

Condensed
Consolidated Interim
Financial Statements

March, 2024



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

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

	<u>Note</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets			
Non-current assets:			
Property, plant and equipment, net	5 ¢	4,828,282	4,871,357
Intangible assets, net	6	85,551	91,193
Other assets		4,169	5,003
Equity investments		5,642	5,638
Notes and other accounts receivable, net		176,142	180,038
Investments in financial instruments	7	414,354	392,555
Total non-current assets		5,514,140	5,545,784
Current assets:			
Inventories	8	64,961	67,801
Notes and other accounts receivable, net		54,943	62,996
Investments in financial instruments	9	120,645	130,658
Trade receivables, net		231,495	214,751
Prepaid expenses		10,097	9,207
Other assets		104	109
Cash and cash equivalents		428,527	378,544
Assets held for sale		867	867
Total current assets		911,639	864,933
Total assets	¢	6,425,779	6,410,717
Liabilities and equity			
Equity:			
Paid-in capital	¢	155	155
Reserves		2,767,115	2,729,203
Retained earnings		333,010	337,349
Equity attributable to owners of Grupo ICE		3,100,280	3,066,707
Non-controlling interests		6,135	6,204
Net equity		3,106,415	3,072,911
Liabilities:			
Non-current liabilities:			
Bonds payable	10	590,603	609,594
Loans payable	10	1,216,599	1,242,181
Lease liabilities	10	231,280	254,013
Employee benefits	11	467,855	466,311
Accounts payable		138,844	148,232
Contract liabilities		73,504	70,903
Deferred income - Government grants		25,707	21,276
Deferred tax liabilities		76,828	78,412
Provisions		37	3,234
Total non-current liabilities		2,821,257	2,894,156
Current liabilities:			
Bonds payable	10	106,863	108,741
Loans payable	10	84,224	83,372
Lease liabilities	10	21,253	19,020
Employee benefits	11	79,653	89,549
Accounts payable		128,322	89,555
Contract liabilities		9,527	9,982
Accrued interest payable		43,305	21,904
Provisions		15,963	12,470
Other liabilities		8,997	9,057
Total current liabilities		498,107	443,650
Total liabilities		3,319,364	3,337,806
Total liabilities and equity	¢	6,425,779	6,410,717

Preliminary translation

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

Harold Cordero Villalobos
General Manager

Keiner Arce Guerrero
Financial Manager

Lizbeth Hernández Castillo
Accounting Director

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TIMBRE 300.0 COLONES

VERIFICACIÓN: gc3YUaWN
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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	2024	2023
Revenue	12 ¢	374,666	336,254
Operating costs:			
Operation and maintenance		170,698	113,786
Operation and maintenance of leased assets		16,248	15,904
Purchases and supplemental services		50,343	41,783
Selling expenses		17,692	17,786
Production management		25,160	26,204
Total operating costs		<u>280,141</u>	<u>215,463</u>
Gross profit		94,525	120,791
Other income		<u>5,896</u>	<u>7,132</u>
Operating expenses:			
Administrative expenses		23,466	24,603
Selling expenses		31,236	30,534
Preliminary studies		5,537	5,529
Supplemental expenses		156	229
Loss on impairment of balances receivable		6,854	3,029
Other expenses		5,413	6,147
Total operating expenses		<u>72,662</u>	<u>70,071</u>
Operating profit		27,759	57,852
Finance income (costs):			
Finance income		10,882	9,849
Finance costs		(46,492)	(52,766)
Foreign exchange differences, net		44,921	109,506
Net finance costs		9,311	66,589
Share of profit of equity-accounted investees		<u>42</u>	<u>(7)</u>
Net profit (loss) before tax		37,112	124,434
Income tax		<u>1,472</u>	<u>915</u>
Net profit	¢	38,584	125,349
Other comprehensive income:			
Items that will not be reclassified to profit or loss for the			
Effect of actuarial losses (gain) for the period	¢	<u>(1)</u>	<u>-</u>
Items that are or may be reclassified subsequently to profit or loss:			
Valuation of investments in financial instruments at fair value		3,184	3,837
Valuation of equity investments at fair value	¢	<u>(105)</u>	<u>(162)</u>
Other comprehensive income for the period, net of tax		3,079	3,675
Total comprehensive income for the period	¢	41,662	129,024
Profit attributable to:			
Owners of Grupo ICE	¢	38,653	125,354
Non-controlling interests		<u>(69)</u>	<u>(5)</u>
Total comprehensive income for the year attributable to:	¢	38,584	125,349
Owners of Grupo ICE	¢	41,731	129,029
Non-controlling interests		<u>(69)</u>	<u>(5)</u>
Total comprehensive income for the year attributable to:	¢	41,662	129,024

Preliminary translation

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

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

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

For the 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 at January 01, 2023	€ 155	4,757	71	(5,755)	(567)	(1,250)	2,396,158	13,286	62,380	2,469,080	328,297	-	328,297	2,797,532	6,130	2,803,662
Comprehensive income for the period:																
Net profit	-	-	-	-	-	-	-	-	-	-	(176)	125,530	125,354	125,354	(5)	125,349
Other comprehensive income for the period:																
Valuation of investments in financial instruments at fair value	-	-	-	-	-	3,837	-	-	-	3,837	-	-	-	3,837	-	3,837
Valuation of equity investments at fair value	-	-	-	-	(162)	-	-	-	-	(162)	-	-	-	(162)	-	(162)
Total other comprehensive income for the period	-	-	-	-	(162)	3,837	-	-	-	3,675	-	-	-	3,675	-	3,675
Comprehensive income for the period:	-	-	-	-	(162)	3,837	-	-	-	3,675	(176)	125,530	125,354	129,029	(5)	129,024
Appropriation to reserves	-	-	-	-	-	-	-	(3)	-	(3)	3	-	3	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	125,530	-	-	125,530	-	(125,530)	(125,530)	-	-	-
Balance at March 31, 2023	€ 155	4,757	71	(5,755)	(729)	2,587	2,521,688	13,283	62,380	2,598,282	328,124	-	328,124	2,926,561	6,125	2,932,686
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	3,066,707	6,204	3,072,911
Comprehensive income for the period:																
Net profit	-	-	-	-	-	-	-	-	-	-	337,349	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

Preliminary translation

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

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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	2024	2023
Cash flows from operating activities			
Profit (loss) for the period	¢	38,584	125,349
Adjustments for:			
Depreciation		72,871	75,543
Amortization		5,699	6,045
Amortization of contract liabilities	13	(4,885)	(5,823)
Net realizable value of inventories		-	7
Net finance costs		35,610	42,917
Loss on impairment of balances receivable	14	6,854	3,029
Share of profit of equity-accounted investees, net of tax		(42)	7
Loss on disposal of assets		861	5,336
Obligations for employee benefits	11	6,907	5,109
Government Grants		(235)	-
Income tax		(1,472)	(915)
Foreign exchange differences		(52,822)	(118,052)
		<u>107,930</u>	<u>138,552</u>
Changes in:			
Notes and other accounts receivable		13,004	873
Trade receivables		(22,813)	(17,657)
Inventories		4,902	(21,049)
Accounts payable		21,221	42,878
Contract liabilities		7,031	6,389
Employee benefits and other provisions		(12,792)	(18,831)
Other liabilities		(647)	(1,517)
Cash flows from operating activities		<u>117,836</u>	<u>129,638</u>
Income taxes paid		(118)	-
Net cash from operating activities		<u>117,718</u>	<u>129,638</u>
Cash flows from investing activities			
Interest received		5,543	7,507
Investments in financial instruments		(11,408)	(396)
Additions to property, plant and equipment		(33,888)	(10,951)
Gains on the sale of property, plant and equipment		-	156
Additions to intangible assets		(330)	(1,988)
Government grants received		4,665	(58)
Other assets		(119)	1,218
Net cash from (used in) investing activities		<u>(35,537)</u>	<u>(4,512)</u>
Cash flows from financing activities:			
Increase in loans payable	10	5,892	30
Amortization of loans payable	10	(12,827)	(13,249)
Amortization of lease liabilities	10	(10,674)	(17,071)
Interest paid	10	(22,490)	(27,957)
Net cash used in financing activities		<u>(40,099)</u>	<u>(58,247)</u>
Net increase (decrease) in cash and cash equivalents		42,082	66,879
Cash and cash equivalents as of January 01		378,544	338,778
Effect of movements in exchange rates on cash held		7,901	8,546
Cash and cash equivalents as of March 31	¢	<u>428,527</u>	<u>414,203</u>

Preliminary translation

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2024-05-21 08:35:19 -0600



TIMBRE 300.0 COLONES

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 1. Reporting entity

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

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

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

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- Radiográfica Costarricense, S.A.

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

- Compañía Radiográfica Internacional Costarricense, S.A.

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

- Cable Visión de Costa Rica

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

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

As of March 31, 2024, Cable Visión de Costa Rica is a company that registers no commercial activity.

- Gestión Cobro Grupo ICE, S.A.

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

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

These condensed interim consolidated financial statements of Grupo ICE were authorized for issue on May 22, 2024.

Note 3. Use of judgments and estimates

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

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

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

(i) Measurement of fair values

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

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

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

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

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

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

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

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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 to significant accounting policies

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

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

A. *Other standards*

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

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

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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 three-month period ended on March 31, 2024, additions to the property, plant, and equipment account amounted to ¢30,582, where the most relevant were those applied to the following projects:

1. Installation of residential services in the amount of ¢3,015.
2. Borinquen (geothermal energy project located in the Guanacaste mountain range) in the amount of ¢2,837.
3. Development of networks in the amount of ¢1,758.
4. Garita Hydropower Project in the amount of ¢1,318.
5. Continuous quality improvement in the amount of ¢1,209.
6. Public lighting (project to install electronic assets in the electricity distribution network) in the amount of ¢1,207.
7. Stage III of the RANGE project in the amount of ¢1,185.
8. Real property in the amount of ¢1,101.
9. Measurement equipment in the amount of ¢1,050.
10. Expansion and renovation of technological platform in the amount of ¢1,041.
11. Reinforcement of the Miravalles transmission ring project in the amount of ¢896.
12. Property improvements in the amount of ¢885.
13. Installation of business services in the amount of ¢718.
14. Expansion of Moín substation in the amount of ¢566.
15. Network improvements (ongoing implementation project to ensure, through improvements, the proper functioning and access of all systems and networks of the telecommunications system) in the amount of ¢560.

The institute also capitalized ¢15,180. The capitalizations related to the following projects were the most relevant:

1. FONATEL in the amount of ¢4,859.
2. Installation of residential services in the amount of ¢3,212.
3. Development of networks in the amount of ¢1,071.
4. Service connections in the amount of ¢1,046.
5. Expansion and renovation of technological platform in the amount of ¢947.
6. Network improvements in the amount of ¢784.
7. Public lighting in the amount of ¢674.

Likewise, impaired assets with a book value of ¢179 were written-off.

Note 6. Intangible assets, net

During the three-month period ended on March 31, 2024, transactions in intangible assets pertained to additions of ¢330 and capitalizations of ¢48, mainly in licenses, systems, and applications, and the net effects caused by the amortization of the period, which amounted to ¢6,019.

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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:

	<u>As of March 31,</u>	<u>As of December 31,</u>
	<u>2024</u>	<u>2023</u>
At amortized cost	¢ 18,147	18,905
At FVOCI	385,229	362,107
At FVTPL	10,978	11,543
	<u>¢ 414,354</u>	<u>392,555</u>

A total of ¢395,967 (¢373,401 in 2023) of the investments in financial instruments are destined for the specific operation of the Guarantee and Savings Fund of the ICE.

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

Issuer	Type of financito instrument	Currency	March 31, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Bonds	Fixed-rate instruments	US dollars ¢	18,122	5.95%	2024 to 2025
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	US dollars	25	3.30% to 3.75%	2024 to 2027
			<u>18,147</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	200,396	5.94% to 9.84%	2024 to 2036
Bonds	Variable-rate instruments	Colones	56,373	6.33% to 8.19%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	44,962	5.41% to 7.18%	2024 to 2036
Bonds	Fixed-rate instruments	DU	25,784	3.39% to 6.36%	2026 to 2043
Private financial entities					
Bonds	Fixed-rate instruments	Colones	47,567	6.34% to 10.14%	2025 to 2033
Bonds	Fixed-rate instruments	US dollars	3,313	4.83% to 6.23%	2025 to 2026
Public financial entities					
Bonds	Fixed-rate instruments	Colones	4,124	5.48% to 10.23%	2025 to 2027
Public non-financial entities					
Bonds	Fixed-rate instruments	US dollars	1,088	5.85% to 6.48%	2028 to 2029
Bonds	Variable-rate instruments	Colones	856	7.51% to 7.88%	2027 to 2033
Private non-financial entities					
Bonds	Fixed-rate instruments	US dollars	766	6.52%	2027
			<u>385,229</u>		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Dividend closed fund	US dollars	9,100	1.26% to 3.88%	
Public financial entities					
Bonds	Dividend closed fund	US dollars	1,878	1.72% to 8.12%	
			<u>10,978</u>		
			<u>¢ 414,354</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, 2023		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Bonds	Fixed-rate instruments	US dollars	¢ 18,878	5.95%	2024 to 2025
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	US dollars	27	3.30% to 3.75%	2024 to 2027
			18,905		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed rate instruments	Colones	184,680	5.94% to 10.24%	2024 to 2036
Bonds	Variable rate instruments	Colones	56,428	6.56% to 8.19%	2026 to 2044
Bonds	Fixed rate instruments	US dollars	37,091	5.41% to 7.18%	2025 to 2034
Bonds	Fixed rate instruments	DU	25,844	3.39% to 6.36%	2026 to 2043
Private financial entities					
Bonds	Fixed rate instruments	Colones	47,625	4.57% to 10.14%	2025 to 2033
Bonds	Fixed rate instruments	US dollars	3,447	4.83% to 6.23%	2025 to 2026
Public financial entities					
Bonds	Fixed rate instruments	Colones	4,106	5.48% to 10.23%	2025 to 2027
Public non-financial entities					
Bonds	Fixed rate instruments	US dollars	1,128	5.85% to 6.48%	2028 to 2029
Bonds	Variable rate instruments	Colones	855	7.51% to 7.88%	2027 to 2033
Private non-financial entities					
Bonds	Fixed rate instruments	US dollars	903	6.52%	2027
			362,107		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Closed fund - dividends	US dollars	9,564	1.11% to 3.84%	-
Public financial entities					
Bonds	Closed fund - dividends	US dollars	1,979	2.21% to 7.01%	-
			11,543		
			¢ 392,555		

Note 8. Inventories

As of March 31, 2024, the inventory accounts evidence a reduction of ¢10,478 (¢11,341 as of December 31, 2023) in their net realizable value. Moreover, a total of ¢0 (¢2,728 in 2023) in decreases in the value of inventories was recognized as an expense.

As of March 31, 2024, a total of ¢32,762 (¢141,308 as of December 31, 2023) in inventories were recognized as operating costs and expenses for the period, depending on the use or purpose given to such inventories.

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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, 2024	As of December 31, 2023
At amortized cost	¢ 98,301	84,218
At FVOCI	12,657	28,182
At FVTPL	9,687	18,258
	<u>¢ 120,645</u>	<u>130,658</u>

Investments in financial instruments measured at amortized cost include investments that are deemed restricted, as they are part of a reserve that is used for the quarterly payment of interests and principal of the series of bonds payable that is closest to maturity, which amount to ¢21,587 (¢22,278 in 2023). Furthermore, these include investments in financial instruments destined for the specific operation of the Guarantee and Savings Fund of the ICE in the amount of ¢21,709 (¢45,628 in 2023).

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

Issuer	Type of financial instrument	Currency	March 31, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	44,004	2.77% to 7.35%	2024
Mortgage participation certificate	Fixed-rate instruments	Colones	19,093	3.30% to 5.75%	2024 to 2025
Term certificate of deposit	Fixed-rate instruments	US dollars	5,086	0.94% to 3.90%	2024
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	13,963	4.25% to 5.50%	2024
Term certificate of deposit	Fixed-rate instruments	Colones	7,130	2.75% to 5.10%	2024
Investment certificate	Fixed-rate instruments	US dollars	5,035	4.75% to 5.95%	
Government					
Bonds	Fixed-rate instruments	Colones	3,050	5.75%	2024
Bonds	Fixed-rate instruments	US dollars	940	4.89%	2024
			<u>98,301</u>		
<u>At fair value through other comprehensive income</u>					
Private financial entities					
Bonds	Fixed-rate instruments	Colones	6,050	4.26% to 7.96%	2024
Bonds	Fixed-rate instruments	US dollars	1,647	3.77% to 6.25%	2024
Government					
Bonds	Fixed-rate instruments	Colones	2,772	8.38% to 10.75%	2024
Bonds	Fixed-rate instruments	US dollars	532	6.41%	2024
Public financial entities					
Bonds	Fixed-rate instruments	Colones	1,656	5.67% to 8.00%	2024
			<u>12,657</u>		
<u>At fair value through profit or loss</u>					
Public financial entities					
Investment fund	Investment fund	Colones	8,719	2.26% to 2.96%	2024
Investment fund	Investment fund	US dollars	968	2.23% to 3.67%	2024
			<u>9,687</u>		
			<u>¢ 120,645</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, 2023		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	39,578	3.46% to 9.24%	2024
Mortgage participation certificate	Fixed-rate instruments	Colones	10,984	7.00% to 8.75%	2024
Term certificate of deposit	Fixed-rate instruments	US dollars	5,407	1.16% to 4.75%	2024
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	8,895	4.50% to 6.00%	2024
Investment certificate	Fixed-rate instruments	Colones	3,996	8.40%	
Term certificate of deposit	Fixed-rate instruments	US dollars	3,827	2.50% to 3.50%	2024
Government					
Bonds	Fixed-rate instruments	US dollars	11,531	5.75% to 9.20%	2024
			84,218		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	9,366	7.25% to 10.75%	2024
Bonds	Fixed-rate instruments	US dollars	8,556	5.66% to 7.90%	2024
Private financial entities					
Bonds	Variable-rate instruments	Colones	5,081	4.97% to 9.96%	2024
Bonds	Fixed-rate instruments	US dollars	1,665	3.77% to 6.11%	2024
Public financial entities					
Bonds	Fixed-rate instruments	Colones	3,514	5.46% to 10.90%	2024
			28,182		
<u>At fair value through profit or loss</u>					
Public financial entities					
Bonds	Investment fund	Colones	17,141	2.15% to 3.41%	2024
Investment fund	Fixed-rate instruments	US dollars	711	3.71% to 4.13%	2024
Bonds	Investment fund	Colones	304	3.21% to 3.43%	2024
Investment fund	Investment fund	US dollars	102	1.00%	2024
			18,258		
			¢ 130,658		

Note 10. Financial debt

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

	Bonds payable	Loans payable	Lease liabilities	Total
Balances as of January 01, 2023	¢ 718,335	1,325,553	273,033	2,316,921
<i><u>Changes due to cash flows from financing activities</u></i>				
New loans		5,892	-	5,892
Amortization	-	(12,827)	(10,674)	(23,501)
Total changes due to cash flows from financing activities	-	(6,935)	(10,674)	(17,609)
Effect of exchange rate fluctuations	(20,869)	(17,795)	(9,826)	(48,490)
Balances as of March 31, 2024	¢ 697,466	1,300,823	252,533	2,250,822

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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:

	Current interest rate	Currency	Maturity
Bonds payable	Variable rate from 7.55% to 9.70%; and fixed rate ranging from 7.33% to 8.63%	¢	2024-2033
	Fixed rate ranging from 6.38 to 7.61%	US\$	2024-2043
Loans payable	Variable rate from 2.80% to 9,38%; and fixed rate ranging from 7.36% to 11.73%	¢	2025-2048
	Variable rate from 2.80% to 9.38%; and fixed rate ranging from 6.40% to 10.47%	US\$	2026-2044
	Fixed rate ranging from 0.60 to 2.20%	JPY	2026-2057
Lease liabilities	Variable rate from 11,43% to 12.40%	¢	2024-2038
	Variable rate from 5.01% to 15.92%; and fixed rate ranging from 6.43% to 10.97%	US\$	2024-2041

Note 11. Employee Benefits

Employee benefits are detailed below:

	As of March 31,			As of December 31,		
	2024			2023		
	Non-current	Current	Total	Non-current	Current	Total
Severance benefits (1)	¢ 63,273	1,192	64,465	63,603	1,841	65,444
ICE Guarantee and Savings Fund (2):						
Employer contribution	404,582	48,750	453,332	402,708	46,720	449,428
ICE Employer obligations:						
Vacations	-	17,068	17,068	-	20,097	20,097
Back-to-school bonus (3)	-	4,921	4,921	-	18,522	18,522
Statutory Christmas bonus (4)	-	7,170	7,170	-	1,150	1,150
Third and fifth biweekly salary	-	351	351	-	835	835
Occupational hazard insurance	-	201	201	-	384	384
	¢ <u>467,855</u>	<u>79,653</u>	<u>547,508</u>	<u>466,311</u>	<u>89,549</u>	<u>555,860</u>

As of March 31, 2024, the main transactions in the employee benefit account are described below:

- (1) A net decrease of ¢979 in benefits derived from increases in the accrual of this liability during the period of ¢8,781 (of which an amount of ¢ 6,907 pertains to the payroll of permanent employees) and from a decrease in the provision in the amount of ¢9,760.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

- (2) An increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢3,904, which was driven by an increase in retired employees of the institution, which has required an increased provision.
- (3) Net decrease of ¢13,601 pertaining to ¢18,656 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢5,055 in the accrual of such benefit.
- (4) Net increase of ¢6,020 driven by the ¢6,126 increase in the accrual and the ¢106 decrease in the payment of the Christmas bonus.

Note 12. Income from ordinary activities

a) Revenue streams

Grupo ICE generates revenue mainly from the sale of electric power, but also from the sale of telecommunications services.

Other sources of revenue include the sale of construction and engineering services, among others.

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

	For the three-month period ending March 31,	
	2024	2023
Electricity services	¢ 238,110	198,501
Telecom services	136,556	137,753
	<u>374,666</u>	<u>336,254</u>
Others income		
Engineering Services	1,685	1,409
Infrastructure operation and maintenance services	405	438
Communication services	380	398
Construction services	219	1,253
	<u>2,689</u>	<u>3,498</u>
	¢ <u><u>377,355</u></u>	<u><u>339,752</u></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.

	<u>Electricity Segment</u>		<u>Telecom Segment</u>		<u>Total</u>	
	For the three-month period ending March 31,					
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Geographical markets:						
Local	¢ 236,749	194,648	135,975	136,802	372,724	331,451
Foreing	1,361	3,853	581	951	1,942	4,804
	<u>¢ 238,110</u>	<u>198,501</u>	<u>136,556</u>	<u>137,753</u>	<u>374,666</u>	<u>336,254</u>
Products/lines of service:						
Electricity	¢ 212,386	175,663	-	-	212,386	175,663
Transmission charges	17,024	14,872	-	-	17,024	14,871
Public lighting	5,238	4,728	-	-	5,238	4,728
Services and others	3,462	3,238	-	-	3,462	3,238
Telecom	-	-	136,556	137,753	136,556	137,753
	<u>¢ 238,110</u>	<u>198,501</u>	<u>136,556</u>	<u>137,753</u>	<u>374,666</u>	<u>336,254</u>
Timing of renewe recognition:						
Services transferred over time	¢ 238,110	198,501	116,612	116,265	354,722	314,766
Products transferred at a point in time	-	-	19,944	21,488	19,944	21,488
	<u>238,110</u>	<u>198,501</u>	<u>136,556</u>	<u>137,753</u>	<u>374,666</u>	<u>336,254</u>
Other income	2,689	3,498	-	-	2,689	3,498
	<u>¢ 240,799</u>	<u>201,999</u>	<u>136,556</u>	<u>137,753</u>	<u>377,355</u>	<u>339,752</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>As of December 31,</u>
	<u>2024</u>	<u>2023</u>
Trade receivables	¢ 301,664	279,651
Contract liabilities	¢ (83,031)	(80,885)

An amount of ¢4,886 that was recognized under the contractual liabilities as of December 31, 2023, has been recognized as ordinary revenue in 2024 (¢5,823 included in the three-month period ended on March 31, 2023).

d) Price of the transaction assigned to remaining performance obligations

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

	<u>Year 2024</u>	<u>Year 2025</u>
Mobiles telecom services	¢ <u>28,807</u>	<u>8,452</u>

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

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

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

(i) Prepaid mobile:

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

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

(iii) Security deposits

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

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

e) Seasonality of operations

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

Note 13. Management of financial risk

a) Accounting classifications and fair value

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

		March 31, 2024									
		Carrying amount					Fair value				
		<u>FVCORI –</u>	<u>Financial</u>								
Note	<u>Fair value -</u>	<u>Debt and</u>	<u>assets at</u>	<u>Financial</u>	<u>Other</u>	Total	Level 1	Level 2	Level 3	Total	
	<u>hedging</u>	<u>equity</u>	<u>amortized</u>	<u>assets at</u>	<u>financial</u>						
	<u>instruments</u>	<u>instruments</u>	<u>cost</u>	<u>FVTPL</u>	<u>liabilities</u>						
<i><u>Financial assets</u></i>											
	¢	-	4,772	-	-	-	-	-	4,772	4,772	
		-	-	231,085	-	-	-	-	-	-	
	7 y 9	-	397,886	116,448	20,665	-	-	418,551	-	418,551	
		-	-	231,495	-	-	-	-	-	-	
		-	-	428,527	-	-	-	-	-	-	
	¢	-	402,658	1,007,555	20,665	-	-	418,551	4,772	423,323	
<i><u>Financial liabilities</u></i>											
	10	¢	-	-	-	-	1,998,289	1,818,929	-	1,818,929	
			-	-	-	-	267,166	-	-	-	
			3,423	-	-	-	-	3,423	-	3,423	
	¢	3,423	-	-	-	-	2,265,455	1,822,352	-	1,822,352	

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

		December 31, 2023								
		Carrying amount					Fair value			
Note	Fair value - hedging instruments	FVCORI – Debt and equity instruments	Financial assets at amortized cost	Financial assets at FVTPL	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>Financial assets</i>										
Equity investments	¢	-	4,772	-	-	-	-	-	4,772	4,772
Notes and other receivables, net		-	-	243,034	-	-	-	-	-	-
Investments in financial instruments	7 y 9	-	390,289	103,123	29,801	-	-	420,090	-	420,090
Trade receivables, net		-	-	214,751	-	-	-	-	-	-
Cash and cash equivalents		-	-	378,544	-	-	-	-	-	-
	¢	-	395,061	939,452	29,801	-	-	420,090	4,772	424,862
<i>Financial liabilities</i>										
Financial debt (bonds and loans payables)	10	¢	-	-	-	-	-	1,818,929	-	1,818,929
Accounts payable		-	-	-	-	-	-	-	-	-
Derivative financial instruments		2,831	-	-	-	-	-	2,831	-	2,831
	¢	2,831	-	-	-	-	-	1,821,760	-	1,821,760

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES

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

As of March 31, 2024, Grupo ICE has made no transfers between fair value levels.

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

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

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

ii. Investments in equity securities

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

iii. Investments in financial instruments

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

iv. Derivative financial instruments - cash flow hedges

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

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.

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To determine the fair value of long-term debt as of March 31, 2024, a discount rate between 6.72% and 8.19% in colones, and 5.89% and 7.95% in US dollars (between 6.24% and 8.61% in colones, and between 1.25% and 9.56% in US dollars, in December 2023), the rates available to Grupo ICE, were used.

b) Financial risk management

i) Credit risk

The strategy of Grupo ICE is to track the levels of recovery of trade receivables, accounts receivable, and notes receivable through collection procedures at different stages (text messaging, online collection process through agreements with third-party collection agencies and banks, or internal collection at the collection booths of Grupo ICE). Grupo ICE also has companies that manage the customer collection procedures as part of its efforts to mitigate delinquency.

The impairment loss estimate for trade receivables, accounts receivables, and notes receivables during the three-month period ended on March 31, 2024, is detailed below:

	As of March 31, 2024			
	Trade receivables	Non-trade receivables	Notes receivables	Total
Opening balance	¢ 64,900	1,133	4,203	70,236
Amounts written off	(801)	(44)	(45)	(890)
Recognized	6,068	70	716	6,854
Closing balance	¢ <u>70,167</u>	<u>1,159</u>	<u>4,874</u>	<u>76,200</u>

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

ii) Impairment of financial assets

During the three months ended on March 31, 2024, the Grupo ICE recognized an impairment charge in the amount of ¢6,854, related with representative values of financial assets valued at amortized cost. Impairment charges are recognized as financial costs in the statement of profit or loss and other comprehensive income.

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

General vision

A fundamental reform to the most significant benchmark interest rate is currently underway at a global level, and includes the replacement of certain rates offered at an interbank level (IBOR rates) with alternative, almost risk-free, rates (known as the IBOR reform). In May 2021, the ARRC stated that the USD LIBOR rate would be published until June 30, 2023. As of the moment the LIBOR tenors across all LIBOR currencies ceased being published, the IBA, with the

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guidance of the FCA, will continue the publication of the 1-, 3- and 6- month USD LIBOR settings as of July 3, 2023, under a synthetic methodology, and intends to cease their publication as of September 30, 2024.

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

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

Note 14. Contingencies

Grupo ICE is a party to several lawsuits that have been estimated in the amount of ¢314,669 as of March 31, 2024 (¢319,090 in 2023). The total amount of the provisions linked to these lawsuits is ¢13,842 (¢13,418 in 2023).

Note 15. Balances and transactions with related parties

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

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

	Receivable		Payable	
	As of March 31,	As of December 31,	As of March 31,	As of December
	2024	2023	2024	2023
Government entities	76,860	65,155	9,085	8,280
Autonomous institutions	5,062	6,040	-	-
State financial entities	5,248	3,677	-	-
Empresa Propietaria de la Red, S.A.	1,288	1,337	-	-
¢	88,458	76,209	9,085	8,280

As of March 31, 2024, Grupo ICE maintained a total of ¢298,140 (¢303,546 in 2023) in bonds payable, as well as a total of ¢742,531 (¢744,785 in 2023) of debts payable to state financial entities.

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

	As of March 31, 2024	As of December 31, 2023
Cash equivalents	¢ 22,743	20,677
Investments in financial instruments	440,428	438,210
	¢ 463,171	458,887

As of March 31, 2024, interest receivable from securities issued by state-owned financial entities amount to a total of ¢1,210 (¢746 in 2023).

As of March 31, 2024 and December 31, 2023, investments in the share capital of autonomous and non-governmental entities amounted to ¢5,641 (¢5,638 in 2023).

Compensation of management's key staff

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

	Por el periodo de tres meses terminado al 31 de marzo de	
	2024	2023
Beneficios a corto plazo	¢ 1,598	1,307
Beneficios post-empleo	34	33
Otros beneficios a largo plazo	158	97
	¢ 1,790	1,437

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

Note 16. Information by segment

(a) Bases for segmentation

Grupo ICE has the following reportable segments:

- Telecommunications Segment
- Electricity segment

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

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

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

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(c) Revenue and results by segments

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

Profit or loss by segment	For the three months ended March 31,					
	Electricity		Telecom		Consilated total	
	2024	2023	2024	2023	2024	2023
External revenues	¢ 238,110	198,501	136,556	137,753	374,666	336,254
Inter-segment revenue	3,164	1,434	387	372	3,551	1,805
	¢ 241,274	199,935	136,943	138,125	378,217	338,059
Net profit	¢ 36,759	118,394	1,825	6,954	38,584	125,349

Note 13 breaks down such revenue by product.

(d) Assets and liabilities by segments

Segment profit or loss	Electricity		Telecom		Consilated total	
	As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023
	Assets	¢ 4,907,137	4,886,703	1,518,642	1,524,013	6,425,779
Liabilities	¢ 2,635,291	2,642,248	684,073	695,557	3,319,364	3,337,806

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