



# Earnings Release

FIRST QUARTER

2023

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## Index

<b>I.</b>	Letter from CFECapital Director General	3
<b>II.</b>	Relevant Events for CFE	6
<b>III.</b>	Operating Results of the Transmission Sector	7
<b>IV.</b>	Quarterly Financial Statements	11
	<b>IV.1</b> Promoted Trust	11
	<b>IV.2</b> Issuer Trust	12
<b>V.</b>	CFE FIBRA E Performance	14
<b>VI.</b>	CFE FIBRA E Distribution 1Q23	17
<b>VII.</b>	Issuer Trust Administration and Expenses	19
<b>VIII.</b>	Corporate Governance Activities	20





Dear Investors,

It is a pleasure for me to address you on behalf of the CFECapital team (CFECapital, S. de R.L. de C.V.) in our capacity as Settlor and Administrator, to present the report for the first quarter of 2023 of the CFE FIBRA E (Irrevocable Trust Number CIB/2919).

Given the great challenges presented by the world economy and the international banking sector, the strength of the Mexican financial system and the actions being carried out by the Federal Electricity Commission (CFE) to strengthen the Mexican electricity sector stand out, these actions are the most relevant to the global phenomenon of nearshoring, which will undoubtedly be a catalyst for the economic development of the country and where the electricity sector is key.

During this quarter, the start-up of the first stage of the Puerto Peñasco plant stands out, which will be the largest Photovoltaic Plant in Latin America and which highlights the investment in clean energy that the CFE is making and the commitment towards the energy transition. In this sense, in January 2023, the CFE was recognized by Latinfinance for the sustainable bond that it placed in 2022 to finance projects and actions with environmental and social objectives.

The Federal Electricity Commission has reiterated that the most important management route for the development and implementation of strategic projects is through the Transmission sector, therefore, CFE FIBRA E, being the only financing vehicle that allows channeling private capital resources, both national and international, is a mechanism oriented towards the financing strategy of the State Productive Company.

The double-digit yield that CFE FIBRA E has granted since its creation is noteworthy, maintaining during 2023 with a dividend yield of 12.05% as of March 2023, above the yield offered by its peers (6.23%).

During the first quarter of 2023, the price range of the certificate was from \$26.10 to \$28.00 pesos with an average daily volume exchanged of 54,038 certificates.

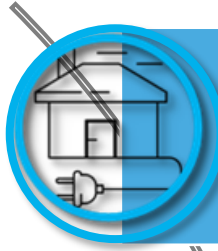
Likewise, this report highlights the criteria for compliance with the tax regulations of the investment regime, the tax treatment of distributions, information on account statements, financial statements, investment indicators, and reimbursements for the maintenance and operation of the National Transmission Network.

To conclude, I want to highlight that the Federal Electricity Commission is consolidated as a company that guarantees Mexico's energy security throughout its value chain, in this sense, CFE FIBRA E continues to be an attractive financing strategy for priority infrastructure projects, and has allowed investors to have an exposure to the electric power transmission business in Mexico, which has demonstrated its solidity and stability even in complex environments such as the one currently faced by equity markets.

**Carmen Serdán Banda**  
**CFECapital CEO**



## II. Relevant Events for CFE



On **January 11<sup>th</sup>, 2023**, CFE successfully carried out the renewal of its Revolving Syndicated Loan for \$1,540 million dollars. The credit will move towards a **sustainable funding** in order to link it to **environmental and social issues of the CFE**.



On **January 30<sup>th</sup>, 2023**, CFE implements actions to contribute to the economic development of the **Yucatan peninsula** and supply energy, with a total investment of more than \$151,000 million pesos in a comprehensive strategy to strengthen energy security, reinforce the electrical system, and supply the necessary electricity.



On **January 31<sup>st</sup>, 2023**, CFE receives the award for the 2022 quasi-sovereign sustainable bond granted by *Latinfinance*. This sustainable bond was structured to finance projects and actions with environmental and social objectives.



On **February 9<sup>th</sup>, 2023**, CFE International presented its new business model that ensures the required supply of natural gas to the CFE generation plants and to the industry in Mexico at competitive prices.



On **February 17<sup>th</sup>, 2023**, The President of the Republic inaugurated the first phase of the Puerto Peñasco Photovoltaic Power Plant, which will produce 1,000 MW of clean energy. Due to its technology, it will be the first of its kind in Mexico, the largest in America due to its generation capacity.

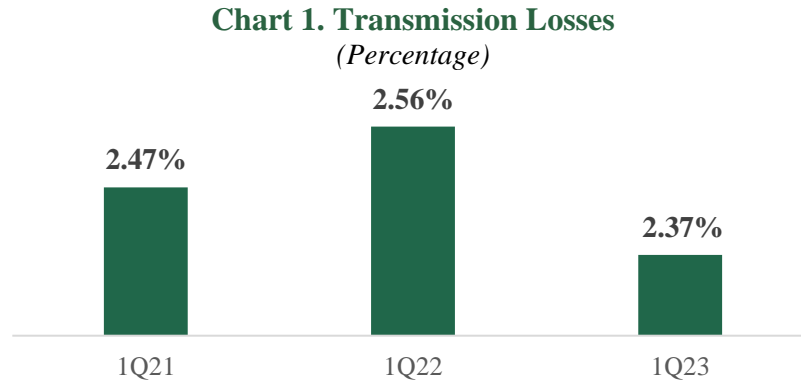


On **February 27<sup>th</sup>, 2023**, the CFE reported accumulated revenues for the fourth quarter of 2022 for more than 618 billion pesos, 9.1% more than in 2021. The assets of the State Productive Company increased by 2.9% compared to the end of 2021, mainly due to the increase in Fixed assets and their revaluation.

Source: CFE Press Releases from January 2<sup>nd</sup> to March 31<sup>st</sup>, 2023.

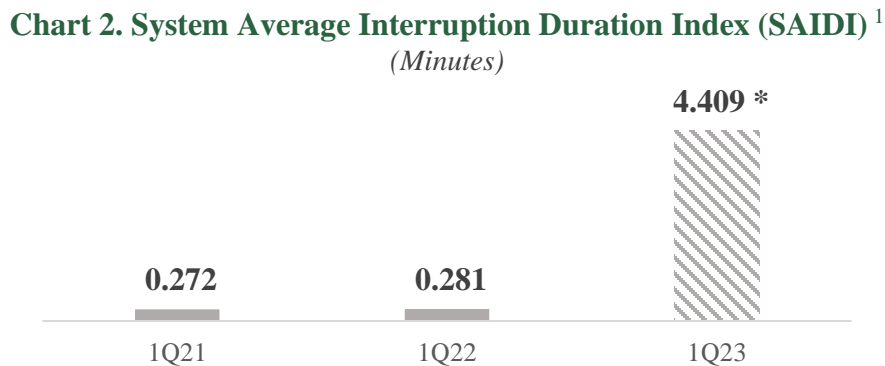
### III. Operating results of the Transmission Sector

Chart 1 shows the index that corresponds to the percentage of transmission losses as of March 31<sup>st</sup>, 2023. This indicator refers to the technical losses that correspond to the nature of energy. The decrease in transmission losses is due to the actions carried out by the CFE to make electric power transmission more efficient. As of 1Q23, technical losses were reduced by 4% and 7.4% compared to the same period in 2021 and 2022, respectively, which complies with the international standard of keeping energy losses below 3%.



**Source:** CFE Transmission, March 31<sup>st</sup>, 2023.

Chart 2 shows the average duration of the interruptions in minutes of the electricity supply for an end user. These interruptions are attributable to the transmission process of the National Transmission Network (RNT). This indicator is presented **preliminary** to the first quarter of 2023, since 30 events are under review.



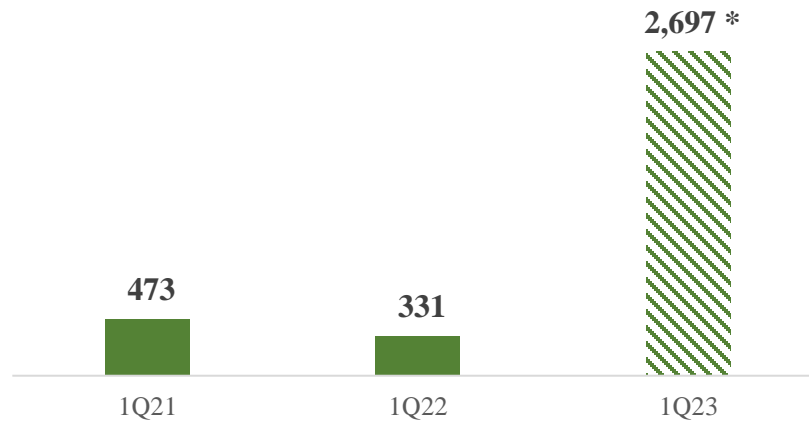
**Note:** \*Preliminary figures, since 30 events are under review.

**Source:** CFE Transmission, March 31<sup>st</sup>, 2023.

<sup>1</sup>Average duration of interruption of electricity supply to an end user

The energy not supplied to users due to interruptions for periods greater than five minutes that occur due to failures in the NTN, at lower voltages or due to lack of coverage through radial networks. As of the first quarter of 2023, this indicator is presented with **preliminary** figures, since 30 events are already under review.

**Chart 3. Power not delivered**  
(MWh)<sup>2</sup>

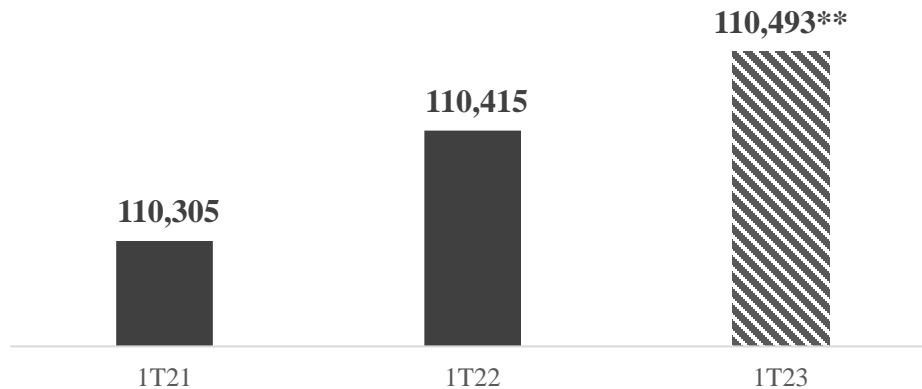


**Note:** \* Preliminary figures, since 30 events are under review.

**Source:** CFE Transmission, March 31<sup>st</sup>, 2023.

Chart 4 shows the number of kilometers that have increased in the NTN, which with figures of February 2023 has reached 110,493 kilometers, that is, 78 kilometers more respect to the same period of the previous year.

**Chart 4. Transmission Lines**  
(Kilometers)



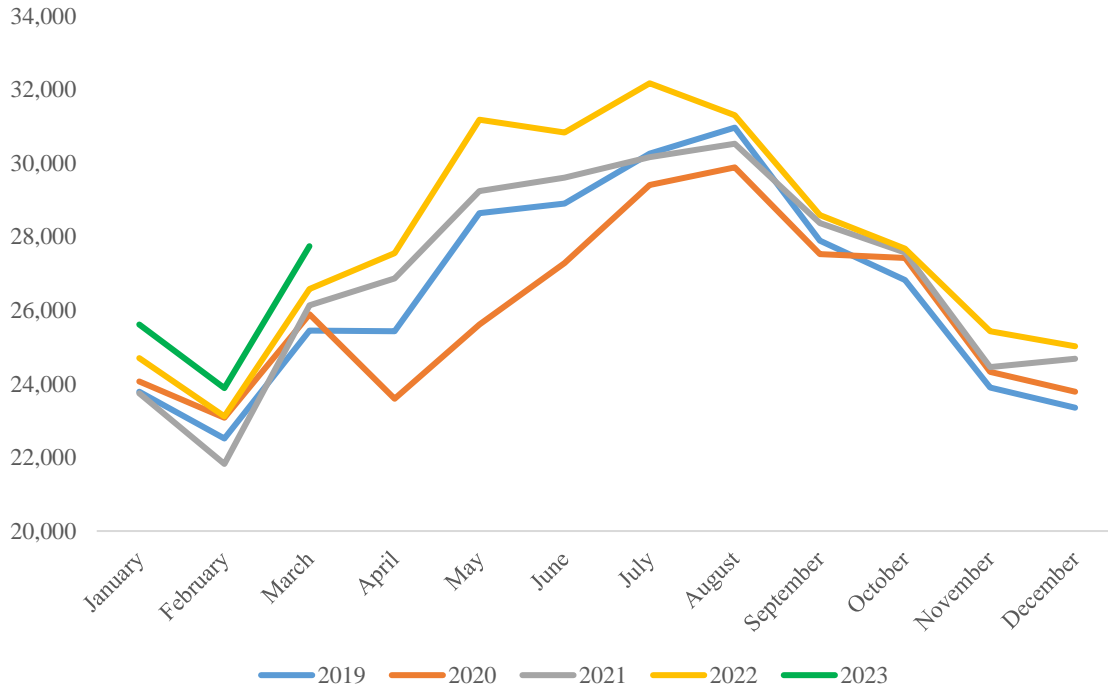
**Note:** \*\* Figures as of February 2023.

**Source:** CFE Transmission, March 31<sup>st</sup>, 2023.

<sup>2</sup> Megawatt per hour or 1000 kilowatt hours.

Through the months of January, February and March, 2023, the volumes of electric power increased by **3.82%**, with respect to the same period of the previous year, and if compared to the first quarter of 2021 and 2020, there were increases of 7.72% and 5.76% respectively.

**Chart 5. Volume of Electric Power in the NTN**  
(TWh)<sup>1</sup>

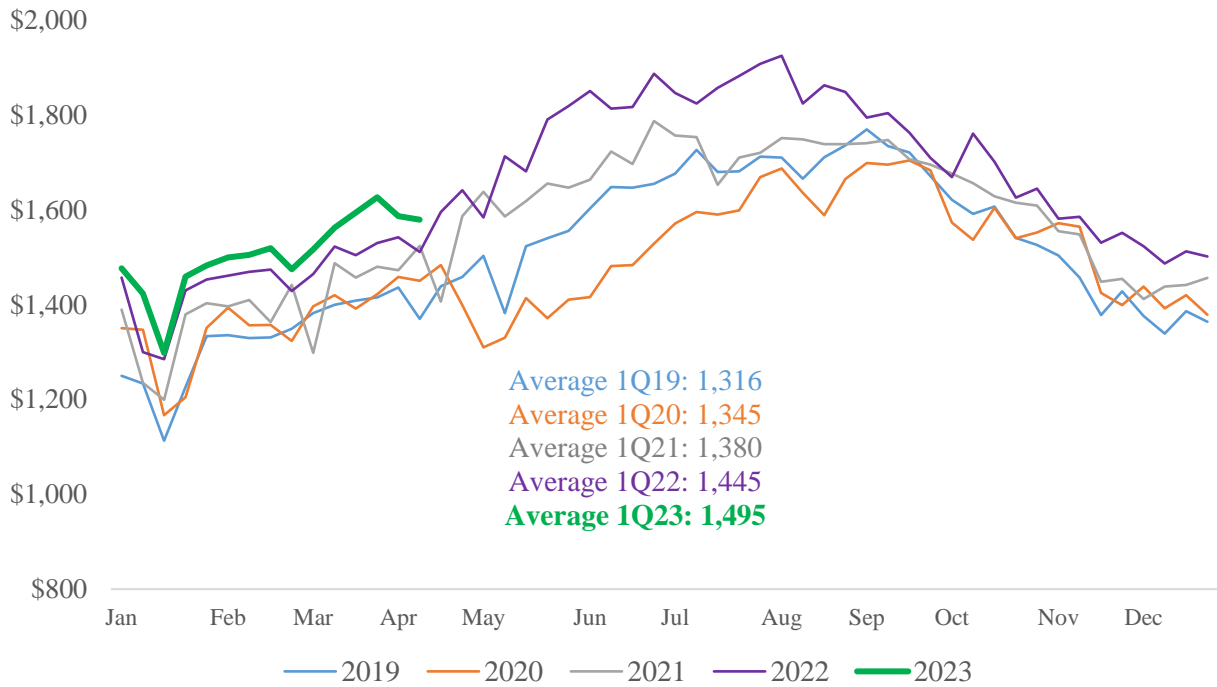


**Note:** <sup>1</sup>Terawatt hour

**Source:** CFE Transmission with information as of March 31<sup>st</sup>, 2023.

Chart 6 shows the performance of collection rights. In the winter period, electricity consumption in Mexico decreases with respect to the consumption registered in the summer period, this due to the seasonality of the sector. In the first quarter of 2023, collection rights had an increase of **3.50%** compared to the same period of the previous year.

**Chart 6. Collection rights by CENACE by Calendar Quarter**  
(Million pesos)



**Note:** The figures shown correspond to the quarterly average of the weekly distributions from January 1<sup>st</sup>, to March 31<sup>st</sup>, 2023, applicable for each year shown. Revenues in the graph include VAT. Rounded figures in millions of pesos. <sup>1</sup>National Center for Energy Control.

**Source:** CFE Transmission (as of March 31<sup>st</sup>, 2023).





## IV. Quarterly Financial Statements

### IV.1 Promoted Trust

The first quarter began with a balance of \$788,195,293 pesos, to which were added \$19,440,854,333 pesos for the collection rights for the period received from CENACE (VAT included), withdrawals for the period amounted to \$7,832,926,590 pesos. In January, the distribution of the Promoted Trust corresponding to December 2022 was carried out for \$537,852,847 pesos, in February the distribution corresponding to January for \$2,553,136,070 pesos, and in March the distribution corresponding to February for \$4,469,409,668 pesos, which results in a total distribution for in 1Q23 for \$7,560,398,585 pesos. During the period, interest was generated for \$103,157,274 pesos and whose ISR amounted to \$1,409,367 pesos.

**Table 1. Account Balance Promoted Trust F/80758**  
(MXN)

	January	February	March	1Q23
<b>Initial Balance</b>	<b>788,195,293</b>	<b>2,804,035,985</b>	<b>4,719,990,722</b>	
+ Collection Rights	5,658,170,136	6,007,371,904	7,775,312,293	<b>19,440,854,333</b>
– Withdrawals	3,120,278,968	1,578,961,123	3,133,686,499	<b>7,832,926,590</b>
– Distribution to holders	537,852,847	2,553,136,070	4,469,409,668	<b>7,560,398,585</b>
<b>Gross Balance</b>	<b>2,788,233,614</b>	<b>4,679,310,696</b>	<b>4,892,206,848</b>	
+ Interest	16,261,523	41,243,287	45,652,464	<b>103,157,274</b>
– Interest tax	229,548	563,261	616,558	<b>1,409,367</b>
<b>Final Balance</b>	<b>2,804,265,589</b>	<b>4,719,990,722</b>	<b>4,937,242,754</b>	
<b>Accrued Interest</b>	-229,604	0	0	
<b>Portfolio Value</b>	<b>2,804,035,985</b>	<b>4,719,990,722</b>	<b>4,937,242,754</b>	

**Note:** Rounded figures in MXN.

**Source:** Account Statements of the Promoted Trust (F/80758) consulted in the Fiduciary System NAFIN.

From the total approved budget of the Promoted Trust for 2023, the equivalent of 10% of the total budget was exercised to the first quarter.

**Table 2. Approved Budget vs. exercised as of March 31<sup>st</sup>, 2023**  
(MXN)

Category	Budget 2023	Exercised 1Q23	%
Intercompany Expenses	11,160,579,377	303,536,977	3%
Operation and minor maintenance	10,257,710,550	1,984,166,540	19%
Obligation expenses	5,179,639,857	1,098,405,322	21%
Major maintenance	11,339,574,698	393,730,255	3%
Trust expenses	20,356,463	223,894	1%
Financing costs	-	-	0%
<b>Total</b>	<b>37,957,860,945</b>	<b>3,780,062,988</b>	<b>10%</b>

**Note:** Rounded figures in MXN.

**Source:** CFE Transmission.

## IV.2 Issuer Trust

Regarding the Issuer Trust, the 1Q23 began with a balance of \$50.5 million pesos, to which \$512 million pesos were added, corresponding to the distributions of December, 2022, January and February, 2023 approved in the 5<sup>th</sup> Extraordinary Session of the Technical Committee of the Promoted Trust, in Unanimous Resolution 21022023-A01 and in the 21<sup>st</sup> Ordinary Session of the Technical Committee of the Promoted Trust, which were received on January 26<sup>th</sup>, January 24<sup>th</sup>, and March 15<sup>th</sup>, of 2023, respectively.

As of March 31st, disbursements amounted to \$30.5 million pesos, which are Issuer Trust Expenses, with a final balance in the quarter of \$45.9 million pesos. In addition, during the first quarter interest was generated for \$4.2 million pesos.

The distributed amount in the 1Q23 was \$490,617,893 pesos on March 31<sup>st</sup>, 2023.

**Table 3. Account balance Issuer Trust as of March 31<sup>st</sup>, 2023**  
(MXN)

	January	February	March	1Q23
<b>Initial Balance</b>	<b>50,588,798</b>	<b>59,540,212</b>	<b>232,633,600</b>	
+ Deposits	36,445,463	173,003,130	302,851,802	512,300,395
- Withdrawals	27,790,646	486,816	2,290,074	30,567,536
- Distribution to Holders	0	0	490,617,893	490,617,893
<b>Gross Balance</b>	<b>59,243,615</b>	<b>232,056,526</b>	<b>42,577,435</b>	
+ Interest Charged	296,597	577,074	3,340,634	4,214,305
<b>Final Balance</b>	<b>59,540,212</b>	<b>232,633,600</b>	<b>45,918,069</b>	

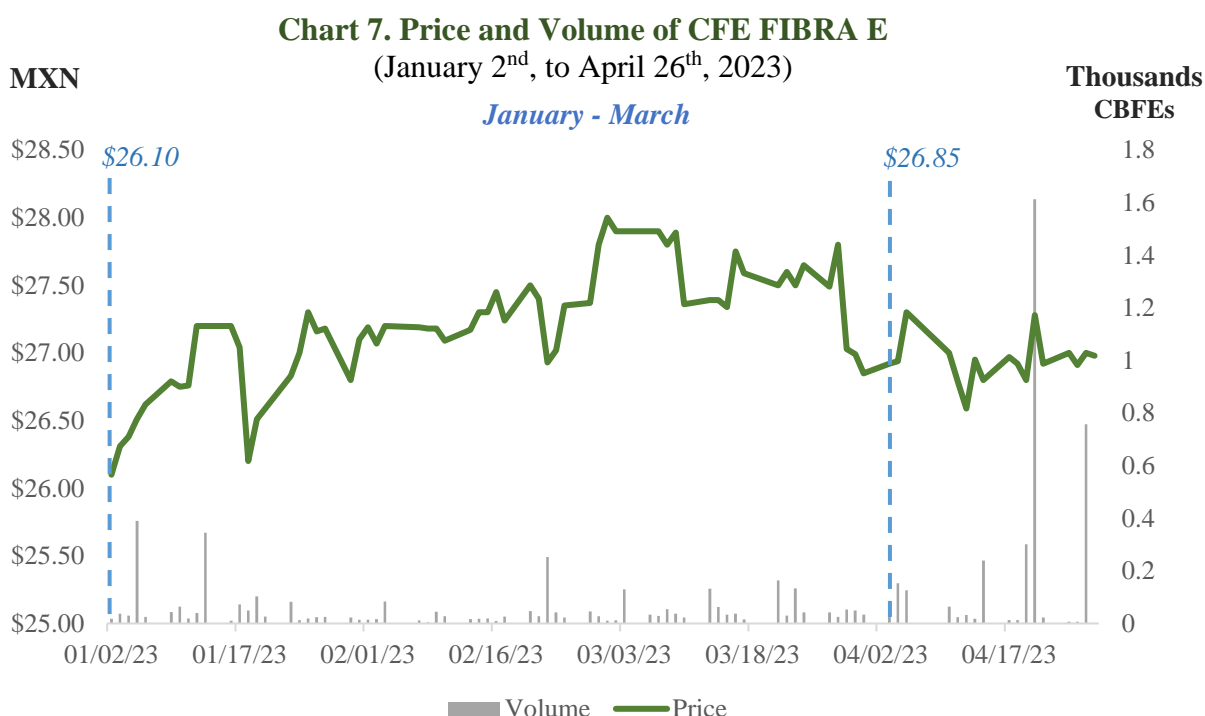
**Note:** Rounded figures in MXN.

**Source:** CFECapital with information from the Account Statements of the Issuing Trust as of March 31<sup>st</sup>, 2023.



## V. CFE FIBRA E performance

The price of the Stock Exchange Trust Certificate for Investment in Energy and Infrastructure (CBFEs by its initials in Spanish) during the First Quarter of 2023, oscillated in a range between \$26.10 and \$28.00, showing a weighted average price of \$27.13 MXN/CBFE and the average daily volume was 61,268 certificates. This chart shows the positive performance of the instrument, despite the challenges posed by the current macroeconomic environment.



Maximum Price 03/01/23:	<b>\$28.00</b>		
Minimum Price 01/02/23:	<b>\$26.10</b>	<b>1Q23<sup>1</sup></b> Average daily volume:	<b>54,038</b>
Closing Price 04/17/23:	<b>\$26.97</b>	<b>1Q23<sup>1</sup></b> Weighted Average Price	<b>\$27.13</b>

**Note:** <sup>1</sup> The first calendar quarter of 2023 is from January 1<sup>st</sup>, to March 31<sup>st</sup>, 2023.

----- Indicates the period of the First Quarter 2023, calendar year.

**Source:** Own elaboration with data from Bloomberg on April 17<sup>th</sup>, 2023.

The CFE FIBRA E investment instrument has achieved outstanding performance compared to other similar variable income instruments on the Mexican Stock Exchange.



Table 4 shows the dividend yield of CFE FIBRA E in comparison with other FIBRAs, remaining above its peers during the first quarter of this year. It is important to mention that CFE FIBRA E, among other FIBRAs, is the only one of its kind that provides exposure to the transmission sector, a defensive sector that has shown attractive price and dividend yields since its Initial Public Offering (2018) to date.

**Table 4. Dividend Yield<sup>3</sup> Indicative of the CFE FIBRA E vs other FIBRAs**  
(January 1<sup>st</sup> to March 31<sup>st</sup>, 2023)

Instrument	January	February	March
FCFE18 MM Equity	<b>12.08</b>	<b>11.78</b>	<b>12.05</b>
FUNO11 MM Equity	8.88	2.39	2.47
DANHOS13 MM Equity	9.63	10.35	10.34
FNOVA17 MM Equity	7.57	7.49	7.38
FIBRAMQ MM Equity	6.28	6.37	6.99
FIBRAPL MM Equity	3.66	5.07	5.21
TERRA13 MM Equity	5.94	5.63	5.03
FBMEX Index	6.72	7.15	7.51

**Source:** Own elaboration with data from Bloomberg on April 10<sup>th</sup>, 2023.

The performance of CFE FIBRA E has been outstanding compared to other REITs, maintaining a solid dividend payment. Since 2019, it has offered a double-digit dividend yield, which as of March 2023 was **12.05%**. This situation makes it a defensive instrument that provides a return above the inflationary hedge.

<sup>3</sup> It is calculated by multiplying the most recent dividend by the number of dividends issued each year and dividing by the current price of the instrument.

<sup>4</sup> Own elaboration with data from Bloomberg as of May 2<sup>nd</sup>, 2023.

CFE FIBRA E receives coverage from analysts from different banking institutions, which have determined an average target price of **\$30.36<sup>4</sup>** pesos per CBFE, which reflects a potential for price growth per CBFE of **11%**, compared to the price of April 17th, 2023, which was \$26.80.

**Table 5. Analyst coverage of CFE FIBRA E**

Banking Institution	Target Price estimated by analysts <sup>4</sup> in MXN	Recommendation	Last update
 BBVA	\$32.00	Buy	03/22/2023
 BANORTE	\$32.50	Buy	11/30/2022
 BARCLAYS	\$26.00	Underweight	03/01/2023
Morgan Stanley	\$27.00	Neutral	03/13/2023
 Santander	\$30.00	Hold	04/10/2023
 BTGPactual	\$33.00	Buy	04/14/2023
 monex	\$32.00	Hold	12/21/2022

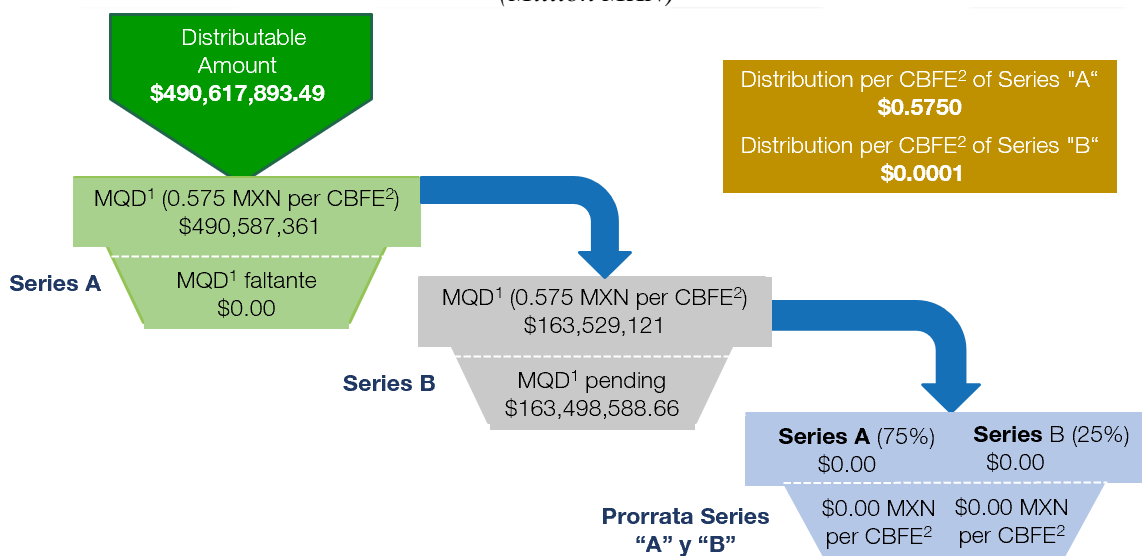
**Source:** Own elaboration with data from Bloomberg as of April 17<sup>th</sup>, 2023.

<sup>4</sup> Target Prices are defined by analysts for those banking institutions they represent.

## VI. CFE FIBRA E Distribution 1Q23

The distribution period of the first quarter of 2023 includes 12 weeks of income for the collection rights of the National Transmission Network and 13 weeks of reimbursements corresponding to the months of January, February and March. The distribution of the Promoted Trust was for \$490,617,893.49 pesos, which includes the restitution of the expense reserve fund and the interest generated in the period.

**Diagram 1. Amount distributed 1Q23**  
(Million MXN)



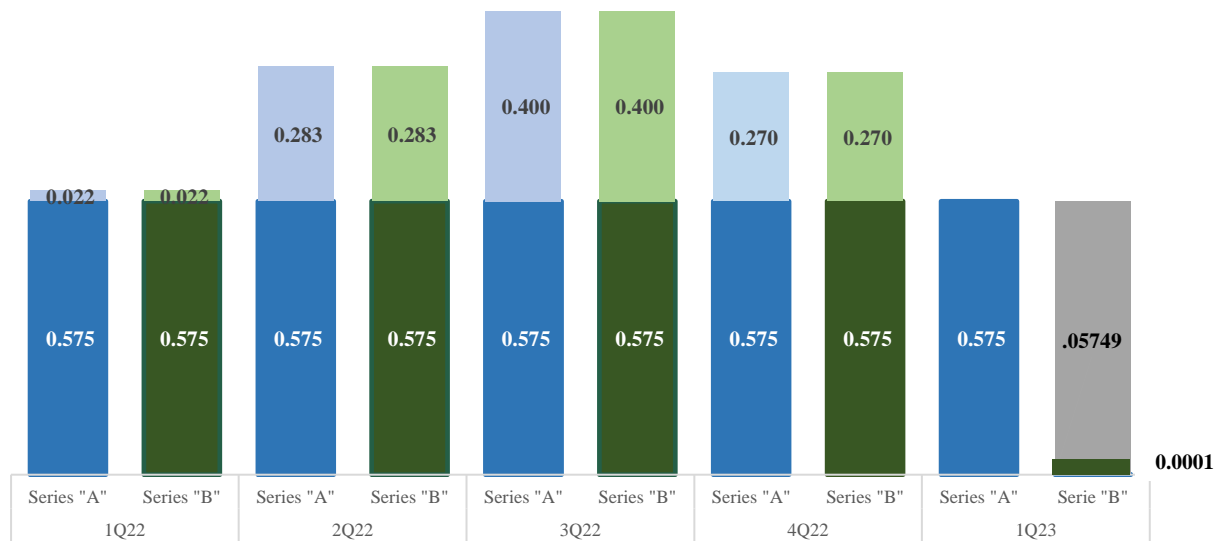
**Notes:** <sup>1</sup> Minimum Quarterly Distribution. <sup>2</sup> CBFE by its initials in Spanish. It means Stock Exchange Trust Certificate for Investment in Energy and Infrastructure.

**Source:** Technical Committee Issuer Trust (March 21<sup>st</sup>, 2023).



Chart 8 shows the distribution composition for 1Q23. The result was a total distribution of \$0.575 MXN/CBFE for Series “A” and \$0.0001 MXN/CBFE for Series “B”.

**Chart 8. Revenue Composition of CFE FIBRA E Distribution for both series**  
(MXN per CBFE<sup>5</sup>)



- Minimum Quarterly Distribution Series “A”
- Minimum Quarterly Distribution Series “B”
- Pending Minimum Quarterly Distribution Series “B”
- Pro-Rata Distribution Series “A”
- Pro-Rata Distribution Series “B”

**Note:** CFECapital gives the distribution instruction to the trustee, who makes the deposit to the Institute for the Deposit of Securities (INDEVAL), the central depository of the Securities Market in Mexico. The custodian acts as the tax withholding agent. Rounded figures.

**Source:** Technical Committee Issuer Trust (2022 and 2023).

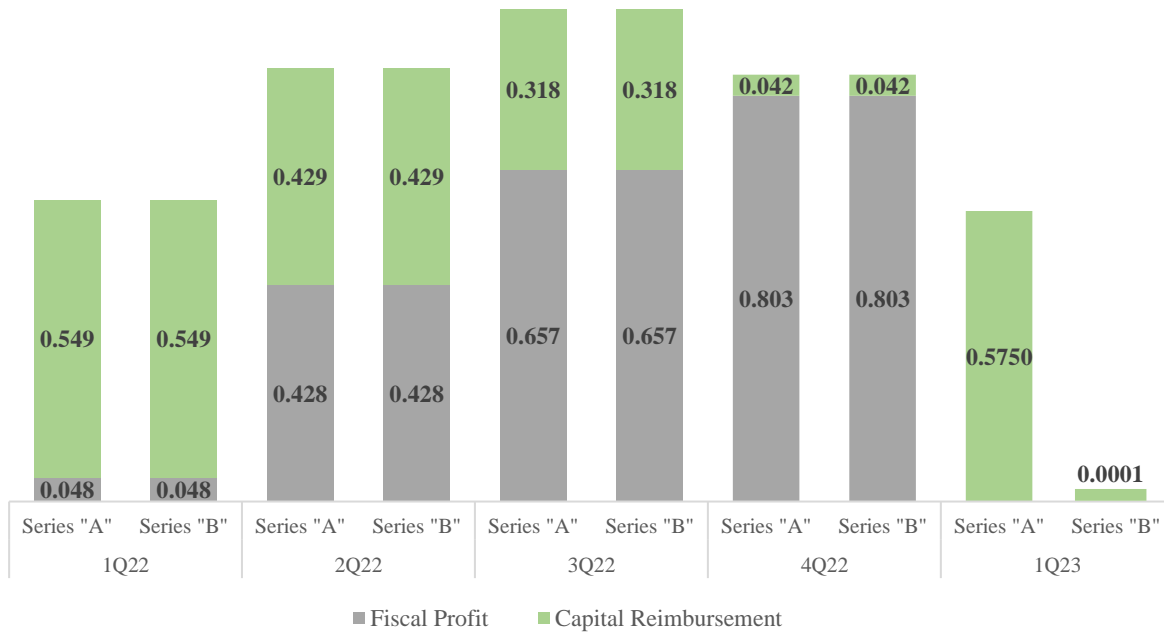
Graph 9 shows the fiscal composition of the distributions of CFE FIBRA E for both series. For Series “A” \$0.5750 pesos and for Series “B” \$0.0001 pesos corresponds to capital reimbursement. The purpose of this composition is to ensure compliance with the CFE FIBRA E regime, maintaining its

<sup>5</sup> CBFES by its initials in Spanish. It means Stock Exchange Trust Certificate for Investment in Energy and Infrastructure.



tax benefits. It is important to mention that the distribution strategy is approved by the Technical Committee of the Issue Trust and is determined based on the tax requirements of the current Income Tax Law.

**Chart 9. Fiscal Composition per CBFE of CFE FIBRA E**  
**Distribution for both series**  
*(MXN per CBFE)*



**Note:** The distribution strategy is approved by the Technical Committee and is determined based of the fiscal requirements of the Income Tax Law. Rounded Figures.

**Source:** Technical Committee Issuer Trust (2022 and 2023).



## VII. Issuer Trust Administration and Expenses

In the first quarter of 2023, expenses amounted to \$30.5 million pesos, the main disbursement corresponded to Administrator Expenses (CFECapital). Other expenses include fees for the External Auditor, accountants, tax, financial, and legal advisors, and compensation for the Independent Members of the Technical Committee.

**Table 6. Maintenance expenses by the First Quarter of 2023**  
(MXN)

	January	February	March	1Q23
Administration Fee <sup>(i)</sup>	26,143,540	0	0	26,143,540
Fiduciary and Common Representation Fees	272,148	0	670,198	942,346
Independent Members Fees	121,333	43,334	251,854	416,521
Expenditures of Maintenance and Registration of CBFES	1,104,671	0	521,412	1,626,083
Independent appraiser fees and price provider	0	0	0	0
External Audit Fees, Accounting services, Fiscal Advisers, and any other Professional Services	13,340	378,148	823,275	1,214,763
Fees of specialists who advise the Holders Assembly and the Trust Committees <sup>(ii)</sup>	0	0	0	0
Insurance <sup>(ii)</sup>	0	0	0	0
Income tax withholding on fees assimilated to independent	135,614	65,334	23,334	224,282
Other Expenses	0	0	0	0
<b>Total</b>	<b>27,790,646</b>	<b>486,816</b>	<b>2,290,073</b>	<b>30,567,535</b>

**Notes:** <sup>(i)</sup> Includes the payment of advances to CFECapital and the 7% commission for administration. The administration fee amount corresponds to MXN \$1,710,325 pesos. Rounded figures in MXN. <sup>(ii)</sup> In this period there were no expenses for this concept.

**Source:** Finance and Administration Management of CFECapital.

## VIII. Corporate Governance Activities

### VIII.1 Technical Committee of the Irrevocable Trust CIB/2919

#### *(Issuer Trust)*

In the 26th Ordinary Session of the Technical Committee of the Issue Trust on March 21st, 2023, it authorized the following topics:

- **Amount to be distributed and distribution** mechanism proposed by the Administrator, in accordance with Clause VI of the Trust Agreement.
- Upon recommendation of the Audit Committee, the **Financial Statements of the Issue Trust** for presentation before the Holders Meeting, in terms of the provisions of numeral (xvi) of Section 10.09 of the Trust Agreement.
- **Renewal of the contract of the liability insurance** policy for members of the Technical Committee, the Conflicts Committee, and, where appropriate, the directors and employees of the Administrator, in accordance with the provisions of numeral (xiii) of Section 10.09 of the Trust Agreement.

Likewise, the Technical Committee took cognizance of the following matters:

- **Presentation of the "Market Activity and Investor Relations"**, which shows the performance of the Issuing Trust, regarding certain aspects related to the "CBFEs".
- Presentation of the **Administrator's Performance Report**, corresponding to the Fourth Quarter of 2022.

### VIII.2 Audit Committee of the Irrevocable Trust CIB/2919

#### *(Issuer Trust)*

The Audit Committee, in its 17<sup>th</sup> Ordinary Session, dated March 21<sup>st</sup>, 2023, authorized the following topic:

- **Audited Financial Statements of the Trust for the year 2022**, in terms of the provisions of numeral (v) of Section 12.01 of the Trust Agreement.

### VIII.3 Holders Assembly

At the Assembly of Holders, dated April 20th, 2023, the following topics were discussed:

- **Annual report of the Administrator and annual reports of the Technical Committee**, the Audit Committee, and the Nominations Committee, regarding the fiscal year ended December 31st, 2022.
- Presentation of the **audited financial statements of the Trust**, corresponding to the fiscal year of 2022, with the prior validation of the Audit Committee and the Technical Committee.
- Discussion and, where appropriate, **qualification of the independence and performance of the Independent Members**, as well as, where appropriate, the ratification of the appointment of the proprietary members and their respective alternates.