



Financial Statements

Condensed
Consolidated Interim

March, 2025

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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>Assets</u>	<u>Note</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Non-current assets:			
Property, plant and equipment, net	5	4,699,325	4,740,522
Intangible assets, net	6	81,115	85,627
Equity investments		5,204	5,204
Notes and other accounts receivable, net		176,589	178,739
Investments in financial instruments	7	436,012	397,706
Total non-current assets		5,398,245	5,407,798
Current assets:			
Inventories	8	86,303	89,700
Notes and other accounts receivable, net		50,974	54,475
Investments in financial instruments	9	230,001	229,165
Trade receivables, net		191,745	192,153
Prepaid expenses		13,076	12,556
Other assets		894	1,727
Cash and cash equivalents		421,734	356,578
Assets held for sale		956	955
Total current assets		995,683	937,309
Total assets	€	6,393,928	6,345,107
Liabilities and equity			
Equity:			
Paid-in capital	€	155	155
Reserves		2,849,863	2,810,214
Retained earnings		309,598	305,044
Equity attributable to owners of Grupo ICE		3,159,616	3,115,413
Non-controlling interests		5,791	5,725
Net equity		3,165,407	3,121,138
Liabilities:			
Non-current liabilities:			
Bonds payable	10	550,990	570,249
Loans payable	10	1,142,111	1,153,046
Lease liabilities	10	217,517	229,001
Employee benefits	11	514,096	507,652
Accounts payable		145,837	146,960
Contract liabilities		81,724	80,124
Deferred income - Government grants		19,037	19,943
Deferred tax liabilities		73,081	74,671
Provisions		1,466	1,420
Other liabilities		76	1
Total non-current liabilities		2,745,935	2,783,067
Current liabilities:			
Bonds payable	10	68,294	68,518
Loans payable	10	81,516	81,293
Lease liabilities	10	31,778	33,225
Employee benefits	11	85,909	93,077
Accounts payable		124,293	95,453
Contract liabilities		8,674	10,267
Accrued interest payable		38,984	20,454
Provisions		31,049	30,437
Other liabilities		12,089	8,178
Total current liabilities		482,586	440,902
Total liabilities		3,228,521	3,223,969
Total liabilities and equity	€	6,393,928	6,345,107

Preliminary translation

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

Harold Cordero Villalobos
General Manager

Keiner Arce Guerrero
Financial Manager

Lizbeth Hernández Castillo
Accounting Director

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INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
ABRIL 1987
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CORONAVIRUS: HERNÁNDEZ CASTILLO
LIZBETH EUGENIA
Estado de Situación Financiera
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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 three months ended March 31,

	Note	2025	2024
Revenue	12	¢ 351,995	374,666
Operating costs:			
Operation and maintenance		130,244	170,698
Operation and maintenance of leased assets		14,785	16,248
Purchases and supplemental services		33,839	50,343
Selling expenses		16,432	17,692
Production management		22,324	25,160
Total operating costs		217,624	280,141
Gross profit		134,371	94,525
Other income		7,371	5,896
Operating expenses:			
Administrative expenses		27,374	23,466
Selling expenses		32,729	31,236
Preliminary studies		5,324	5,537
Supplemental expenses		166	156
Loss on impairment of balances receivable		3,783	6,854
Other expenses		9,676	5,413
Total operating expenses		79,052	72,662
Operating profit		62,690	27,759
Finance income (costs):			
Finance income		10,048	10,882
Finance costs		(41,801)	(46,492)
Foreign exchange differences, net		11,192	44,921
Net finance costs		(20,561)	9,311
Share of profit of equity-accounted investees		(64)	42
Net profit before tax		42,065	37,112
Income tax		1,590	1,472
Net profit	¢	43,655	38,584
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Effect of actuarial losses (gain) for the period	¢	(8)	(1)
		(8)	(1)
Items that are or may be reclassified subsequently to profit or loss:			
Valuation of investments in financial instruments at fair value		632	3,184
Valuation of equity investments at fair value	¢	-	(105)
		632	3,079
Other comprehensive income for the period, net of tax		624	3,078
Total comprehensive income for the period	¢	44,279	41,662
Profit attributable to:			
Owners of Grupo ICE	¢	43,589	38,653
Non-controlling interests		66	(69)
	¢	43,655	38,584
Total comprehensive income for the year attributable to:			
Owners of Grupo ICE	¢	44,213	41,731
Non-controlling interests		66	(69)
	¢	44,279	41,662

Preliminary translation

The accompanying notes are an integral part of the condensed 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 three months ended March 31,

	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 for the period				Total
Balance as of January 01, 2024	€ 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
Comprehensive income for the period:																
Net profit	-	-	-	-	-	-	-	-	-	-	(4,237)	42,890	38,653	38,653	(69)	38,584
Other comprehensive income for the period:																
Effect of actuarial loss for the period	-	-	-	(1)	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Valuation of investments in financial instruments at fair value	-	-	-	-	-	3,184	-	-	-	3,184	-	-	-	3,184	-	3,184
Valuation of equity investments at fair value	-	-	-	-	(105)	-	-	-	-	(105)	-	-	-	(105)	-	(105)
Total other comprehensive income for the period	-	-	-	(1)	(105)	3,184	-	-	-	3,078	-	-	-	3,078	-	3,078
Comprehensive income for the period	-	-	-	(1)	(105)	3,184	-	-	-	3,078	(4,237)	42,890	38,653	41,731	(69)	41,662
Appropriation to reserves	-	-	1	-	-	-	-	101	-	102	(102)	-	(102)	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	42,890	-	-	42,890	-	(42,890)	(42,890)	-	-	-
Other adjustments	-	-	-	-	-	-	(8,158)	-	-	(8,158)	-	-	-	(8,158)	-	(8,158)
Balance as of March 31, 2024	€ 155	5,174	71	(22,371)	(503)	17,652	2,691,320	13,392	62,380	2,767,115	333,010	-	333,010	3,100,280	6,135	3,106,415
Balance as of January 01, 2025	€ 155	5,174	71	(50,414)	(830)	21,591	2,758,794	13,448	62,380	2,810,214	305,044	-	305,044	3,115,413	5,725	3,121,138
Comprehensive income for the period:																
Net profit	-	-	-	-	-	-	-	-	-	-	4,563	39,026	43,589	43,589	66	43,655
Other comprehensive income for the period:																
Effect of actuarial loss for the period	-	-	-	(8)	-	-	-	-	-	(8)	-	-	-	(8)	-	(8)
Valuation of investments in financial instruments at fair value	-	-	-	-	-	632	-	-	-	632	-	-	-	632	-	632
Total other comprehensive income for the period	-	-	-	(8)	-	632	-	-	-	624	-	-	-	624	-	624
Comprehensive income for the period	-	-	-	(8)	-	632	-	-	-	624	4,563	39,026	43,589	44,213	66	44,279
Appropriation to reserves	-	-	-	-	-	-	-	(1)	-	(1)	1	-	1	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	39,026	-	-	39,026	-	(39,026)	(39,026)	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	(10)	-	(10)	(10)	-	(10)
Balance as of March 31, 2025	€ 155	5,174	71	(50,422)	(830)	22,223	2,797,820	13,447	62,380	2,849,863	309,598	-	309,598	3,159,616	5,791	3,165,407

Preliminary translation

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

Harold Cordero Villalobos
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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 three months ended March 31,

	Note	2025	2024
Cash flows from operating activities			
Profit for the period	¢	43,655	38,584
Adjustments for:			
Depreciation		71,476	72,871
Amortization		4,775	5,699
Amortization of contract liabilities		(7,564)	(4,885)
Net realizable value of inventories		53	-
Net finance costs		31,753	35,610
Loss on impairment of balances receivable	13	3,783	6,854
Share of profit of equity-accounted investees, net of tax		64	(42)
Loss on disposal of assets		2,547	861
Obligations for employee benefits	11	5,848	6,907
Government Grants		(4,500)	(235)
Income tax		(1,590)	(1,472)
Foreign exchange differences		(8,465)	(52,822)
		<u>141,835</u>	<u>107,930</u>
Changes in:			
Notes and other accounts receivable		7,847	13,004
Trade receivables		(3,550)	(22,813)
Inventories		3,513	4,902
Accounts payable		27,717	21,221
Contract liabilities		7,571	7,031
Employee benefits and other provisions		(10,922)	(12,792)
Other liabilities		4,176	(647)
Cash flows from operating activities		<u>178,187</u>	<u>117,836</u>
Income taxes paid		-	(118)
Net cash from operating activities		<u>178,187</u>	<u>117,718</u>
Cash flows from investing activities			
Interest received		6,204	5,543
Investments in financial instruments		(45,035)	(11,408)
Additions to property, plant and equipment		(27,165)	(33,888)
Additions to intangible assets		(138)	(330)
Government grants received		3,593	4,665
Other assets		240	(119)
Net cash from (used in) investing activities		<u>(62,301)</u>	<u>(35,537)</u>
Cash flows from financing activities:			
Increase in loans payable	10	1,612	5,892
Amortization of loans payable	10	(10,762)	(12,827)
Amortization of lease liabilities	10	(9,352)	(10,674)
Interest paid		(21,575)	(22,490)
Other movements		(11,558)	-
Net cash used in financing activities		<u>(51,635)</u>	<u>(40,099)</u>
Net increase in cash and cash equivalents		64,250	42,082
Cash and cash equivalents as of January 01		356,578	378,544
Effect of movements in exchange rates on cash held		906	7,901
Cash and cash equivalents as of March 31	¢	<u>421,734</u>	<u>428,527</u>

Preliminary translation

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Atención: INSTITUTO COSTARRICENSE DE ELECTRICIDAD
Registro Profesional: 13527
Contador: HERNÁNDEZ CASTILLO LIZBETH EUGENIA
Estado de Flujos de Efectivo
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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

March 31, 2025

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)*, and *Gestión de Cobro Grupo ICE, S.A.*, all which are organized under Costa Rican laws. ICE is also the parent of other wholly-owned entities that are not operating as of December 31, 2024.

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.

- 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 three-month period ended on March 31, 2025, 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, 2024, 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 May 22, 2025.

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 and Risks 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.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Note 4. Changes in standards and interpretations

A series of new standards apply to the annual period beginning January 1, 2025, 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 2025 Financial Statements	
			Yes	No	Yes	No
Amendment to IAS 21	Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability		X		X

A. Other standards

ICE is assessing the effects of these standards and amendments on the financial statements.

Although no significant material impacts are anticipated, necessary adjustments to presentation and disclosure will be made to comply with the new requirements. ICE does not intend to early adopt these standards:

Standard	Description	Type	Effective as of the following reporting periods
Amendment to IFRS 7 and IFRS 7	Financial instruments:	Clarifications on the classification and measurement of financial instruments, particularly regarding changes in contractual cash flows and disclosure requirements.	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	Improvements to the presentation and disaggregation of information in the financial statements, including defined subtotals and improved classification of income and expenses.	January 1, 2027
International Financial Reporting Standards	S1 and S2	S1 General Requirements for Disclosure of Sustainability-related Financial Information, and S2 Climate-related Disclosures	Closing of fiscal year 2027

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)**Note 5. Property, plant, and equipment - net**

As of March 31, 2025, additions to property, plant, and equipment amounted to ¢35,883, of which ¢3,495 correspond to assets under operation and ¢32,388 relate to work in progress. The most significant components of the latter are detailed below:

1. Infrastructure and installation for ¢5,541.
2. Telecommunications network for ¢4,639.
3. Borinquen geothermal project (geothermal energy project located in the Guanacaste mountain range) in the amount of ¢4,229.
4. Continuous quality improvement in the amount of ¢4,024.
5. Development of networks in the amount of ¢1,496.
6. Stage III of the RANGE project in the amount of ¢1,378.
7. Measurement equipment in the amount of ¢1,339.
8. Institutional real property in the amount of ¢855.
9. Reinforcement of the distribution system in the amount of ¢788.
10. Public lighting (project to install assets in the electricity distribution network) in the amount of ¢782.
11. Aerial cable extension in the amount of ¢ 778.
12. Electricity distribution network of San Pedro in the amount of ¢608
13. Garita Hydropower Project in the amount of ¢474.
14. FONATEL in the amount of ¢467.

Likewise, impaired assets with a book value of ¢963 were written-off.

Note 6. Intangible assets, net

During the three-month period ended on March 31, 2025, transactions in intangible assets pertained to additions of ¢138 and capitalizations of ¢575, mainly in licenses, systems, and applications, and the net effects caused by the amortization of the period, which amounted to ¢5,224.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Note 7. Investments in financial instruments

Investments in financial instruments are described below:

	As of March 31, 2025	As of December 31, 2024
At Amortized cost	¢ 18,653	26
At FVOCI	406,565	386,708
At FVTPL	10,794	10,972
	¢ <u>436,012</u>	<u>397,706</u>

A total of ¢417,113 (¢397,434 as of December 31, 2024) of these investments are allocated to the specific operation of the ICE Guarantee and Savings Fund.

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

Issuer	Type of financial instrument	Currency	March 31, 2025		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Term certificate of deposit	Fixed-rate instruments	Colones	18,653	4,25%	2025 to 2027
			<u>18,653</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	182,711	5,37% to 9,84%	2026 to 2036
Bonds	Variable-rate instruments	Colones	56,402	5,26% to 6,91%	2026 to 2044
Bonds	Fixed-rate instruments	DU	48,421	4,88% to 6,36%	2034 to 2049
Bonds	Fixed-rate instruments	US dollars	35,991	5,41% to 7,18%	2026 to 2044
Private financial entities					
Bonds	Fixed-rate instruments	Colones	42,692	6,98% to 10,14%	2026 to 2033
Bonds	Fixed-rate instruments	US dollars	30,142	3,52% to 8,17%	2026 to 2034
Public financial entities					
Bonds	Fixed-rate instruments	Colones	3,059	5,14% to 10,24%	2027
Public non- financial entities					
Bonds	Fixed-rate instruments	US dollars	5,718	5,85% to 6,49%	2028 to 2029
Bonds	Variable-rate instruments	Colones	870	6,42% to 6,61%	2027 to 2033
Private non- financial entities					
Bonds	Fixed-rate instruments	US dollars	559	6,52%	2027
			<u>406,565</u>		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Dividend closed fund	US dollars	9,029	3,75% to 0,66%	
Public financial entities					
Bonds	Dividend closed fund	US dollars	1,765	1,05% to 7,62%	
			<u>10,794</u>		
			¢ <u>436,012</u>		

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Issuer	Type of financial instrument	Currency	December 31, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Term certificate of deposit	Fixed-rate instruments	US dollars	26	2,65%	2027
			<u>26</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	183,255	5,69% to 9,84%	2026 to 2036
Bonds	Variable-rate instruments	Colones	56,365	5,40% to 6,91%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	43,552	4,88% to 6,36%	2034 to 2049
Bonds	Fixed-rate instruments	DU	42,372	5,41% to 7,18%	2026 to 2044
Private financial entities					
Bonds	Fixed-rate instruments	Colones	42,619	6,98% to 10,14%	2026 to 2033
Bonds	Fixed-rate instruments	US dollars	15,286	3,52% to 6,09%	2026 to 2034
Public financial entities					
Bonds	Fixed-rate instruments	Colones	809	5,79 to 10,24%	2027
Public non- financial entities					
Bonds	Fixed-rate instruments	US dollars	1,120	5,85% to 6,49%	2028 to 2029
Bonds	Variable-rate instruments	Colones	868	6,42% to 6,72%	2027 to 2033
Private non- financial entities					
Bonds	Fixed-rate instruments	US dollars	462	6,52%	2027
			<u>386,708</u>		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Dividend closed fund	US dollars	9,186	0,63% to 3,76%	
Public financial entities					
Bonds	Dividend closed fund	US dollars	1,786	1,05% to 7,62%	
			<u>10,972</u>		
			¢ <u>397,706</u>		

Note 8. Inventories

During the three-month period ended on March 31, 2025, an amount of ¢26,407 (¢219,763 as of December 31, 2024) in inventories was recognized as operating costs and expenses for the period, depending on their use or intended purpose.

As of March 31, 2025, the balance for the provision to value stock in warehouses and the net realizable value amounted to ¢3,635 (¢4,152 as of December 31, 2024). During the period, the use of the provision amounted to ¢504, primarily for safety spare parts inventory ¢444 and other minor items. Additionally, the balance of this provision decreased by ¢13 (its balance was ¢770 as of December 31, 2024).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)**Note 9. Investments in financial instruments**

Investments in financial instruments are described below:

	As of March 31, 2025	As of December 31, 2024
At amortized cost	¢ 194,756	170,192
At FVOCI	24,838	28,464
At FVTPL	10,407	30,509
	¢ <u>230,001</u>	<u>229,165</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 ¢19,365 (¢19,411 as of December 31, 2024). 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 ¢34,851 (¢58,304 as of December 31, 2024).

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

Issuer	Type of financial instrument	Currency	March 31, 2025		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	82,309	3,2% to 5,44%	2025
Mortgage participation certificate	Fixed-rate instruments	Colones	12,990	4,80% to 4,85%	2025
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	25,941	3,25% to 4,85%	2025
Term certificate of deposit	Fixed-rate instruments	US dollars	6,156	1,37% to 5,00%	2025
Government					
Bonds	Fixed-rate instruments	US dollars	49,475	3,40%	2025
Bonds	Fixed-rate instruments	Colones	17,885	5,95%	2025
			<u>194,756</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	1,151	5,69% to 10,14%	2025
Bonds	Fixed-rate instruments	US dollars	1,063	5,42% to 6,68%	2025
Private financial entities					
Bonds	Fixed-rate instruments	Colones	11,161	5,94% to 7,21%	2025
Bonds	Fixed-rate instruments	US dollars	2,927	5,42% to 10,14%	2025
Public financial entities					
Bonds	Fixed-rate instruments	Colones	8,536	4,44% to 8,79%	2025
			<u>24,838</u>		
<u>At fair value through profit or loss</u>					
Public financial entities					
Investment fund	Investment fund	Colones	9,939	2,36% to 3,45%	2025
Investment fund	Investment fund	US dollars	368	2,25% to 2,90%	2025
Investment fund	Investment fund	Colones	100	2,25% to 2,90%	2025
			<u>10,407</u>		
		¢	<u>230,001</u>		

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Issuer	Type of financial instrument	Currency	December 31, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	79,813	3,39% to 6,19%	2025
Mortgage participation certificate	Fixed-rate instruments	Colones	12,976	4,45% to 4,85%	2025
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	27,814	3,25% to 4,85%	2025
Term certificate of deposit	Fixed-rate instruments	US dollars	6,368	1,37% to 5,00%	2025
Government					
Bonds	Fixed-rate instruments	US dollars	24,997	4,04%	2025
Bonds	Fixed-rate instruments	Colones	18,225	5,95%	2025
			170,193		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	4,270	5,42%	2025
Bonds	Fixed-rate instruments	US dollars	2,117	7,72% to 10,72%	2025
Private financial entities					
Bonds	Variable-rate instruments	Colones	11,491	4,97% to 9,96%	2025
Bonds	Fixed-rate instruments	US dollars	2,981	3,77% to 6,11%	2025
Public financial entities					
Bonds	Fixed-rate instruments	Colones	7,604	5,13% to 8,79%	2025
			28,463		
<u>At fair value through profit or loss</u>					
Public financial entities					
Investment fund	Investment fund	Colones	28,796	0,77% to 3,71%	2025
Investment fund	Investment fund	US dollars	1,613	2,58% to 3,19%	2025
Investment fund	Investment fund	Colones	100	2,58% to 3,19%	2025
			30,509		
			¢ 229,165		

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
Balances as of January 01, 2024	¢ 638,767	1,234,339	262,226	2,135,332
<u>Changes due to cash flows from financing activities</u>				
New loans	-	1,612	470	2,082
Amortization	-	(10,762)	(9,352)	(20,114)
Other movements (1)	(11,558)	-	-	(11,558)
Total changes due to cash flows from financing activities	(11,558)	(9,150)	(8,882)	(29,590)
Effect of exchange rate fluctuations	(7,925)	(1,562)	(4,049)	(13,536)
Balances as of March 31, 2025	¢ 619,284	1,223,627	249,295	2,092,206

(1) Domestic bonds traded on the secondary market.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

The characteristics of the financial debt are the following:

	Currency	Interest rate	Maturity
Bonds payable	¢	Variable rate 6.37%; fixed rate between 6.21% and 8.63%	2025-2034
	US\$	Fixed rate between 6.38% and 7.61%	2027-2043
Loans payable	¢	Variable rate between 6.83% and 7.69%; fixed rate between 2.75% and 7.91%	2025-2047
	US\$	Variable rate between 3.24% and 10.09%; fixed rate between 0.40% and 6.40%	2028-2044
	JPY	Fixed rate between 0.01% and 2.20%	2026-2057
Lease liabilities	¢	Fixed rate between 8.31% and 12.40%	2025-2038
	US\$	Variable rate between 11.65% and 16.51% (BOT); and fixed between 6.00% and 10.97%.	2025-2039

Note 11. Employee Benefits

Employee benefits are detailed below:

	As of March 31,			As of December 31,		
	2025			2024		
	No corriente	Corriente	Total	No corriente	Corriente	Total
Severance benefits (1)	¢ 100,634	3,153	103,787	97,550	1,403	98,953
ICE Guarantee and Savings Fund (2):						
Employer contribution	413,462	50,540	464,002	410,102	49,308	459,410
ICE Employer obligations:						
Vacations	-	17,930	17,930	-	19,840	19,840
Back-to-school bonus (3)	-	5,641	5,641	-	19,839	19,839
Statutory Christmas bonus (4)	-	7,973	7,973	-	1,145	1,145
Third and fifth biweekly salary	-	524	524	-	1,176	1,176
Occupational hazard insurance	-	148	148	-	366	366
	¢ <u>514,096</u>	<u>85,909</u>	<u>600,005</u>	<u>507,652</u>	<u>93,077</u>	<u>600,729</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 March 31, 2025, the main transactions in the employee benefit account are described below:

- (1) A net decrease of ¢4,834 in benefits derived from increases in the accrual of this liability during the period of ¢6,449 (of which an amount of ¢ 5,848 pertains to the payroll of permanent employees) and from a decrease in the provision in the amount of ¢1,614.
- (2) An increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢4,592, which was driven by an increase in retired employees of the institution, which has required an increased provision.
- (3) Net decrease of ¢14,198 pertaining to ¢19,781 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢5,582 in the accrual of such benefit.
- (4) Net increase of ¢6,828 driven by the ¢6,857 increase in the accrual and the ¢30 decrease in the payment of the *aguinaldo* [Christmas bonus, in English].

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 three-month period ending March 31,	
	2025	2024
Electricity services	¢ 222,451	238,110
Telecom services	129,544	136,556
	<u>351,995</u>	<u>374,666</u>
Otros ingresos:		
Servicios de construcción	1,625	219
Servicios de ingeniería	1,035	1,685
Servicios de operación y mantenimiento de infraestructura	459	405
	<u>3,119</u>	<u>2,309</u>
	<u>¢ 355,114</u>	<u>376,975</u>

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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.

	Electricity Segment		Telecom Segment		Total	
	2025	2024	2025	2024	2025	2024
Geographical markets:						
Local	¢ 216,381	236,749	128,938	135,975	345,319	372,724
Foreing	6,070	1,361	606	581	6,676	1,942
	<u>¢ 222,451</u>	<u>238,110</u>	<u>129,544</u>	<u>136,556</u>	<u>351,995</u>	<u>374,666</u>
Products/lines of service:						
Electricity	¢ 198,888	212,386	-	-	198,888	212,386
Transmission charges	14,759	17,024	-	-	14,759	17,024
Public lighting	4,839	5,238	-	-	4,839	5,238
Services and others	3,965	3,462	-	-	3,965	3,462
Telecom	-	-	129,544	136,556	129,544	136,556
	<u>¢ 222,451</u>	<u>238,110</u>	<u>129,544</u>	<u>136,556</u>	<u>351,995</u>	<u>374,666</u>
Timing of renewe recognition:						
Services transferred over time	¢ 222,451	238,110	110,713	116,612	333,164	354,722
Products transferred at a point in time	-	-	18,831	19,944	18,831	19,944
	<u>222,451</u>	<u>238,110</u>	<u>129,544</u>	<u>136,556</u>	<u>351,995</u>	<u>374,666</u>
Other income	3,119	2,309	-	-	3,119	2,309
	<u>¢ 225,570</u>	<u>240,419</u>	<u>129,544</u>	<u>136,556</u>	<u>355,114</u>	<u>376,975</u>

(Continued)

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 March 31,</u> <u>2025</u>	<u>As of December</u> <u>2024</u>
Trade receivables	¢ 191,745	192,153
Contract liabilities	¢ (90,398)	(90,391)

An amount of ¢6,638 that was recognized under the contractual liabilities as of December 31, 2024, has been recognized as ordinary revenue in 2025 (¢4,886 included in the three-month period ended on March 31, 2024).

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>2025</u>	<u>2026</u>
Mobiles telecom services	¢ <u>30,240</u>	<u>12,995</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.

e) Performance obligations and ordinary revenue recognition policies

Ordinary revenue is measured on the basis of the compensation specified in a contract with the customer. Grupo ICE recognizes ordinary revenue when it transfers control over a good or service to a customer. On the effective date of each agreement, Grupo ICE determines whether it will meet the performance obligations over time or at a specific time.

The Electricity Business drives revenue mainly through the sale of electric energy generation, transmission, and distribution services. The “Costa Rican Public Service Regulation Authority [ARESEP, its Spanish acronym] Act”, No. 75933, dated August 9, 1996, establishes that the ARESEP will set the prices and rates of utilities, specifically with respect to the generation, transmission, distribution, and sale of electric energy.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

The Telecommunications Business drives revenue mainly through the sale of mobile telephony (prepaid and postpaid); data and IP services, including internet and television; mobile units and devices; and fixed, universal, and interconnection telephony services. In relation to mobile services and devices, these can be sold separately (independent) or as a bundle.

The following table presents summarized information on the nature and opportunity of meeting performance obligations on customer contracts, including significant payment terms, both for the Electricity and the Telecommunications businesses.

Type of service	Nature and opportunity of meeting performance obligations, including significant payment terms	Revenue recognition policy
Sale of electricity services	The revenue from the sale of electricity services includes one single performance obligation (sale of electricity), as the Grupo ICE has assessed that contracts with clients do not include the supply of different goods and services. Control, including the title and risk of loss related with electricity, is transferred to the client upon delivery of electricity in a single point within the electric grid. Bills are due in 30 days and no significant financial component exists.	The performance obligation related to the delivery of electricity is usually satisfied throughout time, when the client receives and simultaneously consumes the benefits associated to the electricity services provided. Revenue is recognized as electricity services are rendered, based on the monthly billing cycles.
Sale of telecommunications services	Telecommunications services revenue include telephony, voice, data, and messaging services. Services are billed and collected on a monthly basis, and no significant financial component exists. Performance obligations related to the delivery of these services are satisfied throughout time, when the client receives and, simultaneously, consumes the benefits linked to the telecommunications services, which are identified in different performance obligations, in accordance to the type of service (mobile, fixed, data, messaging, access costs, etc.).	In relation to bundles, Grupo ICE accounts for individual products and services separately if these are different; that is to say, if a product or service can be identified separately from other products or services under a contract and if a client can benefit from the product or service itself. The consideration is assigned to the separate products or services in a package, based on their individual sales prices. Individual sales prices are determined based on a list of prices for mobile services, devices, and other telecommunications services that is established by the ICE. The ICE recognizes such revenue as the services are rendered.
Mobile devices.	The performance obligation related to mobile devices is recognized as revenue at a specific moment, when control over the product is transferred to the client, which occurs when the client signs the agreement and takes possession of the product.	The ICE recognizes the revenue from the sale of mobile devices when control over the device is transferred to the client, which occurs when the client signs the agreement and takes possession of the product.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Type of service	Nature and opportunity of meeting performance obligations, including significant payment terms	Revenue recognition policy
	<p>In the case of mobile devices that are sold separately, clients pay the full amount at the point of sale. Regarding devices sold in bundled packages, clients usually pay a fixed amount each month, either during 12 or 24 months.</p> <p>A significant financing component exists, which is recognized as finance income, for plans with a term exceeding one year (typically 24-month plans). Grupo ICE applies the practical expedient not to separate the financing component for terminals sold with a term of 12 months or less.</p> <p>Grupo ICE offers an additional extended warranty (insurance and extra coverage), in which case the price includes both performance obligations, and recognizes revenue for these as each performance obligation is satisfied.</p>	

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)*f) Recognition of Revenue from Variable Cost of Generation (CVG)*

The Public Services Regulation Authority (ARESEP), through resolution RE-0106-JD-2023 of November 7, 2023, approved the “modification of the Methodology for the extraordinary adjustment of electricity service tariffs resulting from variations in the cost of fuels used in thermal generation for domestic consumption and net electricity imports from the Regional Electricity Market (CVG)”. This change means that the recognition of CVG variables will move from a quarterly to an annual frequency.

For the purposes of the annual determination for 2025, ARESEP, through resolution RE-0097-IE-2024, determined that the recovery of costs (CVG) incurred by ICE, as well as the recovery of pending revenue from CVG, related to the settlement for the November 2023 to October 2024 period and the outstanding amounts from 2023, amount to ¢128,539.47. This amount is composed of: ¢30,572 for net imports, thermal generation expenses amounting to ¢59,197, less ¢4,296 from CVG revenues, and the outstanding amounts from 2023, which equal ¢43,066.43.

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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 institutional financial risk

Institutional 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.

		March 31, 2025									
		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>											
Equity investments		¢ -	4,156	-	-	-	4,156	-	-	4,156	4,156
Notes and other receivables, net		-	-	227,563	-	-	227,563	-	-	-	-
Investments in financial instruments	7 y 9	-	431,403	213,409	21,201	-	666,013	-	452,604	-	452,604
Trade receivables, net		-	-	191,745	-	-	191,745	-	-	-	-
Cash and cash equivalents		-	-	421,734	-	-	421,734	-	-	-	-
		¢	<u>435,559</u>	<u>1,054,451</u>	<u>21,201</u>	<u>-</u>	<u>1,511,211</u>	<u>-</u>	<u>452,604</u>	<u>4,156</u>	<u>456,760</u>
<i>Financial liabilities</i>											
Financial debt (bonds and loans payable)	10	¢ -	-	-	-	1,842,911	1,842,911	-	1,818,723	-	1,818,723
Accounts payable		-	-	-	-	270,130	270,130	-	-	-	-
Derivative financial instruments		2,128	-	-	-	-	2,128	-	2,128	-	2,128
		¢	<u>2,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,113,041</u>	<u>-</u>	<u>1,820,851</u>	<u>-</u>	<u>1,820,851</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

December 31, 2024											
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>Activos financieros</i>											
	¢	-	4,457	-	-	-	4,457	-	-	4,457	4,457
		-	-	233,214	-	-	233,214	-	-	-	-
	7 y 9	-	415,172	170,218	41,481	-	626,871	-	456,653	-	456,653
		-	-	192,153	-	-	192,153	-	-	-	-
		-	-	356,578	-	-	356,578	-	-	-	-
	¢	-	419,629	952,163	41,481	-	1,413,273	-	456,653	4,457	461,110
<i>Pasivos financieros</i>											
	10	¢	-	-	-	1,873,106	1,873,106	-	1,818,723	-	1,818,723
			-	-	-	242,413	242,413	-	-	-	-
			2,321	-	-	-	2,321	-	2,321	-	2,321
	¢	2,321	-	-	-	2,115,519	2,117,840	-	1,821,044	-	1,821,044

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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 March 31, 2025, 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 March 31, 2025, a discount rate between 5.06% and 6.77% in colones and between 5.00% and 8.54% in US dollars (with comparative rates in December 2023 between 6.24% and 8.61% in colones and between 1.25% and 9.56% in US dollars), which is the rate available to Grupo ICE, was used.

b) Financial risk managementi) 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.

As a way to mitigate this risk, the Group controls and follows-up on the risk ratings issued by risk rating agencies to the investments it holds. There are investment limits in the institutional portfolio by market (local and international), by sector (public, rest of the public sector, private sector), by instrument, by issuer, and by issue. For this risk, no collateral has been received as guarantee.

The impairment loss estimate for trade receivables, accounts receivables, and notes receivables during the three-month period ended on March 31, 2025, is detailed below:

	As of March 31, 2025			
	Trade receivables	Trade receivables	Non-trade receivables	Total
Opening balance	¢ 68,771	1,133	5,484	75,388
Recognized	(206)	(102)	1	(307)
Reclassification adjustment	3,957	45	(219)	3,783
Closing balance	¢ <u>72,522</u>	<u>1,076</u>	<u>5,266</u>	<u>78,864</u>

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

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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 three months ended on March 31, 2025, Grupo ICE recognized an impairment charge in the amount of ¢3,783, related with representative values of financial assets valued at amortized cost. Impairment charges are recognized as financial costs in the condensed consolidated statement of profit or loss and other comprehensive income.

i. Investments in financial instruments

Supplement No. 172 to Gazette No. 192 published the decision made by the National Supervising Council of the Financial System (CONASSIF) on October 9, 2024, ordering the commencement of a resolution process for Financiera Desyfin S.A., with the aim of winding up the operations of said financial institution.

Grupo ICE's investment with Financiera Desyfin S.A. was made through the National Stock Exchange via a certificate of deposit on June 24, 2024. This investment was for a 360-day period and a nominal amount of ¢2,000, which, as of December 31, 2024, represented 1.10% of the institutional securities investment portfolio. In accordance with the expected loss model adopted, an impairment of 45%, equivalent to ¢900, was recognized, leaving a carrying amount of ¢1,100. There was a deterioration in the risk rating from SCR AA-(cr) investment grade to SCR D(cr) default; however, there was no impact on the credit risk indicator of the institutional investment portfolio, as it represents a very small percentage of the portfolio's value.

ii. Recoverability of Variable Cost of Generation (CVG)

In accordance with the current methodology issued by ARESEP, the CVG tariff is approved based on estimates submitted by Grupo ICE regarding fuel use for thermal generation and energy imports, which play an essential role in the short-term energy matrix and contribute to ensuring the continuity and adequacy of service. The current methodology provides for the annual settlement of the variables that make up the CVG by comparing actual expenses with projected expenses; therefore, any surpluses or shortfalls are included in or deducted from, as appropriate, the estimated costs for the immediately following period. This methodology mitigates, almost entirely, potential risks associated with the recovery of incurred costs through revenues from the CVG mechanism, in accordance with the tariffs defined by the regulator for this factor.

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(in millions of colones)

Institutional Non-Financial Risk**Corporate Sustainability Policy**

The Corporate Sustainability Policy's purpose is to establish a strategic framework that reflects the commitment of Grupo ICE and its companies to the best sustainability practices, in alignment with global standards, international certification protocols, and the 2030 Agenda based on the Sustainable Development Goals (SDGs), which also frames non-financial risks related to sustainability issues. Compliance with its scope is mandatory and it applies to public officials and personnel of ICE and its companies.

Grupo ICE manages its Environmental, Social, and Governance (ESG) risks due to the critical importance these factors have on the organization's performance, reputation, and long-term sustainability. Additionally, it allows Grupo ICE to meet required regulatory and social expectations as a responsible public company, a promoter of national development, and as an issuer of debt securities in domestic and international markets.

1. Environmental

This component refers to the environmental impact of the organization's activities. It includes risks related to climate change, waste management, the use of natural resources or eco-efficiency, and biodiversity.

One of the most significant environmental risks for Grupo ICE is related to climate change, which could actually or potentially affect business continuity and financial flow. This is considering that Grupo ICE operates with an energy matrix derived from clean sources to meet electricity demand, especially hydroelectric generation as its most robust source, making it vulnerable to changes that may arise from droughts and floods.

As part of the controls implemented to mitigate this risk, climate data analysis and scenarios are included to ensure adequate demand operation and electricity expansion planning; furthermore, protocols for emergency response through the Corporate Emergency Operations Coordination Center are included, ensuring a rapid and effective response to adverse climatic events.

Additionally, the organization implements sustainable practices to minimize its carbon footprint resulting from greenhouse gas (GHG) emissions, among others related to mitigating pollutants from its vehicle fleet and asset maintenance. Likewise, Grupo ICE applies climate resilience strategies, watershed management, management of waste entering reservoirs, and management of core areas of influence, and has implemented multiple wildlife protection measures aimed at eliminating or reducing the impact of its operations, among other ongoing actions to mitigate environmental risks.

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

This aspect covers the organization's impact on society. It includes issues such as human rights, labor conditions, employee health and safety, and relations with local communities.

Grupo ICE, aware of the foregoing, ensures that its operations respect the rights of all individuals involved and contribute positively to society, thereby improving employee morale and productivity, strengthening community relations, and increasing customer loyalty, which in turn enhances the organization's financial performance.

Additionally, actions have been implemented to ensure transparent, responsible, and sustainable management, including the 2023-2027 Corporate and Business Strategy, which promotes globalized management with a triple bottom line approach, as well as the Corporate Communication Policy and the Institutional Code of Ethics, which establish the principles and guidelines for ethical and transparent communication.

3. Governance

This component focuses on the organization's decision-making structure and processes. It includes business ethics, transparency, the composition of the Board of Directors, and compliance with laws and regulations, thereby ensuring that decisions are made ethically and transparently, which is crucial for maintaining the trust of investors and other stakeholders. Furthermore, a solid governance structure enhances operational efficiency and protects the organization against legal and financial risks.

4. Other risks:

Among other risks in the current environment, Grupo ICE, like any technology company that also handles important market data, is exposed to cybersecurity risk. This risk is associated with threats to information, personal data, or access to bank accounts, which can be exposed or modified by malicious actors.

To manage cybersecurity risk, various actions have been implemented to ensure robust and proactive management. These actions include the management of information security regulations and policies based on ISO 27001 and ITIL v4, ensuring a solid and internationally recognized framework.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

5. Risk management framework.

In accordance with the provisions of the General Guidelines for the Establishment and Operation of the Specific Institutional Risk Assessment System (SEVRI), Grupo ICE develops and applies a regulatory framework for risk management, with components to organize the comprehensive management of relevant risks, the objectives of which are:

1. To develop comprehensive risk management to achieve the strategic objectives set by Grupo ICE and its companies, with controlled tolerance in accordance with defined responsibilities.
- 2.
3. To analyze and manage risk events in a timely manner, providing information for strategic, tactical, and operational decision-making.
4. To contribute to the fulfillment of the SDGs approved by the UN.
5. To comply with applicable laws and regulations.
6. To contribute to the business stability, financial soundness, and reputation of Grupo ICE and its companies.
7. To promote a risk culture.

General Management collaborates closely with all Management areas of Grupo ICE to prepare an annual map of strategic and tactical risks. Furthermore, periodic monitoring of controls and action plans is carried out to ensure their effectiveness and continuous updating.

Internal Audit supervises compliance with Grupo ICE's risk management policies and procedures. Additionally, the Audit and Risk Committee monitors and follows up on compliance with the Risk Appetite Statement through periodic reports submitted by General Management.

Note 14. Contingencies

Grupo ICE is a party to several lawsuits that have been estimated at ¢317,491 as of March 31, 2025 (¢325,305 as of December 31, 2024). The total amount provisioned for these lawsuits amounts to ¢29,678 (¢29,057 as of December 31, 2024).

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.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

	Receivable		Payable	
	As of March 31,	As of December 31,	As of March 31,	As of December 31,
	2025	2024	2025	2024
Government entities	¢ 66,080	61,704	10,742	9,281
Autonomous institutions	1,024	1,328	-	-
Empresa Propietaria de la Red, S.A.	1,767	1,262	-	-
State financial entities	4,477	4,101	-	-
	¢ <u>68,871</u>	<u>64,294</u>	<u>10,742</u>	<u>9,281</u>

As of March 31, 2025, Grupo ICE had a total of ¢220,129 (¢233,323 as of December 31, 2024) in bonds payable, and a total of ¢714,930 (¢718,392 as of December 31, 2024) in loans payable to state financial entities.

The following revenue and expenses balances were outstanding at the end of this reporting period:

	Revenue		Expenses	
	for the three-month period ending March 31,			
	2025	2024	2025	2024
Government entities	¢ 2,223	1,791	-	183
Autonomous institutions	1,512	405	9,252	109,485
State financial entities	2,733	3,022	6,140	4,836
Empresa Propietaria de la Red, S.A.	1,883	1,873	9,924	12,564
	¢ <u>8,351</u>	<u>7,091</u>	<u>25,316</u>	<u>127,067</u>

The following balances are related to financial investments made in state-owned financial entities:

	As of March	As of December
	2025	2024
Cash equivalents	¢ 19,751	11,658
Investments in financial instruments	530,719	509,450
	¢ <u>550,470</u>	<u>521,108</u>

As of March 31, 2025, interest receivable from securities issued by state-owned financial entities amount to a total of ¢1,089 (¢1,024 as of December 31, 2024).

As of March 31, 2025, investments in the share capital of autonomous and non-governmental entities amount to ¢5,204 (¢5,204 as of December 31, 2024).

Compensation of management's key staff

The following balances pertain to the compensation of directors and other key members of management during the 2025 and 2024 periods:

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

	For the three-month period ended March	
	2025	2024
Short-term benefits	¢ 1,670	1,307
Post-employment benefits	35	33
Other long-term benefits	74	97
	¢ <u>1,779</u>	<u>1,437</u>

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) Basis for segmentation

Grupo ICE has the following reportable segments:

- Telecom Segment, which includes ICE's Telecom Sector, Radiográfica Costarricense, S.A. (RACSA), Compañía Radiográfica Internacional de Costa Rica, S.A. (CRICSA), and Gestión Cobro Grupo ICE, S.A.
- Electricity Segment, which includes ICE's Electricity Sector, Compañía Nacional de Fuerza y Luz, S.A. (CNFL) and Gestión Cobro Grupo ICE, S.A.

Segment information is presented to the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, focusing on Grupo ICE's different business segments that are subject to different risks and returns.

Profit or loss, assets, and liabilities of the segment include items directly attributable to a segment as well as those that can be reasonably attributed. Information on each reporting segment is as follows.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

(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.

(c) Revenue and profit or loss by segment

Below is an analysis of revenue and profit or loss from the continuing operations of Grupo ICE's reportable segments:

Profit or loss by segment	For the three months ended March 31,					
	Electricity		Telecom		Consolidated total	
	2025	2024	2025	2024	2025	2024
External revenues	¢ 222,451	238,110	129,544	136,556	351,995	374,666
Inter-segment revenue	2,728	3,164	281	387	3,009	3,551
	¢ 225,179	241,274	129,825	136,943	355,004	378,217
Depreciation and amortization	¢ 46,432	47,100	29,819	31,470	76,251	78,570
Finance income	4,243	5,308	5,805	5,574	10,048	10,882
Finance costs	(37,033)	(40,621)	(4,768)	(5,871)	(41,801)	(46,492)
Foreign exchange differences	10,852	43,163	340	1,758	11,192	44,921
Investments in join ventures	-	-	(64)	42	(64)	42
Income tax	1,590	1,559	-	(87)	1,590	1,472
Net profit	¢ 40,352	36,759	3,303	1,825	43,655	38,584

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

The revenue reported by segment reported in the previous table represents revenue generated by external customers. See Note 12 for a breakdown of that revenue by product.

- Corporate expenses are allocated to the different segments based on the Activity-based Costing (ABC) methodology, approved by the board of directors, which measures the costs of products and services based on the quantification of the productive, operating and administrative activities necessary for the rendering of those products and services. This expense allocation methodology includes cost drivers as a way to guarantee a proper allocation of the costs of the support areas in the services provided to each segment. The bases of allocation used are called cost generators or drivers, through which the allocation of the resources consumed by processes or activities is made.

The accounting policies of the reportable segments are the same as those of Grupo ICE. Revenue by segment represents the revenue obtained by each segment, excluding any share of profit or loss on investments, other gains or losses, and finance costs that are not attributable to a specific segment. The foregoing represents the measurement reported to the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

(d) Assets and liabilities by segment

Segment profit	Electricity		Telecom		Consolidated total	
	As of March 31,	As of December 31,	As of March 31,	As of December 31,	As of March 31,	As of December 31,
	2025	2024	2025	2024	2025	2024
Assets	¢ 4,868,867	4,829,794	1,525,061	1,515,313	6,393,928	6,345,107
Liabilities	¢ 2,535,738	2,534,867	692,783	689,102	3,228,521	3,223,969

To assess the performance and the allocate resources to the segments:

- There are no assets and liabilities that are not assigned to the segments.
- All assets and liabilities used jointly by the reportable segments are allocated using the methodology for assignment of corporate expenses to the segments, which establishes the financing percentages according to the drivers defined by each business segment for the different services provided by the Administrative and Service Center areas to the business segments. Each service has a specific unit of measurement and allocation is made based on consumption, using the Activity-based Activity-based Costing (ABC) methodology, approved for Grupo ICE by the board of directors.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)(e) Other information of the Segment

	<u>Additions to non-current assets</u>	
	<u>As of March 31,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
Telecom	¢ 11,598	104,549
Electricity	19,954	83,963
Total	¢ <u>31,552</u>	<u>188,512</u>

Grupo ICE has disclosed all of the above amounts for each reported segment as these amounts are reviewed regularly by the highest decision-making authority and are included in the valuation of the profit or loss for each segment.