Comisión Federal de Electricidad

Comisión Federal de Electricidad, Productive State Enterprise and Subsidiaries

Condensed Consolidated Financial Statements as of March 31, 2023 and December 31, 2022

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Condensed consolidated statements of financial position

As of March 31, 2023 and December 31, 2022

(Thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/ English-speaking readers

Assets	**2023**	**2022**
Current assets:		
Cash and cash equivalents (note 5)	$ 76,406,008	$ 56,759,212
Accounts receivable, net (note 6)	106,984,534	132,959,505
Inventory of materials for operation, net (note 7)	21,174,020	18,214,461
Total current assets	204,564,562	207,933,178
Loans to employees	20,136,276	19,521,739
Plants, facilities and equipment, net (note 8)	1,448,484,470	1,449,933,668
Right of use assets, net (note 9)	498,136,593	509,923,272
Derivative financial instruments (note 10)	5,768,870	9,072,051
Intangibles and other assets (note 11)	44,757,557	45,979,507
Deferred tax assets	101,345,086	101,461,322
	$ 2,323,193,414	$ 2,343,824,737

Liabilities and equity	**2023**	**2022**
Current liabilities:		
Short-term maturities of:		
Short-term debt (note 12)	$ 112,524,438	$ 95,148,044
Lease liabilities (note 13)	25,830,150	26,436,648
Derivative financial instruments (note 10)	8,722,906	18,483,899
Other payables and accrued liabilities (note 14)	116,581,351	133,114,549
Income tax	6,647,503	7,268,795
Total current liabilities	270,306,348	280,451,935
Non-current liabilities:		
Long-term debt (note 12)	336,007,270	355,352,580
Lease liabilities (note 13)	552,921,763	598,279,709
Other long-term liabilities (note 15)	45,233,515	41,288,569
Employees benefits (note 16)	430,195,674	431,143,114
Total non-current liabilities	1,364,358,222	1,426,063,972
Total liabilities	1,634,664,570	1,706,515,907
Equity:		
Contributions received from the Federal Government	5,251	5,251
Contributions in kind received from the Federal Government	95,111,382	95,111,382
Retained earnings	(24,103,352)	(56,529,228)
Other comprehensive income (note 18)	596,582,672	577,108,649
Total equity holders of the parent	667,595,953	615,696,055
Non-controlling interests	20,932,891	21,612,776
Contingencies and commitments (note 21)		
	$ 2,323,193,414	$ 2,343,824,737

See accompanying notes to condensed consolidated financial statements.

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Condensed consolidated statements of comprehensive income

For the three months period ended March 31, 2023 and 2022

(Thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/ English speaking readers.

	2023	2022
Revenues:		
Electricity supply service revenue (note 18)	$ 108,614,271	$ 95,716,663
Subsidy income	22,987,440	21,900,000
Third party fuel revenue	5,011,040	6,918,927
Freight revenue	5,625,230	3,774,372
Other income, net	6,528,938	10,585,839
Total revenue	**148,766,919**	**138,895,801**
Costs:		
Energy and other fuel supplies	59,132,273	62,576,056
Energy and other fuel supplies - Third party	5,717,772	9,130,371
Salaries and related costs	18,498,582	17,264,607
Maintenance, materials and general services	6,429,222	4,524,707
Taxes and duties	1,033,488	917,443
Wholesale Electricity Market costs (MEM)	595,032	675,771
Employee benefits costs	11,060,202	9,951,831
Depreciation	18,400,645	24,941,488
Other expenses (note 23)	2,183,921	1,089,093
Total costs	**123,051,137**	**131,071,367**
Operating results	**25,715,782**	**7,824,434**
Comprehensive financing result, net:		
Interest expense	15,317,989	16,632,553
Finance expenses, net	16,028,149	2,557,639
Foreign exchange gain	(40,504,404)	(18,806,703)
Total comprehensive financing results, net	**(9,158,266)**	**383,489**
Profit before income tax other comprehensive income	**34,874,048**	**7,440,945**
Income tax	2,760,098	(1,218,540)
Net income	**32,113,950**	**8,659,485**
Net income attributable to:		
Controlling interests	32,425,871	8,601,907
Non-controlling interests	(311,924)	57,149
	32,113,947	8,659,056
Other comprehensive income (note 18):	19,474,023	7,926,419
Comprehensive income	**$ 51,587,970**	**$ 16,585,475**

See accompanying notes to condensed consolidated financial statements.

Comision Federal de Electricidad
Productive State Enterprise and Subsidiaries

Condensed consolidated statements of changes in equity

For three months period ended March 31, 2023 and 2022

(Thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/ English speaking readers.

	Contributions received from the Federal Government	Contributions in kind from the Federal Government	Accumulated results	Other comprehensive income (loss)	Total equity holders of the parent	Total equity non-controlling interest	Total equity
Balances at December 31, 2021	**$ 5,251**	**$ 95,111,382**	**$ (36,163,396)**	**$ 622,030,269**	**$ 680,983,506**	**$ 19,707,988**	**$ 700,691,494**
Comprehensive income of the period	-	-	8,602,335	7,926,419	16,528,754	57,149	16,585,903
Issue of shares (Fibra E)	-	-	-	-	-	(41,073)	(41,073)
Dividend decree (Fibra E)	-	-	-	-	-	(468,340)	(468,340)
Balances at March 31, 2022	**$ 5,251**	**$ 95,111,382**	**$ (27,561,061)**	**$ 629,956,688**	**$ 697,512,260**	**$ 19,255,724**	**$ 716,767,984**
Balances at December 31, 2022	**$ 5,251**	**$ 95,111,382**	**$ (56,529,227)**	**$ 577,108,649**	**$ 615,696,055**	**$ 21,612,779**	**$ 637,308,834**
Comprehensive income of the period	-	-	32,425,875	19,474,023	51,899,898	(311,925)	51,587,973
Dividend decree (Fibra E)	-	-	-	-	-	(367,963)	(367,963)
Balances at March 31, 2023	**$ 5,251**	**95,111,382**	**(24,103,352)**	**596,582,672**	**667,595,953**	**20,932,891**	**688,528,844**

See accompanying notes to condensed consolidated financial statements.

Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries

Condensed consolidated statements of cash flows

For three months period ended 31, March 2023 and 2022

(Thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/ English speaking readers.

	2023	2022
Cash flows from operating activities:		
Net profit	$ 32,113,950	$ 8,659,485
Operating activities:		
Employee benefits costs	11,060,202	9,951,831
Increase (decrease) in provisions of deferred and current income tax	2,760,098	(1,218,540)
Investing activities:		
Depreciation and right-of-use assets	18,400,645	24,941,488
Foreign exchange gain, interest expense and changes in financial derivative instruments fair value of financial instruments	(5,157,114)	(909,198)
Changes in operating assets and liabilities:		
Accounts receivable and loans to employees	25,360,434	(6,229,428)
Inventory of materials of operation	(2,959,559)	(973,196)
Other assets	1,221,950	(2,619,928)
Other payables and accrued liabilities	(15,970,054)	(2,212,843)
Payments to employees benefits	(11,890,990)	(11,084,848)
Net cash flows from operating activities	54,939,562	18,304,823
Cash flows from investing activities:		
Acquisition of plants, facilities and equipment	(10,586,554)	(4,033,820)
Net cash flows from financing actvities	44,353,008	14,271,003
Net cash flows from financing actvities		
Proceeds from debt	46,162,816	76,038,892
Reimbursement of Fibra E	(367,963)	(509,415)
Payment of debt	(28,508,312)	(9,805,168)
Interest paid	(15,317,989)	(16,632,554)
Payment of lease obligations	(11,002,903)	(11,997,312)
Payments of financial instruments	(20,091,979)	(5,841,145)
Collections from financial instruments	4,420,118	5,107,812
Net cash flow from financing activities	(24,706,212)	36,361,110
Net increase in cash and cash equivalents	19,646,796	50,632,113
Cash and cash equivalents:		
At beginning of period	56,759,212	77,200,194
At end of period	$ 76,406,008	$ 127,832,307

See accompanying notes to condensed consolidated financial statements.

1. Incorporation, Business Purpose and Relevant Events

- **Incorporation and business purpose**

Comision Federal de Electricidad, Productive State Enterprise, its subsidiaries, affiliates and trusts (CFE or The Enterprise) is a Mexican entity that was incorporated by Decree as a Decentralized Public Entity of the Federal Government on August 14, 1937 and published in the Official Gazette on August 24, 1937. The condensed consolidated financial statements accompanying these notes include Comision Federal de Electricidad, Productive State Enterprise (as the ultimate controlling entity of the economic group to which it belongs) and its subsidiaries, affiliates and trusts over which it exercises control.

The Comision Federal de Electricidad Law (CFE Law) was published on August 11, 2014 and became effective on October 7, 2014. The CFE Law mandated the transformation of CFE into a Productive State Enterprise.

CFE's business purpose is to provide public transmission and distribution of electricity services on behalf of the Mexican State. CFE also engages in activities related to the generation and commercialization of electricity, as well as activities related to the import, export, transportation, storage and trading of natural gas, among others.

- **Relevant Events**

i. Increase in fuels

Speculation in fuel prices caused by the conflict between Russia and Ukraine during 2022, it has stabilized in the first months of 2023, which has decreased the cost of production plants using natural gas, diesel, fuel oil and coal.

In the first quarter of the year, the price of natural gas averaged 2.5 USD/GJ, while, in the same period of 2022, the conflict that began at the end of February caused an increase of up to 7 and 10 USD/GJ.

ii. Plants, facilities and equipment revaluation

According to IFRS, the Company reviews every 5 years and/or when external factors may affect the fair value of plants, facilities and equipment to ensure the book value does not differ materially from that which would be determined using fair value at the end of the reporting period.

The Enterprise performed the fair value analysis of plants and equipment recognizing in 2022 an impairment of $ 12,267,070 which had an impact on results of $ 4,834,347 and $ 7,432,723 in the other comprehensive results (See note 8).

ii. Outsourcing Labor Reform

On April 23 2021, was published in "Diario Oficial de la Federación (DOF)"; the decree amending, adding and repealing some provisions of "Ley Federal del Trabajo", "Ley del Seguro Social", "Ley del Instituto del Fondo Nacional de la Vivienda para los Trabajadores", "Código Fiscal de la Federación", "Ley del Impuesto Sobre la Renta", "Ley del Impuesto al Valor Agregado", "Ley Federal de los Trabajadores al Servicio del Estado", 123 article of "Constitucion Política de los Estados Unidos Mexicanos" Section B); and the Regulatory Law of Section XIII bis. B section of 123 Article from "Constitución Politica de los Estados Unidos Mexicanos, regarding labor outsourcing.

During 2021, the Corporate Directorate of Administration (DCA Spanish acronym) of “Comision Federal de Electricidad” (CFE) requested guidance from “Secretaria del Trabajo y Prevision Social” to define whether the relations of CFE with its Subsidiary Productive Companies (EPS Spanish acronym) include any type of outsourcing, and consequently the provisions of the decree published in the DOF on April 23, 2021 regarding labor outsourcing would apply.

On November 10, 2021, “Secretaria del Trabajo y Prevision Social” resolved the following:

The Subsidiary Productive Companies operate in accordance with the terms of strict legal separation established by “Secretaria de Energía”, therefore, it is considered that the assignment and functions of the employees of these companies are not based on a relationship of outsourcing.

In accordance with the second article of “Ley de la Industria Electrica”, electric industry activities are public interest; in addition, planning and control of the national electricity system, as well as the public service of transmission and distribution of electricity, are strategic areas; therefore, the State will maintain its ownership, without harming the contracts with individuals; in the same way, basic supply is considered a priority activity for national development. Also, in accordance with 42th article of this Law, the public service of transmission and distribution of electrical energy is considered to be of social interest and public order, and for all legal purposes, this service is of public utility.

In terms of the “Comision Federal de Electricidad Law”, first article, section I and 5, this Productive State Company, has the purpose of providing the public service of transmission and distribution of electric energy, by account and order of the Mexican State; in addition, it is subject to a special regime, among other matters, under the one applicable to subsidiary productive and affiliated companies.

Article 3 of the mentioned Law determines that the provisions contained in other laws, will apply as long as they do not oppose the special regime provided for in this Law; in case of doubt, the interpretation always favors the purpose and object of “Comisión Federal de Electricidad”, in accordance with its legal nature as a Productive State Enterprise with a special regime, as well as the corporate governance regime it holds so it can compete efficiently in the energy industry.

Article 76, second paragraph of the mentioned Law provides that the creation of positions, modifications to organizational structure and staffing, transfer of positions and hiring or appointment of the employees of Comisión Federal de Electricidad and its Subsidiary Productive Companies shall only be performed in order to achieve the best operational efficiency.

Therefore, the activities of the provision of public service of transmission and distribution of electrical energy for the public or private sector, or those that are carried out amongst its Subsidiary Productive Companies or towards “Comisión Federal de Electricidad”, would not be found in the normative hypothesis of registering as contractors for the subcontracting of specialized services, or the execution of specialized works contained in “Ley Federal del Trabajo”, because these are activities aimed at achieving a public service in a strategic area, considered of public order and social interest, and which is subject to a special regime.

2. Basis of preparation of the condensed consolidated financial statements

a) Basis of accounting

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

The consolidated financial statements have been prepared on the historical-cost basis except for the Enterprise's derivative financial instruments, right-of-use assets, plants, facilities and equipment, as well as its debt and lease liabilities, which are recognized at fair value, and the defined benefit plans which are recognized at the present value of the defined benefit obligation less the fair value of the plan's assets.

c) Functional currency and presentation of the condensed consolidated financial statements

The condensed consolidated financial statements and notes thereto are presented in Mexican pesos, the Enterprise's reporting currency, which is the same as its functional currency.

For purposes of disclosure in the notes to the condensed consolidated financial statements, all references to "pesos" or "$" refer to Mexican pesos; all references to "dollars" refer to U.S. dollars; all references to "euros" refer to the legal currency of the European Union; all references to "yen" refer to the legal currency of Japan; and all references to "Swiss francs" refer to the legal currency of Switzerland. The financial information is presented in thousands of pesos and has been rounded to the nearest unit, except where otherwise indicated.

d) Consolidated statements of comprehensive income

The Enterprise has elected to present comprehensive income using a 'one-statement' approach that includes all of its profit or loss and other comprehensive income (OCI) items, called Condensed Statement of Comprehensive Income.

The consolidated statements of comprehensive income present ordinary costs and expenses based on their nature, since management believes that this structure results in clearer information for the reader. Additionally, the consolidated statements of comprehensive income include a line item for operating result, which represents CFE's revenue minus costs, since management believes that including this item facilitates the reader's understanding of the Enterprise's economic and financial performance.

3. The significant accounting policies followed by The Enterprise are below:

a) Consolidation basis

The consolidated financial statements include the subsidiaries, affiliates and trusts over which the Enterprise exercises control. The financial statements of the subsidiaries (Productive subsidiary companies, affiliated entities and trusts) were prepared for the same reporting period and using the same accounting policies as those of the Enterprise. The Enterprise controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity.

b) Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits, foreign currencies, and short-term temporary investments. Cash and bank deposits are presented at nominal value and the returns on these investments are recognized in the income statement as they accrue.

Cash equivalents include short-term highly liquid investments and are valued at fair value, and the risk of changes in their value is insignificant.

c) Financial instruments

i) Initial recognition and measurement

Receivable accounts are recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Enterprise becomes a party to the contractual provisions.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, in case of an item not measured at fair value through profit or loss with changes in results, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement - Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; at fair value through other comprehensive income - debt investment; at fair value with changes posted to other comprehensive income - equity investment; or at fair value with changes posted to profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless The Enterprise changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are classified, in their initial recognition, as measured subsequently to amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The Enterprise measures financial assets at amortized cost if it meets both of the following conditions:

1. The financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows;

2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

All the financial assets not classified as measured at amortized cost or at fair value with changes through other comprehensive income as described above are measured at fair value with changes through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Enterprise may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value with changes through other comprehensive income as at fair value with changes through profit or loss if doing so eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise.

iii) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized at fair value in the statement of financial position. The fair value of derivative financial instruments is determined based on generally accepted valuation techniques. Consistent with the risk strategy, the Enterprise enters into derivative financial instruments contracts to mitigate foreign exchange and interest rate risks, through Interest-Rate Swaps, Cross-Currency Swaps and Foreign Exchange Forwards.

Additionally, in recent years, fuel prices have seen volatility. In order to reduce price risk, the Enterprise has contracted derivative financial instruments on natural gas to reduce volatility. The strategy in the case of natural gas derivatives is saved to reduce the impact of potential price increases.

The policies include formal documentation of all the transactions between the hedging instrument and the hedged item, the risk management objectives, and strategies for undertaking the hedge.

The effectiveness of derivative financial instruments designated as hedges is assessed prior to their designation, as well as over the hedging period, which depends on the hedging characteristics. When it is determined that a derivative is not highly effective as a hedge, the Enterprise discontinues hedge accounting prospectively.

The Enterprise discontinues cash flow hedge accounting when the derivative expires, is not effective enough to offset the changes in the fair value or cash flows of the hedged item, or when the Enterprise decides to cancel the hedging designation. The gains or losses recognized in other comprehensive income and accumulated in Equity, remain in Equity, and are recognized when the forecast transaction is ultimately recognized in profit or loss.

The effective portion of changes in the fair value of the derivative financial instruments designated as cash-flow hedges is recognized in Equity in the other comprehensive income caption, while any ineffective portion is recognized in profit or loss. The effective portion recognized in Equity is recycled in the income statement in the periods when the hedged item affects profit or loss and is presented in the same caption of such statement where the corresponding primary position is presented.

The hedging policies establish that derivative financial instruments that do not qualify as hedges are classified as held-for-trading; therefore, the changes in the fair value are recognized immediately in profit or loss.

d) Plants, facilities and equipment

i) Recognition and measurement

Plants, facilities and equipment are initially measured at cost.

Borrowing costs incurred in direct and general financing of constructions in progress for a period greater than 6 months are capitalized as part of the cost of such asset.

In addition to the purchase price and costs directly attributable to preparing an asset in terms of its physical location and condition for use as intended by technicians, the cost also includes the estimated costs for the decommissioning and removal of the asset and for restoration of the site where it is located, if such obligation exists.

Plants, facilities and equipment in operation, used for the generation, transmission and/or distribution of electricity are recognized in the statement of financial position at their revalued amount, and fair value is determined at the revaluation date, less any accumulated depreciation and impairment losses. The Enterprise periodically reviews the fair values of its plants, facilities and equipment in operation, and every 5 years it evaluates the need to revalue its assets to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the revaluation of plants, facilities and equipment is recognized as a revaluation surplus in other comprehensive income, except when such increase reverses a revaluation deficit of the same asset previously recognized in profit or loss, in which case the increase is recognized in profit or loss to the extent that it reduces the expense of the previous loss. Any decrease in the carrying amount resulting from the revaluation of such plants, facilities and operating equipment is recognized in profit or loss to the extent that it exceeds the revaluation surplus, if any.

The fair value of the long-term assets of the Generation, Transmission and Distribution Plants is determined through the Income Approach using the Discounted Cash Flow method; this technique reflects current market expectations about future income and expenses.

For the measurement at fair value of plants, installations and equipment, the income and expenses (in the case of generation, the Plexus Simulation Model is used), taking into account the capacity of the Power Plants to generate economic benefits through the utilization of the asset in its maximum and best use, by eliminating or incorporating the variable costs that the purchaser of the Power Plants would or would not incur, such as the elimination of legacy contracts and labor obligations of retired workers, and the incorporation of hydraulic concessions, among other variables.

On December 31, 2022 an analysis was carried out for generation plants, concluding there is an impairment in the plants of $12,267,070 in 2022.

ii) Depreciation

Depreciation of plants, facilities and equipment in operation is calculated at the fair value or acquisition cost of the asset, as the case may be, using the straight-line method over the estimated useful lives of the assets, beginning the month after the assets are available for use. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation of plants, facilities and equipment in operation is recognized in profit or loss. On the subsequent sale or disposal of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

The depreciation rates based on the useful lives of the assets, determined by The Enterprise's technicians are as follows:

	Useful life (years)
Geothermal power plants	27 to 50
Steam power plants	34 to 75
Hydroelectric power plants	40 to 80
Internal combustion power plants	34 to 75
Turbo gas and combined cycle power plants	34 to 75
Nuclear power plants	40
Substations	39 to 75
Transmission lines	34 to 75
Distribution Networks	30 to 59

The Enterprise periodically evaluates the useful lives, depreciation methods, and residual values of its plants, facilities and equipment. In the event of changes in the estimates used, the related effects are recognized prospectively.

When the plants, facilities and equipment items are comprised of various components, and their useful lives are different, the significant individual components are depreciated over their estimated useful lives. Maintenance and minor repair costs and expenses are recognized in profit or loss when they are incurred.

iii) Property and assets for offices and general services

Property and assets for offices and general services are depreciated at the following rates:

	Useful life (years)
Buildings	20
Office furniture and equipment	10
Computer equipment	4
Transportation equipment	4
Other assets	10

Land is not depreciated.

An item of plant, facilities and equipment is derecognized upon disposal or when no future economic benefits are expected from its continuing use. The gain or loss on the sale or disposal of an item of property, plant and equipment is calculated as the difference between its net selling price and its net carrying amount and is recognized in the income statement.

The generation companies transferred assets among themselves in 2020, which generated balances receivable and payable of approximately $340,358,273. At the time, they are analyzing the most appropriate way to cancel the receivable and payable balances that arose because of the aforementioned transaction.

iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

e) Leases

The Enterprise has right-of-use assets in terms of IFRS 16 derived from its contracts with creditors for rentals of office space, furniture, reserved capacity gas pipelines for a fixed price, as well as contracts with independent power generation plants that provide power generation services to CFE.

At contract inception, the Enterprise assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Enterprise uses the definition of a lease included in IFRS 16.

<u>As a lessee</u>

At inception or reassessment of a contract that contains a lease component, the Enterprise allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of property, the Enterprise has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Enterprise recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Enterprise by the end of the lease term or the cost of the right-of-use asset reflects that the Enterprise will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Enterprise's incremental borrowing rate. Generally, the Enterprise uses its incremental borrowing rate as the discount rate.

The Enterprise determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;

- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;

- Amounts expected to be payable under a residual value guarantee; and

- The exercise price under a purchase option that the Enterprise is reasonably certain to exercise, lease payments in an optional renewal period if the Enterprise is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Enterprise is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Enterprise's estimate of the amount expected to be payable under a residual value guarantee, if the Enterprise changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Enterprise presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

<u>Short-term leases and leases of low-value assets</u>

The Enterprise has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Enterprise recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The Enterprise recognizes lease payments received from operating leases as income on a linear basis during the lease term as part of 'other income'.

f) Employee benefits

The Enterprise provides various employee benefits to its employees that for purposes of the financial statements are classified as direct employee benefits and pension benefits, seniority premiums and termination benefits.

Short-term direct employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Enterprise has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Direct employee benefits

Direct employee benefits are determined based on services provided and considering the current salaries of employees. The related liability is recorded as the benefits accrue. Direct employee benefits are mainly comprised of productivity incentives, vacation days, vacation premiums, seniority bonuses and awards granted to the Enterprise's temporary, contingent and permanent staff.

Pension benefits and other benefits

The Enterprise provides retirement pensions to its employees.

The Enterprise has a defined benefit pension plan in place for employees who began working for the Enterprise on or before August 18, 2008 and a defined contribution pension plan for employees who began working for the Enterprise on or after August 19, 2008.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Additionally, there are defined contribution pension plans mandated by the Federal government to which the Enterprise is required to make contributions on behalf of its employees. The Enterprise's contributions to these defined contribution plans are calculated by applying the percentages indicated in the related regulations to the amounts of eligible wages and salaries. The contributions are remitted to the retirement fund administrators (AFORE) selected by each employee and to the Mexican Social Security Institute (IMSS, Spanish acronym).

In accordance with the Federal Labor Law, the Enterprise is required to pay a seniority premium and to make certain payments to personnel who leave the Enterprise under certain circumstances.

The Enterprise recognizes annually the cost of pensions, seniority premiums and termination benefits based on independent actuarial computations applying the projected unit credit method using assumptions net of inflation.

The cost of defined contribution pension plans is recognized in profit or loss as they are incurred.

The Enterprise's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Enterprise, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

The Enterprise determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Enterprise recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Enterprise can no longer withdraw the offer of those benefits and when the Enterprise recognizes costs for restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

g) Revenue recognition

The Enterprise's revenue recognition policies are as follows:

Sale of electricity - revenue is recognized when the electricity is delivered to the customers, which is considered to be the point in time at which the customer accepted the electricity and the related risks and rewards of ownership transferred. Other criteria applied for revenue recognition include that both the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing involvement with the goods.

Sale of fuel - revenue is recognized at a point in time determined is when the fuels are delivered to the customers.

Transmission and distribution services - revenue is recognized over time, as the public electricity transmission services are provided.

Third-party contributions - revenue from the contributions received from customers to connect them to the national transmission and distribution network is recorded in the statement of comprehensive income at a point in time after the Enterprise has completed the customer’s connection to the network. Customers have the option to choose either the Enterprise or another company to supply them electricity. Revenues are presented as part of the Other Income caption.

As a result of the legal separation of the Enterprise into several legal entities and the changes in the laws that allow for the existence of other qualified suppliers besides the Enterprise, as of January 1st, 2017 contributions received from customers and the State and Municipal Governments to provide electricity connection and supply services are recorded as income in the statement of comprehensive income after the Enterprise has completed the customer’s connection to the network, since customers now have the option to choose either the Enterprise or another company to supply them electricity.

In view of the above, the deferred income liability was recognized as Third party contributions in the Other long-term liabilities item.

Revenue from subsidies - revenue from subsidies received from the Ministry of Finance and Public Credit is recognized at a point in time when the subsidies are received by the Enterprise.

h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Enterprise's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

CFE has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

4. Financial Instruments – Fair value and risk management

Fair values

The carrying amounts and fair values of financial instruments recognized for the three-month period ended as of March 31, 2023 and as of December 31, 2022 as follow:

	2023	2022
Financial assets		
Cash and cash equivalents [2]	$ 76,406,008	$ 56,759,212
Accounts receivable [2]	106,984,534	132,959,505
Loans to employees [2]	20,136,276	19,521,739
Derivative financial instruments [1]	5,768,870	9,072,051
Financial liabilities		
Short-term debt [2]	$ 112,524,438	$ 95,148,044
Long-term debt [2]	336,007,270	355,352,580
Short-term lease liability [1]	25,830,150	26,436,648
Long-term lease liability [1]	552,921,763	598,279,709
Derivative financial instruments	8,722,906	18,483,899
Suppliers and contractors [2]	58,502,253	71,226,692
Deposits from customers and contractors [2]	34,747,470	34,270,671

[1] Fair value
[2] Amortized cost

Objectives of financial risk management

The Enterprise’s Financial Officer’s functions include, among others, implementing strategies, coordinating access to domestic and international financial markets, and monitoring and managing financial risks related to the Enterprise’s operations through internal and market risk reports that analyze the degree and magnitude of The Enterprise’s exposure to financial risks. These risks include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

To mitigate the effect of its debt related risks, the Enterprise uses derivative financial instruments to hedge such risk.

The Treasury Department is bound by the SHCP cash management policies that establish that investments must be made in low-risk short-term instruments. Monthly status reports are issued to the Treasury Investment Committee.

Credit risk

Credit risk is the risk of financial loss to the Enterprise if a counterparty to a financial instrument fails to meet its contractual obligations.

The Enterprise is subject to credit risk mostly in respect of its financial instruments comprising cash and short-term investments, loans and accounts receivable, and derivative financial instruments. In order to mitigate the credit risk in its cash, short-term investments and derivative financial instruments, The Enterprise conducts transactions only with counterparties that are financially solvent and that have a good reputation and high credit quality. The Enterprise also obtains sufficient guarantees, when appropriate, to mitigate the risk of financial loss due to non-performance.

The carrying amounts of the Enterprise's financial assets represent the maximum credit risk exposure. For credit risk management purposes, the Enterprise considers that the credit risk on loans and accounts receivable from consumers is limited. The Enterprise determines the allowance for doubtful accounts based on the incurred loss model.

Liquidity risk

Liquidity risk is the risk that the Enterprise will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The financing obtained by the Enterprise is mainly through contracted debt, the leasing of plants, facilities, equipment and PIDIREGAS. To manage liquidity risk, the Enterprise periodically performs cash flow analyses and maintains open lines of credit with financial institutions and suppliers.

In addition, the Enterprise’s budget is controlled by the Federal Government; consequently, the net debt ceiling authorized on an annual basis by the Federal Congress based on the Enterprise’s budgeted revenues, cannot be exceeded.

The following table provides information about the contractual maturities of the Enterprise’s financial liabilities based on the payment terms: An analysis of the contractual maturities of the derivative financial instruments is included in note 12 and 13:

As of March 31, 2023		Less than one year	More than 1 year and less than 3 years	More than 3 years and less than 5 years	More than 5 years	Total
Documented debt	$	43,468,890	41,862,651	46,726,541	152,271,552	284,329,634
Interest payable on documented debt		16,181,041	26,761,240	19,605,837	71,439,734	133,987,852
PIDIREGAS debt		12,219,316	23,510,714	16,357,184	57,694,467	109,781,681
Interest payable on PIDIREGAS debt		6,890,851	11,368,051	7,686,315	24,813,725	50,758,942
Trust investment financing		54,420,393	-	-	-	54,420,393
Lease liabilities		23,746,868	31,506,297	37,122,971	486,375,777	578,751,913
Interest payable on lease liabilities		18,890,705	37,101,869	34,311,723	162,438,518	252,742,815
Suppliers and contractors		58,502,253	-	-	-	58,502,253
Other liabilities		16,495,732	-	-	-	16,495,732
Total	**$**	**250,816,049**	**172,110,822**	**161,810,571**	**955,033,773**	**1,539,771,215**

As of December 31, 2022		Less than one year	More than 1 year and less than 3 years	More than 3 years and less than 5 years	More than 5 years	Total
Documented debt	$	18,037,363	45,507,664	49,626,924	155,831,251	269,003,202
Interest payable on documented debt		15,046,175	26,249,241	20,889,464	73,901,141	136,086,021
PIDIREGAS debt		13,092,226	23,959,893	17,657,017	62,769,831	117,478,967
Interest payable on PIDIREGAS debt		7,073,534	11,635,360	8,072,309	27,344,274	54,125,477
Trust investment financing		64,018,455	-	-	-	64,018,455
Lease liabilities		26,436,648	33,461,866	39,426,164	525,391,679	624,716,357
Interest payable on lease liabilities		20,684,599	39,459,137	36,573,917	175,252,128	271,969,781
Suppliers and contractors		71,226,692	-	-	-	71,226,692
Other liabilities		16,209,112	-	-	-	16,209,112
Total	$	**251,824,804**	**180,273,161**	**172,245,795**	**1,020,490,304**	**1,624,834,064**

Market risk

Due to its activities, the Enterprise has exposure to foreign currency and interest rate financial risks as well as fuel price changes.

Foreign currency exchange risk management

To fund its working capital requirements and public works financing, the Enterprise contracts debt and carries out foreign currency-denominated transactions, consequently, it is exposed to exchange rate risk.

	Total debt as of March 31, 2023 (amounts in millions of pesos)	Total debt as of December 31, 2022 (amounts in millions of pesos)
Local currency	$156,532	$164,865
Foreign currency	$235,273	$283,322
Interest payable	$ 2,306	$ 2,821

The Enterprise mainly uses interest rate and currency “swaps” and currency “forward” contracts to manage its exposure to interest rate and foreign currency fluctuations and options to manage the risk of fuel prices, in accordance with its internal policies.

Fair value of financial instruments

Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Enterprise has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Enterprise measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Enterprise uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Enterprise measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Enterprise determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair value of financial instruments recognized at amortized cost

The Enterprise considers that the carrying amount of the financial assets and liabilities recognized at amortized cost in the financial statements approximates fair value, including those mentioned below.

	2023		2022	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	$ 76,406,008	$ 76,406,008	$ 56,759,212	$ 56,759,212
Accounts receivable	106,984,534	106,984,534	132,959,505	132,959,505
Loans to employees	20,136,276	20,136,276	19,521,739	19,521,739
Financial liabilities				
Suppliers and contractors	$ 58,502,253	58,502,253	71,226,692	71,226,692
Lease liabilities	578,751,913	578,751,913	624,716,357	624,716,357
Documented debt	284,329,634	297,076,496	269,003,202	275,262,879
PIDIREGAS debt	109,781,681	112,559,593	117,478,967	116,202,643
Trust investment financing	54,420,393	54,420,393	64,018,455	64,018,455

Valuation techniques and assumptions applied for determining fair value

The fair value of the Enterprise's financial assets and liabilities is determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions that are traded on active liquid markets are determined by references to quoted market prices.

- The fair value of other financial assets and liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted pricing models, which are based on an analysis of discounted cash flows using current transaction prices observable in active markets and quoted prices for similar instruments.

- In conformity with the terms of the ISDA (International Swaps and Derivatives Association) contracts that were entered into, the counterparties or banking institutions are the appraisers, and they calculate and send the Mark-to-Market (which is the monetary valuation of breaking agreed-upon transaction at any given time) on a monthly basis. CFE monitors this value and if there is any doubt or abnormal variance in the market value, CFE requests the counterparty provides a new valuation.

Valuations at fair value recognized in the statement of financial position

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, except for the financial instruments whose carrying amount is reasonably equivalent to their fair value, grouped into Levels 1 to 3, based on the degree to which the fair value is observable:

An analysis of the fair value of the derivative financial assets grouped into level 1, based on the degree to which the inputs to estimate their fair value are observable, is included in note 10.

The levels referred to above are considered as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. For the fair values of the Documented Debt, the observed changes are obtained from the Enterprise's price provider, which furnishes the dirty price valuations reflected in the stock exchange certificates listed on the Mexican Stock Exchange.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from unobservable inputs for the asset or liability, for the fair values of the Documented Debt and Pidiregas Debt, the reasonably possible changes at the Balance Sheet date are determined by measuring the present value of the maturities in the source currency of the lines of credit discounted using CFE's yield curve. For this purpose, the Enterprise's price provider furnishes the curves and risk factors related to the interest rates, exchange rates and inflation to which the debt is exposed.

5. Cash and cash equivalents

An analysis of cash and cash equivalents as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Cash on hand and cash in banks	$ 76,397,187	$ 56,750,391
Stock certificates	8,821	8,821
Total	**$ 76,406,008**	**$ 56,759,212**

6. Accounts receivable, net

An analysis of accounts receivable as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Public consumers (*)	$ 68,665,980	$ 62,908,873
Government agency consumers (*)	30,081,923	29,124,340
	98,747,903	92,033,213
Impairment of receivables	(68,515,924)	(67,904,540)
Subtotal	30,231,979	24,128,673
Other accounts receivable (**)	51,827,039	58,381,519
Value added tax	24,925,516	50,449,313
Total	**$ 106,984,534**	**$ 132,959,505**

(*) Includes estimates of revenue for electricity supply services that are in the process of being billed.
(**) Includes Assets for trusts and other debtors.

An analysis of balances and changes in the impairment of receivables as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Opening balance	$ (67,904,540)	$ (55,631,593)
Increase	(641,676)	(13,143,932)
Charges	30,292	870,985
Ending balance	**$ (68,515,924)**	**$ (67,904,540)**

7. Inventory of materials for operation

An analysis of the inventory of operating materials as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Spare parts and equipment	$ 18,132,165	$ 15,398,595
Fuel and lubricants	4,113,221	3,512,326
Nuclear fuel	3,213,732	3,289,856
	25,459,118	22,200,777
Allowance for obsolescence	(4,285,097)	(3,986,316)
Total	**$ 21,174,020**	**$ 18,214,461**

8. Plants, facilities and equipment, net

An analysis of plants, facilities and equipment, net as of March 31, 2023 and December 31, 2022 is as follows:

	Plants, facilities and equipment, net				
	December 2022	Additions	Retirements	Depreciation	March 2023
Plants, facilities and equipment in operation	$ 2,108,145,146	$ 5,943,972	$ (453,236)	$ -	$ 2,113,635,882
Capitalized spare parts	7,974,763	234,560	-	-	8,209,323
Construction in progress	109,309,328	2,662,386	-	-	111,971,714
Materials for construction	25,048,776	1,745,638	-	-	26,794,414
Subtotal	2,250,478,013	10,586,556	(453,236)	-	2,260,611,333
Accumulated depreciation	(729,013,168)	-	724,926	(12,307,444)	(740,595,686)
Impairment	(71,531,177)	-	-	-	(71,531,177)
Total	**$ 1,449,933,668**	**$ 10,586,556**	**$ 271,690**	**$ (12,307,444)**	**$ 1,448,484,470**

	Plants, facilities and equipment, net						
	December 2021	Additions	Retirements	Depreciation	Impairment	Capitalization	December 2022
Plants, facilities and equipment in operation	$ 2,074,911,958	$ 36,568,479	$ (4,136,427)	$ -	$ -	$ 801,136	$ 2,108,145,146
Capitalized spare parts	8,775,899	-	-	-	-	(801,136)	7,974,763
Construction in progress	21,622,317	87,687,011	-	-	-	-	109,309,328
Materials for construction	20,090,113	4,958,663	-	-	-	-	25,048,776
Subtotal	2,125,400,287	129,214,153	(4,136,427)	-	-	-	2,250,478,013
Accumulated depreciation	(682,744,022)	-	-	(46,269,146)	-	-	(729,013,168)
Impairment	(59,264,107)	-	-	-	(12,267,070)	-	(71,531,177)
Total	**$ 1,383,392,158**	**$ 129,214,153**	**$ (4,136,427)**	**$ (46,269,146)**	**$ (12,267,070)**	**$ -**	**$ 1,449,933,668**

The Ukraine-Russia War, the US-China trade war and the logistical problems derived from the pandemic by COVID, has generated that the economies worldwide and especially in Latin America have experienced an increase in the inflation rate in the region of 8.1% in April 2022, at the same time while central banks anticipated that inflation would remain high for the reminder of the year, in addition to the fact that an increase in interest rates is observed. Derived from these effects, identified the need to evaluate that the value of the assets is reasonable, considering the change in the economic environment in which the Enterprise operated in recent years and, therefore, the inputs that were used in the projections of the results of the entities.

During fiscal year 2022, an analysis was carried out to update the fair value of the generation plants, the transmission and distribution lines, in accordance with the Enterprise's policies and IFRS, considering as a basis the "Study to determine the fair value of the long-lived assets of the generation plants of the Federal Electricity Commission” with figures as of December 31, 2022. The aforementioned analysis concludes that there is a revaluation, impairment and reversal of impairment in the plants for a net amount of $12,267,070.

The level of the fair value hierarchy within which the fair value measurement of assets is classified assets is the Level 3 input data, in accordance with IFRS 13.

As of December 31, 2022, the useful lives of the plants with modern technology are as follows:

Power stations	Estimated useful life
Combined cycle (with natural gas), thermoelectric plants, turbo-gas and internal combustion	30 years
Coal-Fired	40 years
Geothermal	30 years
Nuclear power	60 years
Hydroelectric	80 years
Wind and solar	25 years

Construction in progress - the construction in progress balances as of March 31, 2023 and December 31, 2022 are as follows:

Plant:	**2023**	**2022**
Steam power plants	$ 272,660	$ 257,439
Hydroelectric power plants	9,572,987	12,562,764
Nuclear power plants	147,601	205,157
Turbo-gas and combined cycle plants	74,717,361	68,045,808
Geothermal power plants	166,916	164,504
Internal combustion	12,837,663	15,157,938
Transmission lines, networks and substations	13,338,038	11,915,108
Offices and general facilities	562,577	334,911
Construction advances	355,911	665,699
Total	**$ 111,971,714**	**$ 109,309,328**

Fair value measurement

i. Fair value hierarchy

The fair value of plants, facilities and equipment in operation was determined by independent external appraisers with a recognized professional capacity and experience in terms of the property, plant and equipment that underwent the appraisal.

ii. Valuation technique and relevant unobservable inputs

The following table shows the valuation technique used to measure the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between the key unobservable inputs and the measurement of fair value
Discounted cash flows: The valuation model used the present value of the net cash flows that will be generated by the plants, facilities and equipment, considering the expected income growth rate. Net expected cash flows are discounted using risk-adjusted discount rates.	Generation Useful life of the assets (30-60 years) Discount rate 8.80%-10.55% Transmission Useful life of the assets (30 years) Discount rate 7.67% Distribution Useful life of the assets (30 years) Discount rate 7.67%	The estimated fair value would increase (decrease) if: - Income growth is higher (lower) - The useful life is higher (lower) - The risk-adjusted discount rate is lower (higher)

CFE performs impairment tests on the value of its long-lived assets when circumstances indicate a probable impairment in value.

The impairment analysis for long-lived assets requires the Enterprise to estimate the recoverable amount of its assets, which is the greater of its fair value (minus any disposal costs) and its value in use.

9. Right-of-use asset

The net balances of right-of-use assets as of March 31, 2023 and December 31, 2022 are as follows:

	December 2022	Retirements	Effect from translation	Depreciation for the year	March 2023
Property	$ 852,377	$ 21,159	$ (1,468)	$ -	$ 872,068
Infrastructure	158,891,975	-	-	-	158,891,975
Vehicles	4,168,263	29,874	-	-	4,198,137
Gas pipelines	529,069,222	-	(6,404,081)	-	522,665,141
Subtotal	$ 692,981,837	51,033	(6,405,549)	-	686,627,321
Property	(719,109)	-	1,290	(1,006,194)	(1,724,013)
Infrastructure	(72,423,306)	-	-	(1,893,272)	(74,316,578)
Vehicles	(2,890,036)	-	-	(263,116)	(3,153,152)
Gas pipelines	(107,026,114)	-	1,658,352	(3,929,223)	(109,296,985)
Total depreciation	(183,058,565)	-	1,659,642	(7,091,805)	(188,490,728)
	$ **509,923,272**	**$ 51,033**	$ **(4,745,907)**	$ **(7,091,805)**	$ **498,136,593**

	December 2021	Additions	Retirements	Effect from translation	Depreciation for the year	December 2022
Property	$ 788,956	64,849	$ -	$ (1,428)	$ -	$ 852,377
Infrastructure	158,891,975	-		-	-	158,891,975
Vehicles	4,173,989	-	(5,726)	-	-	4,168,263
Gas pipelines	503,228,838	32,048,582	-	(6,208,198)	-	529,069,222
Subtotal	$ 667,083,758	32,113,431	(5,726)	(6,209,626)	-	692,981,837
Property	(630,310)	-	-	1,369	(90,168)	(719,109)
Infrastructure	(64,850,216)	-	-	-	(7,573,090)	(72,423,306)
Vehicles	(1,852,979)	-	-	-	(1,037,057)	(2,890,036)
Gas pipelines	(88,382,530)	-	-	1,343,807	(19,987,391)	(107,026,114)
Total depreciation	(155,716,035)	-	-	1,345,176	(28,687,706)	(183,058,565)
	$ 511,367,723	**32,113,431**	**$ (5,726)**	**$ (4,864,450)**	**$ (28,687,706)**	**$ 509,923,272**

10. Derivative financial instruments

a. Accounting classifications and fair values

CFE is exposed to interest rate and foreign currency translation risks which it tries to mitigate through a hedging program that includes using derivative financial instruments. The Enterprise mainly uses foreign exchange “Cross Currency Swaps” and “Forwards” to mitigate its foreign currency risk. To reduce its interest rate risk exposure, the Enterprise uses interest rate swaps.

In addition, for the three-month period ended March 31, 2023 and December 31, 2022, the derivative financial instruments have been designated as and qualify mainly as cash flow hedges since they are referenced to the contracted debt. The effective portion of gains or losses on cash flow derivatives is recognized in equity in the "Effects on the fair value of derivatives" line item, and the ineffective portion is charged to profit or loss of the period.

The fair value of the Enterprise's financial instrument position as of March 31, 2023 and December 31, 2022 amounted ($2,954,036) and ($9,411,948), respectively.

Derivative Financial Instruments Held for Trading

As of March 31, 2023 and December 31, 2022, CFE had derivatives designated as held for trading whose fair value represented a liability of ($4,790,547) and ($13,749,124) respectively.

Instrument	Underlying	Maturity	Hedge Ratio	March 2023	December 2022
FWD JPY/USD	Exchange rate and interest	2032	Line of credit in yen	$ (815,663)	$ (960,810)
P. Only	P.O 2052	2023	Bond 2052	-	(3,889,939)
P. Only	P.O 2033	2023	Bond 2033	-	(1,668,132)
IRS	ISDA Credit Suisse	2023	Funded Out	(3,977,654)	(6,995,139)
CCS	Exchenge rate and interest	2023	Mizuho line	2,770	(235,104)
		Hedging		**$ 4,790,547**	**$ 13,749,124**

1) On September 17, 2002, CFE placed in the Japanese market a bond for 32 billion Japanese yen at an annual interest rate of 3.83% and maturing in September 2032. At the same time, CFE carried out a hedging operation for which received an amount of 269,474,000 US dollars, equivalent to 32 billion yen at the spot exchange rate on the date of the operation of 118.7499 yen per US dollar. This transaction consists of a series of currency forwards that allow the Enterprise to lock in a JPY/USD exchange rate of 54.0157 JPY per USD over the established term of the transaction. As part of this transaction, CFE pays annual interest in U.S. dollars at a rate of 8.42%.

2) On April 7, 2022, a derivative transaction was entered into in a "Funded Swap" format with Credit Suisse AG - Cayman Branch, in order to obtain liquidity.

   The transaction is valid for one year. The notional amount of the operation is up to a maximum of 325 million Swiss francs, and the entire amount was transferred by Credit Suisse to CFE on the closing day of closing of the operation. CFE has the option to make partial principal payments periodically, and any amounts that CFE decides to repay may be used again in subsequent periods within the term of the transaction. Interest is payable every 28 days at a variable interest rate of TIIE minus 85 basis points. This operation is classified under the trading category.

These instruments have not been designated as hedges under the requirements of the accounting standard, for which, its valuation effect is recorded in the financial cost; a gain (loss) on that security offsets a loss (gain) on the underlying liability. In addition to the series of forwards, the instrument derivative considers two options, a long call with which CFE has the right to buy Japanese yen at the maturity, in the spot market, in the case the yen/dollar exchange rate is quoted by below 118.75 yen per dollar. In addition, a short call with a strike price of 27.80, if the exchange rate prevailing on the settlement date is above this level.

The Enterprise suspends cash flow hedge accounting when the derivative expires, is not effective enough to offset the changes in the fair value or cash flows of the hedged item, or when The Enterprise decides to cancel the hedging designation.

Hedging instruments

As of March 31, 2023 and December 31, 2022, CFE maintains its hedging derivative position on exchange rates and interest rates, as follows:

Instrument	Underlying	Type of hedge	Maturity	Primary position (Lines/Bonds)	Hedge Ratio	Fair value 2023	Fair value 2022
CCS	(1)	Cash flow	2023	1100000080	100%	$ (278,926)	$ 219,149
CCS	(1)	Cash flow	2024	1100002956	100%	(575,586)	459,169
CCS	(1)	Cash flow	2027	1100003606	100%	53,970	493,544
CCS	(1)	Cash flow	2032	1200002801	100%	(4,111)	123,039
				1200000551			
CCS	(1)	Cash flow	2036	Pidirega line	100%	2,478,481	3,356,850
CCS	(1)	Cash flow	2042	2042 bond	55%	271,601	171,766
CCS	(1)	Cash flow	2047	Formosa 1 bond	100%	(617,438)	250,098
CCS	(1)	Cash flow	2048	Formosa 2 bond	100%	330,412	472,243
Participating Swap	(1)	Cash flow	2027	2027 bond	100%	(241,972)	105,144
CCS	(1)	Cash flow	2045	2045 bond	67%	503,983	575,357
CCS	(1)	Cash flow	2030	Formosa 4 bond	33%	(798,801)	(340,659)
CCS	(1)	Cash flow	2029	Formosa 3 bond	30%	(717,632)	1,788,274
CCS	(1)	Cash flow	2029	SACE line	100%	536,825	443,547
CCS	(1)	Cash flow	2031	CFE 2031	100%	754,647	(828,480)
CCS	(1)	Cash flow	2033	CFE 2033	100%	(198,530)	266,372
CCS	(1)	Cash flow	2025	Formosa 4 bond		(10,973)	-
P.Only	(1)	Cash flow	2052	2051 bond	100%	215,834	-
P.Only	(1)	Cash flow	2052	2052 bond	100%	128,191	347,499
Forwards	(2)	Cash flow	Less than 1 year	Energy sale	100%	(25,398)	-
CCS	(3)	Cash flow	2023-2025	Energy sale	N/A	(460,222)	(340,861)
Options	(3)	Cash flow	2022	Energy sale	28%	492,156	(3,224,775)
				Total		**$ 1,836,511**	**$ 4,337,276**

(1) Exchange rate and interest rate
(2) Exchange rate
(3) Commodities

The table above includes the Mark to Market of the hedging derivatives.

	2023	2022
Assets		
Hedge	$ 5,766,100	$ 9,072,051
Negotiation	2,770	
Total	$ 5,768,870	$ 9,072,051
Liabilities		
Hedge	(3,929,589)	(4,734,775)
Negotiation	(4,793,317)	(13,749,124)
Total	$ (8,722,906)	$ (18,483,899)
Net	**$ (2,954,036)**	**$ (9,411,848)**

As of March 31, 2023 and December 31, 2022 the total Mark to Market value of the hedging and trading derivatives amounts to ($2,954,036) y ($9,411,848) respectively, based on their carrying amount.

The results of the effectiveness tests for these hedging instruments showed that the relationships are highly effective, and the amount of ineffectiveness is minimal.

Fair value (Mark to Market - MTM) is determined using valuation techniques at present value to discount future cash flows, which are estimated using observable market data. The carrying amount of OCI includes the fair value (mark to market), and the reclassifications to profit and loss correspond to accrued interest and currency hedging (gain or loss).

Natural Gas Hedges Proprietary Position

At the 50th ordinary session of the Board of Directors held on July 14, 2022, by Act CA-041/2022, the Federal Electricity Commission's Strategy on Currency Exposure, Interest Rate and Fuel Price for 2022 was authorized.

As of March 31, 2023, there is coverage of 27.71% of the strip of contracts of the reference base of NYMEX including Houston Ship Channel Benchmark Index Combos (NYMEX+ Index HSC+ Basis) covering Cal 22 and up to the period of March 2023.

As of December 31, 2022, there is coverage of 22.75% and 19.35% of the strip of contracts of the bases of NYMEX Benchmark including Houston Ship Channel Reference Benchmark combos (Options NYMEX + Index HSC + Basis) covering Cal 22 and up the period of March 2023.

Level strike options	Apr 23-Dec 23	Apr 23-Dec 24	Total
4.0 Call	-	46	**46**
5.5 Call	73	**-**	**73**
Total contracts	**73**	**46**	**119**

As the calendars expire monthly, the term will be increased through new layers with mobile periods covering the periods of greatest price increases.

As of September 2022, the 2023 coverage program began which will cover winter 2022 and taking advantage of the curve backwardation of the curve to extend coverage in accordance with the strategy approved in July 2022.

The classification of the natural gas hedge position remains in CFE Corporate with a hedge of 30.7% cumulatively until May 2024.

The market value as of March 31, 2023 corresponding to the own position was $492,156 registered as an asset, while for third-party position (CFE Suministro Calificado) was ($460,222) recorded as an intercompany liability and corresponds to the market value to cover the primary position of consumption from the Houston Ship Channel-Gas Daily index.

b. Fair value measurement

The valuation techniques for estimating the fair value of derivative instruments are described in the accounting policy mentioned above, depending on the derivative instrument for which the fair value is estimated. The Enterprise uses the corresponding technique to estimate such value.

Adjustment of fair value or Mark to Market by credit risk

To reflect counterparty risk, the valuation is adjusted based on the probability of default and recovery rate with the counterparties of the derivative positions.

The net fair value of derivative financial instruments (Mark-To-Market) effective as of March 31, 2023 and December 31, 2022, before considering credit risk, amounts to ($2,154,698) and ($9,062,201), respectively which is included in the balance sheet and represents the amount in favor of the Enterprise with the counterparties.

CFE applies a Credit valuation adjustment (CVA) to reflect the creditworthiness of the counterparty of the derivative financial instrument. The CVA is the market value of the counterparty credit risk and reflects the estimated fair value of the hedging required to cover the counterparty credit risk included in such instruments.

Method for adjusting Fair Value

This method was approved by the Interinstitutional Delegate Committee for Financial Risk Management associated to the financial position and price of fossil fuels (CDIGR Spanish acronym), as the methodology for adjusting derivative financial instruments to fair value.

As of March 31, 2023 fair values adjustments based on the CVA (Credit Valuation Adjustment) are shown below:

Counterparty	Fair value MTM subject to CVA	Adjusted fair value MTM	Adjustment as of March 31, 2023
Deutsche Bank	$ 1,973,130	$ 1,732,080	$ 241,050
Morgan Stanley	727,912	618,650	109,262
Citibanamex	607,244	435,670	171,574
BBVA Bancomer	242,019	205,385	36,634
BNP Paribas	201,794	172,848	28,945
Goldman Sachs	193,236	87,577	105,659
MUFG	158,534	139,488	19,046
Santander	14,617	(9,904)	24,521
Monex	(7,852)	(7,852)	-
JP Morgan	(94,430)	(98,529)	4,099
Scotiabank	(473,773)	(473,773)	-
Bank of America	(832,176)	(846,744)	14,568
Barclays Bank	(918,958)	(938,127)	19,169
Credit Suisse	(3,945,995)	(3,970,805)	24,811
	$ (2,154,698)	**$ (2,954,036)**	**$ 799,338**

As of December 31, 2022 the adjustments to fair values based on the CVA (Credit Valuation Adjustment) are shown below:

Counterparty	Fair value MTM subject to CVA	Adjusted fair value MTM	Adjustment as of December 31, 2022
Deutsche Bank	$ 2,095,269	$ 1,885,146	$ 210,123
Goldman Sachs	1,017,303	856,694	160,609
Morgan Stanley	458,787	391,201	67,586
BBVA Bancomer	296,527	275,172	21,355
Santander	146,579	133,864	12,715
MUFG	(153,053)	(153,053)	-
Scotiabank	(447,374)	(447,374)	-
Bank of America	(613,276)	(626,330)	13,054
BNP PARIBAS	(620,985)	(628,316)	7,330
Barclays Bank	(868,130)	(955,932)	87,802
JP Morgan	(962,487)	(1,484,495)	522,008
Citibanamex	(3,005,583)	(3,133,191)	127,608
Credit Suisse	(6,405,778)	(5,525,234)	(880,544)
	$ (9,062,201)	**$ (9,411,848)**	**$ 349,647**

Fair Value hierarchy or Mark-to-Market

To increase consistency and comparability in fair value measurements and related disclosures, IFRS sets out a fair value hierarchy that categorizes into three levels the inputs used in valuation techniques. This hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The availability of relevant inputs and their relative subjectivity might affect the selection of appropriate valuation techniques. However, the fair value hierarchy prioritizes the inputs to valuation techniques.

Level 2 inputs

As explained above, based on the terms of the ISDA contracts, the counterparties or banking institutions are the valuation agents, and they calculate and send the Mark-to-Market monthly.

Therefore, the hierarchy level of The Enterprise's Mark-to-Market for derivative financial instruments as of March 31, 2023 is level 2 due to the following:

a) Inputs are other than quoted prices and include inputs within Level 1 that are observable, either directly or indirectly.
b) Quoted prices for similar assets or liabilities in active markets.
c) Inputs other than quoted prices that are observable for the assets or liabilities.

Financial risk management

The Enterprise has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Enterprise if a counterparty to a financial instrument fails to meet its contractual obligations. To mitigate its credit risk, the Enterprise's policy is to maintain a significant portion of its positions with investment grade counterparties and substantially limit its positions with below investment grade counterparties.

To manage credit risk, the Enterprise monitors the credit rating and the probability of default of the counterparty, which is applied to the market value of the derivative. These operations are carried out with solvent and reputable parties that have a AAA+ credit rating on a local scale, and BBB+ on a global scale according to S&P, Moody's and Fitch.

The carrying amount of the derivative financial assets represents the maximum exposure to credit risk. As of March 31, 2023 and December 31, 2022, this amounted to ($2,154,698) and ($9,062,021), respectively.

Liquidity risk

The liquidity risk associated with financial derivative instruments is the risk that CFE may encounter difficulties in meeting the financial obligations arising from these instruments.

To manage credit risk, the Enterprise monitors the market value of the derivative and the use by the operating lines (threshold).

Exposure to liquidity risk for holding derivative financial instruments arises from the carrying amount of the financial liabilities corresponding to these instruments. As of March 31, 2023 and December 31, 2022, $11,602 and $18,937, respectively.

Market risk

The market risk associated with derivative financial instruments is the risk that changes in market prices, such as exchange rates and interest rates, will affect CFE's income for holding derivative financial instruments.

The Enterprise uses derivative financial instruments to manage market risk, generally seeking access to hedge accounting to control or immunize the volatility that could arise in the results.

a) Currency exchange risk

60.0% of CFE's debt is denominated in foreign currency, mainly in US dollars, whereas most of CFE’s assets and revenues are denominated in pesos. As a result, CFE is exposed to devaluation risks of the peso against the dollar. In conformity with its risk management policy, CFE has contracted currency swaps to reduce the impact of currency fluctuations. The effect of this instrument is to replace the obligation to pay fixed interest rates in dollars for an obligation to pay a fixed rate in pesos. As of March 31, 2023 and December 31, 2022, CFE maintained foreign exchange swaps to hedge its foreign currency debt of $174,950 and $145,318 million pesos, respectively.

To cover the exchange risks of the $32 billion debt in yens, CFE uses a series of exchange rate forwards under which it purchases Japanese yens. The market value of this transaction as of March 31, 2023 and December 31, 2022 was ($815,663) and ($960,810), respectively. These derivative instruments were not designated as hedges.

b) Interest rate risk

21.3% of our debt generates interest at variable rates, which are calculated by reference to the TIIE rate in the case of debt denominated in pesos. As of March 31, 2023 and December 31, 2022, CFE hedged $16,348 and $17,530 respectively of our peso-denominated debt with variable interest rates.

11. Intangible assets and other assets

An analysis of intangibles and other assets as of March 31, 2023 and December 31, 2022 is as follows:

		2023		2022
Rights of way (1)	$	31,607,536	$	33,789,096
Deposits and advances		13,150,021		12,190,411
Total	**$**	**44,757,557**	**$**	**45,979,507**

(1) The Enterprise asset for right of way, that represents rights aerial or subsurface passage for inspection of the transmission lines that guarantee the continuity of energy transport.

12. Short-term and long-term debt

An analysis of the Enterprise's debt as of March 31, 2023 and December 31, 2022 is as follows:

		2023		2022
Documented debt	$	45,893,551	$	18,037,363
PIDIREGAS debt		12,210,494		13,092,226
Trust Investment Financing		54,420,393		64,018,455
Total short-term debt		**112,524,438**		**95,148,044**
Documented debt		238,436,083		250,965,839
PIDIREGAS debt		97,571,187		104,386,741
Total long-term debt		**336,007,270**		**355,352,580**
Total debt	$	**448,531,708**	$	**450,500,624**

An analysis of the debt by item is as follows:

Type of debt		December 2022		Drawdowns		Payments		Foreign currency exchange and interest rate differences		March 2023
Documented debt	$	269,003,202	$	38,690,825	$	(12,922,397)	$	(10,441,996)	$	284,329,634
Pidiregas debt		117,478,967		164,955		(2,328,378)		(5,533,863)		109,781,681
Trust Investment Financing		64,018,455		7,307,036		(13,257,537)		(3,647,560)		54,420,393
Total	**$**	**450,500,624**	**$**	**46,162,816**	**$**	**(28,508,312)**	**$**	**(19,623,419)**	**$**	**448,531,708**

Type of debt	December 2021	Drawdowns	Payments	Foreign currency exchange and interest rate differences	December 2022
Documented debt	$ 258,339,513	$ 119,888,208	$ (99,813,569)	$ (9,410,950)	$ 269,003,202
Pidiregas debt	123,513,259	8,768,567	(10,568,699)	(4,234,160)	117,478,967
Trust Investment Financing	12,068,130	62,579,842	(8,105,252)	(2,524,265)	64,018,455
Total	**$ 393,920,902**	**$ 191,236,617**	**$ (118,487,520)**	**$ (16,169,375)**	**$ 450,500,624**

Documented debt

An analysis of drawdowns against loans as of March 31, 2023 and December 31, 2022 is as follows:

Foreign debt

On February 15, 2023, the Enterprise drew down MEUR $29.4, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200, at a rate of EURIBOR plus 2.10% with maturity in April 2041.

On February 10, 2023, the Enterprise drew down MUSD $100, from a revolving commercial credit signed on January 31, 2023 in the amount of MUSD $100 with Sumitomo Mitsui Banking Corporation, was made available at a rate of TERM SOFR at a USD term plus 0.95% with maturity in January 2024.

On January 6, 2023, the Enterprise drew down MUSD $200 from a revolving credit contracted with the Andean Development Corporation (CAF) signed on November 29, 2022, for an amount of MUSD $200, at a rate of TERM SOFR plus the margin established in the disbursement request with maturity on March 31, 2023.

In the period January - March 2023, the Enterprise drew down MUSD $800 from a revolving credit line were disbursed signed with Credit Agricole, CIB, dated December 20, 2022, for an amount of MUSD $1,540, at a TERM SOFR rate plus 0.10% plus a margin of 1.15% and a term of 3 years.

On December 21, 2022, the Enterprise drew down MEUR $15.9, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200.0, at a rate of EURIBOR plus 2.10.0% with maturity in April 2041.

On December 9, 2022, the Enterprise drew down MUSD $21.1, from a credit line signed with Banamex, S.A. to finance enriched uranium for the Laguna Verde Nuclear Power Plant, with a term of three years, amortizations and half-yearly interest payments, and at a rate of LIBOR 6m USD + 0.85%.

On December 6, 2022, the Enterprise drew down MUSD $80.0, from a short-term unsecured promissory note contracted with Banco Mercantil del Norte, S.A. (Banorte), at a rate of SOFR plus 1.5% and term 22 days.

On December 2, 2022, the Enterprise drew down MUSD $200.0, from a loan contracted with the Corporacion Andina de Fomento (CAF) signed on November 29, 2022 for an amount of MUSD $200.0, at a rate of TERM SOFR plus the margin to be set in the disbursement request and maturity in July 2026.

On November 25, 2022, the Enterprise drew down MEUR $62.2, from a loan contracted with the Agence Francaise de Developpement (AFD) signed on October 14, 2021 for an amount of MEUR $200.0, at a rate of EURIBOR plus 2.1% and maturity in April 2041.

During October 2022, the Enterprise drew down MUSD $200.0, from a revolving syndicated loan signed on July 31, 2018 in the amount of MUSD $1,260.0 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% and maturity in July 2023.

On August 10, 2022, the Enterprise drew down MUSD $100.0, from a commercial credit signed on December 31, 2021 in the amount of MUSD $350.0 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.5% with maturity in January 2023.

On August 10, 2022, the Enterprise drew down MUSD $100 from a revolving syndicated credit signed on July 31, 2018 in the amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

On July 22, 2022, the Enterprise drew down MUSD $100, from a commercial credit signed on December 31, 2021 in the amount of MUSD $350 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.50% with maturity in January 2023.

On July 14, 2022, the Enterprise drew down MUSD $300 from a revolving syndicated loan signed on July 31, 2018 in the amount of MUSD $1,260 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

On May 13, 2022, the Enterprise drew down MUSD $28.2 from a credit line signed with Banamex, S.A. to finance enriched uranium for the Laguna Verde Nuclear Power Plant, with a term of three years, amortizations and half-yearly interest payments, and at a rate of LIBOR 6m USD + 0.85%.

On April 8, 2022, the Enterprise drew down MUSD $50 provision was made for a commercial credit signed on December 31, 2021 in the amount of MUSD $350 with Sumitomo Mitsui Banking Corporation, at a rate of LIBOR USD plus 0.50% with maturity in January 2023.

On February 5, 2022, the Enterprise drew down USD $1,750 derived from the external public issuance of fixed-rate bonds under Rule 144 A and Regulation S with Deutsche Bank Trust Company Americas as the main paying agent, in two tranches:

a) The first identified as "4.7% Notes due 2029" for MUSD $1,250, fixed rate of 4.7% and maturity in May 2029, intended for the financing of investment projects and activities contemplated in the Sustainable Financing Framework and of various activities authorized by the CFE Law.

b) The second identified as "6.3% Notes due 2052" for MUSD $500, fixed rate of 6.3% and term of 30 years, intended for the financing of investment projects and activities contemplated in the Sustainable Financing Framework and of various activities authorized by the CFE Law.

During February 2022, the Enterprise drew down MUSD $300.0 from a syndicated revolving loan signed on July 31, 2018 in the amount of MUSD $1,260.0 with Mizuho Bank, LTD., as administrative agent, at a rate of USD LIBOR plus 0.95% with maturity in July 2023.

On January 11, 2022, the Enterprise drew down MUSD $300.0 from a syndicated revolving loan signed on July 31, 2018 in the amount of MUSD $1,260.0 with Mizuho Bank, LTD., as administrative agent, at a rate of LIBOR USD plus 0.95% with maturity in July 2023.

Foreign debt	Credit type	Interest rate	Maturates	2023 Local currency	2023 Foreign currency	2022 Local currency	2022 Foreign currency
IN US DOLLARS: at the exchange rate							
US dollar of $18.1052 as of March 2023 and	BILATERAL	Fixed and variable - 3.56%	Various through 2030	$ 6,977,163	385,368	$ 7,486,131	$ 385,599
$19.4143 as of December 2022	BONDS	Fixed and variable - 4.69%	Various through 2052	136,420,827	7,534,898	146,740,491	7,558,371
	REVOLVING	Fixed and variable - 6.21%	Various through 2026	1,893,646	104,591	117,810	6,068
	SYNDICATED	Fixed and variable - 5.53%	2026	14,484,161	800,000	-	-
TOTAL US DOLLARS:				**159,775,797**	**8,824,857**	**154,344,432**	**7,950,038**
IN EUROS : at the exchange rate							
Euros of $19.6002 as of March 2023 and $20.7692 as of December 2022	BILATERAL	Fixed and variable - 4.56%	Various through 2041	2,113,948	107,853	1,629,342	78,450
TOTAL EUROS:				**2,113,948**	**107,853**	**1,629,342**	**78,450**
IN JAPAN YEN at the Exchange rate Yen of $0.1354 as of March 2023 and $0.1474 as of December 2022		Fixed - 3.83%	2032	4,332,800	32,000,000	4,716,800	32,000,000
Assets received for financial instruments, net				546,081	-	514,849	-
TOTAL JAPANESE YENS:				**4,878,881**	**32,000,000**	**5,231,649**	**32,000,000**
		TOTAL FOREIGN DEBT		**$166,768,626**		**$161,205,423**	

Reference Interest Rates changes (RFR)

In July 2017, the Financial Conduct Authority regulatory institution announced that the RFR would not be required for banks to operate the London Interbank Offered Rate after 2021.

Interbank offer rates are reference interest rates that can be accessed publicly and periodically. They are a useful reference for all types of financial contracts such as loans, mortgages, account overdrafts, and more complex financial products. Interbank offer rates are calculated by an independent institution to reflect the cost of financing for different markets.

Differences between IBORs and RFRs:

1. RFRs are available overnight. On the contrary, IBORs are published for different time frames;

2. RFRs are retrospective, as they report the fees paid the day before in the relevant transactions. Rather, IBORs report the rate at which funds are available today for the corresponding term.

3. RFRs are designed to be almost risk-free rates. Consequently, they do not incorporate a credit or liquidity premium. Rather, most IBORs are designed to provide an indication of the average rates at which participating banks could obtain unsecured wholesale financing during set periods and incorporate both a credit premium.

The LIBOR rate and the alternative SOFR rate are not equivalent, the LIBOR rate is unsecure and incorporates terms and credit premium, however, with adherence to the LIBOR Fallback protocol, CFE would be covered to such changes for both credits and derivative financial instruments.

Domestic debt

On March 23, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory note contracted with BBA Mexico, S.A., at a rate of TIIE 28d plus 0.80% and a term of 3 months.

On March 22, 2023, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory note contracted with BBA Mexico, S.A., at a rate of TIIE 28d plus 0.80% and a term of 3 months.

On March 17, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and a term of 14 days, was arranged to refinance the unsecured promissory note dated February 16, 2023.

On March 3, 2023, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory note contracted with BBA Mexico, S.A., at a rate of TIIE 28d plus 0.80% and a term of 3 months, were arranged to refinance the unsecured promissory note dated December 5, 2022.

On February 28, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and a term of 1 month, was arranged to refinance the unsecured promissory note dated January 27, 2023.

On February 16, 2023, the Enterprise drew down MMXP $3,000 from a short-term revolving credit contracted with Banorte dated February 16, 2023, at a rate of 91d TIIE plus 1.3%, term of 8 months, renewable every 90 days.

On February 16, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and a term of 1 month, was arranged to refinance the unsecured promissory note dated January 16, 2022.

On February 16, 2023, the Enterprise drew down MMXP $1,000 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., was made available at a rate of 28d TIIE plus 0.80% and a term 2 months.

On January 27, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and a term of 1 month, was arranged to refinance the unsecured promissory note dated December 31, 2022.

On January 20, 2023, the Enterprise drew down MMXP $4,000 from a short-term revolving credit contracted with Banorte dated January 20, 2023, at a rate of 91d TIIE plus 1%, term of 8 months, renewable every 90 days.

On January 16, 2023, the Enterprise drew down MMXP $1,500 from a short-term unsecured promissory note contracted with Scotiabank Inverlat, S.A., was made available at a rate of 28d TIIE plus 0.80% and a term of 1 month.

On January 4, 2023, the Enterprise drew down MMXP $3,000 from a short-term revolving credit contracted with Banco Santander (Mexico), S.A. dated November 18, 2022, at a rate of TIIE 28d plus 0.95%, term of 12 months, renewable every 90 days.

On December 30, 2022, the Enterprise drew down MMXP $1,500.0 derivatives from a short unsecured promissory note signed with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.8% and due on January 27, 2023.

On December 16, 2022, the Enterprise drew down MMXP $2,000.0 from a revolving short-term loan contracted with Banco Santander (Mexico), S.A. dated November 18, 2022, at a rate of TIIE 28d plus 0.9% and a term of 12 months, renewable every 90 days.

On December 5, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and 90 days.

On October 18, 2022, three Stock Certificates were issues in the national markets for a total amount of MMXP $10,000.

a) CFE 22S for an amount of MMXP $2,907.8, which will pay monthly interest at a variable rate of TIIE 28 days plus 0.5%, maturity in May 2026.

b) CFE 22-2S for an amount of MMXP $1,333.2, which will pay half-yearly interest at a fixed rate of 10.8%, maturity in November 2030.

c) CFE 22UV for a total of UDIS 323,633,300.0 equivalent to MMXP $2,458.2, which will pay half-yearly interest at a fixed rate of 6.3% and maturity in March 2033.

d) CFE 222UV for a total of UDIS 434,472,700.0 equivalent to MMXP $3,300.5, which will pay half-yearly interest at a fixed rate of 6.7% and maturity in October 2042.

On October 18, 2022, the Enterprise drew down MMXP $3,000.0 from a short-term unsecured note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and a term of 58 days were arranged.

On October 4, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with Banco Mercantil del Norte, S.A. (Banorte), at a rate of TIIE 28d plus 0.8% and a term of 88 days.

On July 21, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and term 32 days.

On July 20, 2022, the Enterprise drew down MMXP $3,000.0 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and 90 days.

On June 13, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with Banco Mercantil del Norte, S.A. (Banorte) at a rate of TIIE 28d plus 0.8% and 179 days.

On June 8, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with Banco Mercantil del Norte, S.A. (Banorte), at a rate of TIIE 28d plus 0.8% and 180 days.

On April 22, 2022, the Enterprise drew down MMXP $2,000.0 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and term of 3 months.

On April 21, 2022, the Enterprise drew down MMXP $3,000.0 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., at a rate of TIIE 28d plus 0.8% and term of 3 months.

On April 21, 2022, the Enterprise drew down MMXP $4,500.0 from a revolving short-term loan contracted with Banco Santander (Mexico), S.A. dated December 21, 2020, at a rate of TIIE 28d plus 0.9% and a term of 12 months, renewable every 90 days.

On March 1, 2022, the Enterprise drew down MMXP $10,000 derived from a simple long-term loan subscribed with Nacional Financiera, SNC in two tranches, as follows:

1. The first for MMXP $5,000, maturing in February 2025 and a rate of TIIE 182 + 1.2%.

2. The second for MMXP $5,000, maturing in March 2027 and a rate of TIIE 182 + 1.4%.

On February 23, 2022, the Enterprise drew down MMXP $4,000 derived from a short unsecured promissory note signed with Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.9% and maturing on December 30, 2022, were drawn down.

On January 18, 2022, the Enterprise drew down MMXP $2,000 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., were drawn down at a rate of TIIE 28d plus 0.8% and maturity in 3 months.

On January 17, 2022, the Enterprise drew down MMXP $3,000 from a short-term unsecured promissory note contracted with BBVA Bancomer, S.A., were drawn down at a rate of TIIE 28d plus 0.8% and maturity in3 months.

On January 6, 2022, the Enterprise drew down MMXP $9,000 from a short-term revolving loan contracted with Banco Santander (México), S.A. dated December 21, 2020, at a rate of TIIE 28d plus 0.9% maturing in 12 months, renewable every 90 days.

Domestic debt	Credit type	Interest rate	Maturates	2023 Local currency	2023 Foreign currency	2022 Local currency	2022 Foreign currency
NACIONAL CURRENCY	BANK CONTRACTS	Fixed and variable – 10.33%	Various through 2027	$ 24,500,000		$ 16,000,000	
	STOCK MARKET	Fixed and variable – 8.63%	Various through 2030	48,922,541		48,922,541	
TOTAL MEXICAN PESOS				**73,422,541**		**64,922,541**	
In UDIS at the exchange rate UDI of $7.7748 as of March 2023 and $7.6449 as of December 2022	STOCK MARKET	Fixed - 4.94%	Various through 2042	42,861,408	5,512,863	42,145,287	5,512,863
TOTAL UDIS				**42,861,408**	**5,512,863**	**42,145,287**	**5,512,863**
		TOTAL DOMESTIC DEBT		**$116,283,949**		**$ 107,067,828**	

	2023	2022
Summary		
Total foreign debt	$ 166,768,626	$ 161,205,423
Total domestic debt	116,283,949	107,067,828
Interest payable	3,701,721	3,154,612
Unamortized debt expenses	(2,424,662)	(2,424,661)
Total documented debt	**$ 284,329,634**	**$ 269,003,202**
Short-term debt	$ 42,191,830	14,882,751
Interest payable	3,701,721	3,154,612
Total Short-term	**45,893,551**	**18,037,363**
Long-term debt	240,860,744	253,390,500
Unamortized debt expenses	(2,424,661)	(2,424,661)
Total long-term	**238,436,083**	**250,965,839**
Total short-term and long-term debt	**$ 284,329,634**	**$ 269,003,202**

As of March 31, 2023, the maturities of the documented debt are integrated as follows:

	Amount
2023	$ 23,960,373
2024	25,166,442
2025	34,695,824
2026	10,751,482
2027	37,225,193
2028	5,823,968
2029	27,037,065
Subsequent Years	119,669,287
Total	**$ 284,329,634**

Debt on long-term productive infrastructure projects (PIDIREGAS, Spanish acronym)

An analysis of the balances and maturities of the PIDIREGAS (direct investment) debt and capital lease liabilities as of March 31, 2023 and December 31, 2022 is as follows:

Foreign debt		Contract maturity	Balances as of March 31, 2023 (Thousands of units)				Balances as of December 31, 2022 (Thousands of units)			
			Local currency		Foreign currency		Local currency		Foreign currency	
			Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
18	millions of dollars	2026	$ 81,931	245,792	4,525	13,576	$ 87,855	263,564	4,525	13,576
170	millions of dollars	2029	494,511	2,587,481	27,313	142,914	530,266	3,039,703	27,313	156,570
191	millions of dollars	2032	706,832	2,745,515	39,040	151,642	757,940	2,944,030	39,040	151,642
648	millions of dollars	2036	795,749	10,937,067	43,951	604,084	853,285	11,727,874	43,951	604,084
474	millions of dollars	2047	882,431	7,690,520	48,739	424,769	946,235	8,246,584	48,739	424,769
932	millions of dollars	2048	759,489	16,107,915	41,949	889,684	814,404	17,639,725	41,949	908,594
726	millions of dollars	2049	546,277	12,603,242	30,172	696,112	585,775	13,561,211	30,172	698,517
625	millions of dollars	2050	953,115	10,366,309	52,644	572,560	973,093	11,348,145	50,122	584,525
Total Foreign debt			5,220,335	63,283,841	288,333	3,495,341	5,548,853	68,770,837	285,811	3,542,277
Domestic debt										
473	millions of pesos	2024	315,205	157,602			254,195	254,195		
14,959	millions of pesos	2026	2,985,491	11,973,322			3,044,274	12,364,987		
3,144	millions of pesos	2028	542,951	2,601,209			543,314	2,791,123		
11,217	millions of pesos	2033	1,490,447	9,726,135			1,491,330	10,145,946		
1,171	millions of pesos	2036	83,664	1,087,637			83,664	1,087,637		
9,284	millions of pesos	2042	551,536	8,732,620			551,656	8,963,194		
Total Domestic debt			5,969,294	34,278,525			5,968,433	35,607,083		
Interest payable			1,020,865	-			1,574,939	-		
CEBURES			-	8,821			-	8,821		
Total PIDIREGAS debt			**$ 12,210,494**	**97,571,187**			**$ 13,092,225**	**104,386,740**		

As of March 31, 2023 and December 31, 2022, minimum payment commitments on PIDIREGAS are as follows:

	2023	2022
PIDIREGAS	$ 160,531,802	$ 170,020,682
less:		
Unaccrued interest	50,758,942	54,125,477
Present value of obligations	109,772,860	115,895,205
less:		
Current portion of obligations	12,210,494	11,517,286
Long-term portion of PIDIREGAS	97,562,366	104,377,919
CEBURES	8,821	8,821
Total CEBURES and PIDIREGAS	**$ 97,571,187**	**$ 104,386,740**

Investment of funds-in-trust

On March 24, 2023, a revolving credit was arranged in a checking account with SANTANDER for MUSD $420 with interest payable monthly, calculated at the variable rate that results from adding 1.20 point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until March 24, 2024.

On February 24, 2023, a revolving credit was arranged in a checking account with BBVA Mexico, S.A. for MDP $420 with interest payable monthly, calculated at the variable rate that results from adding 0.75 point percentage to the TIIE rate (Interbank Equilibrium Interest Rate), payable until maturity May 25, 2023.

On February 15, 2023, a revolving credit was arranged in a checking account with MONEX for MUSD $11 with interest payable monthly, calculated at the variable rate that results from adding 1.10 point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until August 14, 2023.

On January 25, 2023, a revolving credit was arranged in a checking account with SANTANDER for MUSD $80 with interest payable monthly, calculated at the variable rate that results from adding 1.20 point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until March 29, 2024.

On February 24, 2023, a revolving credit was arranged in a checking account with BBVA Mexico, S.A. for MDP $3,060 with interest payable monthly, calculated at the variable rate that results from adding 0.80 point percentage to the TIIE rate (Interbank Equilibrium Interest Rate), payable until maturity May 25, 2023.

On January 20, 2023, a revolving credit was arranged in a checking account with HSBC for MDP $1,000 with interest payable monthly, calculated at the variable rate that results from adding 1.10 point percentage to the TIIE rate(Interbank Equilibrium Interest Rate), payable until maturity March 20, 2023.

On January 20, 2023, a revolving credit was arranged in a checking account with MIZUHO for MUSD $200 with interest payable monthly, calculated at the variable rate that results from adding 1 point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until June 30, 2023.

On January 10, 2023, a revolving credit was arranged in a JP MORGAN checking account for MUSD $50 with interest payable quarterly, calculated at the variable rate that result from adding 1 point percentage plus 0.10 percentage points to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until June 23, 2023.

On December 30, 2022, the Enterprise drew down MDP $1,000 derived from a revolving credit obtained from BBVA México S.A., monthly payable at variable rate TIIE plus 0.75% rate and maturing on March 30, 2023.

On December 29, 2022, the Enterprise drew down MUSD $75 derived from a revolving credit obtained from SUMITOMO, monthly payable at variable rate plus 0.70% and adjustment rate SORF plus 0.26161% rate and maturing on March 24, 2023.

On December 27, 2022, the Enterprise drew down MUSD $50 derived from a revolving credit obtained from JP Morgan., quarterly payable at variable rate SORF plus 1.10% rate and maturing on June 23, 2023.

On December 26, 2022, the Enterprise drew down MDP $1,020 derived from a revolving credit obtained from BBVA México S.A., monthly payable at variable rate TIIE plus 0.75% rate and maturing on March 24, 2023.

On December 26, 2022, the Enterprise drew down MUSD $300 derived from a revolving credit obtained from Banorte S.A., quarterly payable at variable rate SORF plus 1% rate and maturing on June 23, 2023.

On December 20, 2022, the Enterprise drew down MDP $5,000 derived from a revolving credit obtained from BBVA México S.A., monthly payable at variable rate TIIE plus 0.80% rate and maturing on March 20, 2023.

On December 16, 2022, the Enterprise drew down MUSD $200 derived from a revolving credit obtained from Scotiabank Inverlat, monthly payable at variable rate SORF plus 1% rate and maturing on December 15, 2023.

On December 13, 2022, the Enterprise drew down MUSD $100 derived from a revolving credit obtained from Banorte S.A., quarterly payable at variable rate SORF plus 1.30% rate and maturing on June 30, 2023

On November 15, 2022, the Enterprise drew down MUSD $250 derived from a revolving credit obtained from DEUTSCHE BANK, monthly payable at variable rate SORF plus 1% rate and maturing on May 3, 2023.

On October 13, 2022, the Enterprise drew down MUSD $100 derived from a revolving credit obtained from HSBC S.A, quarterly payable at variable rate SORF plus 1% rate and maturing on April 13, 2023.

On October 3, 2022, the Enterprise drew down MDP $1,000 derived from a revolving credit obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing on December 30, 2022.

On September 14, 2022, the Enterprise drew down MDD $100 derived from a revolving credit obtained from Banco Paribas NY, S.A, quarterly payable at variable rate SORF plus 0.95% rate and maturing on August 31, 2023.

On August 19, 2022, the Enterprise drew down MDD $11 derived from a revolving credit obtained from Banco Monex S.A, monthly payable at variable rate SORF plus 1.10% rate and maturing on February 15, 2023.

On July 29, 2022, the Enterprise drew down MDD $200 derived from a revolving credit obtained from Banco Mizhuo S.A, monthly payable at a variable rate plus 0.65% and at a SORF plus 0.11448% rate and maturing on January 20, 2023.

On July 29, 2022, the Enterprise drew down MUSD $80 derived from a revolving credit obtained from Banco Santander Mexico S.A, monthly payable at variable rate SORF plus 1.0% rate and maturing on March 29, 2023.

On July 22, 2022, the Enterprise drew down MUSD $120 derived from a revolving credit obtained from Banco Santander S.A., payable monthly at a variable rate at a LIBOR rate plus 1% and maturing on March 22, 2023.

On July 11, 2022, a revolving credit facility was arranged with Banco Nacional de México, S.A. for MUSD $150 with interest payable quarterly, calculated at an annual rate equal to 4.6955 percentage points, payable until maturity on January 11, 2023.

On June 29, 2022, the Enterprise drew down MUSD $25,000 derived from a loan obtained from Banco Monex S.A, monthly payable at a variable rate SORF plus 1.05% rate and maturing in December 2022.

On June 29, 2022, the Enterprise drew down MXN $1,020,000 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing in September 2022.

On June 27, 2022, the Enterprise drew down MUSD $100,000 derived from a loan obtained from Banco Mercantil del Norte S.A, payable semi-annual at a SORF (Guaranteed permanent funding rate, administered by Grup Benchmark Administration, Ltd – CME) plus 1.20% rate and maturing in December 2022.

On June 27, 2022, the Enterprise drew down MUSD $100,000 derived from a loan obtained from Banco Mercantil del Norte S.A, payable semi-annual at a SORF (Guaranteed permanent funding rate, administered by Federal Reserve Bank of New York) plus 1.20% rate and maturing in December 2022.

On May 31, 2022, the Enterprise drew down MXN $420,000 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.75% and maturing in August 2022.

On May 31, 2022, the Enterprise drew down MXN $3,600,000 derived from a loan obtained from BBVA Mexico S.A., payable monthly at a rate of TIIE plus 0.8% and maturing in June 2022.

On April 1, 2022, the Enterprise drew down MUSD $200,000 derived from a loan obtained from Banco Mercantil de Norte S.A., payable semi-annual at a variable rate depending the contract term (1.00%, 1.50% and 2.0%) at a LIBOR rate and maturing in December 2022.

On April 1, 2022, the Enterprise drew down MUSD $100,000 derived from a loan obtained from Banco Mercantil de Norte S.A., payable monthly at a variable rate depending the contract term (1.00%, 1.50% and 2.0%) at a LIBOR rate and maturing in December 2022.

13. Lease liabilities

An analysis of lease liabilities as of March 31, 2023 and December 31, 2022 are, as follows:

	2023	2022
January 1st	$ 624,716,357	$ 661,408,622
Additions	29,874	31,435,557
Interest	5,356,100	26,653,658
Payments	(11,002,903)	(50,544,701)
Exchange difference	(40,347,515)	(44,236,779)
Total liabilities	578,751,913	624,716,357
Less portion of short-term liabilities	25,830,150	26,436,648
Total long-term liabilities	**$ 552,921,763**	$ **598,279,709**

Lease payments as of March 31, 2023 and December 31, 2022 are, as follows:

	2023	2022
Less than one year	$ 23,746,868	$ 26,436,648
More than 1 year and less than 3 years	31,506,297	33,461,866
More than 3 years and less than 5 years	37,122,971	39,426,164
More than 5 years	486,375,777	525,391,679
Total lease liabilities	**$ 578,751,913**	**$ 624,716,357**

14. Other accounts payable and accrued liabilities

Other accounts payable and accrued liabilities as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Suppliers and contractors	$ 58,502,253	$ 71,226,692
Deposits from users and contractors	34,747,740	34,270,671
Employees	2,583,765	4,229,586
Other taxes and duties	3,507,609	4,698,032
Value added tax	744,252	2,374,773
Other liabilities	16,495,732	16,209,112
Total	**$ 116,581,351**	**$ 133,008,866**

15. Other long-term liabilities

An analysis of other long-term liabilities as of March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Third-party contributions	$ 13,202,894	9,310,179
Decommissioning provision [a]	12,870,978	12,818,744
Other provisions [b]	19,159,643	19,159,645
Total	**$ 45,233,515**	**41,288,568**

[a] Liabilities for environmental remediation in relation to the Laguna Verde nuclear plant.

(b) The Enterprise is involved in several significant lawsuits and claims, derived from the normal course of its operations, whose resolutions are considered probable and will imply incurring a cash outflow. Due to the foregoing, some provisions have been recognized in the financial statements, representing the best estimate of payments.

16. Employee benefits

CFE has employee benefit plans for employee terminations and retirements due to causes other than a restructuring event. The retirement benefit plan considers the number of years of service completed by the employee and the employee's compensation at the retirement date. The retirement benefit plan includes the seniority bonus that employees are entitled to receive upon termination of the employee relationship, as well as other defined benefits.

The actuarial valuations of the plan assets and the present value of the defined benefit obligation were performed by independent actuaries using the projected unit credit method.

Due to review of the terms of the Collective Labor Agreement for the 2020-2022 biennium, some modifications made in 2016 were reversed, the main modifications were that workers are restored the years to access their retirement right. From the signing of this revision for the collective bargaining agreement and within a period not exceeding 180 days, the CFE will issue a document regulation for non-unionized personnel; this meant a recognition in the cost of the obligation for the year ended December 31, 2020 for $80,021,095.

17. Contingencies and Commitments

a. International arbitration

On April 26, 2021, has initiated an international arbitration with J Aron & Company LLC as a result of a commercial dispute with the affiliate CFE Internacional LCC ("CFE international").

The disputes are relating payment and delivery obligations under long-term natural gas purchase agreements by winter storm Uri in Texas on February 2021, that resulted in unprecedented price increase. The procedure is on the initial stage and at the date of issuance of the financial statements, it is not possible to determine a reasonably result that would have a material adverse effect on the results of operations, liquidity or financial situation.

Additionally, there are twenty international arbitration procedures in charge of the general lawyer, as result from disputes with many suppliers that are in different stages. At the date of the financial statements, we cannot reasonably determine an adverse result in these procedures would have a negative effect that increase the provision for litigation.

There are certain international arbitration proceedings in which the subsidiary CFE International LLC is a party, related to natural gas supply contracts. In total, the counterparties claim approximately MUSD $540 from the subsidiary; in turn, the subsidiary claims approximately MUSD $510 from its counterparties. In these arbitrations, the subsidiary and its counterparties claim, in addition to the principal amounts, interest and costs. Due to the stage of the arbitrations, it is not possible to estimate the amount or range of potential losses and/or gains.

The international arbitration proceedings described in this note are subject to the confidentiality rules of the London Court of International Arbitration.

b. Amendments to the Collective Labor Agreement 2020-2022

On May 19, 2016, CFE carried out a review of the terms of the Collective Labor Agreement (CCT Spanish acronym) for the 2016-2018 biennium; it was entered into with the Sole Union of Electricity Workers of the Mexican Republic (SUTERM, Spanish acronym), where various clauses were modified that mainly affected the retirement category, presenting themselves as a reduction of The Enterprise's labor liability and on November 14, 2016, the Ministry of Finance and Public Credit (SHCP, Spanish acronym) published the "Agreement through which the general provisions related to the assumption by the Federal Government of CFE's employee benefits liability was issued" in the Official Gazette, whereby the Federal Government through the SHCP, assumes a portion of the pension and retirement payment obligation actuarially recognized and accounted for in CFE's financial statements, that correspond to the workers that were hired on or prior to August 18, 2008.

The Federal Government had established that it would assume a portion of CFE's labor liabilities, and this would be equal, peso by peso, to the reduction that would be achieved from the labor obligations liability at the time the Collective Labor Agreement is renegotiated. On December 29, 2016, the Federal Government announced that it had completed its review process of the amount of savings related to CFE's labor obligations as a result of the amendments to the collective labor agreement.

On December 19, 2016, through official document No. 35.-187/2016, the Public Credit Unit of the SHCP informed CFE that the Federal Government's commitment to pay would be assumed by the SHCP through the issuance of debt instruments by the Federal Government in favor of CFE for a total amount of $161,080,204, distributed in amounts that will be delivered annually to cover such commitment.

On August 19, 2020, the CFE and SUTERM reached a new agreement on the Collective Labor Agreement that will be current during the 2020-2022 biennium, which considers, among other aspects, the modification of clause 69 relative to the retirement conditions of CFE workers, applicable only to unionized personnel.

In compliance with the Ninth Provision, second paragraph of the "*Agreement by which the provisions of a general character are issued relative to the assumption by the Federal Government of obligations to pay pensions and retirements in charge of the CFE*" ("Agreement"), published in the DOF on November 14, 2016, the CFE communicated to the Public Credit Unit of the SHCP, through official letter DCF / 0202/2020 dated on September 2, 2020, the modification before indicated to the CCT and through official letter DCF/0274/2020, referred the document which includes the financial impact regarding the modification of retirement requirements for employees.

Once the estimates of the impact on labor liabilities of the modifications to the CCT 2020-2022 between the SHCP and the CFE have been reconciled, the SHCP could adjust the value of the Securities up to an amount equivalent to the increase in the retirement and pension liability. At the date of issuance of the financial statements, CFE cannot determine if the final result will have a material adverse effect on its results of operations, liquidity or financial situation.

Commitments

a. Natural gas supply contracts

The Enterprise has entered into contracts for services related to the reception, storage, transportation, regasification and supply of liquefied natural gas. The contractual commitments consist of acquiring, during the supply period, daily base amounts of natural gas as set forth in the respective contracts.

b. Financed public work contracts

As of March 31, 2023, CFE has entered into several financed public work contracts and the payment commitments will begin on the dates on which the private investors complete the construction of each of the investment projects and deliver the related assets to CFE for their operation. The estimated amounts of the financed public work contracts and the estimated dates of construction completion and startup of operations are shown in the table below:

Transmission lines and substations:

Capacity		Estimated amount of the contract expressed in millions of:	
Kmc	MVA	Dollars	Mexican pesos
198.31	1,180.00	130.35	2,646.8

Generation:

Capacity	Estimated amount of the contract expressed in millions of:	
MVA	Dollars	Mexican pesos
913.40	1,037.92	21,075.8

Renovation and/or modernization

Estimated amount of the contract expressed in millions of:	
Dollars	Mexican pesos
380.0	7,716.0

These projects are registered under the PIDIREGAS scheme (long-term productive infrastructure projects).

c. Trusts

Infrastructure investment trust

On February 7, 2018, CFE placed an issue for the first Energy and Infrastructure Investment Trust or Fibra E, (Fiduciary Stock Certificates [CBFEs] for investment in energy and infrastructure) through the Mexican Stock Exchange. The total placement was for a total amount of $16,388 million pesos and it is the first Fibra E in which domestic and foreign investors participated, highlighting the participation of institutional investors, private banks and investment funds from Mexico, United States, Canada, Australia and Europe.

The Fibra E structure comprised the Irrevocable Trust of Administration and Source of Payment No. 80757 (hereinafter the Promoted Trust), the Irrevocable Trust of Issuance of Stock Certificates CIB/2919 (hereinafter Fibra E) and CFE Capital.

A detailed description of the activities of each of these Trusts and CFE Capital Trusts is as follows:

Promoted Trust

The irrevocable Trust of Administration and Source of Payment No. 80757 was incorporated on January 22, 2018 to acquire the collection rights derived from the Agreement for the Technical and Commercial Operation of Electricity Transmission entered into with the National Energy Control Center (CENACE, Spanish acronym) on March 28, 2016.

As part of the structure of the Promoted Trust, CFE Transmisión irrevocably ceded and transferred to the Promoted Trust the collection rights pursuant to the Contract entered into with CENACE for a period of 30 years; in exchange for these rights, the Promoted Trust issued full ownership of the trustee rights to CFE Transmision.

Subsequently, through funding provided by the issuance of Fibra E in the market, Fibra E purchased up to 6.78% of the instruments in exchange for $15,454,653 in cash, net of issuance costs totaling $756,060, and securities totaling $5,403,571 ceded to CFE Transmision, equal to 25% of the total number of shares issued by Fibra E.

The main activities of the Promoted Trust include:

1. Receiving, managing, and maintaining the contributed collection rights;
2. Opening, managing, and maintaining fiduciary bank accounts;
3. Making the transfers and payments established in the trust agreement;
4. Evaluating any reimbursements of unbudgeted expenditures requested by CFE Transmision;
5. Receiving payments made against the collection rights and any other rights derived from the agreement with CENACE;
6. Exercising any other rights arising from the agreement with CENACE;
7. Complying with the instructions provided by the Trustor, the Technical Committee, or the beneficiaries to the extent that they are authorized to do so in accordance with the terms of the trust agreement.

Issuing Trust (Fibra E)

The Fibra E trust entered into by CI Banco, S. A., Institucion de Banca Multiple, Monex Casa de Bolsa, S.A. de C.V. and Monex Grupo Financiero (FIBRA E) was created on January 22, 2018, as a trust for the issuance of Fiduciary Stock Certificates (CBFEs).

The primary purpose of the Trust is to invest in eligible entities, whose exclusive activity consists of:

1. Investing in assets and projects related to Generation, Transmission and Distribution of Electricity, and Infrastructure Projects.
2. Investing in or performing any other activity provided for in the FIBRA E tax regulations, as well as in Rule 3.21.3.9. of the Miscellaneous Tax Resolutions or any other tax law that replaces such.

The initial asset of the Trust consists of Beneficiary Rights that have an economic ownership interest in the Promoted Trust.

CFE Capital

The primary purpose of this entity is to manage all types of trusts and their property, including the Fibra E and the Promoted energy and infrastructure investment trusts created in conformity with current tax legislation, including but not limited to, all the activities and acts deemed necessary or suitable for such purpose, and to provide all types of administration, operation, development and regulatory compliance services.

Master Investment Trust CIB/3602 FMI

The Master Investment Trust was constituted on April 9, 2021, the Trust is constituted between Comision Federal de Electricidad, CFEnergia, S.A. de C.V. as trustor and trustee, CIBANCO, S.A. de C.V. as trustee and with the appearance of CFE Capital, S. de R.L. of C.V.

The main purpose is to make investments in infrastructure projects, directly or through Sub-Trusts.

Clean Energy Trust 10670

On August 6, 2021, the CFE formalized with the Foreign Trade Bank the Trust number 10670 called Clean Energy Trust (FIEL), the primary objective is to promote investment projects for clean energies using:

- Repowering and hydrological refurbishment,
- Business acquisitions clean energy.
- Geothermal projects and other clean energy technologies

Trust for Conventional Generation Projects 10673

Trust number 10673, called Conventional Generation Projects Trust (FPGC) constituted on September 24, 2021. The purpose of this trust is to host Investment Projects related to the energy transition.

Trust Banco Azteca 1320

On April 28, 2022, the CFE formalized with Banco Azteca S.A., Trust number 1320 the primary objective is to promote investment projects and celebrate contracts complying with the instructions provided by the Technical Committee.

Other trusts

1 Scope of action

1.1. CFE currently participates as Trustor or Beneficiary in 10 (ten) Trust Funds, of which two (two) are in the process of termination.

1.2. In conformity with its purpose and operating characteristics, the trust funds can be classified in the following groups:

a. Energy saving
b. Prior expenses
c. Construction Works contract management
d. Indirect participation trust funds

a. Energy saving

Trust funds to promote energy saving programs.

Trust fund	Role of CFE		
	Trustor	Trustee	Trust Beneficiary
Trust Fund for Energy Savings (FIDE), created on August 14, 1990	Creation of Trust: Confederación de Cámaras Industriales (CONCAMIN), Cámara Nacional de la Industria de Transformación (CANACINTRA), Cámara Nacional de Manufacturas Eléctricas (CANAME), Cámara Nacional de la Industria de la Construcción (CNIC), Cámara Nacional de Empresas de Consultoría (CNEC) and Sindicato Único de Trabajadores Electricistas de la República (SUTERM)	Nacional Financiera, S.N.C.	**a.** Electric energy consumers who are beneficiaries of the services rendered by the Trust fund. **b.** CFE, only for the materials that will form part of the public energy services infrastructure.
Mexicali Housing Thermal Isolation Trust (FIPATERM), created on October 19, 1990	CFE	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

As of March 31, 2023 and December 31, 2022, the Housing Thermal Isolation Program (FIPATERM) Trust has assets of $1,913,359 y $1,875,980 and liabilities of $191,707 y $175,395, respectively.

b. Prior expenses

Those created for financing and covering expenses prior to the execution of projects which are subsequently recovered and charged to the entity that incurred in such expense to comply with the regulations applicable to the type of project.

Trust fund	Role of CFE			Type of project
	Trustor	Trust Beneficiary	Trustee	
CPTT prepaid expense management, created on August 11, 2003	CFE	CFE	Banco Nacional de Comercio Exterior, S.N.C.	Direct investment
Management and transfer of ownership 2030, created on March 30, 2000	CFE	**Primary beneficiary:** Contract winners **Second beneficiary**: CFE	Banobras, S.N.C.	Conditioned investment

As of March 31, 2023 and December 31, 2022, the Administration of Prior Expenses Trust has assets of $5,972,071 and $5,924,206, and liabilities of $5,561,143 and $5,554,738, respectively.

As of March 31, 2023 and December 31, 2022, the Administration and Transfer of Ownership Trust 2030 has assets of $570,816 and $556,576, respectively.

c. Construction Works contract management

At the beginning of the '90s, the Federal Government implemented several off-budget schemes to continue investing in infrastructure projects. The schemes were designed under two modalities:

- Turnkey Projects (1990)
- Building, Leasing and Transferring Projects (1996)

Turnkey Projects

Under this scheme, works were carried out for the construction of power generation plants and installation of transmission lines, through an irrevocable management and transfer of ownership trust, linked to a lease agreement. Under this modality, the trustee is responsible for the following:

Contracting credits, managing the trust property (assets), receiving the lease payments from CFE, and transferring the asset at no cost to CFE after the leases have been paid in an amount sufficient to pay the contracted credits.

CFE participates in the payment of the leases to the trustee, based on the credits contracted by the trust, instructing the trustee to pay the contractors receiving, in exchange, invoices approved by the construction area, payment of taxes and other charges, including trustee fees.

The trusts for managing and transferring ownership were carried out in accordance with the Guidelines for the performance of thermoelectric projects with off-budget funds, as well as with the Guidelines for the performance of transmission lines and substations with off-budget funds issued by the Ministry of Public Administration (formerly known as the Ministry of Comptrollership and Administrative Development).

The Trust shown below has completed its payment commitments; therefore, it is in process of termination by EPS Generacion III.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Topolobampo II (Electrolyser, S. A. de C. V.), created on November 14, 1991	Bufete Industrial Construcciones, S. A. de C. V. and Electrolyser, S. A. de C. V., with respect to its contribution to the Trust	**Primary beneficiary:** Electrolyser, S. A. de C. V., with respect to its contribution to the Trust and **Second beneficiary:** CFE	Santander, S. A.

Building, Leasing and Transferring Projects (“CAT”, Spanish acronym)

The transition stage to carry out the CAT trusts began in 1996, whereby the trustee manages the trust property (assets) and transfers it to CFE after the lease payments have been covered. Credits are contracted directly with a consortium that is a special purpose entity, for which there is an irrevocable management and transfer of ownership trust contract.

In these types of trusts, CFE participates in making the lease payments based on quarterly amortization tables presented by the consortiums in their bids. Most of these tables include forty quarterly payments.

The only project under this mode that has settled its financial obligations and is in the process of termination is the CC Samalayuca II project; therefore, it is in the process of being terminated by EPS Generacion IV.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
C.T. Samalayuca II, created on May 2, 1996	Compañía Samalayuca II, S.A. de C.V.	**Primary beneficiary:** The foreign bank that is the common representative of the creditors; **Second beneficiary:** Compañía Samalayuca II, S.A. de C.V. **Third beneficiary:** CFE	Banco Nacional de México, S. A.

As of March 31, 2023 and December 31, 2022, CFE has fixed assets amounting to $21,995,856 respectively, related to the CAT trusts referred to above.

Coal Terminal of the Thermoelectric Power Station Presidente Plutarco Elias Calles.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Coal Terminal of the Thermoelectric Power Station Presidente Plutarco Elias Calles (Petacalco) was created on November 22, 1996	Techint, S. A., Grupo Mexicano de Desarrollo, S.A. de C.V. and Techint Compagnia Tecnica Internazionale S.P.A.	**Primary beneficiary:** Carbonser, S.A. de C.V **Second beneficiary:** CFE	Banco Nacional de México, S. A. (Banamex)

The irrevocable management, guarantee, and transfer of ownership trust agreement number 968001 was entered into 1996 which, among other considerations, sets forth that the trustee will enter into a service contract with CFE.

Upon the entry into force of the coal management service contract between CFE and Banco Nacional de México, S. A. (Banamex) as trustee of the Petacalco Trust, comprised of Techint Compagnia Tecnica Internazionale S.P.A., Grupo Mexicano de Desarrollo, S. A. de C. V., and Techint, S. A. that was entered into on November 22, 1996, in accordance with clause 8.1, CFE will pay the invoice amounts related to the fixed charge for capacity.

Facility	Fixed charge for capacity for Jan-Mar 2023
Petacalco Coal	$39,026

d. Indirect participation trust funds

Additionally, CFE maintains an indirect relationship since it is not a Trustor, but it participates as a beneficiary in two guarantee and loan payment Trusts, created by Financial Institutions as Trustors and Trust Beneficiaries for the issue of securities linked to credits granted to CFE. CFE is named as Second Beneficiary of the Trust, due to the specific possibility that it may acquire some of the certificates issued and it maintains representation in its Technical Committees in conformity with the contractual provisions.

CFE is required to reimburse to the Trust in the terms of the Indemnity Contract that forms part of the Trust Contract, the expenses incurred by the Trust for the issue of securities and their management.

Trust fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
Trust No. 232246 created on November 3, 2006	Banco Nacional de Mexico, S.A., a member entity of Grupo Financiero Banamex	**Primary beneficiary:** Each of the preferred holders of each issue. **Second beneficiary:** CFE	HSBC México, S.A., Grupo Financiero HSBC
Trust No. 411 created on August 6, 2009	Banco Nacional de Mexico, S.A., a member entity of Grupo Financiero Banamex	**Primary beneficiary:** Each of the preferred holders of each issue. **Second beneficiary:** CFE	Banamex

As of March 31, 2023 and December 31, 2022, available funds in trust No. 232246 amount to $8,821.

2 Legal nature

2.1 In conformity with the Federal Public Administration Act, none of the trusts are considered Public Trusts with the status of an "entity", pursuant to the following:

a. In 6 of the Trusts, CFE is not a Trustor in their creation.

b. The 4 remaining trusts do not have an organic structure similar to the state-owned entities that comprise them as “entities” in terms of the Law.

2.2 The SHCP has maintained a record for purposes of the Federal Budget and Financial Responsibility Law, of 4 (four) of the Trusts, due to the allocation of federal funds or the contribution of land owned by CFE where the works will be carried out.

Registration of Trusts with SHCP		
No.	Trusts	Record
1	Mexicali Housing Thermal Isolation Trust (FIPATERM)	700018TOQ058
2	Prior Expense Trust	200318TOQ01345
3	Trust Management and Transfer of Ownership 2030	200318TOQ01050
4	Trust for Power Savings (FIDE)	700018TOQ149

18. Segment information

Information regarding the operating segments

The information presented to the Board of Directors to obtain budget and investment approval and measure compliance with the business objectives set out by the Board is condensed consolidated financial information and not for each operating activity of the Enterprise.

Information by type of services:

Income		**March 31, 2023**		**March 31, 2022**
Domestic services	$	23,958,095	$	20,257,070
Commercial services		12,990,017		11,832,299
Services		3,511,933		3,547,722
Agricultural services		2,218,284		2,315,584
Industrial services		64,688,944		54,050,757
Total sales		**107,367,273**		**92,003,432**
Block for resale		289,276		228,712
Total electricity supply revenue		**107,656,549**		**92,232,144**
Other programs				
Illegal uses		335,862		568,617
Measurement failure		576,438		850,912
Billing error		45,422		65,137
Total other programs		957,722		1,484,666
Total revenue from the sale of electricity		108,614,271		93,716,810
Other income		-		1,999,853
Total revenue from the sale of electricity	**$**	**108,614,271**	**$**	**95,716,663**

19. Uncertain tax criteria

Management of CFE is negotiating with the Ministry of Finance and Public Credit (SHCP) an official statement regarding taxation which would prevent taxation on the reorganization of the portfolio of the six generation EPS´s published on the Official Gazette of the Federation on November 29, 2019, as it occurred in the first portfolio assignment, since among other issues, such reorganization seeks in first instance, correcting those organizational decisions that due to the Energy Reform functionally affected the productivity of the energy generation process. As of this date, the Enterprise is still waiting for the opinion of SHCP.

20. Standards issued but not yet effective

Following are listed the recent changes to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which are not yet effective and are described as follows:

– *Classification of liabilities as current or non-current (Amendment IAS 1)*

The amendment specifies the requirements to classify liabilities as current or non-current. IAS 1 indicates that a current liability is the liability where there is no right to defer the settlement during the following twelve months. The amendments become effective on January 1, 2024 and they must be applied retroactively.

– *Insurance Contracts (IFRS 17)*

IFRS 17 Insurance Contracts establishes a new comprehensive accounting model that provides the users of financial information a completely new perspective regarding the financial statements of insurance companies. This standard becomes effective on January 1, 2023.

The following amended standards and interpretations are not expected to have a material impact on the Enterprise's financial statements.

- Definition of Accounting Estimates

The amendments to IAS 8 clarify the difference between changes in accounting estimates and accounting policies resulting from obtaining new information and the correction of prior period errors. This standard will be effective from January 1, 2023.

- Information to be Disclosed regarding Accounting Policies

Amendments to IAS 1 have the purpose to remove regulations for the disclosure of significant accounting policies and include instead guidance to assess the materiality thereof in order to select the accounting policies that should be disclosed. This standard shall become effective on January 1, 2023.

- Deferred Taxes related to Assets and Liabilities arising from a transaction

The standard reduces the exemption from the initial recognition of deferred taxes established in IAS 12, clarifying that deferred taxes on rights of use and lease liabilities must be recognized. This standard will be effective from January 1, 2023.

21. Issuance of the condensed consolidated financial information

The condensed consolidated interim financial statements and notes will be approved by the Board of Directors. The Board of Directors has the power to amend the accompanying consolidated financial information.