



**INSTITUTO COSTARRICENSE DE ELECTRICIDAD  
AND SUBSIDIARIES (GRUPO ICE)**

**Condensed Consolidated Interim  
Financial Statements**

**September**

**GRUPO  | 2023**

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

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

	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment, net	5 €	4,849,860	5,007,262
Intangible assets, net	6	83,319	93,566
Other assets		5,837	8,338
Equity investments		5,496	5,727
Notes and other accounts receivable, net		180,942	177,230
Investments in financial instruments	7	376,268	359,764
<b>Total non-current assets</b>		<b>5,501,722</b>	<b>5,651,887</b>
<b>Current assets:</b>			
Inventories	8	60,068	55,379
Notes and other accounts receivable, net		65,064	65,030
Investments in financial instruments	9	146,587	191,429
Trade receivables, net		200,641	175,028
Prepaid expenses		5,091	5,870
Other assets		125	146
Cash and cash equivalents		501,639	338,778
Assets held for sale		867	616
<b>Total current assets</b>		<b>980,082</b>	<b>832,276</b>
<b>Total assets</b>	€	<b>6,481,804</b>	<b>6,484,163</b>
<b>Liabilities and equity</b>			
<b>Equity:</b>			
Paid-in capital	€	155	155
Reserves		2,659,894	2,469,080
Retained earnings		332,718	328,297
Equity attributable to owners of Grupo ICE		2,992,767	2,797,532
Non-controlling interests		6,179	6,130
<b>Net equity</b>		<b>2,998,946</b>	<b>2,803,662</b>
<b>Liabilities:</b>			
<b>Non-current liabilities:</b>			
Bonds payable	10	738,166	799,241
Loans payable	10	1,286,391	1,356,137
Lease liabilities	10	225,462	270,342
Employee benefits	11	461,464	450,866
Accounts payable		145,509	153,626
Contract liabilities		66,127	61,769
Deferred income - Government grants		21,810	20,717
Deferred tax liabilities		78,670	81,492
Provisions		1,702	3,799
<b>Total non-current liabilities</b>		<b>3,025,301</b>	<b>3,197,989</b>
<b>Current liabilities:</b>			
Bonds payable	10	17,690	74,457
Loans payable	10	85,158	92,331
Lease liabilities	10	37,422	62,832
Employee benefits	11	118,405	98,570
Accounts payable		117,059	84,203
Contract liabilities		10,512	10,271
Deferred income - Government grants		-	281
Accrued interest payable		47,181	25,881
Provisions		14,118	23,768
Other liabilities		10,012	9,918
<b>Total current liabilities</b>		<b>457,557</b>	<b>482,512</b>
<b>Total liabilities</b>		<b>3,482,858</b>	<b>3,680,501</b>
<b>Total liabilities and equity</b>	€	<b>6,481,804</b>	<b>6,484,163</b>

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: S14W8NZa  
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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 and three months ended September 30,

	Note	For the nine months ended September 30 2023	For the nine months ended September 30 2022	For the three months ended September 30 2023	For the three months ended September 30 2022
<b>Revenue</b>	12 ¢	<b>1,063,230</b>	<b>1,069,272</b>	<b>366,527</b>	<b>352,700</b>
Operating costs:					
Operation and maintenance		414,082	353,723	140,866	117,328
Operation and maintenance of leased assets		39,335	45,264	11,851	11,166
Purchases and supplemental services		111,571	92,721	24,588	19,361
Selling expenses		47,641	60,956	14,485	21,762
Production management		75,597	70,653	23,604	27,117
Total operating costs		688,226	623,317	215,394	196,734
<b>Gross profit</b>		<b>375,004</b>	<b>445,955</b>	<b>151,133</b>	<b>155,966</b>
Other income		28,696	27,013	12,223	13,351
Operating expenses:					
Administrative expenses		78,608	84,631	32,089	29,597
Selling expenses		92,420	93,097	30,569	29,721
Preliminary studies		15,677	16,680	4,936	5,362
Supplemental expenses		1,863	1,563	529	969
Loss on impairment of balances receivable		13,066	7,248	5,825	4,518
Other expenses		20,200	16,743	7,650	4,362
Total operating expenses		221,834	219,962	81,598	74,529
<b>Operating profit</b>		<b>181,866</b>	<b>253,006</b>	<b>81,758</b>	<b>94,788</b>
Finance income (costs):					
Finance income		35,553	24,073	12,364	6,143
Finance costs		(164,922)	(177,934)	(53,252)	(54,688)
Foreign exchange differences, net		131,995	36,499	15,971	131,294
<b>Net finance costs</b>		<b>2,626</b>	<b>(117,362)</b>	<b>(24,917)</b>	<b>82,749</b>
Share of profit of equity-accounted investees		(46)	(59)	(32)	(104)
<b>Net profit (loss) before tax</b>		<b>184,446</b>	<b>135,585</b>	<b>56,809</b>	<b>177,433</b>
Income tax		2,821	3,702	1,380	1,162
<b>Profit (loss) for the period, net</b>	¢	<b>187,267</b>	<b>139,287</b>	<b>58,189</b>	<b>178,595</b>
Other comprehensive income:					
<b>Items that will not be reclassified to profit or loss</b>					
Effect of actuarial losses (gain) for the period	¢	(163)	47	(70)	(18)
		<b>(163)</b>	<b>47</b>	<b>(70)</b>	<b>(18)</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Valuation of investments in financial instruments at fair value		17,745	(30,080)	3,029	(17,197)
Valuation of equity investments at fair value	¢	(184)	46	(7)	(60)
		<b>17,561</b>	<b>(30,034)</b>	<b>(7)</b>	<b>(60)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>17,398</b>	<b>(29,987)</b>	<b>(77)</b>	<b>(78)</b>
<b>Total comprehensive income for the period</b>	¢	<b>204,665</b>	<b>109,300</b>	<b>58,112</b>	<b>178,517</b>
<b>Profit attributable to:</b>					
Owners of Grupo ICE	¢	187,218	139,029	58,133	178,448
Non-controlling interests		49	258	56	147
	¢	<b>187,267</b>	<b>139,287</b>	<b>58,189</b>	<b>178,595</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of Grupo ICE	¢	204,616	109,042	61,085	161,173
Non-controlling interests		49	258	56	147
	¢	<b>204,665</b>	<b>109,300</b>	<b>61,141</b>	<b>161,320</b>

Preliminary translation

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

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2023-11-15 11:13:09 -0600



(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	L profit (loss) for the period	Total				
<b>Balance as of January 01, 2022</b>	€ 155	3,739	71	(17,033)	1,503	31,695	2,228,073	13,101	62,380	2,323,529	306,908	-	306,908	2,630,592	5,769	2,636,361
<b>Comprehensive income for the period:</b>																
Profit for the period	-	-	-	-	-	-	-	-	-	-	21,081	117,948	139,029	139,029	258	139,287
<b>Other comprehensive income for the period:</b>																
Effect of actuarial loss for the period	-	-	-	47	-	-	-	-	-	47	-	-	-	47	-	47
Net loss on fair value of cash flow hedges	-	-	-	-	-	(30,080)	-	-	-	(30,080)	-	-	-	(30,080)	-	(30,080)
Valuation of equity investments at fair value	-	-	-	-	46	-	-	-	-	46	-	-	-	46	-	46
<b>Total other comprehensive income for the period</b>	-	-	-	47	46	(30,080)	-	-	-	(29,987)	21,081	117,948	139,029	109,042	258	109,300
<b>Comprehensive income for the period:</b>																
Appropriation to reserves	-	-	-	-	-	-	189	-	-	189	-	-	-	189	-	189
Transfer to capital reserve	-	-	-	-	-	-	117,948	-	-	117,948	-	(117,948)	(117,948)	-	-	-
<b>Total comprehensive income for the period:</b>	-	-	-	-	-	-	117,948	189	-	118,137	-	(117,948)	(117,948)	189	-	189
<b>Balance as of September 30, 2022</b>	€ 155	3,739	71	(16,986)	1,549	1,615	2,346,021	13,290	62,380	2,411,679	327,989	-	327,989	2,739,823	6,027	2,745,850
<b>Balance as of January 01, 2023</b>	€ 155	4,757	71	(5,755)	(567)	(1,250)	2,396,158	13,286	62,380	2,469,080	328,297	-	328,297	2,797,532	6,130	2,803,662
<b>Comprehensive income for the period:</b>																
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,470	182,748	187,218	187,218	49	187,267
<b>Other comprehensive income for the period:</b>																
Valuation of investments in financial instruments at fair value	-	-	-	(163)	-	-	17,745	-	-	(163)	-	-	-	(163)	-	(163)
Valuation of equity investments at fair value	-	-	-	-	(184)	-	-	-	-	17,745	-	-	-	17,745	-	17,745
<b>Total other comprehensive income for the period</b>	-	-	-	(163)	(184)	17,745	-	-	-	(184)	-	-	-	(184)	-	(184)
<b>Comprehensive income for the period:</b>																
Appropriation to reserves	-	(15)	-	-	-	-	64	-	-	49	(49)	-	(49)	-	-	-
Transfer to capital reserve	-	-	-	-	-	-	182,748	-	-	182,748	-	(182,748)	(182,748)	-	-	-
<b>Total comprehensive income for the period:</b>	-	(15)	-	-	-	-	182,748	64	-	182,797	(49)	(182,748)	(182,797)	-	-	-
Cumulative effect by adjustment in the integration of trusts	-	-	-	-	-	-	(9,381)	-	-	(9,381)	-	-	-	(9,381)	-	(9,381)
<b>Balance as of September 30, 2023</b>	€ 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

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 six months ended September 30,

	Note	2023	2022
Cash flows from operating activities			
<b>Profit (loss) for the period</b>		€ 187,267	139,287
Adjustments for:			
Depreciation		215,280	223,923
Amortization		16,145	18,314
Amortization of contract liabilities	13	(5,375)	(7,843)
Net realizable value of inventories		31	(202)
Net finance costs		129,369	153,861
Loss on impairment of balances receivable	14	13,066	7,248
Share of profit of equity-accounted investees, net of tax		46	59
Loss on disposal of assets		21,733	2,705
Obligations for employee benefits	11	9,840	12,670
Government Grants		(849)	(1,248)
Income tax		(2,822)	(3,702)
Foreign exchange differences		(120,153)	(28,660)
		463,578	516,412
Changes in:			
Notes and other accounts receivable		(441)	(676)
Trade receivables		(37,286)	(16,684)
Inventories		(12,493)	(14,960)
Accounts payable		15,358	2,089
Contract liabilities		9,974	3,988
Employee benefits and other provisions		(3,271)	7,032
Other liabilities		(1,107)	(6,079)
Cash flows from operating activities		434,312	491,122
Income taxes paid		-	(242)
<b>Net cash from operating activities</b>		<b>434,312</b>	<b>490,880</b>
<b>Cash flows from investing activities</b>			
Interest received		22,475	7,810
Investments in financial instruments		43,260	(176,692)
Additions to property, plant and equipment		(56,062)	(55,678)
Gains on the sale of property, plant and equipment		244	15
Additions to intangible assets		(7,023)	(9,457)
Other assets		3,018	546
<b>Net cash from (used in) investing activities</b>		<b>5,911</b>	<b>(233,456)</b>
<b>Cash flows from financing activities:</b>			
Amortization of bonds payable	10	(67,514)	(95,546)
Increase in loans payable	10	34,502	83,109
Amortization of loans payable	10	(58,302)	(113,997)
Amortization of lease liabilities	10	(41,866)	(42,059)
Interest paid		(132,340)	(137,364)
<b>Net cash used in financing activities</b>		<b>(265,520)</b>	<b>(305,857)</b>
Net increase (decrease) in cash and cash equivalents		174,703	(48,433)
Cash and cash equivalents as of January 01		338,778	429,632
Effect of movements in exchange rates on cash held		(11,842)	(7,839)
<b>Cash and cash equivalents as of September 30</b>		<b>€ 501,639</b>	<b>373,360</b>

Preliminary translation

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

Harold Cordero Villalobos  
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VERIFICACIÓN: Sf4W8NZa  
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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

As of September 30, 2023

**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 Condensed Interim 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 September 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, 2023, 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 Condensed Interim 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, 2023, 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, 2022, 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 23, 2023.

**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 Condensed Interim 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 14 “Institutional Financial Risk Management” includes additional information about the assumptions used to measure fair values.

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

The following new and modified standards do not have a significant impact on the consolidated financial statements of Grupo ICE.

Standard	Description	Effective for the following periods	Type	Apply for Grupo ICE		Impacts the Financial Statements of 2023	
				Yes	No	Yes	No
IAS 8	Accounting policies, changes in accounting estimates and errors	January 1, 2023	Amendment - Definition of Accounting Estimates	X			X
IAS 1	Presentation of financial statements	January 1, 2023	Amendment - Disclosure of Accounting Policies	X			X
IFRS 17	Insurance contracts	January 1, 2023	Amendment IFRS 17		X		X

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

During the nine-month period ended on September 30, 2023, additions to the property, plant, and equipment account amounted to ¢84,741, where the most relevant were those applied to the following projects:

1. Installation of residential services in the amount of ¢11,848.
2. Borinquen (geothermal energy project located in the Guanacaste mountain range) in the amount of ¢10,926.
3. Expansion and renovation of technological platform in the amount of ¢6,554.
4. Voice over LTE project in the amount of ¢4,589.
5. Expansion of CORE via the EPC data management in the amount of ¢4,013.
6. Public lighting (project to install electronic assets in the electricity distribution network) in the amount of ¢3,385.
7. 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 ¢3,297.
8. FONATEL (project to implement infrastructure and provide voice and internet services) in the amount of ¢2,594.
9. Development of networks in the amount of ¢2,441.
10. Measurement equipment in the amount of ¢2,214.
11. Installation of business services in the amount of ¢2,076.
12. Continuous quality improvement in the amount of ¢2,076.

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13. Aerial cable extension in the amount of ¢ 1,986  
14. Garita Hydropower Project in the amount of ¢1,979.

The institute also capitalized ¢37,592. The capitalizations related to the following projects were the most relevant:

1. Expansion and renovation of technological platform in the amount of ¢9,645.
2. Installation of residential services in the amount of ¢8,443.
3. Continuous quality improvement in the amount of ¢3,278.
4. Public lighting in the amount of ¢2,719.
5. Measurement equipment in the amount of ¢2,167.
6. Aerial cable extension in the amount of ¢ 1,390.

Likewise, impaired assets with a book value of ¢8,402 were written-off.

**Note 6. Intangible assets, net**

During the nine-month period ended on September 30, 2023, transactions in intangible assets pertained to additions of ¢7,023 and capitalizations of ¢138, mainly in licenses, systems, and applications, and the net effects caused by the amortization of the period, which amounted to ¢17,378.

**Note 7. Investments in financial instruments**

Investments in financial instruments are described below:

	<u>As of September 30,</u> 2023	<u>As of December 31,</u> 2022
At amortized cost	¢ 28,346	42,856
At FVOCI	336,194	303,109
At FVTPL	11,728	13,799
	<u>¢ 376,268</u>	<u>359,764</u>

A total of ¢347,664 (¢316,639 in 2022) of the investments in financial instruments are destined for the specific operation of the Guarantee and Savings Fund of the ICE.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

Issuer	Type of financial instrument	Currency	September 30, 2023		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Government</b>	Fixed-rate instruments	US dollars ¢	22,868	5.75% to 5.95%	2024 to 2025
Bonds					
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	5,393	3.90%	2024
Term certificate of deposit	Fixed-rate instruments	US dollars	41	3.30% to 3.75%	2024 to 2027
Term certificate of deposit	Fixed-rate instruments	Colones	44	4.65%	2024
			28,346		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Government</b>					
Bonds	Fixed-rate instruments	Colones	181,578	5.94% to 10.24%	2025 to 2044
Bonds	Variable-rate instruments	Colones	56,495	7.07% to 9.33%	2026 to 2044
Bonds	Fixed-rate instruments	US dollars	42,118	5.41% to 7.18%	2024 to 2034
Bonds	Fixed-rate instruments	DU	25,695	3.39% to 6.36%	2026 to 2043
<b>Private financial entities</b>					
Bonds	Fixed-rate instruments	Colones	19,770	4.57% to 10.14%	2025 to 2033
Bonds	Fixed-rate instruments	US dollars	3,624	3.77% to 6.23%	2024 to 2026
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	Colones	3,966	5.48% to 10.23%	2025 to 2027
<b>Public non-financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	1,168	5.85% to 6.48%	2028 to 2029
Bonds	Variable-rate instruments	Colones	852	8.41% to 8.63%	2027 to 2033
<b>Private non-financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	928	6.52%	2027
			336,194		
<b><u>At fair value through profit or loss</u></b>					
<b>Private financial entities</b>					
Bonds	Dividend closed fund	US dollars	9,825	1.13% to 4.13%	
<b>Public financial entities</b>					
Bonds	Dividend closed fund	US dollars	1,903	2.23% to 7.05%	
			11,728		
			¢ 376,268		

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

## Notes to the Condensed Interim Consolidated Financial Statements

*(in millions of colones)*

Issuer	Type of financial instrument	Currency	December 31, 2022		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Government</b>					
Bonds	Fixed-rate instruments	US dollars ¢	35,239	5.75% to 9.20%	2024 to 2025
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	US dollars	5,925	3.90%	2024
Term certificate of deposit	Fixed-rate instruments	US dollars	1,659	3.30% to 4.75%	2025 to 2027
Term certificate of deposit	Fixed-rate instruments	Colones	33	7.90% to 8.25%	2024
			42,856		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Government</b>					
Bonds	Fixed rate instruments	Colones	153,555	5.94% to 10.75%	2024 to 2036
Bonds	Variable rate instruments	Colones	56,819	5.47% to 8.69%	2026 to 2044
Bonds	Fixed rate instruments	US dollars	48,286	5.41% to 7.90%	2024 to 2034
Bonds	Fixed rate instruments	DU	25,584	3.39% to 6.36%	2026 to 2043
<b>Private financial entities</b>					
Bonds	Fixed rate instruments	Colones	10,636	4.26% to 10.14%	2024 to 2027
Bonds	Fixed rate instruments	US dollars	308	3.77% to 5.74%	2024 to 2025
<b>Public financial entities</b>					
Bonds	Fixed rate instruments	Colones	5,066	5.46% to 8.79%	2024 to 2025
<b>Public non-financial entities</b>					
Bonds	Fixed rate instruments	US dollars	1,249	5.85% to 6.48%	2028 to 2029
Bonds	Variable rate instruments	Colones	347	7.80% to 8.12%	2027 to 2033
<b>Private non-financial entities</b>					
Bonds	Fixed rate instruments	US dollars	1,259	6.52%	2027
			303,109		
<b><u>At fair value through profit or loss</u></b>					
<b>Private financial entities</b>					
Bonds	Closed fund - dividends	US dollars	11,842	1.23% to 5.00%	-
<b>Public financial entities</b>					
Bonds	Closed fund - dividends	US dollars	1,957	1.60% to 7.83%	-
			13,799		
			¢ 359,764		

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim Consolidated Financial Statements  
(in millions of colones)**Note 8. Inventories**

As of September 30, 2023, the inventory accounts evidence a reduction of ¢8,718 (¢10,457 as of December 31, 2022) in their net realizable value. Moreover, a total of ¢31 (¢2,017 in 2022) in decreases in the value of inventories was recognized as an expense.

As of September 30, 2023, a total of ¢113,395 (¢89,723 as of December 31, 2022) in inventories were recognized as operating costs and expenses for the period, depending on the use or purpose given to such inventories.

**Note 9. Investments in financial instruments**

Investments in financial instruments are described below:

	<u>As of September 30,</u> 2023	<u>As of December 31,</u> 2022
At amortized cost	¢ 92,624	134,868
At FVOCI	38,567	47,981
At FVTPL	15,396	8,580
	<u>¢ 146,587</u>	<u>191,429</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 ¢24,772 (¢24,703 in 2022). 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 ¢51,645 (¢53,455 in 2022).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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

Issuer	Type of financial instrument	Currency	September 30, 2023		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Public financial entities</b>					
Term certificate of deposit	Fixed-rate instruments	Colones ¢	43,284	5.34% to 9.24%	2023 to 2024
Mortgage participation certificate	Fixed-rate instruments	Colones	10,968	7.00% to 8.75%	2024
Term certificate of deposit	Fixed-rate instruments	US dollars	1,477	2.01% to 4.75%	2024
<b>Private financial entities</b>					
Term certificate of deposit	Fixed-rate instruments	Colones	12,635	5.45% to 9.00%	2023
Investment certificate	Fixed-rate instruments	Colones	8,988	8.40% to 9.70%	2023 to 2024
Term certificate of deposit	Fixed-rate instruments	US dollars	3,827	2.70% to 3.00%	2023
Investment certificate	Fixed-rate instruments	US dollars	2,706	5.00%	2023
<b>Government</b>					
Bonds	Fixed-rate instruments	US dollars	8,739	9.20%	2024
			<u>92,624</u>		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	Colones	10,532	4.30% to 10.90%	2023 to 2024
Bonds	Variable-rate instruments	Colones	2,382	8.04%	2023
<b>Government</b>					
Bonds	Fixed-rate instruments	Colones	9,426	7.25% to 10.75%	2023 to 2024
Bonds	Fixed-rate instruments	US dollars	2,797	5.66% to 7.90%	2024
<b>Private financial entities</b>					
Bonds	Fixed-rate instruments	Colones	8,397	4.97% to 10.71%	2023 to 2024
Bonds	Fixed-rate instruments	US dollars	3,212	4.74% to 6.11%	2023 to 2024
<b>Private non-financial entities</b>					
Bonds	Variable-rate instruments	Colones	1,821	7.14%	2023
			<u>38,567</u>		
<b><u>At fair value through profit or loss</u></b>					
<b>Public financial entities</b>					
Bonds	Investment fund	Colones	13,056	5.16% to 5.46%	2023
Investment fund	Fixed-rate instruments	US dollars	2,188	2.73% to 3.72%	2023
Investment fund	Investment fund	Colones	129	2.50% to 2.92%	2023
Bonds	Investment fund	US dollars	23	1.00%	2023
			<u>15,396</u>		
			<u>¢ 146,587</u>		

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Notes to the Condensed Interim Consolidated Financial Statements  
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Issuer	Type of financial instrument	Currency	December 31, 2022		
			Balance	Interest rate	Maturity
<b><u>At amortized cost</u></b>					
<b>Public financial entities</b>					
Term certificate of deposit	Fixed-rate instruments	Colones	€ 101,066	4.65% to 8.82%	2023
Mortgage participation certificate	Fixed-rate instruments	Colones	7,985	8.75% to 9.35%	2023
Term certificate of deposit	Fixed-rate instruments	US dollars	117	0.09% to 1.02%	2023
<b>Private financial entities</b>					
Term certificate of deposit	Fixed-rate instruments	Colones	20,561	7.00% to 9.35%	2023
Term certificate of deposit	Fixed-rate instruments	US dollars	5,139	1.75% to 3.00%	2023
			134,868		
<b><u>At fair value through other comprehensive income</u></b>					
<b>Public financial entities</b>					
Bonds	Fixed-rate instruments	Colones	24,648	3.17% to 10.92%	2023
Bonds	Variable-rate instruments	Colones	2,392	7.47%	2023
<b>Private financial entities</b>					
Bonds	Fixed-rate instruments	Colones	9,077	5.95% to 10.71%	2023
Bonds	Fixed-rate instruments	US dollars	1,773	4.74%	2023
<b>Government</b>					
Bonds	Variable-rate instruments	Colones	3,002	9.13%	2023
Bonds	Fixed-rate instruments	US dollars	2,837	6.53%	2023
Bonds	Fixed-rate instruments	Colones	1,497	8.86% to 9.10%	2023
<b>Private non-financial entities</b>					
Bonds	Variable-rate instruments	Colones	1,825	7.54%	2023
Bonds	Fixed-rate instruments	Colones	719	8.62% to 8.85%	2023
<b>Public non-financial entities</b>					
Bonds	Variable rate instruments	Colones	211	8.08%	2023
			47,981		
<b><u>At fair value through profit or loss</u></b>					
<b>Public financial entities</b>					
Bonds	Investment fund	Colones	5,707	2.92% to 4.06%	2023
Investment fund	Fixed-rate instruments	US dollars	2,581	1.64% to 2.73%	2023
Bonds	Investment fund	US dollars	168	1.52%	2023
Investment fund	Investment fund	Colones	124	1.00%	2023
			8,580		
			€ 191,429		

**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, 2022	€ 873,698	1,448,468	333,174	2,655,340
<b><u>Changes due to cash flows from financing activities</u></b>				
New loans		34,503	2,500	37,003
Amortization	(67,514)	(58,302)	(41,866)	(167,682)
Total changes due to cash flows from financing activities	(67,514)	(23,799)	(39,366)	(130,679)
Effect of exchange rate fluctuations	(50,328)	(53,120)	(30,924)	(134,372)
Balance as of September 30, 2023	€ 755,856	1,371,549	262,884	2,390,289

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

	Current interest rate	Currency	Maturity
Bonds payable	Variable rate from 8.48% to 9.01%; and fixed rate ranging from 7.33% to 8.63%	¢	2023-2033
	Fixed rate ranging from 6.38 to 7.61%	US\$	2024-2043
Loans payable	Variable rate from 2.85% to 9.70%; and fixed rate ranging from 7.61%	¢	2025-2047
	Variable rate from 2.52% to 9.53%; and fixed rate ranging of 6.40%	US\$	2023-2048
	Fixed rate ranging from 0.60 to 2.20%	JPY	2026-2057
	Variable rate from 9.89% to 10.30%	¢	2023-2025
Lease liabilities	Variable rate from 5.01% to 23.14%; and fixed rate ranging from 4.90% to 7.46%	US\$	2023-2041

**Note 11. Employee Benefits**

Employee benefits are detailed below:

	As of September 30,			As of December 31,		
	2023			2022		
	Non-current	Current	Total	Non-current	Current	Total
Severance benefits	¢ 63,300	5,135	68,435	60,661	7,485	68,146
ICE Guarantee and Savings Fund (1):						
Employer contribution	398,164	56,603	454,767	390,205	46,630	436,835
ICE Employer obligations:						
Vacations	-	25,283	25,283	-	22,130	22,130
Back-to-school bonus (2)	-	14,368	14,368	-	19,487	19,487
Statutory Christmas bonus (3)	-	16,766	16,766	-	1,561	1,561
Third and fifth biweekly salary	-	-	-	-	812	812
Occupational hazard insurance	-	250	250	-	465	465
	¢ <u>461,464</u>	<u>118,405</u>	<u>579,869</u>	<u>450,866</u>	<u>98,570</u>	<u>549,436</u>

As of September 30, 2023, the main transactions in the employee benefit account are described below:

- (1) Increase in ICE's contribution to the Guarantee and Savings Fund in the amount of ¢17,932.
- (2) Net decrease of ¢5,118 pertaining to ¢19,810 for the payment of the *salario escolar* [school aid, in English], as well as an increase of ¢14,692 in the accrual of such benefit.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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- (3) Net increase of ¢15,205 driven by the ¢15,876 increase in the accrual and the ¢671 decrease in the payment of the *aguinaldo* [Christmas bonus, in English].

**Note 12. Income from ordinary activities**

a) Revenue streams

Grupo ICE generates revenues 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,	
	2023	2022
Electricity services	¢ 656,903	637,568
Telecom services	406,327	431,704
	<u>1,063,230</u>	<u>1,069,272</u>
Others income		
Construction services	9,419	3,691
Engineering services	4,262	5,510
Communication services	1,240	1,395
Infrastructure operation and maintenance services	1,100	1,481
	<u>16,022</u>	<u>12,077</u>
	¢ <u><u>1,079,252</u></u>	<u><u>1,081,349</u></u>

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim 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 nine-month period ending September 30,					
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Geographical markets:						
Local	¢ 649,146	603,959	404,435	429,274	1,053,581	1,033,234
Foreing	7,757	33,609	1,892	2,430	9,649	36,039
	¢ <u>656,903</u>	<u>637,568</u>	<u>406,327</u>	<u>431,704</u>	<u>1,063,230</u>	<u>1,069,272</u>
Products/lines of service:						
Electricity	¢ 583,780	566,491	-	-	583,780	566,491
Transmission charges	46,794	47,108	-	-	46,794	47,107
Public lighting	15,878	14,772	-	-	15,878	14,772
Services and others	10,451	9,197	-	-	10,451	9,197
Telecom	-	-	406,327	431,704	406,327	431,704
	¢ <u>656,903</u>	<u>637,568</u>	<u>406,327</u>	<u>431,704</u>	<u>1,063,230</u>	<u>1,069,272</u>
Timing of renewe recognition:						
Services transferred over time	¢ 656,903	637,568	348,930	363,996	1,005,833	1,001,564
Products transferred at a point in time	-	-	57,397	67,708	57,397	67,708
	656,903	637,568	406,327	431,704	1,063,230	1,069,272
Other income	16,022	12,077	-	-	16,022	12,077
	¢ <u>672,925</u>	<u>649,645</u>	<u>406,327</u>	<u>431,704</u>	<u>1,079,252</u>	<u>1,081,349</u>

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim 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 September 30,</u> <u>2023</u>	<u>As of December 31,</u> <u>2022</u>
Trade receivables	¢	270,947	235,633
Contract liabilities	¢	(76,639)	(72,040)

An amount of ¢5,375 that was recognized under the contractual liabilities as of December 31, 2022, has been recognized as ordinary revenue in 2023 (¢7,843 included in the nine-month period ended on September 30, 2022).

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 2023</u>	<u>Year 2024</u>	<u>Year 2025</u>
Mobiles telecom services	¢	<u>32,451</u>	<u>117,809</u>	<u>64,269</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.

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim 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).

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim 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, 2023									
		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>Financial assets</i>											
Equity investments		¢ -	4,302	-	-	-	4,302	-	-	4,302	4,302
Notes and other receivables, net		-	-	246,006	-	-	246,006	-	-	-	-
Investments in financial instruments	7 y 9	-	374,761	120,970	27,124	-	522,855	-	401,885	-	401,885
Trade receivables, net		-	-	200,641	-	-	200,641	-	-	-	-
Cash and cash equivalents		-	-	501,639	-	-	501,639	-	-	-	-
		¢ -	379,063	1,069,256	27,124	-	1,475,443	-	401,885	4,302	406,187
<i>Financial liabilities</i>											
Financial debt (bonds and loans payable)	10	¢ -	-	-	-	2,127,405	2,127,405	-	1,933,196	-	1,933,196
Accounts payable		-	-	-	-	262,568	262,568	-	-	-	-
Derivative financial instruments		4,101	-	-	-	-	4,101	-	4,101	-	4,101
		¢ 4,101	-	-	-	2,389,973	2,394,074	-	1,937,297	-	1,937,297

(Continued)

## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

		December 31, 2022									
		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>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</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>					
<i>Financial assets</i>											
Equity investments		¢ -	4,603	-	-	-	4,603	-	-	4,603	4,603
Notes and other receivables, net		-	-	242,260	-	-	242,260	-	-	-	-
Investments in financial instruments	7 y 9	-	351,090	177,724	22,379	-	551,193	-	373,469	-	373,469
Trade receivables, net		-	-	175,028	-	-	175,028	-	-	-	-
Cash and cash equivalents		-	-	338,778	-	-	338,778	-	-	-	-
		¢ -	355,693	933,790	22,379	-	1,311,862	-	373,469	4,603	378,072
<i>Financial liabilities</i>											
Financial debt (bonds and loans payables)	10	¢ -	-	-	-	2,322,166	2,322,166	-	2,014,934	-	2,014,934
Accounts payable		-	-	-	-	237,829	237,829	-	-	-	-
Derivative financial instruments		3,313	-	-	-	-	3,313	-	3,313	-	3,313
		¢ 3,313	-	-	-	2,559,995	2,563,308	-	2,018,247	-	2,018,247

(Continued)



## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

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Fair value of financial instruments

As of September 30, 2023, 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 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.

To determine the fair value of long-term debt as of September 30, 2023, discount rates between 6.20% and 9.10% in colones, and 5.50% and 8.81% in US dollars (between 5.01% and 11.73% in

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

Notes to the Condensed Interim Consolidated Financial Statements  
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colones, and between 0.70% and 10.14% in US dollars, in December 2022), 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 nine-month period ended on September 30, 2023, is detailed below:

	As of September 30, 2023			
	Trade receivables	Non-trade receivables	Notes receivables	Total
Opening balance	¢ 60,605	1,503	4,759	66,867
Amounts written off	(3,634)	(227)	(11)	(3,872)
Recognized	13,334	219	(487)	13,066
Reclassification adjustment	-	-	-	-
Closing balance	¢ <u>70,305</u>	<u>1,495</u>	<u>4,261</u>	<u>76,061</u>

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

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

During the nine months ended on September 30, 2023, the Grupo ICE recognized an impairment charge in the amount of ¢13,066, related to 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.

ii) 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 continue being published until June 30, 2023, even though this was later extended until September 30, 2023 and set as the date limit to complete the amendment of agreements that should include fallback language to transition to the new reference rate that had been initially set for the end of 2021. Uncertainty exists in the general market in relation to the transition methods.

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

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

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## INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

*Reform to the benchmark rate in the face of the cessation of the interbank offered rates (IBOR)*

On the closing of September 2023, only the operation with BID Invest, Tranche A, related to the Reventazón Trust, is being authorized, and the respective addendum is being generated.

The following table shows the total unreformed amounts of Grupo ICE (given that these are contracts that expire during the effective term of the LIBOR rate or, in the specific case of Toro III, that it is a syndicated loan -in dollars- provided by Banco Nacional and Banco Popular y Desarrollo Comunal that is in the process of being executed and restructured to a colones loan provided by Banco Nacional, but with a longer maturity), and those with an adequate fallback language as of September 30, 2023, and December 31, 2022. Financial assets and financial liabilities, as well as derivatives, are included with their face value.

In millions of dollars	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
<hr/>		
September 30, 2023		
Financial assets		
Coporate debt securities	-	-
Financial liabilities		
Secured bank loans	43	43
Derivatives		
Interest rate swaps	-	-
December 31, 2022		
Financial assets		
Coporate debt securities	-	-
Financial liabilities		
Secured bank loans	207	207
Derivatives		
Interest rate swaps	14	14
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(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

**Note 14. Contingencies**

Grupo ICE is a party to several lawsuits that have been estimated in the amount of ¢49,006 as of September 30, 2023 (¢574,148 as of December 2022). The total amount of the provisions linked to these lawsuits is ¢13,537 (¢25,296 as of December 2022).

Regarding contingent liabilities, Grupo ICE recorded changes in respect to what had been disclosed in the annual consolidated financial statements for the year ended on December 31, 2022, given that, as had been reported in such financial statements, the legal counsel estimates that no cash outflows will be required for the P.H. Chucás, S.A. and P.H. Hidrotárcoles, S.A. projects.

**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, 2023	As of December 31, 2022	As of September 30, 2023	As of December 31, 2022
Government entities	69,695	54,403	10,075	6,935
Autonomous institutions	12,516	8,832	-	-
State financial entities	3,550	3,840	-	-
Empresa Propietaria de la Red, S.A.	1,317	1,672	-	-
	<u>¢ 87,078</u>	<u>68,747</u>	<u>10,075</u>	<u>6,935</u>

As of September 30, 2023, Grupo ICE maintained a total of ¢327,068 (¢400,725 in 2022) in bonds payable, as well as a total of ¢770,343 (¢777,471 in 2022) of debts payable, in favor of state financial entities.

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

	As of September 30, 2023	As of December 31, 2022
Cash equivalents	¢ 36,528	19,728
Investments in financial instruments	447,122	488,054
	<u>¢ 483,650</u>	<u>507,782</u>

As of September 30, 2023, interest receivable from securities issued by state-owned financial entities amount to a total of ¢684 (¢492 in 2022).

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

As of September 30, 2023, investments in the share capital of autonomous and non-governmental entities amounted to ¢5,496 (¢5,727 in 2022).

Compensation of management's key staff

The compensation of directors and other key members of management during the nine-month period ended on September 30, 2023 and 2022, respectively, was as follows:

	For the nine-month period ended September 30,	
	2023	2022
Short-term benefits	¢ 4,267	6,032
Post-employment benefits	153	96
Other long-term benefits	252	198
	¢ 4,672	6,326

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

**Note 16. Information by segment**

(a) Bases for segmentation

Grupo ICE has the following reportable segments:

- Telecommunications Segment
- Electricity segment

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

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

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

(Continued)

INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

(c) Revenue and results by segments

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

Segment profit or loss	For the nine months ended September 30,					
	Electricity Segment		Telecom Segment		Consilated total	
	2023	2022	2023	2022	2023	2022
External revenues	¢ 656,903	637,568	406,327	431,704	1,063,230	1,069,272
Inter-segment revenue	4,082	5,550	1,137	1,413	5,219	6,963
	¢ 660,985	643,118	407,464	433,117	1,068,449	1,076,235
Profit (loss), net	¢ 172,330	121,879	14,938	17,408	187,267	139,287

Note 13 breaks down such revenue by product.

(d) Assets and liabilities by segments

Segment profit or loss	Electricity		Telecom		Consilated total	
	As of September 30, 2023	As of December 31, 2022	As of September 30, 2023	As of December 31, 2022	As of September 30, 2023	As of December 31, 2022
	Assets	¢ 4,974,942	5,012,375	1,506,862	1,471,788	6,481,804
Liabilities	¢ 2,807,495	3,002,974	675,363	677,527	3,482,858	3,680,501

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. Settlement of Huawei Lease Agreement*

On September 30, 2023, Commercial Agreement AC018-17, entered into with Huawei, was settled. As a result, the STBs [Set-Top-Boxes] are now part of ICE's productive assets.

*ii. Settlement of Pailas I Lease Agreement*

On October 31, 2023, ICE exercised the purchase option of the Pailas I power plant by settling the debt it had with the CABEL.

*iii. Advanced payment of the Supplementary Pension Regime to the Guarantee and Savings Fund*

On October 30, 2023, the amount of ¢25,804 was prepaid under operation 20000354 to the Guarantee and Savings Fund. This operation is related to the Supplementary Pension Regime of ICE.

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INSTITUTO COSTARRICENSE DE ELECTRICIDAD [ICE] AND SUBSIDIARIES

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

*iv. Payment of bonds issued*

On October 23, 2023, the bonds issued under series G-1 were paid; the payment amounted to ¢17,670.