

Condensed
Consolidated Interim
Financial Statements
September,
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>Assets</u>	<u>Note</u>	<u>September 30, 2024</u>	<u>December 31, 2022</u>
Non-current assets:			
Property, plant and equipment, net	5 ¢	4,776,693	4,871,357
Intangible assets, net	6	78,148	91,193
Other assets		-	5,003
Equity investments		5,590	5,638
Notes and other accounts receivable, net		179,255	180,038
Investments in financial instruments	7	402,080	392,555
Total non-current assets		5,441,766	5,545,784
Current assets:			
Inventories	8	73,721	67,801
Notes and other accounts receivable, net		55,144	62,996
Investments in financial instruments	9	255,457	130,658
Trade receivables, net		215,952	214,751
Prepaid expenses		11,855	9,207
Other assets		2,577	109
Cash and cash equivalents		406,930	378,544
Assets held for sale		956	867
Total current assets		1,022,592	864,933
Total assets	¢	6,464,358	6,410,717
Liabilities and equity			
Equity:			
Paid-in capital	¢	155	155
Reserves		2,782,258	2,729,203
Retained earnings		326,633	337,349
Equity attributable to owners of Grupo ICE		3,109,046	3,066,707
Non-controlling interests		6,040	6,204
Net equity		3,115,086	3,072,911
Liabilities:			
Non-current liabilities:			
Bonds payable	10	555,801	609,594
Loans payable	10	1,188,620	1,242,181
Lease liabilities	10	240,396	254,013
Employee benefits	11	477,355	466,311
Accounts payable		138,298	148,232
Contract liabilities		76,321	70,903
Deferred income - Government grants		25,328	21,276
Deferred tax liabilities		74,861	78,412
Provisions		1,011	3,234
Total non-current liabilities		2,777,991	2,894,156
Current liabilities:			
Bonds payable	10	157,506	108,741
Loans payable	10	82,039	83,372
Lease liabilities	10	30,675	19,020
Employee benefits	11	115,446	89,549
Accounts payable		114,605	89,555
Contract liabilities		10,397	9,982
Accrued interest payable		41,064	21,904
Provisions		11,004	12,470
Other liabilities		8,545	9,057
Total current liabilities		571,281	443,650
Total liabilities		3,349,272	3,337,806
Total liabilities and equity	¢	6,464,358	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

Céd. 400004213902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
Atención: INSTITUTO
COSTARRICENSE DE ELECTRICIDAD
Registro Profesional: 13537
Contador: HERNÁNDEZ CASTILLO
LIZBETH EUGENIA
Estado de Situación Financiera
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INSTITUTO COSTARRICENSE DE ELECTRICIDAD (ICE) AND SUBSIDIARIES
(San José, Costa Rica)

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

For the nine months ended September 30,

	Note	For the nine months ended September 30, 2024	For the nine months ended September 30 2023	For the three months ended September 30 2024	For the three months ended September 30 2023
Revenue	12	1,130,713	1,063,230	369,143	366,527
Operating costs:					
Operation and maintenance		483,087	414,082	135,906	140,866
Operation and maintenance of leased assets		74,001	39,335	14,443	11,851
Purchases and supplemental services		111,278	111,571	23,255	24,588
Selling expenses		53,418	47,641	18,163	14,485
Production management		74,099	75,597	24,801	23,604
Total operating costs		795,883	688,226	216,568	215,394
Gross profit		334,830	375,004	152,575	151,133
Other income		22,969	28,696	11,310	12,223
Operating expenses:					
Administrative expenses		74,882	78,608	26,582	32,089
Selling expenses		96,906	92,420	32,846	30,569
Preliminary studies		16,428	15,677	5,320	4,936
Supplemental expenses		899	1,863	384	529
Loss on impairment of balances receivable		13,722	13,066	5,536	5,825
Other expenses		19,978	20,200	8,987	7,650
Total operating expenses		222,815	221,834	79,655	81,598
Operating profit		134,984	181,866	84,230	81,758
Finance income (costs):					
Finance income		34,914	35,553	10,725	12,364
Finance costs		(144,207)	(164,922)	(45,518)	(53,252)
Foreign exchange differences, net		7,692	131,995	9,621	15,971
Net finance costs		(101,601)	2,626	(25,172)	(24,917)
Share of profit of equity-accounted investees		(1)	(46)	(25)	(32)
Net profit before tax		33,382	184,446	59,033	56,809
Income tax		3,360	2,821	424	1,380
Profit the period, net	¢	36,742	187,267	59,457	58,189
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Effect of actuarial losses (gain) for the period	¢	(1)	(163)	-	(70)
Net		(1)	(163)	-	(70)
Items that are or may be reclassified subsequently to profit or loss:					
Valuation of investments in financial instruments at fair value		5,559	17,745	1,205	3,029
Valuation of equity investments at fair value	¢	(114)	(184)	-	(7)
Net		5,445	17,561	1,205	3,022
Other comprehensive income for the period, net of tax		5,444	17,398	1,205	2,952
Total comprehensive income for the period	¢	42,186	204,665	60,662	61,141
Profit attributable to:					
Owners of Grupo ICE	¢	36,895	187,218	59,498	58,133
Non-controlling interests		(153)	49	(41)	56
Net	¢	36,742	187,267	59,457	58,189
Total comprehensive income for the year attributable to:					
Owners of Grupo ICE	¢	42,339	204,616	60,703	61,085
Non-controlling interests		(153)	49	(41)	56
Net	¢	42,186	204,665	60,662	61,141

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

Céd. 400004213902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
Atención: INSTITUTO
COSTARRICENSE DE ELECTRICIDAD
Registro Profesional: 13507
Contador: HERNANDEZ CASTILLO
LIZBETH EUGENIA
Estado de Resultados Integral
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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 nine months ended September 30,

	Reserves								Restricted profit from the capitalization of investment in subsidiary				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	Total	Retained earnings on subsidiaries	Profit for the period	Total						
Balance as of 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:																		
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,470	182,748	187,218	187,218	49	187,267		
Other comprehensive income for the period:																		
Effect of actuarial loss for the period	-	-	-	(163)	-	-	-	-	-	(163)	-	-	-	(163)	-	(163)		
Valuation of investments in financial instruments at fair value	-	-	-	-	-	17,745	-	-	-	17,745	-	-	-	17,745	-	17,745		
Valuation of equity investments at fair value	-	-	-	-	(184)	-	-	-	-	(184)	-	-	-	(184)	-	(184)		
Total other comprehensive income for the period	-	-	-	(163)	(184)	17,745	-	-	-	17,398	-	-	-	17,398	-	17,398		
Comprehensive income for the period	-	-	-	(163)	(184)	17,745	-	-	-	17,398	4,470	182,748	187,218	204,616	49	204,665		
Appropriation to reserves	-	(15)	-	-	-	-	64	-	-	49	(49)	-	(49)	-	-	-		
Transfer to capital reserve	-	-	-	-	-	-	182,748	-	-	182,748	-	(182,748)	(182,748)	-	-	-		
Other adjustments	-	-	-	-	-	(9,381)	-	-	-	(9,381)	-	-	-	(9,381)	-	(9,381)		
Balance as of September 30, 2023	€ 155	4,742	71	(5,918)	(751)	16,495	2,569,525	13,350	62,380	2,659,894	332,718	-	332,718	2,992,767	6,179	2,998,946		
Balance as of January 01, 2024	€ 155	5,173	71	(22,370)	(398)	14,468	2,656,588	13,291	62,380	2,729,203	337,349	-	337,349	3,066,707	6,204	3,072,911		
Comprehensive income for the period:																		
Profit for the period	-	-	-	-	-	-	-	-	-	-	(10,463)	47,358	36,895	36,895	(153)	36,742		
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	-	-	-	-	-	5,559	-	-	-	5,559	-	-	-	5,559	-	5,559		
Valuation of equity investments at fair value	-	-	-	-	(114)	-	-	-	-	(114)	-	-	-	(114)	-	(114)		
Total other comprehensive income for the period	-	-	-	(1)	(114)	5,559	-	-	-	5,444	-	-	-	5,444	-	5,444		
Comprehensive income for the period	-	-	-	(1)	(114)	5,559	-	-	-	5,444	(10,463)	47,358	36,895	42,339	(153)	42,186		
Appropriation to reserves	-	1	-	-	-	-	-	252	-	233	(253)	-	(253)	-	-	-		
Transfer to capital reserve	-	-	-	-	-	-	47,358	-	-	47,358	-	(47,358)	(47,358)	-	-	-		
CNFL Subsidiary stock dividend declaration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11)	(11)		
Balance as of September 30, 2024	€ 155	5,174	71	(22,371)	(512)	20,027	2,703,946	13,543	62,380	2,782,258	326,633	-	326,633	3,109,046	6,040	3,115,086		

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

Céd. 400004213902
INSTITUTO COSTARRICENSE DE
ELECTRICIDAD
BANCO INSTITUTO
COSTARRICENSE DE ELECTRICIDAD
Registro Promoción: 1307
CONTRATO: HERNANDEZ CASTILLO
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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 nine months ended September 30,

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities			
Profit for the period	¢	36,742	187,267
Adjustments for:			
Depreciation		223,468	215,280
Amortization		17,610	16,145
Amortization of contract liabilities	13	(7,687)	(5,375)
Net realizable value of inventories		-	31
Net finance costs		109,293	129,369
Loss on impairment of balances receivable	14	13,722	13,066
Share of profit of equity-accounted investees, net of tax		1	46
Loss on disposal of assets		1,568	21,733
Obligations for employee benefits	11	16,378	9,840
Government Grants		(649)	(849)
Income tax		(3,360)	(2,822)
Foreign exchange differences		(21,567)	(120,153)
		<u>385,519</u>	<u>463,578</u>
Changes in:			
Notes and other accounts receivable		9,634	(441)
Trade receivables		(13,301)	(37,286)
Inventories		(9,338)	(12,493)
Accounts payable		15,116	15,358
Contract liabilities		13,520	9,974
Employee benefits and other provisions		(2,494)	(3,271)
Other liabilities		(274)	(1,107)
Cash flows from operating activities		<u>398,382</u>	<u>434,312</u>
Income taxes paid		(193)	-
Net cash from operating activities		<u>398,189</u>	<u>434,312</u>
Cash flows from investing activities			
Interest received		24,026	22,475
Investments in financial instruments		(136,533)	43,260
Additions to property, plant and equipment		(84,244)	(56,062)
Gains on the sale of property, plant and equipment		198	244
Additions to intangible assets		(2,740)	(7,023)
Government grants received		4,701	-
Other assets		(270)	3,018
Net cash from (used in) investing activities		<u>(194,862)</u>	<u>5,911</u>
Cash flows from financing activities:			
Amortization of bonds payable		-	(67,514)
Increase in loans payable	10	18,997	34,502
Amortization of loans payable	10	(69,978)	(58,302)
Amortization of lease liabilities	10	(24,363)	(41,866)
Interest paid		(113,472)	(132,340)
Net cash used in financing activities		<u>(188,816)</u>	<u>(265,520)</u>
Net increase in cash and cash equivalents		14,511	174,703
Cash and cash equivalents as of January 01		378,544	338,778
Effect of movements in exchange rates on cash held		13,875	(11,842)
Cash and cash equivalents as of September 30	¢	<u>406,930</u>	<u>501,639</u>

Preliminary translation

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General Manager

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Accounting Director

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Atención: INSTITUTO
COSTARRICENSE DE ELECTRICIDAD
Registro Profesional: 13037
Contador: HERNÁNDEZ CASTILLO
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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

September 30, 2024

Note 1. Reporting entity

The *Instituto Costarricense de Electricidad* [ICE, 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 September 30, 2024, Cable Visión de Costa Rica is a company that registers no commercial activity.

- Gestión Cobro Grupo ICE, S.A.

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

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

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

These condensed interim consolidated financial statements of Grupo ICE were authorized for issue on November 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 IAS 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

Note 5. Property, plant, and equipment - net

During the nine-month period ended on September 30, 2024, increases in property, plant, and equipment amounted to ¢132,033, of which ¢43,827 pertain to assets under operation and ¢88,206 are related to work in progress. The following list breaks down the most relevant items of the work in progress category:

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

1. Installation of residential services in the amount of ¢11,279.
2. Borinquen (geothermal energy project located in the Guanacaste Mountain range) in the amount of ¢10,904.
3. Continuous quality improvement in the amount of ¢7,602.
4. Expansion and renovation of technological platform in the amount of ¢6,582.
5. Development of networks in the amount of ¢4,947.
6. Stage III of the RANGE project in the amount of ¢4,495.
7. Installation of electronic assets in the electricity distribution network (public lighting) in the amount of ¢4,067.
8. Garita Hydropower Project in the amount of ¢3,959.
9. Measurement equipment in the amount of ¢3,506.
10. Strengthening of the third and fourth generation mobile network amount of ¢3,162.
11. LTE-VoLTE project in the amount of ¢2,764.
12. Fifth Generation (5G) project in the amount of ¢2,179
13. Aerial cable extension in the amount of ¢ 1,969.
14. Electricity distribution network San Pedro, Curridabat, Tirrasas, in the amount of ¢1,749
15. Installation of lamps in the amount of ¢1,278

Likewise, impaired assets with a book value of ¢495 were written-off.

Note 6. Intangible assets, net

During the nine-month period ended on September 30, 2024, movements in intangible assets included additions of ¢2,740 and capitalizations of ¢2,938, mainly in licenses, systems, and applications, as well as the net effect of amortization for the period, totaling ¢18,490, and disposals of ¢233.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
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Note 7. Investments in financial instruments

Investments in financial instruments are described below:

	<u>As of September 30,</u>	<u>As of December 31,</u>
	<u>2024</u>	<u>2023</u>
At amortized cost	¢ 26	18.905
At FVOCI	390.831	362.107
At FVTPL	11.223	11.543
	<u>¢ 402.080</u>	<u>392.555</u>

A total of ¢401,805 (¢373,401 as of December 31, 2023) of these investments are allocated to the specific operation of the ICE Guarantee and Savings Fund.

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

Issuer	Type of financial instrument	Currency	September 30, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Government					
Bonds	Fixed-rate instruments	US dollars	¢ 26	3.65%	2027
			<u>26</u>		
<u>At fair value through other comprehensive income</u>					
Government					
Bonds	Fixed-rate instruments	Colones	183,607	5.94% to 10.75%	2024 to 2036
Bonds	Variable-rate instruments	Colones	56,369	6.89% to 8.69%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	46,621	5.41% to 7.18%	2025 to 2044
Bonds	Fixed-rate instruments	DU	44,259	3.39% to 6.36%	2034 to 2049
Private financial entities					
Bonds	Fixed-rate instruments	Colones	42,493	6.98% to 10.14%	2026 to 2033
Bonds	Fixed-rate instruments	US dollars	14,297	3.52% to 6.09%	2025 to 2034
Public non-financial entities					
Bonds	Fixed-rate instruments	US dollars	1,139	5.85% to 6.49%	2028 to 2029
Bonds	Variable-rate instruments	Colones	865	6.87% to 6.89%	2027 to 2033
Private non-financial entities					
Bonds	Fixed-rate instruments	US dollars	683	6.52%	2027
Public financial entities					
Bonds	Fixed-rate instruments	Colones	498	10.24%	2027
			<u>390,831</u>		
<u>At fair value through profit or loss</u>					
Private financial entities					
Bonds	Dividend closed fund	US dollars	9,410	0.67% to 3.76%	
Public financial entities					
Bonds	Dividend closed fund	US dollars	1,813	1.11% to 7.71%	
			<u>11,223</u>		
			<u>¢ 402,080</u>		

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
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Issuer	Type of financial instrument	Currency	December 31, 2023		
			Balance	Interest rate	Maturity
<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%	2025 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 September 30, 2024, an amount of ¢149,387 (¢141,308 as of December 31, 2023) in inventories was recognized as operating costs and expenses for the period, depending on their use or intended purpose.

As of September 30, 2024, the balance for the provision to value stock in warehouses and their net realizable value amounted to ¢4,719 (¢11,341 as of December 31, 2023). Amounts recognized during the period, which increase the estimate of the inventories mentioned above amounted to ¢142 (¢2,770 as of December 31, 2023).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Note 9. Investments in financial instruments

Investments in financial instruments are described below:

	<u>As of September 30,</u> 2024	<u>As of December 31,</u> 2023
At amortized cost	¢ 222,806	84,218
At FVOCI	23,324	28,182
At FVTPL	9,327	18,258
	<u>¢ 255,457</u>	<u>130,658</u>

Investments in financial instruments measured at amortized cost include investments that are deemed restricted, as they are part of a reserve that is used for the quarterly payment of interests and principal of the series of bonds payable that is closest to maturity, which amount to ¢20,506 (¢22,278 as of December 31, 2023). Furthermore, these include investments in financial instruments destined for the specific operation of the Guarantee and Savings Fund of the ICE in the amount of ¢31,859 (¢45,628 as of December 31, 2023).

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

Issuer	Type of financial instrument	Currency	September 30, 2024		
			Balance	Interest rate	Maturity
<u>At amortized cost</u>					
Public financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	80,464	2.56% to 6.19%	2024 to 2025
Mortgage participation certificate	Fixed-rate instruments	Colones	18,965	4.50% to 4.85%	2025
Term certificate of deposit	Fixed-rate instruments	US dollars	6,328	1.78% to 3.90%	2024 to 2025
Government					
Bonds	Fixed-rate instruments	Colones	51,918	4.04% to 4.46%	2025
Bonds	Fixed-rate instruments	US dollars	21,666	5.75% to 5.95%	2025
Private financial entities					
Term certificate of deposit	Fixed-rate instruments	Colones	31,476	3.75% to 5.15%	2024 to 2025
Term certificate of deposit	Fixed-rate instruments	US dollars	11,989	2.70% to 6.00%	2024 to 2025
			<u>222,806</u>		
<u>At fair value through other comprehensive income</u>					
Private financial entities					
Bonds	Fixed-rate instruments	Colones	8,683	4.26% to 7.21%	2024 al 2025
Bonds	Fixed-rate instruments	US dollars	2,551	3.59% to 6.25%	2024 al 2025
Public financial entities					
Bonds	Fixed-rate instruments	Colones	8,689	5.13% to 8.79%	2024 al 2025
Government					
Bonds	Fixed-rate instruments	Colones	2,140	7.72% to 10.75%	2025
Bonds	Fixed-rate instruments	US dollars	1,261	5.42%	2024 al 2025
			<u>23,324</u>		
<u>At fair value through profit or loss</u>					
Public financial entities					
Investment fund	Investment fund	Colones	8,550	0.77% to 3.71%	2024
Investment fund	Investment fund	US dollars	777	2.58% to 3.19%	2024
			<u>9,327</u>		
			<u>¢ 255,457</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
At amortized cost					
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%	2024
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		
At fair value through other comprehensive income					
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	Fixed-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		
At fair value through profit or loss					
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	US dollars	304	3.21% to 3.43%	2024
Investment fund	Investment fund	Colones	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 December 31, 2023	¢ 718,335	1,325,553	273,033	2,316,921
<i>Changes due to cash flows from financing activities</i>				
New loans	-	18,997	24,634	43,631
Amortization	-	(69,978)	(24,363)	(94,341)
Total changes due to cash flows from financing activities	-	(50,981)	271	(50,710)
Effect of exchange rate fluctuations	(5,028)	(3,913)	(2,233)	(11,174)
Balances as of September 30, 2024	¢ 713,307	1,270,659	271,071	2,255,037

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

	Currency	Current interest rate	Maturity
Bonds payable	¢	Variable rate from 6.52% to 8.86%; and fixed rate ranging from 7.33% to 8.63%	2024-2033
	US\$	Fixed rate ranging from 6.38% to 7.61%	2024-2043
Loans payable	¢	Variable rate from 6.26% to 9.19%; and fixed rate ranging from 2.80% to 11.73%	2026-2048
	US\$	Variable rate from 3.24% to 9.99% and fixed rate ranging from 0.85% to 11.13%	2026-2044
	JPY	Fixed rate ranging from 0,60 to 2,20%	2026-2057
Lease liabilities	¢	Fixed rate from 8.61% to 12,55%	2024-2038
	US\$	Variable rate from 11.65% to 16.51%; and fixed rate ranging from 5.93% to 10.97%	2024-2041

Note 11. Employee Benefits

Employee benefits are detailed below:

	As of September 30,			As of December 31,			
	2024			2023			
	Non-current	Current	Total	Non-current	Current	Total	
Severance benefits (1)	¢	67,935	3,545	71,480	63,603	1,841	65,444
ICE Guarantee and Savings Fund (2):							
Employer contribution		409,420	57,637	467,057	402,708	46,720	449,428
ICE Employer obligations:							
Vacations		-	21,603	21,603	-	20,097	20,097
Back-to-school bonus (3)		-	14,876	14,876	-	18,522	18,522
Statutory Christmas bonus (4)		-	17,184	17,184	-	1,150	1,150
Third and fifth biweekly salary		-	356	356	-	835	835
Occupational hazard insurance		-	245	245	-	384	384
	¢	<u>477,355</u>	<u>115,446</u>	<u>592,801</u>	<u>466,311</u>	<u>89,549</u>	<u>555,860</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

- (1) A net decrease of ¢6,036 in benefits derived from increases in the accrual of this liability during the period of ¢18,124 (of which an amount of ¢ 16,378 pertains to the payroll of permanent employees) and from a decrease in the provision in the amount of ¢12,088.
- (2) An increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢17,629, which was driven by an increase in retired employees of the institution, which has required an increased provision.
- (3) Net decrease of ¢3,646 pertaining to ¢18,708 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢15,062 in the accrual of such benefit.
- (4) Net increase of ¢16,034 driven by the ¢16,358 increase in the accrual and the ¢324 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 nine-month period ending September 30,	
	2024	2023
Electricity services	¢ 725,323	656,903
Telecom services	405,390	406,327
	<u>1,130,713</u>	<u>1,063,230</u>
Others income		
Construction Services	3,611	9,419
Engineering Services	3,214	4,262
Infrastructure operation and maintenance services	1,265	1,100
	<u>8,090</u>	<u>14,781</u>
	¢ <u>1,138,803</u>	<u>1,078,011</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

	<u>Electricity Segment</u>		<u>Telecom Segment</u>		<u>Total</u>	
	For the nine-month period ending September 30,					
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Geographical markets:						
Local	¢ 722,129	649,146	403,552	404,435	1,125,681	1,053,581
Foreing	3,194	7,757	1,838	1,892	5,032	9,649
	<u>¢ 725,323</u>	<u>656,903</u>	<u>405,390</u>	<u>406,327</u>	<u>1,130,713</u>	<u>1,063,230</u>
Products/lines of service:						
Electricity	¢ 647,508	583,780	-	-	647,508	583,780
Transmission charges	51,445	46,794	-	-	51,445	46,794
Public lighting	15,990	15,878	-	-	15,990	15,878
Services and others	10,380	10,451	-	-	10,380	10,451
Telecom	-	-	405,390	406,327	405,390	406,327
	<u>¢ 725,323</u>	<u>656,903</u>	<u>405,390</u>	<u>406,327</u>	<u>1,130,713</u>	<u>1,063,230</u>
Timing of renewe recognition:						
Services transferred over time	¢ 725,323	656,903	347,314	348,930	1,072,637	1,005,833
Products transferred at a point in time	-	-	58,076	57,397	58,076	57,397
	<u>725,323</u>	<u>656,903</u>	<u>405,390</u>	<u>406,327</u>	<u>1,130,713</u>	<u>1,063,230</u>
Other income	8,090	14,781	-	-	8,090	14,781
	<u>¢ 733,413</u>	<u>671,684</u>	<u>405,390</u>	<u>406,327</u>	<u>1,138,803</u>	<u>1,078,011</u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Statements
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c) Contract balances

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

	<u>As of September 30,</u> <u>2024</u>	<u>As of December 31,</u> <u>2023</u>
Trade receivables	¢ 215,952	214,751
Contract liabilities	¢ (86,718)	(80,885)

An amount of ¢7,687, recognized under the contractual liabilities line as of December 31, 2023, has been recognized as ordinary revenue in 2024 (¢7,843 included in the nine-month period ended on September 30, 2023).

d) Price of the transaction assigned to remaining performance obligations

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

	<u>Year 2024</u>	<u>Year 2023</u>
Mobiles telecom services	¢ <u>16,816</u>	<u>32,329</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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(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.

		September 30, 2024									
		Carrying amount					Fair value				
	Note	<u>Fair value - hedging instruments</u>	<u>FVCORI – Debt and equity instruments</u>	<u>Financial assets at amortized cost</u>	<u>Financial assets at FVTPL</u>	<u>Other financial liabilities</u>	Total	Level 1	Level 2	Level 3	Total
<i><u>Financial assets</u></i>											
Equity investments		¢ -	4,456	-	-	-	4,456	-	-	4,456	4,456
Notes and other receivables, net		-	-	234,399	-	-	234,399	-	-	-	-
Investments in financial instruments	7 and 9	-	414,155	222,832	20,550	-	657,537	-	434,705	-	434,705
Trade receivables, net		-	-	215,952	-	-	215,952	-	-	-	-
Cash and cash equivalents		-	-	406,930	-	-	406,930	-	-	-	-
		¢ -	418,611	1,080,113	20,550	-	1,519,274	-	434,705	4,456	439,161
<i><u>Financial liabilities</u></i>											
Financial debt (bonds and loans payable)	10	¢ -	-	-	-	1,983,966	1,983,966	-	1,780,761	-	1,780,761
Accounts payable		-	-	-	-	252,903	252,903	-	-	-	-
Derivative financial instruments		2,581	-	-	-	-	2,581	-	2,581	-	2,581
		¢ 2,581	-	-	-	2,236,869	2,239,450	-	1,783,342	-	1,783,342

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		December 31, 2023									
		Carrying amount					Fair value				
		<u>FVCORI–</u>	<u>Financial</u>								
	<u>Note</u>	<u>Fair value -</u>	<u>Debt and</u>	<u>assets at</u>	<u>Financial</u>	<u>Other</u>					
		<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>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
										<u>Total</u>	
<i>Financial assets</i>											
Equity investments		¢ -	4,772	-	-	-	4,772	-	-	4,772	4,772
Notes and other receivables, net		-	-	243,034	-	-	243,034	-	-	-	-
Investments in financial instruments	7 y 9	-	390,289	103,123	29,801	-	523,213	-	420,090	-	420,090
Trade receivables, net		-	-	214,751	-	-	214,751	-	-	-	-
Cash and cash equivalents		-	-	378,544	-	-	378,544	-	-	-	-
		¢ -	395,061	939,452	29,801	-	1,364,314	-	420,090	4,772	424,862
<i>Financial liabilities</i>											
Financial debt (bonds and loans payables)	10	¢ -	-	-	-	2,043,888	2,043,888	-	1,818,929	-	1,818,929
Accounts payable		-	-	-	-	237,787	237,787	-	-	-	-
Derivative financial instruments		2,831	-	-	-	-	2,831	-	2,831	-	2,831
		¢ 2,831	-	-	-	2,281,675	2,284,506	-	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 September 30, 2024, Grupo ICE has made no transfers between fair value levels.

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

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

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

ii. Investments in equity securities

Fair values are determined using generally accepted valuation models based on a discounted cash flow analysis, where the most significant indicators, such as the discount rate, indicate the credit risk of the 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 September 30, 2024, discount rates between 4.40% and 9.01% in colones, and 5.52% and 9.60% in US dollars (between 6.24% and 8.61% in colones, and between 1.25% and 9.56% in US dollars, in December 2023), the rates available to Grupo ICE, were used.

b) Financial risk management

i) Credit risk

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

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

The impairment loss estimate related to trade receivables, accounts receivables, and notes receivables, during the nine-month period ended on September 30, 2024, is detailed below:

	As of September 30, 2024			
	Trade receivables	Non-trade receivables	Notes receivables	Total
Opening balance	¢ 64,900	1,133	4,203	70,236
Amounts written off	(1,727)	(130)	(1)	(1,858)
Recognized	12,100	183	1,439	13,722
Closing balance	¢ <u>75,273</u>	<u>1,186</u>	<u>5,641</u>	<u>82,100</u>

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 nine months ended on September 30, 2024, the Grupo ICE recognized an impairment charge in the amount of ¢13,722, related to 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.

Note 14. Contingencies

Grupo ICE is a party to several lawsuits that have been estimated in the amount of ¢282,612 as of September 30, 2024 (¢319,090 as of December 31, 2023). The total amount provisioned for these lawsuits amounts to ¢9,175 (¢13,418 as of December 31, 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 September 30, 2024	As of December 31, 2023	As of September 30, 2024	As of December 31, 2023
Government entities	75,466	65,155	10,266	8,280
Autonomous institutions	1,091	6,040	-	-
State financial entities	4,012	3,677	-	-
Empresa Propietaria de la Red, S.A.	1,262	1,337	-	-
¢	<u>81,831</u>	<u>76,209</u>	<u>10,266</u>	<u>8,280</u>

As of September 30, 2024, Grupo ICE had a total of ¢302,006 (¢303,546 as of December 31, 2023) in bonds payable, and a total of ¢730,328 (¢744,785 as of December 31, 2023) in loans payable to state financial entities.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

	As of September 30, 2024	As of December 31, 2023
Cash equivalents	¢ 17,366	20,677
Investments in financial instruments	535,955	438,210
	¢ 553,321	458,887

As of September 30, 2024, interest receivable from securities issued by state-owned financial entities amount to a total of ¢1,149 (¢746 as of December 31, 2023).

As of September 30, 2024, investments in the share capital of autonomous and non-governmental entities amount to ¢5,590 (¢5,638 as of December 31, 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:

	For the nine-month period ended September 30,	
	2024	2023
Short-term benefits	¢ 4,332	4,267
Post-employment benefits	104	153
Other long-term benefits	316	252
	¢ 4,752	4,672

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.

(c) Revenue and results by segments

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

Segment profit or loss	For the nine months ended September 30,					
	Electricity Segment		Telecom Segment		Consilated total	
	2024	2023	2024	2023	2024	2023
External revenues	¢ 725,323	656,903	405,390	406,327	1,130,713	1,063,230
Inter-segment revenue	5,603	4,082	897	1,137	6,500	5,219
	¢ 730,926	660,985	406,287	407,464	1,137,213	1,068,449
Profit (loss), net	¢ 37,577	172,330	(835)	14,938	36,742	187,267

Note 13 breaks down such revenue by product.

(d) Assets and liabilities by segments

Segment profit or loss	Electricity		Telecom		Consilated total	
	As of	As of	As of	As of	As of	As of
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets	¢ 4,928,884	4,886,703	1,535,474	1,524,013	6,464,358	6,410,717
Liabilities	¢ 2,655,827	2,642,248	693,445	695,557	3,349,272	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.

Note 17. Subsequent events

i. Bond issuance

On October 11, 2024, the ICE carried out a standardized bond issuance totaling ¢38,000, intended to cover debt maturities in dollars. The bonds issued correspond to series H1 and H2, with terms of 5 and 10 years, respectively, and were auctioned through the *Bolsa Nacional de Valores* [BNV, National Securities Exchange, if translated]. This issuance in local currency aims to reduce foreign exchange exposure risk and is part of ICE's strategy for appropriate liability management.