

Condensed  
Consolidated Interim  
**Financial Statements**  
June, 2024



# Content

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Condensed Consolidated Statement of Financial Position  
(In millions of colones)

	<u>Note</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment, net	5	4,807,680	4,871,357
Intangible assets, net	6	83,811	91,193
Other assets		-	5,003
Equity investments		5,614	5,638
Notes and other accounts receivable, net		178,345	180,038
Investments in financial instruments	7	419,721	392,555
<b>Total non-current assets</b>		<b>5,495,171</b>	<b>5,545,784</b>
<b>Current assets:</b>			
Inventories	8	73,105	67,801
Notes and other accounts receivable, net		56,223	62,996
Investments in financial instruments	9	198,322	130,658
Trade receivables, net		226,447	214,751
Prepaid expenses		10,778	9,207
Other assets		3,438	109
Cash and cash equivalents		335,759	378,544
Assets held for sale		809	867
<b>Total current assets</b>		<b>904,881</b>	<b>864,933</b>
<b>Total assets</b>	€	<b>6,400,052</b>	<b>6,410,717</b>
<b>Liabilities and equity</b>			
<b>Equity:</b>			
Paid-in capital	€	155	155
Reserves		2,717,716	2,729,203
Retained earnings		330,472	337,349
Equity attributable to owners of Grupo ICE		3,048,343	3,066,707
Non-controlling interests		6,092	6,204
<b>Net equity</b>		<b>3,054,435</b>	<b>3,072,911</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Bonds payable	10	564,923	609,594
Loans payable	10	1,194,932	1,242,181
Lease liabilities	10	257,379	254,013
Employee benefits	11	475,010	466,311
Accounts payable		138,653	148,232
Contract liabilities		74,256	70,903
Deferred income - Government grants		25,558	21,276
Deferred tax liabilities		75,282	78,412
Provisions		933	3,234
<b>Total non-current liabilities</b>		<b>2,806,926</b>	<b>2,894,156</b>
<b>Current liabilities:</b>			
Bonds payable	10	158,863	108,741
Loans payable	10	80,949	83,372
Lease liabilities	10	25,582	19,020
Employee benefits	11	98,236	89,549
Accounts payable		118,139	89,555
Contract liabilities		10,471	9,982
Accrued interest payable		21,350	21,904
Provisions		16,046	12,470
Other liabilities		9,055	9,057
<b>Total current liabilities</b>		<b>538,691</b>	<b>443,650</b>
<b>Total liabilities</b>		<b>3,345,617</b>	<b>3,337,806</b>
<b>Total liabilities and equity</b>	€	<b>6,400,052</b>	<b>6,410,717</b>

Preliminary translation

The accompanying notes are an integral part of the consolidated financial statements.

Harold Cordero Villalobos  
General Manager

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Financial Manager

Lizbeth Hernández Castillo  
Accounting Director

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TIMBRE 300.0 COLONES

VERIFICACIÓN: 231Rq8A6  
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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
(In millions of colones)

For the six months ended June 30,

	Note	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the three months ended June 30, 2024	For the three months ended June 30, 2023
<b>Revenue</b>	12	€ 761,570	696,703	386,904	360,449
Operating costs:					
Operation and maintenance		347,181	273,216	176,483	159,430
Operation and maintenance of leased assets		59,558	27,484	43,310	11,580
Purchases and supplemental services		88,023	86,983	37,680	45,200
Selling expenses		35,255	33,156	17,563	15,370
Production management		49,298	51,993	24,138	25,789
Total operating costs		579,315	472,832	299,174	257,369
<b>Gross profit</b>		182,255	223,871	87,730	103,080
Other income		11,659	16,473	5,763	9,341
Operating expenses:					
Administrative expenses		48,300	46,519	24,834	21,916
Selling expenses		64,060	61,851	32,824	31,317
Preliminary studies		11,108	10,741	5,571	5,212
Supplemental expenses		515	1,334	359	1,105
Loss on impairment of balances receivable		8,186	7,241	1,332	4,212
Other expenses		10,991	12,550	5,578	6,403
Total operating expenses		143,160	140,236	70,498	70,165
<b>Operating profit</b>		50,754	100,108	22,995	42,256
Finance income (costs):					
Finance income		24,189	23,189	13,307	13,340
Finance costs		(98,689)	(111,670)	(52,197)	(58,904)
Foreign exchange differences, net		(1,929)	116,024	(46,850)	6,518
<b>Net finance costs</b>		(76,429)	27,543	(85,740)	(39,046)
Share of profit of equity-accounted investees		24	(14)	(18)	(7)
<b>Loss (profit) before tax</b>		(25,651)	127,637	(62,763)	3,203
Income tax		2,936	1,441	1,464	526
<b>Loss (profit), net</b>	€	(22,715)	129,078	(61,299)	3,729
Other comprehensive income:					
<b>Items that will not be reclassified to profit or loss</b>					
Effect of actuarial losses for the period	€	(1)	(93)	-	(93)
		(1)	(93)	-	(93)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Valuation of investments in financial instruments at fair value		4,354	14,716	1,170	10,879
Valuation of equity investments at fair value	€	(114)	(177)	(9)	(15)
		4,240	14,539	1,161	10,864
<b>Other comprehensive income for the period, net of tax</b>		4,239	14,446	1,161	10,771
<b>Total comprehensive income for the period</b>	€	(18,476)	143,524	(60,138)	14,500
<b>Profit attributable to:</b>					
Owners of Grupo ICE	€	(22,603)	129,085	(61,256)	3,731
Non-controlling interests		(112)	(7)	(43)	(2)
	€	(22,715)	129,078	(61,299)	3,729
<b>Total comprehensive income for the period attributable to:</b>					
Owners of Grupo ICE	€	(18,364)	143,531	(60,095)	14,502
Non-controlling interests		(112)	(7)	(43)	(2)
	€	(18,476)	143,524	(60,138)	14,500

Preliminary translation

The accompanying notes are an integral part of the consolidated financial statements.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES  
(San José, Costa Rica)

Condensed Consolidated Statement of Changes in Equity  
(In millions of colones)

For the six months ended June 30,

	Reserves								Retained earnings				Equity attributable to owners of Grupo ICE	Non-controlling interests	Total equity	
	Paid-in capital	Legal reserve	Project development reserve	Actuarial gains (losses)	Valuation of equity investments at FVOCI	Valuation of non-derivative financial instruments and hedges	Development reserve	Capital reserve	Restricted profit from the capitalization of investment in subsidiary	Total	Retained earnings on subsidiaries	Profit (loss) for the period				Total
<b>Balance as of January 01, 2023</b>	€ 155	4,757	71	(5,755)	(567)	(1,250)	2,396,158	13,286	62,380	2,469,080	328,297	-	328,297	2,797,532	6,130	2,803,662
<b>Comprehensive income for the period:</b>																
Profit for the period	-	-	-	-	-	-	-	-	-	-	(261)	129,346	129,085	129,085	(7)	129,078
<b>Other comprehensive income for the period:</b>																
Effect of actuarial loss for the period	-	-	-	(162)	-	-	-	-	-	(162)	69	-	69	(93)	-	(93)
Valuation of investments in financial instruments at fair value	-	-	-	-	-	14,716	-	-	-	14,716	-	-	-	14,716	-	14,716
Valuation of equity investments at fair value	-	-	-	-	(177)	-	-	-	-	(177)	-	-	-	(177)	-	(177)
<b>Total other comprehensive income for the period</b>	-	-	-	(162)	(177)	14,716	-	-	-	14,377	69	-	69	14,446	-	14,446
<b>Comprehensive income for the period</b>	-	-	-	(162)	(177)	14,716	-	-	-	14,377	(192)	129,346	129,154	143,531	(7)	143,524
Appropriation to reserves	-	(15)	-	-	-	-	-	(3)	-	(18)	18	-	18	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	129,346	-	-	129,346	-	(129,346)	(129,346)	-	-	-
Other adjustments	-	-	-	-	-	-	(9,400)	-	-	(9,400)	-	-	-	(9,400)	-	(9,400)
<b>Balance as of June 30, 2023</b>	€ 155	4,742	71	(5,917)	(744)	13,466	2,516,104	13,283	62,380	2,603,385	328,123	-	328,123	2,931,663	6,123	2,937,786
<b>Balance as of January 01, 2024</b>	€ 155	5,173	71	(22,370)	(398)	14,468	2,656,588	13,291	62,380	2,729,203	337,349	-	337,349	3,066,707	6,204	3,072,911
<b>Comprehensive income for the period:</b>																
Loss for the period	-	-	-	-	-	-	-	-	-	-	(6,580)	(16,023)	(22,603)	(22,603)	(112)	(22,715)
<b>Other comprehensive income for the period:</b>																
Effect of actuarial loss for the period	-	-	-	(1)	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Valuation of investments in financial instruments at fair value	-	-	-	-	-	4,354	-	-	-	4,354	-	-	-	4,354	-	4,354
Valuation of equity investments at fair value	-	-	-	-	(114)	-	-	-	-	(114)	-	-	-	(114)	-	(114)
<b>Total other comprehensive income for the period</b>	-	-	-	(1)	(114)	4,354	-	-	-	4,239	-	-	-	4,239	-	4,239
<b>Comprehensive income for the period</b>	-	-	-	(1)	(114)	4,354	-	-	-	4,239	(6,580)	(16,023)	(22,603)	(18,364)	(112)	(18,476)
Appropriation to reserves	-	1	-	-	-	-	-	296	-	297	(297)	-	(297)	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	(16,023)	-	-	(16,023)	-	16,023	16,023	-	-	-
<b>Balance as of June 30, 2024</b>	€ 155	5,174	71	(22,371)	(512)	18,822	2,640,565	13,587	62,380	2,717,716	330,472	-	330,472	3,048,343	6,092	3,054,435

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) Y SUBSIDIARIAS  
(San José, Costa Rica)

Condensed Consolidated Statement of Cash Flows  
(In millions of colones)

For the six months ended June 30,

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
<b>Loss (profit) for the period</b>		<b>¢ (22,715)</b>	<b>129,078</b>
Adjustments for:			
Depreciation		148,683	144,963
Amortization		11,390	11,039
Amortization of contract liabilities	13	(4,885)	(5,874)
Net realizable value of inventories		-	(2,966)
Net finance costs		74,500	88,481
Loss on impairment of balances receivable	14	8,186	7,241
Share of profit of equity-accounted investees, net of tax		24	14
Loss on disposal of assets		1,465	13,336
Obligations for employee benefits	11	10,572	6,703
Government Grants		(384)	(477)
Income tax		(2,936)	(1,441)
Foreign exchange differences		(11,431)	(106,441)
		<u>212,469</u>	<u>283,656</u>
Changes in:			
Notes and other accounts receivable		9,618	(19,064)
Trade receivables		(19,077)	(26,381)
Inventories		(1,946)	(5,912)
Accounts payable		19,005	35,675
Contract liabilities		8,727	7,584
Employee benefits and other provisions		(777)	(4,878)
Other liabilities		(382)	(1,589)
Cash flows from operating activities		<u>227,637</u>	<u>269,091</u>
Income taxes paid		(197)	-
<b>Net cash from operating activities</b>		<b><u>227,440</u></b>	<b><u>269,091</u></b>
<b>Cash flows from investing activities</b>			
Interest received		14,132	15,391
Investments in financial instruments		(82,787)	32,731
Additions to property, plant and equipment		(66,839)	(30,351)
Gains on the sale of property, plant and equipment		198	156
Additions to intangible assets		(1,891)	(2,542)
Government grants received		4,666	-
Other assets		46	(556)
<b>Net cash from (used in) investing activities</b>		<b><u>(132,475)</u></b>	<b><u>14,829</u></b>
<b>Cash flows from financing activities:</b>			
Amortization of bonds payable	17 (d)	-	(42,407)
Increase in loans payable	10	16,213	28,842
Amortization of loans payable	10	(58,894)	(40,714)
Amortization of lease liabilities	10	(16,653)	(32,180)
Interest paid		(91,776)	(107,680)
<b>Net cash used in financing activities</b>		<b><u>(151,110)</u></b>	<b><u>(194,139)</u></b>
Net decrease (increase) in cash and cash equivalents		(56,145)	89,781
Cash and cash equivalents as of January 01		378,544	338,778
Effect of movements in exchange rates on cash held		13,360	(9,583)
<b>Cash and cash equivalents as of June 30</b>		<b><u>¢ 335,759</u></b>	<b><u>418,976</u></b>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

June 30, 2024

**Note 1. Reporting entity**

The *Instituto Costarricense de Electricidad* [the Costa Rican Institute of Electricity, in English] and its Subsidiaries (hereinafter jointly referred to as “Grupo ICE”), is an autonomous entity that is part of the Costa Rican state and that was organized under the laws of the Republic of Costa Rica through Executive Order No. 449 of April 8, 1949 and Act 3226 of October 28, 1963. Its main offices are located in Sabana Norte, district of Mata Redonda, in the city of San José.

Grupo ICE is a group of state-owned companies that includes the *Instituto Costarricense de Electricidad* (the parent and controlling entity) and its subsidiaries, *Compañía Nacional de Fuerza y Luz, S.A. (CNFL)*, *Radiográfica Costarricense, S.A. (RACSA)*, *Compañía Radiográfica Internacional Costarricense, S.A. (CRICSA)*, *Cable Visión de Costa Rica, S.A. (CVCR)*, and *Gestión Cobro Grupo ICE, S.A.*, all which are organized under Costa Rican laws.

Its main activity consists of developing electrical energy producing sources, including the supply of electricity and telecommunication services. Regarding its electrical energy activities, it is the holder of the exclusive right to generate, transmit and distribute electrical energy in Costa Rica, where only a few exceptions exist, such as a limited number of private and municipal entities, as well as certain rural cooperatives. In relation to telecommunications, the Group is the holder of a concession to develop and promote telecommunication services in Costa Rica, offering a wide range of services to individuals, homeowners and companies, including landline and mobile phone services, and voice and data services. These landline services include, among others, traditional fixed telephony, public telephony, and internet and television access. Mobile services include voice and data services, both under prepaid and postpaid modalities.

Mobile telephony (prepaid and postpaid voice and data), fixed telephony (including dedicated lines), internet access, and public and international telephony services are regulated by the Superintendency of Telecommunications [SUTEL, its Spanish acronym], while electricity services are directly regulated by the Public Services Regulation Authority [ARESEP, its Spanish acronym]. The following is a description of the main activities of the group’s subsidiaries:

- *Compañía Nacional de Fuerza y Luz, S.A.*

The *Compañía Nacional de Fuerza y Luz, S.A.* (from here on out referred to as “CNFL”, its Spanish acronym), was organized under Act number 21, dated April 8, 1941. Its main activity is the distribution of electrical energy in the metropolitan area of San José, as well as in some neighboring counties of the provinces of Alajuela, Heredia and Cartago. These services are also regulated by the ARESEP. CNFL has issued a series of debt securities and is therefore subject to the regulations that the CONASSIF [Spanish acronym for the “National Supervising Council of the Financial System”] and the SUGEVAL [Spanish acronym for the “General Superintendency of Securities”] establish.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

- Radiográfica Costarricense, S.A.

Radiográfica Costarricense, S.A. (from here on out referred to as “RACSA”, its Spanish acronym), was organized on July 27, 1964, with the main objectives of exploiting telecommunication services in Costa Rica, national connectivity and internet, international connectivity to transmit data and video, among others.

- Compañía Radiográfica Internacional Costarricense, S.A.

Compañía Radiográfica Internacional Costarricense, S.A. (from here on out referred to as “CRICSA”) was established by means of Act 47, dated July 25, 1921, with the main objective of exploiting a wireless communication concession. This company has no active employees, as Grupo ICE provides accounting and administrative services to it.

- Cable Visión de Costa Rica

Cable Visión de Costa Rica (from here on out referred to as “CVCR”), which was created on January 19, 2001, was acquired by the Costa Rican Institute of Electricity on December 05, 2013. Its main objective is to provide cable television services, although internet services and digital television services were subsequently added to its lines of business.

According to the minutes of the ordinary meeting held by the Board of Directors of Grupo ICE on January 14, 2019, CVCR assigned its rights and obligations to ICE in order to strengthen its offering and guarantee the continuity and quality of the telecommunications and internet services provided by the cable company. The effective date of this assignment was March 01, 2019, and, therefore, as of that date, CVCR’s rights and obligations were absorbed by the ICE (parent) to close the 2019 period.

As of June 30, 2024, Cable Visión de Costa Rica is a company that registers no commercial activity.

- Gestión Cobro Grupo ICE, S.A.

*Gestión de Cobro Grupo ICE, S.A.* was organized by means of agreement No. 6198, taken by the Board of Directors on October 31, 2016, and started operating in October of 2017. Its main line of business is the provision of administrative and judicial collection services to the entities that make up Grupo ICE, so as to aid them in the collection of their accounts receivable.

The activities of Grupo ICE are also regulated by the Office of the General Comptroller of the Republic, the General Superintendency of Securities (SUGEVAL), the *Bolsa Nacional de Valores de Costa Rica, S.A.* (the National Stock Exchange), the General Directorate of National Accounting of the Ministry of Finance, and the Ministry of the Environment and Energy [MINAE, its Spanish acronym].

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)**Note 2. Basis of accounting**

These condensed interim consolidated financial statements, which cover the six-month period ended on June 30, 2024, have been prepared in accordance with the IFRS, specifically IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the last consolidated annual financial statements of Grupo ICE, prepared as of December 31, 2023, and for the year then ended (the last annual financial statements). These condensed interim consolidated financial statements do not include all of the information required to prepare complete annual financial statements in accordance with the IFRS. However, they include explanatory notes concerning the events and transactions that are relevant to understand the changes in financial position and the performance of Grupo ICE as of the date of the last annual financial statements.

These condensed interim consolidated financial statements of Grupo ICE were authorized for issue on August 21, 2024.

**Note 3. Use of judgments and estimates**

The preparation of these condensed interim consolidated financial statements required that the Management make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from such estimated amounts.

Significant judgments made by the Management in the application of Grupo ICE's accounting policies and the main sources of uncertainty for estimates were the same as those that were used in the last annual financial statements.

Relevant estimates and assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized prospectively.

*(i) Measurement of fair values*

Some of the accounting policies and disclosures of Grupo ICE require the measurement of fair values of both financial and non-financial assets and liabilities.

Grupo ICE has established a control framework for the measurement of fair value. This includes a valuation team that has the overall responsibility of supervising all significant fair value measurements, including level 3 fair values, and of reporting these directly to the Financial Management.

The valuation team will regularly review significant non-observable input data and valuation adjustments. If third-party information, such as estimates prepared by brokers or pricing services, is used to measure fair values, the valuation team assesses the evidence obtained from the third-parties to support the conclusion that such valuations satisfy the requirements of the IFRS, including the level within the hierarchy of fair value within which such valuations should be classified.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
*(in millions of colones)*

Significant valuation matters are reported to the Audit Committee of Grupo ICE.

When the fair value of an asset or liability is measured, Grupo ICE uses observable market data whenever possible. The fair values are classified in different levels within a fair value hierarchy that is based on input data used in the valuation techniques, as follows:

- Level 1 - observable, quoted prices (not adjusted) for identical assets or liabilities in active markets.
- Level 2 - input data differs from the quoted prices included in Level 1, that are observable either for the asset or liability, directly or indirectly.
- Level 3 - data for the asset or liability that is not based on observable market data (unobservable input data).

If the input data variables used to measure the fair value of an asset or liability are classified in different levels of the fair value hierarchy, then the measurement of fair value is classified, as a whole, in the same level of the fair value hierarchy as the variable with the lowest ranking that is significant for the measurement of the asset or liability as a whole.

Grupo ICE recognizes transfers between the levels of the fair value hierarchy at the end of the reporting period in which the change was reported to occur.

Note 13 “Institutional Financial Risk Management” includes additional information about the assumptions used to measure fair values.

(Continued)

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Notes to the Interim Condensed Consolidated Financial Statements  
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**Note 4. Changes to significant accounting policies**

A series of new standards apply to the annual period beginning January 1, 2024, although their impact on Grupo ICE's condensed consolidated financial statements is not significant. These standards are described below:

Standard	Description	Type	Applicable to Grupo ICE		Impacts the 2024 Financial Statements	
			Yes	No	Yes	No
Amendment to IFRS 16	Leases	Lease liability in a sale and leaseback.		X		X
Amendment to IAS 1	Presentation of Financial Statements	Classification of certain liabilities as current or non-current with covenants.	X			X
Amendment to IAS 7 and IFRS 7	Financial instruments	Supplier finance arrangements.	X			X

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A. *Other standards*

As of the date of this condensed consolidated financial statements, Grupo ICE has not applied the following amendment, as its effective date is after the date of issue of this financial statements and, furthermore, it is expected that it will not materially impact the financial statements of the Institute. The following is a description of such amendment:

Standard	Description	Type	Effective as of the following reporting period:
Amendment to IAS 21	Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability	January 1, 2025

**Note 5. Property, plant, and equipment - net**

During the six-month period ended on June 30, 2024, additions to the property, plant, and equipment account amounted to ¢92,405, where the most relevant were those applied to construction works, including the following projects:

1. Installation of residential services in the amount of ¢7,371.
2. Borinquen (geothermal energy project located in the Guanacaste mountain range) in the amount of ¢6,756.
3. Continuous quality improvement in the amount of ¢4,004.
4. Expansion and renovation of technological platform in the amount of ¢3,703.
5. Development of networks in the amount of ¢3,535.
6. Stage III of the RANGE project in the amount of ¢3,046.
7. Garita Hydropower Project in the amount of ¢3,037.
8. Voice over LTE-VoLTE project in the amount of ¢2,564.
9. Public lighting (project to install electronic assets in the electricity distribution network) in the amount of ¢2,550.
10. Measurement equipment in the amount of ¢2,253.
11. Network improvements (ongoing implementation project to ensure, through improvements, the proper functioning and access of all systems and networks of the telecommunications system) in the amount of ¢1,549.
12. Aerial cable extension in the amount of ¢ 1,115.
13. Property improvements in the amount of ¢896.

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The institute also capitalized ¢26,085. The capitalizations related to the following projects were the most relevant:

1. FONATEL in the amount of ¢5,001.
2. Installation of residential services in the amount of ¢3,213.
3. Development of networks in the amount of ¢2,118.
4. Public lighting in the amount of ¢2,102.
5. Acquisition and relocation of Radio Network Controller (RNC) cards in the amount of ¢1,487.
6. Network improvements in the amount of ¢1,381.
7. Continuous quality improvement in the amount of ¢1,152.
8. Expansion and renovation of technological platform in the amount of ¢947.

Likewise, impaired assets with a book value of ¢455 were written-off.

**Note 6. Intangible assets, net**

During the six-month period ended on June 30, 2024, movements in intangible assets included additions of ¢1,891 and capitalizations of ¢2,937, mainly in licenses, systems, and applications, as well as the net effect of amortization for the period, totaling ¢11,977, and disposals of ¢233.

**Note 7. Investments in financial instruments**

Investments in financial instruments are described below:

	<u>As of June 30,</u> <u>2024</u>	<u>As of December 31,</u> <u>2023</u>
At amortized cost	¢ 19,030	18,905
At FVOCI	389,339	362,107
At FVTPL	11,352	11,543
	<u>¢ 419,721</u>	<u>392,555</u>

A total of ¢400,438 (¢373,401 as of December 31, 2023) of these investments are allocated to the specific operation of the ICE Guarantee and Savings Fund.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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The following is a breakdown of the investments in financial instruments:

Issuer	Type of financial instrument	Currency	June 30, 2024		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Government</b>					
Bonds	Fixed-rate instruments	US dollars	¢ 19,003	5.95%	2024 to 2025
Term certificate of deposit	Fixed-rate instruments	US dollars	27	3.65%	2027
			19,030		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Government</b>					
Bonds	Fixed-rate instruments	Colones	185,322	5.69% to 9.84%	2025 to 2036
Bonds	Variable-rate instruments	Colones	56,431	5.98% to 7.55%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	47,658	5.41% to 7.18%	2025 to 2044
Bonds	Fixed-rate instruments	DU	41,417	3.39% to 6.36%	2026 to 2046
<b>Private financial entities</b>					
Bonds	Fixed-rate instruments	Colones	47,646	6.34% to 10.14%	2025 to 2033
Bonds	Fixed-rate instruments	US dollars	4,205	4.93% to 6.23%	2025 to 2034
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	Colones	4,066	8.79% to 10.24%	2025 to 2027
<b>Public non-financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	1,146	5.85% to 6.48%	2028 to 2029
Bonds	Variable-rate instruments	Colones	864	6.89% to 7.26%	2027 to 2033
<b>Private non-financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	584	6.52%	2027
			389,339		
<b><u>At fair value through profit or loss</u></b>					
<b>Private financial entities</b>					
Bonds	Dividend closed fund	US dollars	9,524	1.16% to 3.80%	
<b>Public financial entities</b>					
Bonds	Dividend closed fund	US dollars	1,828	1.02% to 7.86%	
			11,352		
			¢ 419,721		

(Continued)

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Notes to the Interim Condensed Consolidated Financial Statements  
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Issuer	Type of financial instrument	Currency	December 31, 2023		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Government</b>					
Bonds	Fixed-rate instruments	US dollars	¢ 18,878	5.95%	2024 to 2025
<b>Public financial entities</b>					
Term certificate of deposit	Fixed-rate instruments	US dollars	27	3.30% to 3.75%	2024 to 2027
			18,905		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Government</b>					
Bonds	Fixed rate instruments	Colones	184,680	5.94% to 10.24%	2024 to 2036
Bonds	Variable rate instruments	Colones	56,428	6.56% to 8.19%	2026 to 2044
Bonds	Fixed rate instruments	US dollars	37,091	5.41% to 7.18%	2025 to 2034
Bonds	Fixed rate instruments	DU	25,844	3.39% to 6.36%	2026 to 2043
<b>Private financial entities</b>					
Bonds	Fixed rate instruments	Colones	47,625	4.57% to 10.14%	2025 to 2033
Bonds	Fixed rate instruments	US dollars	3,447	4.83% to 6.23%	2025 to 2026
<b>Public financial entities</b>					
Bonds	Fixed rate instruments	Colones	4,106	5.48% to 10.23%	2025 to 2027
<b>Public non-financial entities</b>					
Bonds	Fixed rate instruments	US dollars	1,128	5.85% to 6.48%	2028 to 2029
Bonds	Variable rate instruments	Colones	855	7.51% to 7.88%	2027 to 2033
<b>Private non-financial entities</b>					
Bonds	Fixed rate instruments	US dollars	903	6.52%	2027
			362,107		
<b><u>At fair value through profit or loss</u></b>					
<b>Private financial entities</b>					
Bonds	Closed fund - dividends	US dollars	9,564	1.11% to 3.84%	-
<b>Public financial entities</b>					
Bonds	Closed fund - dividends	US dollars	1,979	2.21% to 7.01%	-
			11,543		
			¢ 392,555		

**Note 8. Inventories**

As of June 30, 2024, an amount of ¢164,106 (¢141,308 as of December 31, 2023) in inventories was recognized as operating costs and expenses for the period, depending on their use or intended purpose.

As of June 30, 2024, the balance for the provision to value stock in warehouses and the net realizable value amounted to ¢5,143 (¢11,341 as of December 31, 2023). Amounts recognized during the period, which increase the estimate of estimate of at-risk inventories mentioned above amounted to ¢45 (¢2,770 as of December 31, 2023).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
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**Note 9. Investments in financial instruments**

Investments in financial instruments are described below:

	<u>As of June 30,</u> <u>2024</u>	<u>As of December 31,</u> <u>2023</u>
At amortized cost	¢ 170,304	84,218
At FVOCI	14,562	28,182
At FVTPL	13,456	18,258
	<u>¢ 198,322</u>	<u>130,658</u>

Investments in financial instruments measured at amortized cost include investments that are deemed restricted, as they are part of a reserve that is used for the quarterly payment of interests and principal of the series of bonds payable that is closest to maturity, which amount to ¢20,533 (¢22,278 as of December 31, 2023). Furthermore, these include investments in financial instruments destined for the specific operation of the Guarantee and Savings Fund of the ICE in the amount of ¢27,182 (¢45,628 as of December 31, 2023).

The following is a breakdown of the investments in financial instruments:

Issuer	Type of financial instrument	Currency	<u>June 30, 2024</u>			
			Balance	Interest rate	Maturity	
<b><u>At amortized cost</u></b>						
<b>Public financial entities</b>						
Term certificate of deposit	Fixed-rate instruments	Colones ¢	92,510	3.85% to 9.24%	2024	
Term certificate of deposit	Fixed-rate instruments	US dollars	5,327	1.36% to 3.90%	2024	
Mortgage participation certificate	Fixed-rate instruments	Colones	1,155	3.30% to 3.75%	2024 to 2025	
<b>Private financial entities</b>						
Term certificate of deposit	Fixed-rate instruments	Colones	31,252	3.75% to 5.15%	2024	
Term certificate of deposit	Fixed-rate instruments	US dollars	21,193	2.70% to 6.00%	2024	
<b>Government</b>						
Bonds	Fixed-rate instruments	Colones	15,681	4.04% to 4.89%	2024	
Bonds	Fixed-rate instruments	US dollars	3,186	5.75%	2024	
			<u>170,304</u>			
<b><u>At fair value through other comprehensive income</u></b>						
<b>Private financial entities</b>						
Bonds	Fixed-rate instruments	Colones	5,739	4.26% to 7.46%	2024	
Bonds	Fixed-rate instruments	US dollars	2,695	3.59% to 6.25%	2024	
<b>Government</b>						
Bonds	Fixed-rate instruments	Colones	3,172	8.33% to 10.75%	2024	
Bonds	Fixed-rate instruments	US dollars	556	6.41%	2024	
<b>Public financial entities</b>						
Bonds	Fixed-rate instruments	Colones	2,400	5.13% to 5.67%	2024	
			<u>14,562</u>			
<b><u>At fair value through profit or loss</u></b>						
<b>Public financial entities</b>						
Investment fund	Investment fund	Colones	10,794	2.26% al 2.84%	2024	
Investment fund	Investment fund	US dollars	2,662	2.59% al 3.69%	2024	
			<u>13,456</u>			
			<u>¢ 198,322</u>			

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
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Issuer	Type of financial instrument	Currency	December 31, 2023			
			Balance	Interest rate	Maturity	
<b>At amortized cost</b>						
<b>Public financial entities</b>						
Term certificate of deposit	Fixed-rate instruments	Colones ₡	39,578	3.46% to 9.24%	2024	
Mortgage participation certificate	Fixed-rate instruments	Colones	10,984	7.00% to 8.75%	2024	
Term certificate of deposit	Fixed-rate instruments	US dollars	5,407	1.16% to 4.75%	2024	
<b>Private financial entities</b>						
Term certificate of deposit	Fixed-rate instruments	Colones	8,895	4.50% to 6.00%	2024	
Investment certificate	Fixed-rate instruments	Colones	3,996	8.40%	2024	
Term certificate of deposit	Fixed-rate instruments	US dollars	3,827	2.50% to 3.50%	2024	
<b>Government</b>						
Bonds	Fixed-rate instruments	US dollars	11,531	5.75% to 9.20%	2024	
			84,218			
<b>At fair value through other comprehensive income</b>						
<b>Government</b>						
Bonds	Fixed-rate instruments	Colones	9,366	7.25% to 10.75%	2024	
Bonds	Fixed-rate instruments	US dollars	8,556	5.66% to 7.90%	2024	
<b>Private financial entities</b>						
Bonds	Variable-rate instruments	Colones	5,081	4.97% to 9.96%	2024	
Bonds	Fixed-rate instruments	US dollars	1,665	3.77% to 6.11%	2024	
<b>Public financial entities</b>						
Bonds	Fixed-rate instruments	Colones	3,514	5.46% to 10.90%	2024	
			28,182			
<b>At fair value through profit or loss</b>						
<b>Public financial entities</b>						
Bonds	Investment fund	Colones	17,141	2.15% to 3.41%	2024	
Investment fund	Fixed-rate instruments	US dollars	711	3.71% to 4.13%	2024	
Bonds	Investment fund	Colones	304	3.21% to 3.43%	2024	
Investment fund	Investment fund	US dollars	102	1.00%	2024	
			18,258			
			₡ 130,658			

**Note 10. Financial debt**

The reconciliation of the opening and closing balances of the total financial debt is described below:

	Bonds payable	Loans payable	Lease liabilities	Total
Balance as of December 31, 2023	₡ 718,335	1,325,553	273,033	2,316,921
<i>Changes due to cash flows from financing activities</i>				
New loans	-	16,213	15,709	31,922
Amortization	-	(58,894)	(16,653)	(75,547)
Total changes due to cash flows from financing activities	-	(42,681)	(944)	(43,625)
Effect of exchange rate fluctuations	5,451	(6,991)	10,872	9,332
Balances as of June 30, 2024	₡ 723,786	1,275,881	282,961	2,282,628

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
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The characteristics of the financial debt are the following:

	Currency	Current interest rate	Maturity
Bonds payable	¢	Variable rate from 7.19% to 8.86%; and fixed rate ranging from 7.33% to 8.63%	2024-2033
	US\$	Fixed rate ranging from 6.38% to 7.61%	2024-2043
Loans payable	¢	Variable rate from 3.05% to 10.00%; and fixed rate ranging from 7.36% to 11.73%	2025-2048
	US\$	Variable rate from 3.24% to 10.34%; and fixed rate ranging from 0.85% to 11.13%	2026-2044
	JPY	Fixed rate ranging from 0.60% to 2.20%	2026-2057
Lease liabilities	¢	Fixed rate from 11.43% to 12.40%	2024-2038
	US\$	Variable rate from 5.93% to 16.51%; and fixed rate ranging from 6.43% to 10.97%	2024-2041

**Note 11. Employee Benefits**

Employee benefits are detailed below:

		As of June 30,			As of December 31,		
		2024			2023		
		Non-current	Current	Total	Non-current	Current	Total
Severance benefits (1)	¢	65,527	2,406	67,933	63,603	1,841	65,444
ICE Guarantee and Savings Fund (2):							
Employer contribution		409,483	53,490	462,973	402,708	46,720	449,428
ICE Employer obligations:							
Vacations		-	18,932	18,932	-	20,097	20,097
Back-to-school bonus (3)		-	9,806	9,806	-	18,522	18,522
Statutory Christmas bonus (4)		-	12,082	12,082	-	1,150	1,150
Third and fifth biweekly salary		-	1,295	1,295	-	835	835
Occupational hazard insurance		-	225	225	-	384	384
	¢	<u>475,010</u>	<u>98,236</u>	<u>573,246</u>	<u>466,311</u>	<u>89,549</u>	<u>555,860</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
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As of June 30, 2024, the main transactions in the employee benefit account are described below:

- (1) A net increase of ¢2,489 in benefits derived from increases in the accrual of this liability during the period amounting to ¢13,271 (of which an amount of ¢ 10,572 pertains to the payroll of permanent employees) and a decrease in the provision of ¢10,782.
- (2) An increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢13,545, which was driven by an increase in retired employees of the institution, which has required an increased provision.
- (3) Net decrease of ¢8,716 pertaining to ¢18,675 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢9,959 in the accrual of such benefit.
- (4) Net increase of ¢10,932 driven by the ¢11,130 increase in the accrual and the ¢198 decrease in the payment of the Christmas bonus.

**Note 12. Income from ordinary activities**

a) Revenue streams

Grupo ICE generates revenue mainly from the sale of electric power, but also from the sale of telecommunications services. Other sources of revenue include the sale of construction and engineering services, among others.

The following table breaks down the revenue streams from contracts with customers:

	For the six-month period ended June 30,	
	2024	2023
Electricity services	¢ 488,202	424,939
Telecom services	273,368	271,764
	<u>761,570</u>	<u>696,703</u>
Others income:		
Construction Services	2,245	4,168
Engineering Services	2,339	2,748
Infrastructure operation and maintenance services	841	726
	<u>5,425</u>	<u>7,642</u>
	¢ <u>766,995</u>	<u>704,345</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
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*b) Disaggregation of ordinary revenue from contracts with clients*

The following table breaks down the ordinary revenue from contracts with clients relating to electricity and telecommunication services by geographical markets, main products and service lines, and opportunities to recognize ordinary revenue.

	<u>Electricity Segment</u>		<u>Telecom Segment</u>		<u>Total</u>	
	For the six-month period ended June 30,					
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Geographical markets:						
Local	¢ 486,246	420,163	272,093	270,340	758,339	690,503
Foreing	1,956	4,776	1,275	1,424	3,231	6,200
	<u>¢ 488,202</u>	<u>424,939</u>	<u>273,368</u>	<u>271,764</u>	<u>761,570</u>	<u>696,703</u>
Products/lines of service:						
Electricity	¢ 436,256	376,606	-	-	436,256	376,606
Transmission charges	34,440	30,400	-	-	34,440	30,400
Public lighting	10,678	10,144	-	-	10,678	10,144
Services and others	6,828	7,789	-	-	6,828	7,789
Telecom	-	-	273,368	271,764	273,368	271,764
	<u>¢ 488,202</u>	<u>424,939</u>	<u>273,368</u>	<u>271,764</u>	<u>761,570</u>	<u>696,703</u>
Timing of renewe recognition:						
Services transferred over time	¢ 488,202	424,939	232,917	231,650	721,119	656,589
Products transferred at a point in time	-	-	40,451	40,114	40,451	40,114
	<u>488,202</u>	<u>424,939</u>	<u>273,368</u>	<u>271,764</u>	<u>761,570</u>	<u>696,703</u>
Other income	5,425	7,642	-	-	5,425	7,642
	<u>¢ 493,627</u>	<u>432,581</u>	<u>273,368</u>	<u>271,764</u>	<u>766,995</u>	<u>704,345</u>

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)c) Contract balances

The following table presents information about accounts receivable and contract liabilities related to contracts with clients:

	<u>As of June 30,</u> <u>2024</u>	<u>As of December 31,</u> <u>2023</u>
Trade receivables	¢ 226,447	214,751
Contract liabilities	¢ (84,727)	(80,885)

An amount of ¢7,791 that was recognized under the contractual liabilities as of December 31, 2023, has been recognized as ordinary revenue in 2024 (¢5,874 included in the six-month period ended on June 30, 2023).

d) Price of the transaction assigned to remaining performance obligations

The expected revenue to be recognized in the future related to performance obligations that have not been satisfied as of the report date for the Telecommunications Business is included in the following table:

	<u>Year 2024</u>	<u>Year 2023</u>
Mobiles telecom services	¢ <u>19,511</u>	<u>10,939</u>

All of the considerations included in the contracts are included in the above numbers.

Grupo ICE applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information on any pending performance obligations that have expected durations of a year or less.

The following is a description of the nature of the liabilities related to contracts with clients:

(i) Prepaid mobile:

It pertains to the income received in advance related to the sale of prepaid mobile services, which have not been consumed by clients as of the closing date. The income received for prepaid mobile services is recognized in the consolidated balance sheet when Grupo ICE receives the money from its clients and wholesalers, and is recognized in the consolidated statement of profit or loss as end users use the services.

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)*(ii) Postpaid services*

It pertains to the income received for fixed and mobile telephony services, for the recognition of claims made by clients concerning already paid bills, or otherwise, in consideration of bill prepayments made by clients, the settlement of which is executed in future months. Furthermore, this line includes real estate services (agreements entered into by Grupo ICE for Telecommunications infrastructure works) and rebates (mainly to recognize sponsorships).

*(iii) Security deposits*

The security deposits balance pertains to the obligations arising out of the cash received by the Grupo ICE from its customers to provide electricity and telecommunications services. The objective of this liability is to guarantee the total or partial collection of any bills that clients fail to pay. Security deposits are recorded at their face value.

Security deposits are offset against the corresponding accounts receivable when, at the request of the client, the service is canceled, or when Grupo ICE cancels it for lack of payment.

*e) Seasonality of operations*

In Grupo ICE's case, the generation of electrical energy of its Electricity Business can be affected by the availability of renewable sources (with the exception of geothermal energy), which depends on weather conditions during the year; therefore, the sale of electrical energy generated using wind and hydropower can be affected by seasonal elements. Since hydropower is the main source used for the generation of electrical energy in Costa Rica, the availability thereof will depend on the time of the year (dry or rainy season). With sufficient hydropower during the rainy season, Grupo ICE manages to guarantee a stable energy supply during the dry season, and as more hydropower becomes available, the less likely that it will be that thermal resources shall be required to generate electrical energy. Likewise, this generation system is also favored when the dry season is not as hot and intense.

In the Telecommunications Business there are no relevant factors that drive cyclical or seasonal revenue, although sales usually grow during certain holidays (father's day, mother's day, and Christmas).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

**Note 13. Management of financial risk**

a) Accounting classifications and fair value

The table below shows the book values and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table does not include information for financial assets and financial liabilities that are not measured at fair value if their book value is a reasonable approximation of their fair value.

		June 30, 2024									
		Carrying amount					Fair value				
		<u>Fair value -</u> <u>hedging</u> <u>instruments</u>	<u>FVCORI -</u> <u>Debt and</u> <u>equity</u> <u>instruments</u>	<u>Financial</u> <u>assets at</u> <u>amortized</u> <u>cost</u>	<u>Financial</u> <u>assets at</u> <u>FVTPL</u>	<u>Other</u> <u>financial</u> <u>liabilities</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Financial assets</i>											
		¢	-	4,456	-	-	-	-	-	4,456	4,456
			-	-	234,568	-	-	-	-	234,568	-
	7 y 9		-	403,901	189,334	24,808	-	-	-	618,043	428,709
			-	-	226,447	-	-	-	-	226,447	-
			-	-	335,759	-	-	-	-	335,759	-
		¢	-	408,357	986,108	24,808	-	-	-	1,419,273	433,165
<i>Financial liabilities</i>											
	10	¢	-	-	-	-	1,999,667	-	-	1,999,667	1,780,761
			-	-	-	-	256,792	-	-	256,792	-
			3,212	-	-	-	-	-	-	3,212	3,212
		¢	3,212	-	-	-	2,256,459	-	-	2,259,671	1,783,973

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

		December 31, 2023								
		Carrying amount					Fair value			
Note	Fair value - hedging instruments	FVCORI – Debt and equity instruments	Financial assets at amortized cost	Financial assets at FVTPL	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>										
	¢	-	4,772	-	-	-	-	-	4,772	4,772
		-	-	243,034	-	-	-	-	-	-
		-	390,289	103,123	29,801	-	-	420,090	-	420,090
		-	-	214,751	-	-	-	-	-	-
		-	-	378,544	-	-	-	-	-	-
	¢	-	395,061	939,452	29,801	-	-	420,090	4,772	424,862
<i>Financial liabilities</i>										
	¢	-	-	-	-	2,043,888	-	1,818,929	-	1,818,929
		-	-	-	-	237,787	-	-	-	-
		2,831	-	-	-	-	-	2,831	-	2,831
	¢	2,831	-	-	-	2,281,675	-	1,821,760	-	1,821,760

(Continued)



## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)Fair value of financial instruments

As of June 30, 2024, Grupo ICE has made no transfers between fair value levels.

Several accounting policies and disclosures of the Grupo ICE require the determination of the fair value of the financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes under the methods described below.

i. Notes receivable and other accounts receivable; trade receivables, net and accounts payable.

The book values of notes receivable and other accounts receivable, trade receivables, and accounts payable were not included in the foregoing table. Given their short term nature, their book values are a reasonable approximation of their fair values.

ii. Investments in equity securities

Fair values are determined using generally accepted valuation models based on a discounted cash flow analysis, where the most significant indicators, such as the discount rate, indicate the credit risk of the counterparts. The estimated fair value increases (decreases) if the discount rate decreases (increases) or if the cash flows exceed (do not exceed) the forecasts.

iii. Investments in financial instruments

The fair value is estimated using a market comparison or a discounted cash flow. The foregoing considering 1) actual or recently quoted prices of identical instruments in markets that are not active; and 2) the net present value, computed using discount rates deriving from quoted prices of instruments with a similar maturity and risk rating.

iv. Derivative financial instruments - cash flow hedges

The fair value is calculated as the present value of the estimated future net cash flows. Estimates of future floating rate cash flows are based on quoted swap rates, futures prices, or interbank lending rates. Cash flows are discounted using a yield curve created from similar sources and which reflects the corresponding benchmark interbank rate used by market participants for this purpose when setting the prices for interest-rate swaps, as well as for collateral granted or received.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

v. Debt

The fair value that is determined for disclosure purposes is computed using the present value of the future cash flows, capital and interest, discounted using a market interest rate as of the date of the balance sheet of instruments with identical risks and maturities.

To determine the fair value of long-term debt as of June 30, 2024, a discount rate between 5.28% and 11.59% in colones, and 5.52% and 9.60% in US dollars (between 6.24% and 8.61% in colones, and between 1.25% and 9.56% in US dollars, in December 2023), the rates available to Grupo ICE, were used.

b) Financial risk management

i) Credit risk

Credit risk is the risk that Grupo ICE will face a financial loss if a client or counterparty of a financial instrument fails to comply with its contractual obligations. This risk originates mainly from Grupo ICE's trade receivables and investment instruments.

In terms of the institution's commercial credit risk, Grupo ICE has a Corporate Policy on Accounts Receivable in place, and the Finance Department controls and monitors the aging of these receivables at various stages through its Quarterly Risk Report.

The impairment loss estimate for trade receivables, accounts receivables, and notes receivables during the six-month period ended on June 30, 2024, is detailed below:

	As of June 30, 2024			
	Trade receivables	Non-trade receivables	Notes receivables	Total
Opening balance	¢ 64,900	1,133	4,203	70,236
Amounts written off	(374)	(68)	(1)	(443)
Recognized	7,381	129	676	8,186
Closing balance	¢ 71,907	1,194	4,878	77,979

The methodology to compute such estimate is the same one that is described in the last annual consolidated financial statements.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

ii) Impairment of financial assets

During the six months ended on June 30, 2024, the Grupo ICE recognized an impairment charge in the amount of ¢8,186, related with representative values of financial assets valued at amortized cost. Impairment charges are recognized as financial costs in the consolidated statement of profit or loss and other comprehensive income.

iii) Management of the reform to the benchmark rate and associated risks

*General vision*

A fundamental reform to the most significant benchmark interest rate is currently underway at a global level, and includes the replacement of certain rates offered at an interbank level (IBOR rates) with alternative, almost risk-free, rates (known as the IBOR reform). In May 2021, the ARRC stated that the USD LIBOR rate would be published until June 30, 2023. As of the moment the LIBOR tenors across all LIBOR currencies ceased being published, the IBA, with the guidance of the FCA, will continue the publication of the 1-, 3- and 6- month USD LIBOR settings as of July 3, 2023, under a synthetic methodology, and intends to cease their publication as of September 30, 2024.

Grupo ICE has exposure to the IBOR rates, specifically to the LIBOR (London Interbank Offered Rate) rate, in its financial instruments, which shall be replaced or reformed, as part of these international initiatives. Within the institution, the Finances Management managed and monitored the process to transition to alternative rates.

The main risks to which Grupo ICE was exposed as a result of the IBOR reform were specifically operative, including the updating of the contractual terms and the revision of those controls related to such change. The financial risk is predominantly limited to the interest rate risk. According to initial tests that were run by applying the SOFR rate in the financial cash flows from loans received by the institution and subject to this reform, the financial balance is not only upheld, but also the reference rate replacement, which is triggered by the cessation of the publication of the LIBOR rate, reflects that the new rate is neither excessive nor detrimental to the interests of the Institute.

**Note 14. Contingencies**

Grupo ICE is a party to several lawsuits that have been estimated at ¢313,503 as of June 30, 2024 (¢319,090 as of December 31, 2023). The total amount provisioned for these lawsuits amounts to ¢14,058 (¢13,418 as of December 31, 2023).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

**Note 15. Balances and transactions with related parties**

The Grupo ICE is indirectly controlled by the public administration of the Government of Costa Rica.

As part of its normal course of business, the Grupo ICE makes transactions to distribute electrical energy, sell telecommunications services, and, to a lesser extent, sell construction services to companies related with the public administration itself. The monies from these services are not guaranteed and are liquidated in cash. Maturities and payments thereof are under normal payment conditions.

The following balances receivable and payable were outstanding at the end of this reporting period:

	Receivable		Payable	
	As of June 30,	As of December 31,	As of June 30,	As of December 31,
	2024	2023	2024	2023
Government entities	74,943	65,155	8,356	8,280
Autonomous institutions	1,783	6,040	-	-
State financial entities	4,870	3,677	-	-
Empresa Propietaria de la Red, S.A.	1,286	1,337	-	-
	<u>82,882</u>	<u>76,209</u>	<u>8,356</u>	<u>8,280</u>

As of June 30, 2024, Grupo ICE had a total of ¢305,028 (¢303,546 as of December 31, 2023) in bonds payable, and a total of ¢733,104 (¢744,785 as of December 31, 2023) in loans payable to state financial entities.

The following balances are related to financial investments and restricted-use funds placed in or by state-owned financial entities:

	As of June 30,	As of December 31,
	2024	2023
Cash equivalents	¢ 23,408	20,677
Investments in financial instruments	495,204	438,210
	<u>¢ 518,612</u>	<u>458,887</u>

As of June 30, 2024, interest receivable from securities issued by state-owned financial entities amount to a total of ¢677 (¢746 as of December 31, 2023).

As of June 30, 2024, investments in the share capital of autonomous and non-governmental entities amount to ¢5,614 (¢5,638 as of December 31, 2023).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)

Compensation of management's key staff

The following balances pertain to the compensation of directors and other key members of management during the 2024 and 2023 periods:

	For the six-month period ended June 30,	
	2024	2023
Short-term benefits	¢ 2,740	2,885
Post-employment benefits	68	118
Other long-term benefits	242	191
	¢ 3,050	3,194

The compensation of management's key staff includes salaries and contributions to a defined post-employment benefit plan, for termination, and other long-term benefits paid during the period.

**Note 16. Information by segment**

(a) Bases for segmentation

Grupo ICE has the following reportable segments:

- Telecommunications Segment
- Electricity segment

The criteria for segmentation or measuring segment profit or loss have not changed from the latest annual financial statements.

(b) Products and services that generate the revenue from the segments that need to be reported

The types of products and services provided by each segment are detailed in note 1.

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements  
(in millions of colones)(c) Revenue and results by segments

The revenue and profit or loss of Grupo ICE, by reportable segment, are as follows:

Segment profit or loss	For the six months ended June 30,					
	Electricity Segment		Telecom Segment		Consilated total	
	2024	2023	2024	2023	2024	2023
External revenues	¢ 488,202	424,939	273,368	271,764	761,570	696,703
Inter-segment revenue	3,658	3,464	606	779	4,264	4,243
	¢ 491,860	428,403	273,974	272,543	765,834	700,946
Loss (Profit), net	¢ (22,402)	123,083	(313)	5,995	(22,715)	129,078

Note 13 breaks down such revenue by product.

(d) Assets and liabilities by segments

Segment profit or loss	Electricity		Telecom		Consilated total	
	As of June 30, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023	As of June 30, 2024	As of December 31, 2023
	Assets	¢ 4,876,792	4,886,703	1,523,260	1,524,013	6,400,052
Liabilities	¢ 2,660,841	2,642,248	684,776	695,557	3,345,617	3,337,806

The Group has disclosed the foregoing amounts for each segment that it is in the obligation of reporting, as these sums are periodically reviewed by the highest decision making authority, or are otherwise sums that are included in the valuation of each segment's results.