



Comisión Federal de Electricidad

**Comisión Federal de Electricidad,
Productive State Enterprise and
Subsidiaries**

Condensed Consolidated Financial
Statements as of September 30,
2023 and December 31, 2022

COMISIÓN FEDERAL DE ELECTRICIDAD
Productive State Enterprise and Subsidiaries
Condensed consolidated statements of financial position
(Thousands of pesos)

Concept	(Previous figures)	
	As of September 30, 2023	As of December 31, 2022
Assets		
Current assets	212,355,257	207,933,178
Cash and cash equivalents	79,252,526	56,759,212
Accounts receivable, net	108,289,870	132,959,505
Inventory of materials for operation, net	24,812,861	18,214,461
Loans to employees	23,014,839	19,521,739
Plants, facilities and equipment, net	1,460,290,979	1,449,933,668
Derivative financial instruments	1,819,969	9,072,051
Intangibles and other assets	46,173,938	45,979,507
Right of use assets, net	483,370,183	509,923,272
Deferred tax assets	100,825,725	101,461,322
TOTAL ASSETS	2,327,850,890	2,343,824,737
Liabilities		
Current liabilities	285,600,013	280,346,252
Short-term debt	97,318,609	95,148,044
Other payables and accrued liabilities	141,750,639	133,008,866
Income tax	5,239,358	7,268,795
Derivative financial instruments	13,455,785	18,483,899
Lease liabilities	27,835,622	26,436,648
Non-current liabilities	1,308,435,645	1,426,169,652
Long-term debt	317,373,450	355,352,580
Employees benefits	431,467,964	431,248,794
Other long-term liabilities	44,805,765	41,288,569
Lease liabilities	514,788,466	598,279,709
TOTAL LIABILITIES	1,594,035,658	1,706,515,904
Equity	733,815,232	637,308,833
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	30,778,995	(56,529,226)
Other comprehensive income	589,314,618	577,108,649
Non-controlling interests	18,604,986	21,612,777
LIABILITIES + EQUITY	2,327,850,890	2,343,824,737

COMISIÓN FEDERAL DE ELECTRICIDAD
Productive State Enterprise and Subsidiaries
Condensed consolidated statements of comprehensive income
For the nine months period ended September 30, 2023 and 2022
(Thousands of pesos)
(Previous figures)

Concept	Accummulated to September	
	SEPTEMBER 2023	SEPTEMBER 2022
Revenues:	\$502,453,518	\$470,428,169
Electricity supply service revenue	\$368,872,832	\$331,781,913
Third party fuel revenue	\$14,412,306	\$28,950,378
Freight revenue	\$16,367,659	\$14,149,303
Subsidy income	\$68,962,320	\$68,800,000
Other income, net	\$33,838,401	\$26,746,575
Costs:	\$406,948,952	\$473,566,669
Energy and other fuel supplies	190,570,609	\$261,496,978
Energy and other fuel supplies - Third party	15,457,020	\$29,257,557
Salaries and related costs	\$58,842,485	\$53,636,419
Maintenance, materials and general services	\$32,068,080	\$21,353,317
Taxes and duties	\$2,210,375	\$1,928,054
Wholesale Electricity Market costs (MEM)	\$2,023,048	\$2,291,413
Employee benefits costs	\$36,842,035	\$28,480,803
Depreciation	\$54,620,644	\$56,446,123
Other expenses	\$14,314,656	\$18,676,005
Operating results	\$95,504,566	(\$3,138,499)
Comprehensive financing result	\$1,183,025	\$33,196,855
Finance expenses, net	\$31,009,423	\$5,370,299
Interest expense	\$29,681,455	\$32,963,838
Foreign exchange gain	(\$59,507,853)	(\$5,137,282)
Profit before income tax other comprehensive income	\$94,321,541	(\$36,335,355)
Income tax	8,094,639	\$14,383,459
Net income (loss)	\$86,226,902	(\$50,718,814)

COMISIÓN FEDERAL DE ELECTRICIDAD
Productive State Enterprise and Subsidiaries
Condensed consolidated statements of comprehensive income
For the nine months period ended September 30, 2023 and 2022
(Thousands of pesos)
(Previous figures)

Concept	Accumulated to September		Three month period ending September 30,	
	SEPTEMBER 2023	SEPTEMBER 2022	2023	2022
Revenues:	\$502,453,518	\$470,428,169	\$181,830,154	\$172,762,211
Electricity supply service revenue	\$368,872,832	\$331,781,913	\$139,115,004	\$122,222,996
Third party fuel revenue	\$14,412,306	\$28,950,378	\$4,537,873	\$11,826,087
Freight revenue	\$16,367,659	\$14,149,303	\$4,940,169	\$4,948,925
Subsidy income	\$68,962,320	\$68,800,000	\$22,987,440	\$25,000,000
Other income, net	\$33,838,401	\$26,746,575	\$10,249,668	\$8,764,203
Costs:	\$406,948,952	\$473,566,669	\$160,774,989	\$185,494,056
Energy and other fuel supplies	190,570,609	\$261,496,978	\$77,202,533	\$110,654,442
Energy and other fuel supplies - Third party	15,457,020	\$29,257,557	\$5,071,157	\$11,863,752
Salaries and related costs	\$58,842,485	\$53,636,419	\$21,194,572	\$19,377,680
Maintenance, materials and general services	\$32,068,080	\$21,353,317	\$15,962,414	\$9,129,867
Taxes and duties	\$2,210,375	\$1,928,054	\$559,496	\$506,736
Wholesale Electricity Market costs (MEM)	\$2,023,048	\$2,291,413	\$759,149	\$827,985
Employee benefits costs	\$36,842,035	\$28,480,803	\$14,006,208	\$9,645,718
Depreciation	\$54,620,644	\$56,446,123	\$17,849,894	\$19,932,269
Other expenses	\$14,314,656	\$18,676,005	\$8,169,566	\$3,555,607
Operating results	\$95,504,566	(\$3,138,499)	\$21,055,165	(\$12,731,845)
Comprehensive financing result	\$1,183,025	\$33,196,855	\$21,658,163	\$26,497,730
Finance expenses, net	\$31,009,423	\$5,370,299	(\$5,987,495)	(\$1,808,328)
Interest expense	\$29,681,455	\$32,963,838	\$10,637,174	\$12,523,128
Foreign exchange gain	(\$59,507,853)	(\$5,137,282)	\$17,008,485	\$15,782,930
Profit before income tax other comprehensive income	\$94,321,541	(\$36,335,355)	(\$602,999)	(\$39,229,575)
Income tax	8,094,639	\$14,383,459	\$964,658	\$11,441,682
Net income (loss)	\$86,226,902	(\$50,718,814)	(\$1,567,656)	(\$50,671,257)

Comision Federal de Electricidad
Productive State Enterprise and Subsidiaries
Condensed consolidated statements of changes in equity
For the nine months period ended September 30, 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	-	-	(55,784,980)	11,231,797	- 44,553,183	4,827,989	- 39,725,194
Issue of shares (Fibra E)	-	-	-	-	-	(1,041,338)	(1,041,338)
Dividend decree (Fibra E)	-	-	-	-	-	(1,031,649)	(1,031,649)
Balances at September 30, 2022	<u>\$ 5,251</u>	<u>\$ 95,111,382</u>	<u>\$ (91,948,376)</u>	<u>\$ 633,262,066</u>	<u>\$ 636,430,323</u>	<u>\$ 22,462,990</u>	<u>\$ 658,893,313</u>
Balances at December 31, 2022	\$ 5,251	\$ 95,111,382	\$ (56,529,228)	\$ 577,108,649	\$ 615,696,054	\$ 21,612,776	\$ 637,308,830
Comprehensive income of the period	-	-	87,308,223	12,205,969	99,514,192	(1,081,322)	98,432,870
Issue of shares (Fibra E)						(910,201)	(910,201)
Dividend decree (Fibra E)	-	-	-	-	-	(1,016,270)	(1,016,270)
Balances at June 30, 2023	<u>\$ 5,251</u>	<u>\$ 95,111,382</u>	<u>\$ 30,778,995</u>	<u>\$ 589,314,618</u>	<u>\$ 715,210,246</u>	<u>\$ 18,604,983</u>	<u>\$ 733,815,229</u>

See accompanying notes to condensed consolidated financial statements.

**Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries**

Condensed consolidated statements of cash flows

For the nine months period ended 30, September 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 income (loss)	\$ 86,226,901	(50,956,991)
Operating activities:		
Employee benefits costs	36,842,035	28,478,771
Increase in provisions of deferred and current income tax	8,094,639	14,383,459
Investing activities:		
Depreciation and right-of-use assets	54,620,644	53,146,827
Disposal of plants, facilities and equipment	2,862,032	
Foreign exchange (loss) gain, interest expense and changes in financial derivative instruments fair value of financial instruments	(725,391)	49,279,825
Changes in operating assets and liabilities:		
Accounts receivable and loans to employees	21,176,535	(31,343,798)
Inventory of materials for operation	(6,598,400)	(194,185)
Other assets	(194,431)	(707,189)
Other payables and accrued liabilities	2,770,491	42,586,517
Payments to employees benefits	(36,701,188)	(34,164,070)
Net cash flows from operating activities	168,373,867	70,509,166
Cash flows from investing activities:		
Acquisition of plants, facilities and equipment	(46,591,103)	(83,581,153)
Net cash flows from financing activities	121,782,764	(13,071,987)
Net cash flows from financing activities		
Proceeds from debt	129,454,532	127,811,490
Non-controlling interest contribution Fibra E	(1,926,469)	(2,072,987)
Payment of debt	(139,703,337)	(50,921,684)
Interest paid	(29,681,455)	(20,139,215)
Payment of lease obligations	(34,300,292)	(37,916,719)
Payments of financial instruments	(44,208,937)	(10,658,315)
Collections from financial instruments	21,076,508	8,625,819
Net cash flow from financing activities	(99,289,450)	14,728,389
Net increase in cash and cash equivalents	22,493,314	1,656,402
Cash and cash equivalents:		
At beginning of period	56,759,212	77,200,194
At end of period	\$ 79,252,526	\$ 78,856,596

**Comision Federal de Electricidad,
Productive State Enterprise and Subsidiaries
Notes to the condensed consolidated financial statements
for the nine-month period ended as of September 30, 2023 and December 31, 2022
(Amounts expressed in thousands of Mexican pesos, unless explicitly indicated otherwise)**

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 the fuel

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 third quarter of the year, the price of natural gas averaged 3 USD/GJ, while, in the same period of 2022 it was 8 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).

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) Condensed 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 condensed 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. The consolidated statements of comprehensive income (loss) 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, for an item not at fair value through profit or loss, 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 through other comprehensive income - equity investment; or at fair value through profit or loss.

Financial assets are not reclassified after 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 as measured, subsequent to their initial recognition, at 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 the following conditions are met:

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
2. The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All the financial assets not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial instruments (see note 4).

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 through other comprehensive income as at fair value 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 using 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 that seek to reduce volatility. The hedging strategy in the case of natural gas derivatives was designed to mitigate 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 terminated or exercised, when the derivative is not highly effective in achieving offsetting changes in the fair value or cash flows attributable to 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 in terms of acquisition 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 as 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-lived assets of the Generation, Transmission and Distribution is determined by the Revenue Approach using the Cash Flow method. Discounted Cash, 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.

As of December 31, 2022 an analysis was performed to determine the fair value of long-term assets, concluding that there is an impairment in generation plants of \$12,267,070 in 2022 (see note 8).

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. In the event of a subsequent sale or retirement of the revalued properties, the revaluation surplus attributable to the remaining property 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
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 (in 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 retirement 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.

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.

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.

As a lessee

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 at 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.

Short-term leases and leases of low-value assets

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.

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. It 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 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.

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.

The Enterprise 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 nine-months period ended as of September 30, 2023 and as of December 31, 2022 as follow:

		<u>2023</u>		<u>2022</u>
Financial assets				
Cash and cash equivalents ⁽²⁾	\$	79,252,526	\$	56,759,212
Accounts receivable ⁽²⁾		108,298,870		132,959,505
Loans to employees ⁽²⁾		23,014,839		19,521,739
Derivative financial instruments ⁽¹⁾		<u>1,819,969</u>		<u>9,072,051</u>

⁽¹⁾ Fair value

⁽²⁾ Amortized cost

Financial liabilities

Short-term debt ⁽²⁾	\$	97,318,609	\$	95,148,044
Long-term debt ⁽²⁾		317,373,450		355,352,580
Short-term lease liability ⁽¹⁾		27,835,622		26,436,648
Long-term lease liability ⁽¹⁾		514,788,466		598,279,709
Derivative financial instruments		13,455,785		18,483,899
Suppliers and contractors ⁽²⁾		71,133,448		71,226,692
Deposits from customers and contractors ⁽²⁾		36,407,683		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 September 30, 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	\$ 39,510,875	36,732,650	36,796,360	153,411,645	266,451,530
Interest payable on documented debt	15,502,386	25,128,788	19,137,089	67,082,406	126,850,669
PIDIREGAS debt	12,487,653	24,040,902	12,774,690	53,617,203	102,920,448
Interest payable on PIDIREGAS debt	7,042,187	10,817,763	7,419,707	23,474,475	48,754,132
Trust investment financing	45,320,081				45,320,081
Lease liabilities	27,835,622	32,293,132	36,117,260	446,378,074	542,624,088
Interest payable on lease liabilities	17,922,724	34,036,509	31,317,645	143,724,252	227,001,130
Suppliers and contractors	71,133,448	-	-	-	71,133,448
Other liabilities	19,454,703	-	-	-	19,454,703
Total	\$ 256,209,679	163,049,744	143,562,751	887,688,055	1,450,510,229

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 September 30, 2023 (amounts in millions of pesos)	Total debt as of December 31, 2022 (amounts in millions of pesos)
Local currency	\$174,565	\$164,865
Foreign currency	\$237,514	\$283,322
Interest payable	\$ 2,613	\$ 2,821

The Enterprise mostly uses interest rate and foreign currency “swaps” and foreign currency “forward” contracts to mitigate its exposure to interest rate and foreign currency risks and options to manage fuel price risk, according to 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
<u>Financial assets</u>				
Cash and cash equivalents	\$ 79,252,526	\$ 79,252,526	\$ 56,759,212	\$ 56,759,212
Accounts receivable	108,298,870	108,298,870	132,959,505	132,959,505
Loans to employees	23,014,839	23,014,839	19,521,739	19,521,739
<u>Financial liabilities</u>				
Suppliers and contractors	\$ 71,133,448	71,133,448	71,226,692	71,226,692
Lease liabilities	542,624,088	542,624,088	624,716,357	624,716,357
Documented debt	266,451,530	276,152,592	269,003,202	275,262,879
PIDIREGAS debt	102,920,448	104,669,111	117,478,967	116,202,643
Trust investment financing	45,320,081	45,320,081	64,018,455	64,018,455

Valuation techniques and assumptions used in 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 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 September 30, 2023 and December 31, 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash on hand and cash in banks	\$ 79,243,705	\$ 56,750,391
Stock certificates	<u>8,821</u>	<u>8,821</u>
Total	\$ <u>79,252,526</u>	\$ <u>56,759,212</u>

6. Accounts receivable, net

An analysis of accounts receivable as of September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Public consumers (*)	\$ 76,706,831	\$ 62,908,873
Government agency consumers (*)	34,259,765	29,124,340
	<u>110,966,596</u>	<u>92,033,213</u>
Impairment of receivables	<u>(71,378,433)</u>	<u>(67,904,540)</u>
Subtotal	39,588,163	24,128,673
Other accounts receivable (**)	47,327,885	58,381,519
Value added tax	<u>21,373,822</u>	<u>50,449,313</u>
Total	\$ <u>108,289,870</u>	\$ <u>132,959,505</u>

(*) 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 September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Opening balance	\$ (67,904,540)	\$ (55,631,593)
Increase	(5,906,731)	(13,143,932)
Charges	<u>2,432,838</u>	<u>870,985</u>
Ending balance	\$ <u>(71,378,433)</u>	\$ <u>(67,904,540)</u>

7. Inventory of materials for operation

An analysis of the inventory of operating materials as of September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Spare parts and equipment	\$ 18,709,501	\$ 15,398,595
Fuel and lubricants	2,653,201	3,512,326
Nuclear fuel	<u>4,400,636</u>	<u>3,289,856</u>
	25,763,338	22,200,777
Allowance for obsolescence	<u>(950,477)</u>	<u>(3,986,316)</u>
Total	\$ <u>24,812,861</u>	\$ <u>18,214,461</u>

8. Plants, facilities and equipment, net

An analysis of plants, facilities and equipment, net as of September 30, 2023 and December 31, 2022 is as follows:

Plants, facilities and equipment, net					
	December 2022	Additions	Retirements	Depreciation	September 2023
Plants, facilities and equipment in operation	\$ 2,108,145,146	\$ 19,719,636	\$ (2,862,032)	\$ -	\$ 2,125,002,750
Capitalized spare parts	7,974,763	868,002	-	-	8,842,765
Construction in progress	109,309,328	23,526,562	-	-	132,835,890
Materials for construction	25,048,776	2,476,903	-	-	27,525,679
Subtotal	2,250,478,013	46,591,103	(2,862,032)	-	2,294,207,084
Accumulated depreciation	(729,013,168)	-	-	(33,371,760)	(762,384,928)
Impairment	(71,531,177)	-	-	-	(71,531,177)
Total	\$ 1,449,933,668	\$ 46,591,103	\$ (2,862,032)	\$ (33,371,760)	\$ 1,460,290,979

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 remainder 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 September 30, 2023, the useful lives of the plants with modern technology are as follows:

Power stations	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 September 30, 2023 and December 31, 2022 are as follows:

Plant:	2023	2022
Steam power plants	\$ 274,286	\$ 257,439
Hydroelectric power plants	12,978,494	12,562,764
Nuclear power plant	124,265	205,157
Turbo-gas and combined cycle power plants	81,249,854	68,045,808
Geothermal power plants	166,916	164,504
Internal combustion	21,357,166	15,157,938
Transmission lines, networks and substations	15,780,173	11,915,108
Offices and general facilities	598,044	334,911
Construction advances	306,692	665,699
Total	\$ 132,835,890	\$ 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 September 30, 2023 and December 31, 2022 are as follows:

	December 2022	Additions	Retirements	Effect from translation	Depreciation for the year	September 2023
Property	\$ 852,377	\$ 803	\$ -	\$ (2,036)	\$ -	\$ 851,144
Infrastructure	158,891,975	- 51,144	-	-	-	158,943,119
Vehicles	4,168,263	- 29,874	-	-	-	4,198,137
Gas pipelines	529,069,222	1,134,813	-	(8,820,082)	-	521,383,953
Subtotal	\$ 692,981,837	1,216,634	-	(8,822,118)	-	685,376,353
Property	(719,109)	-	-	1,789	(47,402)	(764,722)
Infrastructure	(72,423,306)	-	-	-	(5,679,817)	(78,103,123)
Vehicles	(2,890,036)	-	-	-	(790,919)	(3,680,955)
Gas pipelines	(107,026,114)	-	-	2,299,490	(14,730,746)	(119,457,370)
Total depreciation	(183,058,565)	-	-	2,301,839	(21,248,884)	(202,006,170)
	\$ 509,923,272	\$ 1,216,634	\$ -	\$ (6,520,839)	\$ (21,248,884)	\$ 483,370,183

	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 six-month period ended September 30, 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 contracted debt. The effective portion of gains or losses on cash flow derivatives is recognized in equity under the concept of "Effects on the fair value of derivatives", 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 September 30, 2023 and December 31, 2022 amounted (\$11,635,816) and (\$9,411,948), respectively.

Derivative Financial Instruments Held for Trading

As of September 30, 2023 and December 31, 2022, CFE had derivatives designated as held for trading whose fair value represented a liability of (\$1,122,769) and (\$13,749,124) respectively.

Instrument	Underlying	Maturity	Hedge Ratio	September 2023	December 2022
FWD JPY/USD	Exchange rate and interest	2032	Line of credit in yen	\$ (1,059,869)	\$ (960,810)
CCS KI	CCS+KI 2042 and 2045	2023	Bond 2042 and 45	(62,900)	-
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	-	(6,995,139)
CCS	Exchange rate and interest	2023	Mizuho line	-	(235,104)
Hedging				\$ (1,122,769)	\$ (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%.

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. Any gain or loss recognized in other comprehensive income and accumulated in capital is recognized when the projection of the transaction is finally recorded in profit or loss.

Hedging instruments

As of September 30, 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%	\$ -	\$ 219,149
CCS	(1)	Cash flow	2024	1100002956	100%	(1,168,268)	459,169
CCS	(1)	Cash flow	2027	1100003606	100%	(569,631)	493,544
CCS	(1)	Cash flow	2032	1200002801	100%	313,187	123,039
				1200000551			
CCS	(1)	Cash flow	2036	Pidirega line	100%	1,528,812	3,356,850
CCS	(1)	Cash flow	2042	2042 bond	55%	(246,726)	171,766
CCS	(1)	Cash flow	2047	Formosa 1 bond	100%	(1,274,127)	250,098
CCS	(1)	Cash flow	2048	Formosa 2 bond	100%	(949,860)	472,243
Participating							
Swap	(1)	Cash flow	2027	2027 bond	100%	-	105,144
CCS	(1)	Cash flow	2045	2045 bond	67%	(720,283)	575,357
CCS	(1)	Cash flow	2030	Formosa 4 bond	33%	(1,113,347)	(340,659)
CCS	(1)	Cash flow	2029	Formosa 3 bond	30%	(490,226)	1,788,274
CCS	(1)	Cash flow	2029	SACE line	100%	(484,058)	443,547
CCS	(1)	Cash flow	2029	CFE Bond 2029	100%	(487,922)	-
CCS	(1)	Cash flow	2031	CFE 2031	100%	(2,116,035)	(828,480)
CCS	(1)	Cash flow	2033	CFE 2033	100%	(962,189)	266,372
P.Only	(1)	Cash flow	2052	2051 bond	100%	(363,755)	-
P.Only	(1)	Cash flow	2052	2052 bond	100%	(1,176,769)	347,499
Less than 1							
Forwards	(2)	Cash flow	year	Energy sale	100%	(16,497)	-
CCS	(3)	Cash flow	2023-2025	Energy sale	N/A	(368,534)	(340,861)
Options	(3)	Cash flow	2022	Energy sale	28%	153,181	(3,224,775)
Total						\$ (10,513,047)	\$ 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	\$ 1,995,180	\$ 9,072,051
Liabilities		
Hedge	(12,508,227)	(4,734,775)
Negotiation	(1,122,768)	(13,749,124)
Total	\$ (13,630,995)	\$ (18,483,899)
Net	\$ (11,635,815)	\$ (9,411,848)

As of September 30, 2023 and December 31, 2022 the total Mark to Market value of the hedging and trading derivatives amounts to (\$11,635,815) 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. The amount of ineffectiveness is minimal; therefore, no hedge ineffectiveness was recognized.

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.

Level strike options	Apr 23 - Apr 24	Apr 23 - Dec 23	Apr 23 - Feb 24	Aug 23 - Apr 24	Jan 24 - May 24	Jun 24 - Apr 24	May23 – Apr 24	May 23 – May 24	Total
3.0 Call	-	-	-	2	-	-	-	-	2
3.5 Call	3	-	-	-	5	17	6	3	34
3.75 Call	-	-	-	-	33	-	-	-	33
4.0 Call	40	-	3	-	-	2	4	-	49
5.5 Call	-	62	-	-	-	-	-	-	62
Total contracts	43	62	3	2	38	19	10	3	180

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 38.5% cumulatively until May 2024.

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. CFE 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 September 30, 2023 and December 31, 2022, before considering credit risk, amounts to (\$11,297,422) 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 September 30, 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 September 30, 2023
Deutsche Bank	\$ 1,842,294	1,650,557	191,737
Monex	(2,023,111)	(2,038,083)	14,972
Credit Suisse	(2,421,824)	(2,443,199)	21,375
MUFG	(876,721)	(876,721)	-
Citibanamex	(907,676)	(910,119)	2,443
Scotiabank	(1,594,250)	(1,672,163)	77,913
JP Morgan	(595,786)	(595,786)	-
BBVA Bancomer	(1,045,560)	(1,045,560)	-
BNP Paribas	(3,882)	(3,882)	-
Santander	(604,703)	(613,737)	9,034
Bank of America	(364,932)	(364,932)	-
Morgan Stanley	(1,355,638)	(1,364,689)	9,051
Barclays Bank	(1,345,633)	(1,357,502)	11,869
	\$ (11,297,422)	\$ (11,635,816)	\$ 338,396

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)	7,331
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)	\$ 349,646

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 September 30, 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.
- d) 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 transactions are carried out with solvent and well-known parties that have 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 September 30, 2023 and December 31, 2022, this amounted to (\$3,572,625) and (\$9,062,201) 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 September 30, 2023 and December 31, 2022, this amounted to \$15,208,441 and \$18,936,921, 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 the Enterprise'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*

58% 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 September 30, 2023 and December 31, 2022, CFE maintained foreign exchange swaps to hedge its foreign currency debt of \$188,881 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 September 30, 2023 and December 31, 2022 was (\$1,059,868) and (\$960,810), respectively. These derivative instruments were not designated as hedges.

b) *Interest rate risk*

25.4% 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 September 30, 2023 CFE hedged \$16,348 of our debt in pesos with variable interest rates and as of December 31, 2022 there are not any hedges of our debt in pesos.

11. Intangible assets and other assets

An analysis of intangibles and other assets as of September 30, 2023 and December 31, 2022 is as follows:

	<u>2023</u>		<u>2022</u>
Rights of way ⁽¹⁾	\$ 31,743,322	\$	33,789,096
Deposits and advances	<u>14,430,616</u>		<u>12,190,411</u>
Total	\$ <u>46,173,938</u>	\$	<u>45,979,507</u>

(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 September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Documented debt	\$ 39,510,875	\$ 18,037,363
PIDIREGAS debt	12,487,653	13,092,226
Trust Investment Financing	45,320,081	64,018,455
Total short-term debt	97,318,609	95,148,044
Documented debt	226,940,655	250,965,839
PIDIREGAS debt	90,432,795	104,386,741
Total long-term debt	317,373,450	355,352,580
Total debt	\$ 414,692,059	\$ 450,500,624

An analysis of the debt by item is as follows:

Type of debt	Balance as of December 2022	Drawdowns	Payments	Foreign currency exchange and interest rate differences	Balance as of September 2023
Documented debt	\$ 269,003,202	\$ 96,252,224	\$ (85,207,626)	\$ (13,596,270)	\$ 266,451,530
Pidiregas debt	117,478,967	411,400	(8,098,445)	(6,871,474)	102,920,448
Trust Investment Financing	64,018,455	32,790,908	(46,397,266)	(5,092,016)	45,320,081
Total	\$ 450,500,624	\$ 129,454,532	\$ (139,703,337)	\$ (25,559,760)	\$ 414,692,059

Type of debt	Balances as of December 2021	Drawdowns	Payments	Foreign currency exchange and interest rate differences	Balances as of 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 September 30, 2023 and December 31, 2022 is as follows:

Foreign debt

On June 21, 2023, the Enterprise drew down \$98.715 millions of dollars (MUSD onwards), from a loan contracted with the Agence Francaise de Developpement (AFD) signed on July 19, 2019 for an amount of MUSD \$150 at a rate of Term SOFR (6 months) plus 3.078% with maturity in 20 years.

On April 21, 2023, the Enterprise drew down MUSD \$200, from a revolving credit with the Andean Development Corporation (CAF) signed on November 29, 2023 for the amount of MUSD \$200 at a rate of Term SOFR (6 months) plus 0.50% with maturity on October 23, 2023.

On 15 February 2023, the Enterprise drew down \$29.4 millions of euros (MEUR onwards), from a loan contracted with the Agence Francaise de Developpement (AFD) signed on 14 October 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 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 to be set in the disbursement request with maturity on September 30, 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 with 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% with 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% with 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% and 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.

Comisión Federal De Electricidad
Productive State Enterprise and Subsidiaries

Foreign debt	Credit Type	Interest rate	Maturates	2023		2022	
				Local currency	Foreign currency	Local currency	Foreign currency
IN US DOLLARS: at the exchange rate							
US dollar of \$17.7287 as of September 2023 and	BILATERAL	Fixed and variable - 6.45%	Various through 2030	7,968,950	449,494	7,486,131	385,599
\$19.4143 as of December 2022	BONDS	Fixed and variable - 4.7%	Various through 2052	117,403,173	6,622,210	146,740,491	7,558,371
	REVOLVING	Fixed and variable - 5.48%	Various through 2026	5,373,824	303,114	117,810	6,068
	SYNDICATED	Fixed and variable - 6.28%	2026	3,545,740	200,000	-	-
TOTAL US DOLLARS:				134,291,687	7,574,819	154,344,432	7,950,038
IN EUROS: at the exchange rate							
Euros of \$18.4313 as of September 2023 and \$20.7692 as of December 2022	BILATERAL	Fixed and variable - 4.47%	Various through 2041	1,987,678	107,843	1,629,342	78,450
TOTAL EUROS:				1,987,678	107,843	1,629,342	78,450
IN JAPAN YENS: at the Exchange rate							
Yen of \$0.1166 as of September 2023 and \$0.1474 as of December 2022	BOND	Fixed - 3.83%	2032	3,731,200	32,000,000	4,716,800	32,000,000
Assets received for financial instruments, net				1,046,224	-	514,849	-
TOTAL JAPANESE YENS:				4,777,424	32,000,000	5,231,649	32,000,000
TOTAL FOREIGN DEBT				141,056,789		161,205,423	

0

Domestic debt

On September 18, 2023, the Enterprise drew down \$3,000 billion millions of pesos (MMXP onwards), from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.90% with maturity on December 15, 2023, to refinance on June 20, 2023.

On September 19, 2023, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28d plus 0.90% with maturity on December 18, 2023, to refinance on June 21, 2023.

On September 13, 2023, the Enterprise drew down MXP\$1,500 million of pesos from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28d plus 0.85% with maturity on December 12, 2023.

On August 18, 2023, the Enterprise drew down MMXP \$1,500 from short-term unsecured loans obtained from BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.90% and maturity on November 17, 2023.

On August 3, 2023, the Enterprise drew down MMXP \$2,400 from short-term unsecured loans obtained from Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% and maturity on October 31, 2023.

On July 13, 2023, the Enterprise drew down MMXP \$1,200 from short-term unsecured loan obtained from MUFG Bank Mexico, S.A., at a flat interest rate 12.70% and maturity on December 27, 2023.

On July 3, 2023, CFE 23X, Stock Certificates were issues in the national markets for a total amount of MMXP \$3,378.30, at a rate of TIIE 28 days plus 0.35% and maturity on December, 2024.

On June 30, 2023, the Enterprise drew down MMXP \$4,000 through three short-term unsecured loans obtained from Scotiabank Inverlat, S.A., at a rate of TIIE 28d plus 0.80% and maturity on September 28, 2023, to refinance on April 17, May 3 and 17, 2023.

On June 21, 2023, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.8% with maturity in 3 months, to refinance on March 23, 2023.

On June 20, 2023, the Enterprise drew down MMXP \$3,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.8% and maturity in 3 months to refinance on March 22, 2023.

On May 19, 2023, the Enterprise drew down MMXP \$2,000 from a short-term revolving credit obtained with Banco Mercantil del Norte, S.A. (Banorte), dated on January 20, 2023, disbursed in two tranches, as follows: one for an amount of MMXP \$1,000 at a rate of TIIE 91 days plus 0.95% and the second for an amount of MMXP \$1,000 at a rate of TIIE 91 days plus 0.90%, with maturity on June 30, 2023.

On May 17, 2023, the Enterprise drew down MMXP \$1,000 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on June 30, 2023.

On May 3, 2023, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on June 30, 2023.

On May 3, 2023, the Enterprise drew down MMXP \$2,500 from a short-term revolving credit obtained with Banco Santander (Mexico), S.A. dated November 18, 2022, at a rate of TIIE 28 days plus 0.90% with maturity in 12 months, and renewable every 90 days.

On April 17, 2023, the Enterprise drew down MMXP \$1,000 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturity on June 30, to refinance on February 16, 2023.

On March 23, 2023, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 3 months.

On March 22, 2023, the Enterprise drew down MMXP \$3,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing 3 months.

On March 17, 2023, the Enterprise drew down MMXP \$1,500 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 14 days, to refinance on February 16, 2023.

On March 3, 2023, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with BBVA Mexico, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 3 months, to refinance on December 5, 2022.

On February 28, 2023, the Enterprise drew down MMXP \$1,500 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on January 27, 2023.

On February 16, 2023, the Enterprise drew down MMXP \$1,500 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on January 16, 2022.

On February 16, 2023, the Enterprise drew down MMXP \$1,000 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of 28 days TIIE plus 0.80% with maturing in 2 months.

On January 27, 2023, the Enterprise drew down MMXP \$1,500 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.80% with maturing in 1 month, to refinance on December 31, 2022.

On January 20, 2023, the Enterprise drew down MMXP \$4,000 from a short-term revolving credit obtained with Banco Mercantill del Norte, S. A. (Banorte) dated January 20, 2023, at a rate of 91 days TIIE plus 1%, with maturing in 8 months, renewable every 90 days.

On January 16, 2023, the Enterprise drew down MMXP \$1,500 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of 28 days TIIE plus 0.80% with maturing in 1 month.

On December 30, 2022, the Enterprise drew down MMXP \$1,500.0 derived from a short term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.8% with maturing on January 27, 2023.

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

On December 30, 2022, the Enterprise drew down MMXP \$1,500.0 derived from a short term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.8% with maturing on January 27, 2023.

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

On December 5, 2022, the Enterprise drew down MMXP \$2,000.0 from a short term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 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%, maturing 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%, maturing in November 2030.

c) CFE 22UV for an amount of UDIS 323,633,300 equivalent to MMXP \$2,458.2, which will pay half-yearly interest at a fixed rate of 6.3% and maturing in March 2033.

d) CFE 22UV for an amount of UDIS 434,472,700. equivalent to MMXP \$3,300.5, which will pay half-yearly interest at a fixed rate of 6.7% and maturing in October 2042.

On October 18, 2022, the Enterprise drew down MMXP \$3,000 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 58 days.

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

On July 21, 2022, the Enterprise drew down MMXP \$2,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 32 days.

On July 20, 2022, the Enterprise drew down MMXP \$3,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 90 days.

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

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

On April 22, 2022, the Enterprise drew down MMXP \$2,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

On April 21, 2022, the Enterprise drew down MMXP \$3,000.0 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

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

On March 1, 2022, the Enterprise drew down MMXP \$10,000 from a long-term unsecured loan obtained 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 from a short-term unsecured loan obtained with Scotiabank Inverlat, S.A., at a rate of TIIE 28 days plus 0.9% with maturing on December 30, 2022.

On January 18, 2022, the Enterprise drew down MMXP \$2,000 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturing in 3 months.

On January 17, 2022, the Enterprise drew down MMXP \$3,000 from a short-term unsecured loan obtained with BBVA Bancomer, S.A., at a rate of TIIE 28 days plus 0.8% with maturity in 3 months.

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

Comisión Federal De Electricidad
Productive State Enterprise and Subsidiaries

Domestic debt	Credit type	Interest rate	Maturates	2023		2022	
				Local currency	UDIS	Local currency	UDIS
NACIONAL CURRENCY	BANK	Fixed and variable – 12.67%	Various through 2027	\$ 21,600,000		\$ 16,000,000	
	CONTRACTS						
	STOCK	Fixed and variable – 9.03%	Various through 2030	55,454,695		48,922,541	
	MARKET						
TOTAL MEXICAN PESOS				77,054,695		64,922,541	
In UDIS at the exchange rate UDI of \$7.8703 as of September 2023 and \$7.6449 as of December 2022	STOCK						
	MARKET	Fixed - 5.04%	Various through 2042	46,901,789	5,959,340	42,145,287	5,512,863
TOTAL UDIS				46,901,789	5,959,340	42,145,287	5,512,863
TOTAL DOMESTIC DEBT				\$123,956,484		\$ 107,067,828	
Summary							
Total foreign debt				\$ 141,056,789		\$ 161,205,423	
Total domestic debt				123,956,484		107,067,828	
Interest payable				3,862,918		3,154,612	
Unamortized debt expenses				(2,424,661)		(2,424,661)	
Total documented debt				\$ 266,451,530		\$ 269,003,202	
Short-term debt				\$ 35,647,956		14,882,751	
Interest payable				3,862,918		3,154,612	
Total Short-term				39,510,874		18,037,363	
Long-term debt				229,365,317		253,390,500	
Unamortized debt expenses				(2,424,661)		(2,424,661)	
Total long-term				226,940,656		250,965,839	
Total short-term and long-term debt				\$ 266,451,530		\$ 269,003,202	

As of September 30, 2023, the maturities of the documented debt are integrated as follows:

Year	Amount
2023	\$ 22,584,298
2024	19,697,191
2025	23,835,834
2026	10,830,357
2027	31,307,782
2028	5,952,919
2029	26,641,119
Subsequent Years	125,602,030
Total	\$ 266,451,530

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 September 30, 2023 and December 31, 2022 is as follows:

Foreign debt	Contract maturity	Balances as of September 30, 2023						Balances as of December 31, 2022					
		(Thousands of units)						(Thousands of units)					
		Local currency		Foreign currency		Local currency		Local currency		Foreign currency		Local currency	
		Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
16	millions of dollars	2026	\$ 80,227	200,567	4,525	11,313	\$ 87,855	263,565	4,525	13,576			
157	millions of dollars	2029	484,227	2,291,561	27,313	129,257	530,266	3,039,703	27,313	156,570			
161	millions of dollars	2032	316,285	2,530,279	17,840	142,722	757,940	2,944,030	39,040	151,642			
614	millions of dollars	2036	779,201	10,110,936	43,951	570,315	853,285	11,727,874	43,951	604,084			
443	millions of dollars	2047	864,081	6,980,974	48,739	393,767	946,235	8,246,584	48,739	424,769			
912	millions of dollars	2048	743,695	15,417,049	41,949	869,610	814,404	17,639,725	41,949	908,594			
678	millions of dollars	2049	520,902	11,506,655	29,382	649,041	585,775	13,561,211	30,172	698,517			
657	millions of dollars	2050	1,008,701	10,643,098	56,897	600,332	973,093	11,348,147	50,122	584,525			
Total Foreign debt			4,797,319	59,681,119	270,596	3,366,357	5,548,853	68,770,839	285,811	3,542,277			
Domestic debt													
319	millions of pesos	2024	319,077	-			254,195	254,195					
13,446	millions of pesos	2026	3,407,392	10,058,677			3,044,274	12,364,987					
2,873	millions of pesos	2028	576,987	2,295,697			543,314	2,791,123					
10,471	millions of pesos	2033	1,572,754	8,898,605			1,491,330	10,145,946					
1,129	millions of pesos	2036	83,664	1,045,805			83,664	1,087,637					
9,008	millions of pesos	2042	564,316	8,444,071			551,656	8,963,193					
Total Domestic debt			6,524,190	30,742,855			5,968,433	35,607,081					
Interest payable			1,166,144	-			1,574,939	-					
CEBURES			-	8,821			-	8,821					
Total PIDIREGAS debt			\$ 12,487,653	90,432,795			\$ 13,092,225	104,386,741					

As of September 30, 2023 and December 31, 2022, minimum payment commitments on PIDIREGAS are as follows:

	<u>2023</u>	<u>2022</u>
PIDIREGAS	\$ 150,499,615	\$ 170,020,682
less:		
Unaccrued interest	48,754,132	54,125,477
Interest payable	<u>1,166,144</u>	<u>1,574,939</u>
Present value of obligations	102,911,627	117,470,144
less:		
Current portion of obligations	<u>12,487,653</u>	<u>13,092,225</u>
Long-term portion of PIDIREGAS	90,423,974	104,377,919
CEBURES	<u>8,821</u>	<u>8,821</u>
Total CEBURES and PIDIREGAS	\$ <u>90,432,795</u>	\$ <u>104,386,740</u>

Investment of funds-in-trust

On September 19, 2023, a revolving credit was arranged with BBVA Mexico, S.A. for \$1,020 MMXP with interest payable monthly, calculated at the variable rate that result from adding 0.80 percentage points to the TIIE rate, payable until December 18, 2023.

On September 26, 2023, a revolving credit was arranged with BBVA Mexico, S.A. for \$1,000 MMXP with interest payable monthly, calculated at the variable rate that result from adding 0.80 percentage points to the TIIE rate, payable until December 26, 2023.

On August 23, 2023, a revolving credit was arranged with BBVA Mexico, S.A. for \$420 MMXP with interest payable monthly, calculated at the variable rate that result from adding 0.80 percentage points to the TIIE rate, payable until November 21, 2023.

On August 14, 2023, the Enterprise drew down MUSD \$11 from a revolving credit obtained from Banco Monex S.A., with interest payable monthly, calculated at variable rate of SOFR (Guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.10% rate and payable until February 12, 2024.

On March 20, 2023, the Enterprise drew down MUSD \$420 from a revolving credit obtained from Banco Santander Mexico S.A., with interest payable monthly, calculated at variable rate of SOFR (Guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.20% rate and payable until March 24, 2024. Being that on September 20, 20 MUSD of the loan was paid, leaving the same term for the \$400 MUSD.

On August 31, 2023, the Enterprise drew down MUSD \$100 from a revolving credit obtained from PARIBAS, with interest payable quarterly, calculated at variable rate of SOFR (Guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 0.95% rate and payable until December 15, 2023.

On June 23, 2023, a revolving credit was arranged in a current account with Banco Mercantil del Norte, S. A. up to \$500 MUSD with interest payable quarterly, with two provisions of \$100 MUSD and \$200 MUSD each, in addition to 3 provisions of 1,000 MMXP, calculated at the variable rate resulting from add 1.20 percentage points to the SOFR Rate (Guaranteed Permanent Financing Rate, administered by Group Benchmark Administration, Ltd – CME), payable until June 22, 2024.

On August 23, 2023, a revolving credit was arranged with BBVA Mexico, S.A. for \$3,060 MMXP with interest payable monthly, calculated at the variable rate that result from adding 0.85 percentage points to the TIIE rate, payable until November 21, 2023.

On September 29, 2023, a revolving credit was arranged with Bank Of America, S.A. for MUSD \$200 with interest payable monthly, calculated at the variable rate that result from adding 1.25 percentage points to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until March 29, 2024.

On July 12, 2023, a revolving credit was arranged with BANAMEX, S.A. for MUSD \$100 with interest payable quarterly, calculated at the variable rate that result from adding 1.35-point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until October 12, 2023.

On July 11, 2023, a revolving credit was arranged with BANAMEX, S.A. for MUSD \$150 with interest payable quarterly, calculated at the variable rate that result from adding 1.03 point percentage to the SOFR rate (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME), payable until October 11, 2023.

On June 26, 2023, the Enterprise drew down MUSD \$25 from a revolving credit obtained from Banco Monex, S. A. with interest payable monthly, calculated at variable rate of SOFR (Guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.05% rate and payable until maturity on December 22, 2023.

On August 4, 2023, the Enterprise drew down MMXP \$2,000 from a revolving credit obtained from Banco Santander Mexico S.A., with interest payable monthly at a variable rate that results from adding 0.90 point percentage to the TIIE rate, payable until February 4, 2024.

On March 24, 2023, a revolving credit was arranged in a checking account with Banco Santander Mexico S.A for MUSD \$420 with interest payable monthly, calculated at the variable rate that results from adding 1.20 point percentage at rate of SOFR (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 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 February 15, 2023, a revolving credit was arranged in a checking account with Banco Monex, S. A. 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 Banco Santander Mexico, S. A. 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 January 20, 2023, a revolving credit was arranged in a checking account with HSBC Mexico S. A. 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 Bank, LTD., 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 Banco J. P. Morgan S. A. 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 of 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 Mitsui Banking Corporation, monthly payable at variable rate plus 0.70% and adjustment rate of SORF(guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 Banco J. P. Morgan, S. A. quarterly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 of 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 Banco Mercantil del Norte, S. A., quarterly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 of 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, S. A. monthly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 Banco Mercantil del Norte, S. A., quarterly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1% rate and maturing on April 13, 2023.

On October 3, 2022, the Enterprise drew down MMXP \$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 MUSD \$100 derived from a revolving credit obtained from Banco Paribas NY, S.A, quarterly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 0.95% rate and maturing on August 31, 2023.

On August 19, 2022, the Enterprise drew down MUSD \$11 derived from a revolving credit obtained from Banco Monex S. A., monthly payable at variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.10% 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 (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) 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 (London Interbank Offered Rate, which corresponds to the rate published on the BBAM page of the Bloomberg screen), 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 4.70 percentage points, payable until maturity on January 11, 2023.

On June 29, 2022, the Enterprise drew down MUSD \$25 derived from a loan obtained from Banco Monex S.A, monthly payable at a variable rate of SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.05% rate and maturing in December 2022.

On June 29, 2022, the Enterprise drew down MMXN \$1,020 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 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 derived from a loan obtained from Banco Mercantil del Norte S.A, payable semi-annual at a SORF (guaranteed permanent financing rate, managed by Group Benchmark Administration, Ltd - CME) plus 1.20% rate and maturing in December 2022.

On May 31, 2022, the Enterprise drew down MMXN \$420 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 MMXN \$3,600 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 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 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 September 30, 2023 and December 31, 2022 is as follows:

	2023		2022
January 1 st	\$ 624,716,357	\$	661,408,622
Additions	1,216,634		31,435,557
Interest	18,055,996		26,653,658
Payments	(34,300,291)		(50,544,701)
Exchange difference	(67,064,609)		(44,236,779)
Total liabilities	542,624,088		624,716,357
Less portion of short-term liabilities	27,835,622		26,436,648
Total long-term liabilities	\$ 514,788,466	\$	598,279,709

Lease payments as of September 30, 2023 and December 31, 2022 is as follows:

	2023		2022
Less than one year	\$ 27,835,622	\$	26,436,648
More than 1 year and less than 3 years	32,293,132		33,461,866
More than 3 years and less than 5 years	36,117,260		39,426,164
More than 5 years	446,378,074		525,391,679
Total lease liabilities (undiscounted)	\$ 542,624,088	\$	624,716,357

14. Other accounts payable and accrued liabilities

Other accounts payable and accrued liabilities as of September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Suppliers and contractors	\$ 71,133,448	\$ 71,226,692
Deposits from users and contractors	36,407,683	34,270,671
Employees	7,167,219	4,229,586
Other taxes and duties	5,872,276	4,698,032
Value added tax	1,715,310	2,374,773
Other liabilities	19,454,703	16,209,112
Total	\$ 141,750,638	\$ 133,008,866

15. Other long-term liabilities

An analysis of other long-term liabilities as of September 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Third-party contributions	\$ 8,518,713	9,310,179
Decommissioning provision ^(a)	12,976,627	12,818,744
Other provisions ^(b)	23,310,425	19,159,645
Total	\$ 44,805,765	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.

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 21 proceedings by the general lawyer, 5 of international nature: 9 under international London arbitration and 7 for arbitration with participants in Mexico, as a result of disputes with various suppliers and at different stages. At the date of these financial statements, we cannot reasonably determine whether an adverse result in these procedures would have a negative effect causing an increase in the provisions for litigations.

There are certain international arbitration proceedings in which the subsidiary CFE International LLC is a part of, 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 September 2, 2020, the modification before indicated to the CCT. The impact on labor liabilities for the Enterprise will be evaluated by an independent expert.

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.

There is a contingent liability derived from employee benefits, which is mentioned in note 3(f).

The Enterprise is involved in various lawsuits and claims, arising from the normal course of its operations, which are expected not to have a material effect on its financial condition and future results.

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 September 30, 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	130	1,761

Generation:

Capacity	Estimated amount of the contract expressed in millions of:	
MVA	Dollars	Mexican pesos
913.40	1,038	18,401

Renovation and/or modernization

Estimated amount of the contract expressed in millions of:	
Dollars	Mexican pesos
380	6,737

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 Transmission 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 Transmission.

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 Transmission, 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 Transmission;
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 as trustor and trustee, 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.	<p>a. Electric energy consumers who are beneficiaries of the services rendered by the Trust fund.</p> <p>b. CFE, only for the materials that will form part of the public energy services infrastructure.</p>
Mexicali Housing Thermal Isolation Trust (FIPATERM), created on October 19, 1990	CFE Suministro Básico	Banco Nacional de Obras y Servicios Públicos, S.N.C.	CFE

As of September 30, 2023 and December 31, 2022, the Housing Thermal Isolation Program (FIPATERM) Trust has assets of \$1,957,756 y \$1,875,980 and liabilities of \$123,638 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

Trust fund	Role of CFE			Type of project
	Trustor	Trust Beneficiary	Trustee	
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

Through an extraordinary session held on August 2, 2023, members of the Prior Expenses Management Trust (FAGP) committee approved the termination of the Trust; as part of this closure on August 4, 2023, the contracted credits that the Trust had in force were settled as of September 30, 2023, this Trust does not present balances in its Statement of Financial Position.

The agreement of extinction is currently being drafted.

As of September 30, 2023 and December 31, 2022, the Administration and Transfer of Ownership Trust 2030 has assets of \$602,290 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 September 30, 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-Sep 2023
Petacalco Coal	\$84,061

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 fund	Role of CFE		Trustee
	Trustor	Trust Beneficiary	
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 September 30, 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 six of the Trusts, CFE is not a Trustor in their creation.
- b. The four 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 service

Income	September 30, 2023	September 30, 2022
Domestic services	\$ 82,147,659	\$ 71,329,098
Commercial services	44,776,567	40,300,938
Services	10,879,777	10,889,603
Agricultural services	9,240,187	7,787,897
Industrial services	220,155,330	196,302,286
Total sales	367,199,520	326,609,822
Block for resale	35,722	955,315
Total electricity supply revenue	367,235,242	327,565,137
Consumption in the process of being billed		
Illegal uses	1,104,770	1,598,546
Measurement failure	201,488	2,351,334
Billing error	331,332	266,896
Total income obtained from other programs	1,637,590	4,216,776
Total revenue from the sale of electricity	\$ 368,872,832	\$ 331,781,913

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. International Financial Reporting Standards (IFRS) that are mandatory by 2023 or later years.

- a) Following are listed the recent changes to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), which became effective on the 1st. of January 2023:

– *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)*

FRS 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.

- Definition of Accounting Estimates (NIC 8 Modification)

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.

- Disclosure of Accounting Policies (Amendment to IAS-1) and the amendment to Statement of Practice 2

The amendments to IAS 1 aim to eliminate rules for disclosing significant accounting policies and instead include guidelines for assessing the materiality for selecting the accounting policies to be disclosed. The amendments to Practice Statement 2 do not contain any effective date or transition requirements.

- Deferred Taxes related to Assets and Liabilities arising from a transaction (Amendment to IAS-12).

The amendment to the standard reduces the exemption from the initial recognition of deferred taxes set out in IAS 12 by clarifying that deferred taxes on rights of use and lease liabilities should be recognized.

- Second Pillar Model International Tax Reform (IAS 12 Modifications)

The amendments to IAS 12 provide that the entities considered under the second pillar (entities with income exceeding EUR \$750 million), shall not recognise or disclose information on deferred tax assets and liabilities arising from the supplementary tax system (Global Anti Base Erosion), the current tax corresponding to the supplementary tax being required to be disclosed separately.

As of September 30, 2023, these modifications have had no impact on the Company's condensed consolidated financial statements.

- b) The modified IFRS that are not yet effective are the following:

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)

The amendment to IFRS 16 Leases adds subsequent measurement requirements for sale and leaseback transactions. It begins its validity on January 1, 2024.

- Non-current Liabilities with Agreed Conditions (Modification to IAS 1)

The amendments to IAS 1 Presentation of Financial Statements improve the information provided by an entity when its right to defer the settlement of a liability for at least 12 months is subject to the fulfilment of agreed terms. This standard becomes effective on January 1, 2023.

- Sale or contribution of assets between an investor and its associate or joint business (Amendments to IFRS 10 and IAS 28)

The amendments to IFRS 10 and IAS 28 provide for recognition of the results of the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture. The date of entry into force of the amendments has not yet been set by the IASB; however, early implementation is allowed.

– *Supplier financing agreements (IAS 7 and IFRS 7 Modifications)*

The amendments to IAS 7 and IFRS 7 include disclosure of supplier financing agreements. This standard becomes effective on January 1, 2024.

– *International Sustainability Standards (IFRS S1 and IFRS S2)*

In March 2022, the ISSB published two draft standards: one on General Disclosure Requirements for Financial Information Sustainability (IFRS S1) and one on Climate-related Disclosure (IFRS S2). These new rules are expected to apply from 1 January 2024.

21. Issuance of the condensed consolidated financial information

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