



Financial Statements

Condensed
Consolidated Interim

June, 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)

	Note	June 30, 2025	December 31, 2024
Assets			
Non-current assets:			
Property, plant and equipment, net	5 €	4,663,807	4,740,522
Intangible assets, net	6	81,998	85,627
Equity investments		5,443	5,204
Notes and other accounts receivable, net		178,581	178,739
Investments in financial instruments	7	436,917	397,706
Total non-current assets		5,366,746	5,407,798
Current assets:			
Inventories	8	90,969	89,700
Notes and other accounts receivable, net		60,770	54,475
Investments in financial instruments	9	302,956	229,165
Trade receivables, net		192,666	192,153
Prepaid expenses		11,647	12,556
Other assets		67	1,727
Cash and cash equivalents		317,636	356,578
Assets held for sale		956	955
Total current assets		977,667	937,309
Total assets	€	6,344,413	6,345,107
Liabilities and equity			
Equity:			
Paid-in capital	€	155	155
Reserves		2,875,946	2,810,214
Retained earnings		312,209	305,044
Equity attributable to owners of Grupo ICE		3,188,310	3,115,413
Non-controlling interests		5,833	5,725
Net equity		3,194,143	3,121,138
Liabilities:			
Non-current liabilities:			
Bonds payable	10	560,907	570,249
Loans payable	10	1,026,311	1,153,046
Lease liabilities	10	206,909	229,001
Employee benefits	11	519,456	507,652
Accounts payable		145,479	146,960
Contract liabilities		82,132	80,124
Deferred income - Government grants		18,358	19,943
Deferred tax liabilities		71,744	74,671
Provisions		1,447	1,420
Other liabilities		76	1
Total non-current liabilities		2,632,819	2,783,067
Current liabilities:			
Bonds payable	10	19,913	68,518
Loans payable	10	170,521	81,293
Lease liabilities	10	34,450	33,225
Employee benefits	11	104,122	93,077
Accounts payable		122,567	95,453
Contract liabilities		4,364	10,267
Accrued interest payable		19,228	20,454
Provisions		31,054	30,437
Other liabilities		11,232	8,178
Total current liabilities		517,451	440,902
Total liabilities		3,150,270	3,223,969
Total liabilities and equity	€	6,344,413	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

Céd. 400004213902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
ANEXO: INSTITUTO COSTARRICENSE
DE ELECTRICIDAD
Registro Profesional: 1937
Contador: LIZBETH HERNÁNDEZ CASTILLO
LIZBETH EUGENIA
Estado de Situación Financiera
2025-06-30 (12/1) (1) - 000



TIMBRE 300.0 COLONES



VERIFICACION: 7Dzh02XA
<https://timbres.covtador.co.cr>

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, 2025	For the six months ended June 30, 2024	For the three months ended June 30, 2025	For the three months ended June 30, 2024
Revenue	12	¢ 716,469	761,570	364,474	386,904
Operating costs:					
Operation and maintenance		269,728	347,181	139,484	176,483
Operation and maintenance of leased assets		26,252	59,558	11,467	43,310
Purchases and supplemental services		65,857	88,023	32,018	37,680
Selling expenses		35,083	35,255	18,651	17,563
Production management		43,693	49,298	21,369	24,138
Total operating costs		440,613	579,315	222,989	299,174
Gross profit		275,856	182,255	141,485	87,730
Other income		13,311	11,659	5,940	5,763
Operating expenses:					
Administrative expenses		55,756	48,300	28,382	24,834
Selling expenses		61,682	64,060	28,953	32,824
Preliminary studies		11,396	11,108	6,072	5,571
Supplemental expenses		(189)	515	(355)	359
Loss on impairment of balances receivable		9,393	8,186	5,610	1,332
Other expenses		16,224	10,991	6,548	5,578
Total operating expenses		154,262	143,160	75,210	70,498
Operating profit		134,905	50,754	72,215	22,995
Finance income (costs):					
Finance income		21,942	24,189	11,894	13,307
Finance costs		(86,973)	(98,689)	(45,172)	(52,197)
Foreign exchange differences, net		395	(1,929)	(10,797)	(46,850)
Net finance costs		(64,636)	(76,429)	(44,075)	(85,740)
Share of profit of equity-accounted investees		(39)	24	25	(18)
Net profit before tax		70,230	(25,651)	28,165	(62,763)
Income tax		2,927	2,936	1,337	1,464
Profit (loss), net	¢	73,157	(22,715)	29,502	(61,299)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Effect of actuarial losses for the period	¢	(1)	(1)	7	-
		(1)	(1)	7	-
Items that are or may be reclassified subsequently to profit or loss:					
Valuation of investments in financial instruments at fair value		(81)	4,354	(713)	1,170
Valuation of equity investments at fair value	¢	(65)	(114)	(65)	(9)
		(146)	4,240	(778)	1,161
Other comprehensive income for the period, net of tax		(147)	4,239	(771)	1,161
Total comprehensive income for the period	¢	73,010	(18,476)	28,731	(60,138)
Profit attributable to:					
Owners of Grupo ICE	¢	73,049	(22,603)	29,460	(61,256)
Non-controlling interests		108	(112)	42	(43)
	¢	73,157	(22,715)	29,502	(61,299)
Total comprehensive income for the year attributable to:					
Owners of Grupo ICE	¢	72,902	(18,364)	28,689	(60,095)
Non-controlling interests		108	(112)	42	(43)
	¢	73,010	(18,476)	28,731	(60,138)

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

Céd. 400004213902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
Alcaldía: INSTITUTO COSTARRICENSE
DE ELECTRICIDAD
Registro Profesional: 1307
Contador: HERNÁNDEZ CASTILLO
LIZBETH EUGENIA
Estado de Resultados Integrar
2025-06-30 14:27:14 -0600



TIMBRE 300.0 COLONES

VERIFICACIÓN: TdzhQZXA
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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>2025</u>	<u>2024</u>
Cash flows from operating activities			
Profit (loss) for the period	€	73,157	(22,715)
Adjustments for:			
Depreciation		142,650	148,683
Amortization		9,071	11,390
Amortization of contract liabilities	12 c	(6,522)	(4,885)
Net realizable value of inventories		353	-
Net finance costs		65,031	74,500
Loss on impairment of balances receivable	13 b	9,393	8,186
Share of profit of equity-accounted investees, net of tax		(39)	24
Loss on disposal of assets		1,944	1,465
Valuation of equity investments		(278)	-
Obligations for employee benefits		10,395	10,572
Government Grants		(5,179)	(384)
Income tax		(2,927)	(2,936)
Foreign exchange differences		10,151	(11,431)
		<u>307,200</u>	<u>212,469</u>
Changes in:			
Notes and other accounts receivable		(5,264)	9,618
Trade receivables		(9,645)	(19,077)
Inventories		(1,710)	(1,946)
Accounts payable		25,633	19,005
Contract liabilities		2,627	8,727
Employee benefits and other provisions		2,579	(777)
Other liabilities		4,177	(382)
Cash flows from operating activities		<u>325,597</u>	<u>227,637</u>
Income taxes paid		-	(197)
Net cash from operating activities		<u>325,597</u>	<u>227,440</u>
Cash flows from investing activities			
Interest received		17,227	14,132
Investments in financial instruments		(131,431)	(82,787)
Additions to property, plant and equipment		(55,286)	(66,839)
Gains on the sale of property, plant and equipment		76	198
Additions to intangible assets		(5,967)	(1,891)
Government grants received		3,594	4,666
Other assets		2,576	46
Net cash from (used in) investing activities		<u>(169,210)</u>	<u>(132,475)</u>
Cash flows from financing activities:			
Increase in bonds payable	10	12,750	-
Amortization of bonds payable	10	(48,241)	-
Increase in loans payable	10	2,103	16,213
Amortization of loans payable	10	(42,341)	(58,894)
Amortization of lease liabilities	10	(18,802)	(16,653)
Interest paid		(85,141)	(91,776)
Other movements	10	(17,345)	-
Net cash used in financing activities		<u>(197,017)</u>	<u>(151,110)</u>
Net increase in cash and cash equivalents		(40,630)	(56,145)
Cash and cash equivalents as of January 01		356,578	378,544
Effect of movements in exchange rates on cash held		1,688	13,360
Cash and cash equivalents as of June 30	€	<u>317,636</u>	<u>335,759</u>

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

Céd. 400004219902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
Asesoría: INSTITUTO COSTARRICENSE
DE ELECTRICIDAD
Registro Profesional: 13037
CONTADOR: HERNÁNDEZ CASTILLO
LIZBETH GUERRERO
Estado de Pagos de Emisión
2025-06-14 17:15:0000



TIMBRE 300.0 COLONES

VERIFICACIÓN: 7Dzh0ZXA
<https://timbres.conlador.co.cr>

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

June 30, 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 June 30, 2025.

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 National Supervising Council of the Financial System [CONASSIF, its Spanish acronym] and the General Superintendency of Securities [SUGEVAL, its Spanish acronym] 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].

Note 2. Basis of accounting

These condensed interim consolidated financial statements, which cover the six-month period ended June 30, 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 August 14, 2025.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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,

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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 “Management of institutional financial risk” includes additional information about the assumptions used to measure fair values.

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

A. Other standards

Grupo 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. Grupo ICE does not intend to early adopt these standards:

Standard	Description	Type	Effective as of the following reporting periods
Amendment to IFRS 9 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 (IFRS) Sustainability Disclosure 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

During the six months ended June 30, 2025, additions to property, plant, and equipment amounted to ¢69,007, of which ¢8,073 relate to operating assets and ¢60,934 pertain to works in progress. The most significant additions are detailed below:

1. Telecommunications network and infrastructure in the amount of ¢18,693.
2. Continuous quality improvement in the amount of ¢9,123.
3. Borinquen geothermal project (geothermal energy project located in the Guanacaste mountain range) in the amount of ¢8,740.
4. Development of electricity networks in the amount of ¢3,166.
5. Measurement equipment in the amount of ¢2,747.
6. Institutional real property in the amount of ¢1,931.
7. Aerial cable extension in the amount of ¢ 1,755.
8. Stage III of the RANGE project in the amount of ¢1,731.
9. Public lighting (project to install electronic components in the electricity distribution network) in the amount of ¢1,360.
10. Reinforcement of the distribution system in the amount of ¢1,056.
11. FONATEL in the amount of ¢676.
12. Garita Hydropower Project in the amount of ¢662.

Likewise, assets with a book value of ¢1,106 were written-off.

Note 6. Intangible assets, net

During the six months ended June 30, 2025, movements in intangible assets included additions of ¢5,967 and capitalizations of ¢594, primarily in licenses, systems, and applications. Likewise, the amortization for the period amounted to ¢10,190.

Note 7. Investments in financial instruments

Investments in financial instruments are described below:

	<u>As of June 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
At Amortized cost	¢ 30,053	26
At FVOCI	395,959	386,708
At FVTPL	10,905	10,972
	<u>¢ 436,917</u>	<u>397,706</u>

A total of ¢406,615 (¢397,434 as of December 31, 2024) 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

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

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

Issuer	Type of financial instrument	Currency	June 30, 2025		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Term certificate of deposit	Fixed-rate instruments	Colones	30,028	4.25%	2025 to 2027
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	US dollars	25	3.65%	2027
			¢ <u>30,053</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	181,509	5,34% to 9,84%	2026 to 2044
Bonds	Fixed-rate instruments	DU	55,193	4,88% to 6,59%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	53,214	5,62% to 7,36%	2034 to 2049
Bonds	Variable-rate instruments	Colones	25,239	5,12% to 5,46%	2026 to 2034
Private financial entities					
Bonds	Fixed-rate instruments	Colones	42,628	6,98% to 10,14%	2026 to 2033
Bonds	Fixed-rate instruments	US dollars	29,522	3,52% to 8,17%	2026 to 2045
Public financial entities					
Bonds	Fixed-rate instruments	Colones	1,055	5,69% to 10,24%	2027
Public non- financial entities					
Bonds	Fixed-rate instruments	US dollars	5,859	5,85% to 6,49%	2028 to 2029
Bonds	Variable-rate instruments	Colones	1,270	6,42% to 6,61%	2027 to 2033
Private non- financial entities					
Bonds	Fixed-rate instruments	US dollars	470	6,52%	2027
			<u>395,959</u>		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Dividend closed fund	US dollars	9,098	0,69% to 3,42%	
Public financial entities					
Bonds	Dividend closed fund	US dollars	1,807	0,78% to 7,62%	
			<u>10,905</u>		
			¢ <u>436,917</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
			¢ 26		
<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
			386,708		
<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%	
			10,972		
			¢ 397,706		

Note 8. Inventories

During the six-month period ended June 30, 2025, an amount of ¢50,326 (¢164,106 during the six-month period ended as of June 30, 2024) in inventories was recognized as operating costs and expenses, depending on their use or intended purpose.

As of June 30, 2025, the balance for the provision to value stock in warehouses and the net realizable value amounted to ¢3,074 (¢4,152 as of December 31, 2024). The amounts recognized during the six-month period and related to the use of the provision amounted to ¢1,335. Likewise, during this six-month period the provision was increased in the amount of ¢258 (¢45 during the six-month period ended as of June 30, 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 June 30, 2025	As of December 31, 2024
At amortized cost	¢ 255,181	170,192
At FVOCI	26,580	28,464
At FVTPL	21,195	30,509
	¢ <u>302,956</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 ¢19,321 (¢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 ¢47,256 (¢58,304 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)

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

Issuer	Type of financial instrument	Currency	June 30, 2025		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	84,308	3,2% to 5,44%	2025
Mortgage participation certificate	Fixed-rate instruments	Colones	12,993	4,80% to 4,85%	2025
Term certificate of deposit	Fixed-rate instruments	US dollars	1	3.83%	2025
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	24,764	3,25% to 7,00%	2025
Term certificate of deposit	Fixed-rate instruments	US dollars	6,167	1,67% to 5,00%	2025
Government					
Bonds	Fixed-rate instruments	US dollars	109,022	3.40%	2025
Bonds	Fixed-rate instruments	Colones	17,926	5.95%	2025
			<u>255,181</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	1,877	5,69% to 9,51%	2025
Bonds	Fixed-rate instruments	US dollars	1,319	5,05% to 6,68%	2025
Bonds	Variable-rate instruments	Colones	600	5.15%	2025
Private financial entities					
Bonds	Fixed-rate instruments	Colones	11,138	6,34% to 7,21%	2025
Bonds	Fixed-rate instruments	US dollars	3,037	4,82% to 6,25%	2025
Public financial entities					
Bonds	Fixed-rate instruments	Colones	8,609	4,94% to 8,79%	2025
			<u>26,580</u>		
<u>At fair value through profit or loss</u>					
Public financial entities					
Investment fund	Investment fund	Colones	15,024	1,66% to 2,56%	2025
Investment fund	Investment fund	US dollars	6,171	2,11% to 2,90%	2025
			<u>21,195</u>		
			<u>¢ 302,956</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 December 01, 2024	¢ 638,767	1,234,339	262,226	2,135,332
<i><u>Changes due to cash flows from financing activities</u></i>				
New loans	12,750	2,103	504	15,357
Amortization	(48,241)	(42,341)	(18,802)	(109,384)
Other movements (1)	(17,345)	-	-	(17,345)
Total changes due to cash flows from financing activities	(52,836)	(40,238)	(18,298)	(111,372)
Effect of exchange rate fluctuations	(5,111)	2,731	(2,569)	(4,949)
Balances as of June 30, 2025	¢ 580,820	1,196,832	241,359	2,019,011

(1) The debt consists of domestic bonds traded on the secondary market.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

For the six months ended June 30, 2025, there were repayments of bonds payable, primarily from the settlement of the G2 series, which is associated with the domestic bonds denominated in colones.

The characteristics of the financial debt are the following:

	Currency	Interest rate	Maturity
Bonds payable	¢	Variable rate 6.25% (2024: variable rate between 6.13% and 8.17%); and fixed rate between 6.21% and 7.33% (2024: fixed rate between 6.21% and 8.63%)	2025-2034
	US\$	Fixed rate between 6.38% and 7.61% (2025 and 2024)	2027-2043
Loans payable	¢	Variable rate between 6.01% and 7.57% (2024: variable rate between 2.80% and 7.80%); fixed rate between 2.75% and 14.17% (2024: fixed rate between 7.34% and 14.17%)	2025-2031
	US\$	Variable rate between 3.24% and 10.09% (2024: variable rate between 3.24% and 9.99%); fixed rate between 0.40% and 11.13% (2024: fixed rate between 0.85% and 6.40%)	2028-2044
	JPY	Fixed rate between 0.01% and 2.20% (2024: fixed rate between 6.60% and 2.20%)	2026-2057
Lease liabilities	¢	Fixed rate between 6.95% and 12.33% (2024: fixed rate between 5.99% and 12.40%).	2025-2038
	US\$	Variable rate between 11.65% and 16.51% (BOT) (2024: variable rate between 8% and 16.25%); and fixed between 0.60% and 10.97%, 2025 and 2024.	2025-2041

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)**Note 11. Employee Benefits**

Employee benefits are detailed below:

	As of June 30,			As of December 31,		
	2025			2024		
	No corriente	Corriente	Total	No corriente	Corriente	Total
Severance benefits (1)	¢ 102,922	4,297	107,219	97,550	1,403	98,953
ICE Guarantee and Savings Fund (2):						
Employer contribution	416,534	55,174	471,708	410,102	49,308	459,410
ICE Employer obligations:						
Vacations	-	18,903	18,903	-	19,840	19,840
Back-to-school bonus (3)	-	10,870	10,870	-	19,839	19,839
Statutory Christmas bonus (4)	-	13,368	13,368	-	1,145	1,145
Third and fifth biweekly salary	-	1,394	1,394	-	1,176	1,176
Occupational hazard insurance	-	116	116	-	366	366
	¢ <u>519,456</u>	<u>104,122</u>	<u>623,578</u>	<u>507,652</u>	<u>93,077</u>	<u>600,729</u>

As of the six months ended June 30, 2025, the main transactions in the employee benefit account are described below:

- (1) A net decrease of ¢8,266 in benefits derived from increases in the accrual of this liability during the period of ¢11,646 (of which an amount of ¢10,396 pertains to the payroll of permanent employees and ¢1,250 to the payroll for projects) and from a decrease in the provision in the amount of ¢3,380.
- (2) An increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢12,298, which was driven by an increase in retired employees of the institution, which has required an increased provision.
- (3) Net decrease of ¢8,969 pertaining to ¢19,806 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢10,837 in the accrual of such benefit.
- (4) Net increase of ¢12,223 driven by the ¢12,330 increase in the accrual and the ¢107 decrease in the payment of the *aguinaldo* [Christmas bonus, in English].

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
(in millions of colones)**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 ending June 30,	
	2025	2024
Electricity services	¢ 455,690	488,202
Telecom services	260,779	273,368
	<u>716,469</u>	<u>761,570</u>
Other income:		
Construction services	3,182	2,245
Engineering services	1,881	2,339
Other general income	1,593	1,713
Services ICE with participation of a local third party	1,032	79
Infrastructure operation and maintenance services	1,030	841
Communication services	760	768
Donations	633	1,729
Miscellaneous income	3,200	1,945
	<u>13,311</u>	<u>11,659</u>
	<u>¢ 729,780</u>	<u>773,229</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. The table also includes a reconciliation of the disaggregated ordinary revenue with the segments about which the Grupo ICE must report (see note 16).

	Electricity Segment		Telecom Segment		Total	
	2025	2024	2025	2024	2025	2024
Geographical markets:						
Local	¢ 445,483	486,246	259,433	272,093	704,916	758,339
Foreing	10,207	1,956	1,346	1,275	11,553	3,231
	¢ <u>455,690</u>	<u>488,202</u>	<u>260,779</u>	<u>273,368</u>	<u>716,469</u>	<u>761,570</u>
Products/lines of service:						
Electricity	¢ 405,980	436,256	-	-	405,980	436,256
Transmission charges	30,131	34,440	-	-	30,131	34,440
Public lighting	9,816	10,678	-	-	9,816	10,678
Services and others	9,763	6,828	-	-	9,763	6,828
Telecom	-	-	260,779	273,368	260,779	273,368
	¢ <u>455,690</u>	<u>488,202</u>	<u>260,779</u>	<u>273,368</u>	<u>716,469</u>	<u>761,570</u>
Timing of renewe recognition:						
Services transferred over time	¢ 455,690	488,202	225,751	232,917	681,441	721,119
Products transferred at a point in time	-	-	35,028	40,451	35,028	40,451
	<u>455,690</u>	<u>488,202</u>	<u>260,779</u>	<u>273,368</u>	<u>716,469</u>	<u>761,570</u>
Other income	13,311	11,659	-	-	13,311	11,659
	¢ <u>469,001</u>	<u>499,861</u>	<u>260,779</u>	<u>273,368</u>	<u>729,780</u>	<u>773,229</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:

	As of June 30, 2025	As of December 2024
Trade receivables	¢ 192,666	192,153
Contract liabilities	¢ (86,496)	(90,391)

An amount of ¢6,522 that was recognized under the contractual liabilities line as of December 31, 2024, has been recognized as ordinary revenue in 2025 (¢7,791 included in the six-month period ended June 30, 2024).

d) Price of the transaction allocated to remaining performance obligations

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

	2025	2026
Mobiles telecom services	¢ 20,901	16,484

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

Grupo ICE applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information on any pending performance obligations that have original 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) 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.

(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
Mobile devices.	<p>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.</p> <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>	<p>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.</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 ¢43,066.47.

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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.

		June 30, 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><u>Financial assets</u></i>											
Equity investments	¢	-	4,435	-	-	-	4,435	-	-	4,435	4,435
Notes and other receivables, net		-	-	239,351	-	-	239,351	-	-	-	-
Investments in financial instruments	7 y 9	-	422,539	285,234	32,100	-	739,873	-	454,639	-	454,639
Trade receivables, net		-	-	192,666	-	-	192,666	-	-	-	-
Cash and cash equivalents		-	-	317,636	-	-	317,636	-	-	-	-
	¢	<u>-</u>	<u>426,974</u>	<u>1,034,887</u>	<u>32,100</u>	<u>-</u>	<u>1,493,961</u>	<u>-</u>	<u>454,639</u>	<u>4,435</u>	<u>459,074</u>
<i><u>Financial liabilities</u></i>											
Financial debt (bonds and loans payable)	10	-	-	-	-	1,777,652	1,777,652	-	1,764,952	-	1,764,952
Accounts payable		-	-	-	-	268,046	268,046	-	-	-	-
Derivative financial instruments		1,271	-	-	-	-	1,271	-	1,271	-	1,271
	¢	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,045,698</u>	<u>2,046,969</u>	<u>-</u>	<u>1,766,223</u>	<u>-</u>	<u>1,766,223</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
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		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
		-	-	233,214	-	-	-	-	-	-
	7 y 9	-	415,172	170,218	41,481	-	-	456,653	-	456,653
		-	-	192,153	-	-	-	-	-	-
		-	-	356,578	-	-	-	-	-	-
	¢	-	<u>419,629</u>	<u>952,163</u>	<u>41,481</u>	<u>-</u>	-	<u>456,653</u>	<u>4,457</u>	<u>461,110</u>
<i>Pasivos financieros</i>										
	10	-	-	-	-	1,873,106	-	1,818,723	-	1,818,723
		-	-	-	-	242,413	-	-	-	-
		2,321	-	-	-	-	-	2,321	-	2,321
	¢	<u>2,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,115,519</u>	-	<u>1,821,044</u>	<u>-</u>	<u>1,821,044</u>

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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 June 30, 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 counterpart. 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, 2025, a discount rate between 5.03% and 6.66% in colones and between 5.62% and 8.49% in US dollars (with comparative rates in December 2024 between 4.99% and 7.78% in colones and between 5.00% and 8.60% in US dollars), which is the rate available to Grupo ICE, was 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.

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 six-month period ended June 30, 2025, is detailed below:

	As of June 30, 2025			
	Trade receivables	Trade receivables	Non-trade receivables	Total
Opening balance	¢ 68,771	1,133	5,484	75,388
Recognized	(2,447)	(109)	2	(2,554)
Reclassification adjustment	9,132	95	166	9,393
Closing balance	¢ 75,456	1,119	5,652	82,227

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 June 30, 2025, the Grupo ICE recognized an impairment charge in the amount of ¢9,393, 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 June 30, 2025, represented 0.75% of the institutional securities investment portfolio. In accordance with the adopted expected credit loss model, and based on a CONASSIF communication from June 13, 2025, the impairment was updated from 45% to 51.03%, equivalent to ¢1,021. This resulted in a carrying amount of ¢979 (equivalent to a recovery of 48.97%). This investment is held in the portfolio until the recoverable amount is realized, in accordance with the financial system's procedures for repayment to investors (based on the recovery percentages). 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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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.

(Continued)

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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
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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. To analyze and manage risk events in a timely manner, providing information for strategic, tactical, and operational decision-making.
3. To contribute to the fulfillment of the SDGs approved by the UN.
4. To comply with applicable laws and regulations.
5. To contribute to the business stability, financial soundness, and reputation of Grupo ICE and its companies.
6. 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 ¢275,868 as of June 30, 2025 (¢325,305 as of December 31, 2024). The total amount of the provisions linked to these lawsuits is ¢29,691 (¢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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Notes to the Interim Condensed Consolidated Financial Statements
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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,
	2025	2024	2025	2024
Government entities	¢ 62,960	61,704	10,742	9,281
Autonomous institutions	1,389	1,328	-	-
Empresa Propietaria de la Red, S.A.	1,937	1,262	-	-
State financial entities	4,314	4,101	-	-
	¢ <u>70,600</u>	<u>68,395</u>	<u>10,742</u>	<u>9,281</u>

The following are revenue and expenses balances generated through state-owned companies during this reporting period:

	Revenue		Expenses	
	For the six-month period ending June 30,			
	2025	2024	2025	2024
Government entities	¢ 2,545	1,672	-	556
Autonomous institutions	2,385	436	13,992	135,827
State Financial Entities	1,839	1,941	9,593	12,107
Associates, joint ventures and others	3,169	2,838	5,340	4,949
	¢ <u>9,938</u>	<u>6,887</u>	<u>28,925</u>	<u>153,439</u>

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

	As of June 30,	As of December 31,
	2025	2024
Cash equivalents	¢ 26,455	11,658
Investments in financial instruments	605,357	509,450
	¢ <u>631,812</u>	<u>521,108</u>

As of June 30, 2025, interest receivable from securities issued by state-owned financial entities amount to a total of ¢1,229 (¢1,024 as of December 31, 2024).

As of June 30, 2025, investments in the share capital of autonomous and non-governmental entities amount to ¢5,443 (¢5,204 as of December 31, 2024).

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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:

	For the six-month period ended June 30	
	2025	2024
Short-term benefits	¢ 2,846	2,740
Post-employment benefits	70	68
Other long-term benefits	141	242
	¢ <u>3,057</u>	<u>3,050</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) Bases for segmentation

Grupo ICE has the following reportable segments:

- The Telecommunications Segment includes ICE-telecommunications business, *Radiográfica Costarricense, S.A. (RACSA)*, *Compañía Radiográfica Internacional de Costa Rica, S.A. (CRICSA)*, and *Gestión Cobro Grupo ICE, S.A.*
- The Electricity Segment includes the ICE-electricity business, *Compañía Nacional de Fuerza y Luz, S.A. (CNFL)*, and *Gestión Cobro Grupo ICE, S.A.*

The information by segment is submitted to the highest authority in charge of the operational

decision making of the Group with the purpose of allocating resources and evaluating the performance of each segment; it is focused on the different sectors of the Institute (business segment), which are exposed to different risks and yields.

The results, assets, and liabilities of the segment includes items directly attributable to a segment, as well as those that can be reasonably attributed. - Information related to each segment that requires reporting is stated in the following section.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
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(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 results by segments

An analysis of the revenue and the results of Grupo ICE from the operations by segment to be informed is as follows:

Profit or loss by segment	For the six months ended June 30,					
	Electricity		Telecom		Consolidated total	
	2025	2024	2025	2024	2025	2024
External revenues	¢ 455,690	488,202	260,779	273,368	716,469	761,570
Inter-segment revenue	3,546	3,658	482	606	4,028	4,264
Others income	7,471	7,527	5,840	4,132	13,311	11,659
	¢ <u>466,707</u>	<u>499,387</u>	<u>267,101</u>	<u>278,106</u>	<u>733,808</u>	<u>777,493</u>
Depreciation and amortization	¢ 92,698	94,215	59,023	65,858	151,721	160,073
Finance income	9,631	12,031	12,311	12,158	21,942	24,189
Finance costs	(76,645)	(85,896)	(10,328)	(12,793)	(86,973)	(98,689)
Foreign exchange differences	(77)	(1,258)	472	(671)	395	(1,929)
Investments in join venturs	-	-	(39)	24	(39)	24
Income tax	2,926	3,133	1	(197)	2,927	2,936
Net profit	¢ <u>68,087</u>	<u>(22,402)</u>	<u>5,070</u>	<u>(313)</u>	<u>73,157</u>	<u>(22,715)</u>

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Segment revenue reported herein represents revenue generated from external customers. Note 12 provides a breakdown of this revenue by product.

- The allocation of corporate expenses among the different segments is performed based on the methodology called Activity-Based Costing (ABC), approved by the Board of Directors. Through this methodology, the costs of products and services are measured based on the quantification of the productive, operational, and administrative activities necessary for their development and provision. This expense allocation methodology includes cost drivers to ensure an appropriate allocation of support area costs to the services provided to each segment. The allocation bases used are called cost generators or drivers, through which resources consumed by processes or activities are allocated.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment, excluding investment income, other gains or losses, and financial costs that cannot be specifically attributed to a segment. This represents the measure reported to the chief operating decision maker (CODM) for the purposes of allocating resources to the segments and assessing their performance.

(d) Assets and liabilities by segments

Segment profit	For the year ended					
	Electricity		Telecom		Consolidated total	
	As of June 30, 2025	As of December 31, 2024	As of June 30, 2025	As of December 31, 2024	As of June 30, 2025	As of December 31, 2024
Assets	¢ 4,812,558	4,829,794	1,531,855	1,515,313	6,344,413	6,345,107
Liabilities	¢ 2,452,058	2,534,867	698,212	689,102	3,150,270	3,223,969

To monitor segment performance and the allocation of resources among segments:

- There are no assets and liabilities that have not been allocated to the segments.
- All the assets and liabilities jointly used by reportable segments are allocated according to the methodology for allocating corporate expenditures to the businesses. This methodology establishes allocation percentages based on drivers defined by each unit for the different services provided by the administrative centers and service centers to each business unit. Each service has a specific measurement unit of measure, and allocation is based on the consumption of these services, which methodology is based on Activity-Based Costing (ABC), as approved by the Board of Directors.

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

	Additions to non-current assets	
	As of June 30, 2025	As of December 31, 2024
Telecom	¢ 53,947	104,549
Electricity	79,118	83,963
Total	¢ 133,065	188,512

Grupo ICE has disclosed the aforementioned amounts for each reportable segment, as these sums are periodically reviewed by the chief operating decision maker, or are otherwise sums that are included in the measurement of each segment's results.