting:

- (i) Monetary adjustment by IPCA;
- (ii) Discount of the Adjustment Installment in the order of R\$ 392 thousand, due to the return of revenue received in advance in previous cycles.

Tariff Adjustment Cycle 2023/2024				
REH 3067/2022 (*)	IPCA	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
18.34	0.72	19.06	(0.39)	18.67

Note: (\*) Approved value disregarding the Adjustment Portion (PA).

The **Concession Agreement no. 003/2013 (CPFL Piracicaba)** went through the Periodic Tariff Review of the revenue offered in the Auction, with a repositioning index of 7.87%. However, in the tariff adjustment, only the IPCA was applied to the revenue, which, added to the Adjustment Portion, totals R\$ 15.17 million, net of PIS and COFINS, highlighting:

- (i) Monetary adjustment;
- (ii) Discount of the Adjustment Portion in the order of R\$ 255 thousand, due to the return of revenue received in advance in the 2022/2023 cycle.

Tariff Adjustment Cycle 2023/2024				
REH 3067/2022 (*)	IPCA	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
14.84	0.58	15.43	(0.25)	15.17

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

The revenue related to **Concession Agreement no. 020/2018 (CPFL Maracanaú)** added to the Adjustment Portion totals R\$ 10.5 million, net of PIS and COFINS, highlighting:

- (i) Monetary adjustment by IPCA;
- (ii) Discount of the Adjustment Portion in the order of R\$ 193 thousand, due to the return of revenue received in advance in the 2022/2023 cycle.

Tariff Adjustment Cycle 2023/2024				
REH 3067/2022 (*)	IPCA	REH 3216/2023 (*)	Adjustment Portion	REH 3216/2023
10.26	0.40	10.66	(0.19)	10.47

Note: (\*) Approved value disregarding the Adjustment Portion (AP).

In relation to the **Concession Agreement no. 004/2021**, the transmission company will receive the ARR for the provision of the public transmission service scheduled for 2024, in the amount of R\$ 11.5 million, to be readjusted from start-up of assets.

## 6.4.2) Transmission Segment

### 6.4.2.1) 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.**

**Therefore, this does not work as an official report from the Company to the Brazilian Securities and Exchange Commission (CVM), which strictly and rigidly follows the IFRS international accounting standards.**

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

IFRS Consolidated Income Statement - Transmission Segment (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Gross Operating Revenue</b>	831	820	1.3%	2,121	2,289	-7.3%
<b>Net Operating Revenue</b>	<b>539</b>	<b>582</b>	<b>-7.4%</b>	<b>1,412</b>	<b>1,473</b>	<b>-4.1%</b>
Operating Costs & Expenses	(292)	(238)	22.8%	(709)	(816)	-13.1%
Equity income	(0)	(0)	-73.0%	3	2	104.6%
<b>EBITDA<sup>1</sup></b>	<b>262</b>	<b>374</b>	<b>-30.0%</b>	<b>751</b>	<b>714</b>	<b>5.1%</b>
Financial Income	(60)	(25)	138.5%	(147)	(19)	674.4%
<b>Income Before Taxes</b>	<b>187</b>	<b>319</b>	<b>-41.4%</b>	<b>560</b>	<b>640</b>	<b>-12.5%</b>
<b>Net Income</b>	<b>120</b>	<b>231</b>	<b>-48.2%</b>	<b>392</b>	<b>515</b>	<b>-23.9%</b>

## Operating Income

Operating Revenue - Transmission Segment (R\$ Million)						
Revenue from Use of the Electricity Grid	3Q23	3Q22	Var.	9M23	9M22	Var.
Concession Contract 055/2001	336	296	13.4%	946	854	10.8%
Concession Contract 080/2002	5	5	-5.2%	16	15	5.6%
Concession Contract 004/2021	-	-	-	-	-	-
TESB	9	6	45.2%	27	15	76.8%
Piracicaba	4	4	-1.3%	11	11	1.3%
Morro Agudo	5	5	2.4%	13	14	-11.2%
Maracanaú	3	3	-10.9%	8	3	135.7%
Sul I	9	-	-	11	11	-
Sul II	11	1	1009.6%	30	1	3045.7%
<b>Regulatory Charges</b>	<b>(33)</b>	<b>(34)</b>	<b>-2.7%</b>	<b>(100)</b>	<b>(108)</b>	<b>-7.8%</b>
<b>Gross Revenue</b>	<b>380</b>	<b>320</b>	<b>18.9%</b>	<b>1,062</b>	<b>925</b>	<b>14.9%</b>
<b>Deductions from Revenue</b>	<b>(66)</b>	<b>(61)</b>	<b>7.8%</b>	<b>(192)</b>	<b>(189)</b>	<b>1.6%</b>
<b>Net Revenue</b>	<b>315</b>	<b>259</b>	<b>21.5%</b>	<b>870</b>	<b>735</b>	<b>18.4%</b>

In 3Q23, **gross operating revenue** reached R\$ 380 million, an increase of 18.9% (R\$ 60 million), due to the tariff readjustment of the 2023/2024, mainly the financial component in the 055 concession contract, in addition to the start-up of Sul I and Sul II, that started to receive revenue. Regulatory charges, which are part of billed revenue, together with tariff subsidies, decreased by 2.7% (R\$ 1 million) in the quarter. Deductions from revenue reached R\$ 66 million in 3Q23, an increase of 7.8%. **Net operating revenue** reached R\$ 315 million in 3Q23, an increase of 21.5% (R\$ 56 million).

In 9M23, **gross operating revenue** reached R\$ 1,062 million, an increase of 14.9% (R\$ 137 million), due to the tariff readjustment of the 2022/2023 and 2023/2024 cycles, and the TESP assets energization, that started to receive revenue since the end of 2022, in addition to the start of remuneration for Sul I and Sul II. Regulatory charges decreased by 7.8% (R\$ 8 million) while deductions from revenue increased by 1.6%. **Net operating revenue** reached R\$ 870 million in 9M23, an increase of 18.4% (R\$ 135 million).

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

PMSO and Depreciation/Amortization						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Personnel	(33)	(26)	28.4%	(102)	(166)	-38.5%
Material	(2)	(3)	-43.5%	(4)	(7)	-34.8%
Outsourced Services	(20)	(21)	-5.0%	(58)	(54)	8.0%
Private Pension Entity	(15)	(14)	8.0%	(46)	(48)	-3.3%
Others	17	(21)	-	(41)	(55)	-25.9%
<b>PMSO</b>	<b>(54)</b>	<b>(85)</b>	<b>-37.0%</b>	<b>(252)</b>	<b>(329)</b>	<b>-23.6%</b>
Depreciation and Amortization	(29)	(29)	-0.2%	(90)	(90)	0.0%
<b>TOTAL</b>	<b>(82)</b>	<b>(114)</b>	<b>-27.7%</b>	<b>(342)</b>	<b>(419)</b>	<b>-18.5%</b>

**PMSO** totaled R\$ 54 million in 3Q23, a decrease of 37.0% (R\$ 31 million) compared to 3Q22, mainly due to the following effects:

- (i) Decrease in legal and judicial expenses, mainly the fiscal and environmental ones, due to factors such as: reversal of provisions, especially for tax disputes, payment of provisioned amounts and no need for new relevant provisions (R\$ 19 million);
- (ii) Write-off of compensation received from the PAL4 substation (R\$ 12 million) – Extraordinary effect of 3Q22;
- (iii) Decrease in tax expense related to IPTU, because of the tax regularization process made by the company in 2022 (R\$ 7 million);

Partially offset by:

- (i) Increase in expenses with Personnel, mainly due to an increase in headcount, to fill in open positions in the company (R\$ 7 million).

In 3Q23, **Depreciation and Amortization** reached R\$ 29 million, a decrease of 0.2% compared to 3Q22.

**PMSO** totaled R\$ 252 million in 9M23, a decrease of 23.6% (R\$ 78 million) compared to 9M22, mainly due to the following effects:

- (i) Decrease in expenses with Personnel result of the headcount reduction process that happened in the company, mainly in the 1H22 (R\$ 64 million);
- (ii) Decrease in Others, mainly due to the reduction of expenses with law process and fines, plus a positive impact of assets write-off (R\$ 14 million).

In 9M23, **Depreciation and Amortization** reached R\$ 90 million, in line if compared to 9M22.

## EBITDA

EBITDA and Net Income conciliation (R\$ million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
<b>Net Income</b>	<b>120</b>	<b>80</b>	<b>50.4%</b>	<b>298</b>	<b>304</b>	<b>-2.1%</b>
Depreciation and Amortization	29	29	-0.2%	90	90	0.0%
Financial Result	60	20	204.6%	144	(21)	-
Income Tax / Social Contribution	54	47	13.9%	90	36	152.0%
<b>EBITDA</b>	<b>262</b>	<b>175</b>	<b>49.4%</b>	<b>622</b>	<b>409</b>	<b>52.1%</b>

In 3Q23, **Regulatory EBITDA** was of R\$ 262 million, an increase of 49.4% (R\$ 87 million), due to a better net revenue, mainly due to the readjustment of the 055 concession contract and the revenue accounting of Sul I and Sul II, combined with the reduction in operating expenses.

In 9M23, the **Regulatory EBITDA** was of R\$ 622 million, an increase of 52.1% (R\$ 213 million), for the same reasons mentioned above.

## Financial Result

Financial Result (R\$ Million)						
	3Q23	3Q22	Var.	9M23	9M22	Var.
Revenue	18	12	33.6%	66	169	-63%
Expenses	(77)	(32)	151.2%	(210)	(148)	42%
<b>Financial Result</b>	<b>(60)</b>	<b>(20)</b>	<b>204.6%</b>	<b>(144)</b>	<b>21</b>	<b>-</b>

In 3Q23, the financial result was a **net financial expense** of R\$ 60 million, an increase of R\$ 40 million if compared to 3Q22, chiefly due to:

- (i) Increase in expenses with debt charges (R\$ 31 million), due to the new issuance of debentures indexed to the CDI.
- (ii) Other effects (R\$ 9 million).

In 9M23, the financial result was a **net financial expense** of R\$ 144 million, a variation of R\$ 165 million if compared to a net financial revenue of R\$ 21 million registered in 9M22, chiefly due to:

- (i) Increase in expenses with debt charges (R\$ 89 million), mainly due to the debentures issuances, occurred in 4Q22;
- (ii) Decrease in revenues linked to exchange variation due to the debt in foreign currency (R\$ 73 million);
- (iii) Other effects (R\$ 2 million).

## Income Tax and Social Contribution

In 3Q23, Income Tax and Social Contribution item registered a negative result of R\$ 54 million, compared to a negative result of R\$ 47 million in 3Q22. This difference was mainly due to a better result, which took to an increase in taxes.

In 9M23, Income Tax and Social Contribution item registered a negative result of R\$ 90 million compared to a negative result of R\$ 36 million in 9M22, mainly due to the impact of tax credit arising from the treatment of exchange rate variation occurred in 2022.

## Net Income

In 3Q23, **net income** reached R\$ 120 million, increase of 50.4% (R\$ 40 million), explained by a better operational result in 3Q23, and the start-up of Sul I and Sul II.

In 9M23, **net income** reached R\$ 298 million, decrease of 2.1% (R\$ 53 million) compared to a net income of R\$ 304 million registered in 9M22, due to a decrease in taxes paid in 2022, mainly explained by the effects of tax credits.

### 6.4.3) 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](#).