



ORAZUL ENERGY PERU S.A. AND SUBSIDIARY

US\$ 380,000,000 – 6.250% Senior Notes due 2032

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

September 30, 2025 and 2024



ORAZUL ENERGY PERU

About the Company

We are a Peruvian company focused on the electric power sector. We own and operate two hydroelectric power plants with a combined capacity of 376 MW, and a 1 MW solar plant, all located in northern Peru. Our 377 MW are diversified in (i) 2 run-of-river hydroelectric power plants in different hydrological basins: Cañón del Pato with 266 MW in the Santa River and Carhuaquero Complex with an aggregate 110 MW in the Chancay River; reaching a total of 11 turbines and (ii) our 1 MW solar plant built in 2023 which is located next to the Carhuaquero hydro power plant. The commercial operation date of our solar plant was granted on February 14, 2024.

We incorporated our subsidiary Kondu S.A., to create value for customers by integrating tailored energy solutions with competitive electricity pricing, with a focus on maximizing cost savings, reducing carbon emissions, and enhancing supply security. Its primary target is the retail segment. Kondu's service portfolio includes electricity supply, self-consumption solutions, demand management, sustainable mobility strategies, strategic and technical support for achieving energy efficiency goals, and technical assistance related to electrical infrastructure.

We generate and sell non-carbon, efficient and reliable electricity to regulated and non-regulated customers under power purchase agreements ("PPAs") and to the spot market among high quality off-takers with 75%¹ of our total revenues from investment grade customers. As of September 2025, our average remaining PPA term is 5.5 years².

Orazul Energy Peru ("Orazul") is indirectly owned by certain funds managed by I Squared Capital Advisors (US) LLC and co-investors (collectively, the "Sponsor"). On December 31, 2017, the Sponsor, through Nautilus Inkia Holdings LLC, acquired substantially all the Latin American and Caribbean business held by Inkia Energy Limited, an international company focused on the electric power sector. On April 30, 2018, the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual, INDECOPI, the Peruvian antitrust authority, approved the acquisition by the Sponsor. Since then, Orazul's related parties include Kallpa Generación S.A. ("Kallpa"). Since January 1, 2019, as part of a strategy to optimize operations and maximize benefits from having the same shareholders, Kallpa and Orazul integrated and streamlined their management teams, implementing a single management organization, with no legal mergers between the companies.

Management has extensive experience in the power generation business. Our executive officers have an average of approximately 22 years of experience in the power generation industry and have previously held senior positions in leading power generation companies, financial institutions, and the Peruvian government. Our management team provides in-depth market knowledge and power industry experience, with considerable experience in the Peruvian energy industry and government regulators. We believe that this overall level of experience allows our management team to lead the Company in the effective operation and maintenance of our facilities.

¹ For the last twelve months as of September 2025, measured by at least one investment grade rating granted by either S&P, Fitch or Moody's (or their local representatives) for the local customer or the implied rating based on sponsor' support; weighted by customer revenues expressed in US\$.

² Weighted by contracted energy of each PPA.



Our Notes

Background – Orazul 2027 Notes

On April 25, 2017, Orazul issued senior unsecured notes for an aggregate principal amount of US\$550 million in the international capital markets under Rule 144A and Regulation S of the Securities Market Law of the United States of America (the “2027 Notes”). These Notes accrued interest at a rate of 5.625% payable semi-annually and had final maturity in April 2027. The proceeds from this issuance were used to: (i) prepay the outstanding senior debt incurred in connection with our acquisition under a US\$450 million senior secured loan facility, and (ii) prepay US\$35 million and US\$40 million, in aggregate outstanding principal amount of local corporate bonds.

After the sale of our transmission business in 2020 and our gas to power business in 2021, and consequent cash tender offers, the 2027 Notes outstanding amounted to US\$363 million.

Tender Offer

On September 8, 2025, the Company announced a cash tender offer for all its 2027 Notes. The obligation of the Company to purchase the 2027 Notes was conditioned to the completion of a new offering of senior notes subject to Rule 144A Regulation S that was also announced on September 8, 2025. The expiration date for the Tender Offer was September 12, 2025, and the settlement date thereof was September 17, 2025.

On September 17, 2025, Orazul purchased the 2027 Notes that were tendered for an aggregate principal amount of US\$248 million, or 68%, of the 2027 Notes outstanding. The total amount paid for the 2027 Notes tendered and accepted for purchase, including accrued interest, was US\$254 million.

New Offering and Redemption

On September 17, 2025, the Company issued senior unsecured notes for an aggregate principal amount of US\$380 million in the international capital markets under rule 144A Regulation S (the “2032 Notes”). These notes accrue interest at a rate of 6.250% payable semi-annually, have final maturity in September 2032 and are rated Ba2 by Moody’s and BB by Fitch.

The proceeds from the new issuance were used to fund (i) the tender of the Orazul 2027 Notes and the redemption of any Orazul 2027 Notes remaining after the tender, (ii) the prepayment of a certain short-term borrowing incurred to finance capital expenditures and other operating expenses and (iii) general corporate purposes.

On October 17, 2025, the remaining 2027 Notes for an aggregate principal amount of US\$115 million were fully redeemed using the proceeds of the offering from the 2032 Notes. The total amount paid for the 2027 Notes redemption including accrued interest was US\$118 million.

We proactively refinanced our Orazul 2027 Notes well ahead of maturity through a highly successful transaction, which was significantly oversubscribed, reaching US\$2.3 billion or 6x.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated interim financial statements as of September 30, 2025, and 2024.

For the nine-month period ended September 30, 2025 and 2024

	Nine months ended		%
	September 30		Change
<i>In millions of U.S. dollars</i>	2025	2024	
Revenues	81	78	4%
Cost of sales (excluding depreciation and amortization)	(18)	(18)	0%
Depreciation	(20)	(19)	5%
Administrative expenses	(3)	(4)	-25%
Other income, net	-	1	-100%
Operating profit	40	38	5%
Finance income	2	2	0%
Finance costs	(19)	(17)	12%
Net foreign exchange difference	2	-	-
Net finance costs	(15)	(15)	0%
Profit before income tax	25	23	9%
Income tax income (expense)	2	(62)	-103%
Profit (loss) for the period	27	(39)	169%

Results of Operations

The Company's net profit for the nine-month period ended September 30, 2025, amounted to US\$27 million compared to US\$39 million net loss during the same period in 2024. The Company's results are explained by the following:

Revenues

Revenues increased by US\$3 million, or 4%, to US\$81 million during the first nine months of 2025, from US\$78 million during the same period in 2024, mainly explained by US\$3 million increase in net energy and capacity sales in the spot market due to a 4% increase in net energy sold in the spot market to 699 GWh during the first nine months of 2025 from 669 GWh during the same period in 2024 as a result of lower energy volume sold under PPAs, partially offset by a 7% decrease in the average spot price to US\$28/MWh during the first nine months of 2025 compared to US\$30/MWh during the same period in 2024.

Cost of sales (excluding depreciation and amortization)

Cost of sales (excluding depreciation and amortization) amounted to US\$18 million during the first nine months of 2025, unchanged from the same period in 2024.

Depreciation

Depreciation increased by US\$1 million, or 5%, to US\$20 million during the first nine months of 2025 from US\$19 million during the same period in 2024, primarily due to the addition of property, plant, and equipment.

**Administrative expenses**

Administrative expenses decreased by US\$1 million, or 25%, to US\$3 million during the first nine months of 2025 from US\$4 million during the same period in 2024, primarily due to a decrease in third party services, among others.

Other income, net

Other income, net decreased by US\$1 million, or 100%, to nil during the first nine months of 2025 from US\$1 million during the same period in 2024, primarily due to a gain in 2024 on the sale of certain minor assets.

Net finance costs

Net finance costs amounted to US\$15 million during the first nine months of 2025, unchanged from the same period in 2024. This result corresponds to net effect of (i) US\$2 million increase in finance costs related to the transaction costs in connection with the tender of the 2027 Notes, among others; offset by (ii) US\$2 million increase in foreign exchange gains during the first nine months of 2025 due to a 7.8% revaluation of the Peruvian sol against the U.S. dollar.

Income tax income (expense)

Income tax amounted to US\$2 million income during the first nine months of 2025, compared to US\$62 million expense during the same period in 2024. The effective income tax rate during the first nine months of 2025 was 8% (-270% in 2024). During the first nine months of 2025, changes in the effective tax rate correspond mainly to the re-expression of the tax losses carry forward due to exchange rate variations explained by a 7.8% revaluation of the Peruvian sol against the U.S. dollar. During the first nine months of 2024, the change in the effective tax rate corresponds primarily to a US\$55 million one-time adjustment in the deferred tax determination in connection with the 2020 tax audit conducted by the Peruvian tax authority, which resulted in a US\$185 million reduction in the tax loss carryforward. This adjustment did not involve any cash payment. Without the impact of the 2020 tax assessment on the deferred income, the effective tax rate would have been 30%.



Liquidity and Capital Resources

Our principal cash requirements consist of the following:

- Working capital requirements;
- Capital expenditures related to maintenance projects;
- Debt and interest service, and
- Distributions to our shareholders.

Our principal source of liquidity has traditionally consisted of cash flow from operating activities.

As of September 30, 2025, our cash in hand amounted to US\$166 million.

Cash Flows

	Nine months ended June 30,		% Change
<i>In millions of U.S. dollars</i>	2025	2024	
Cash from operating activities	59	61	-3%
Income tax paid	(7)	(6)	17%
Net cash from operating activities	52	55	-5%
Net cash used in investing activities	(6)	(4)	50%
Net cash from (used in) financing activities	92	(20)	-560%
Net increase in cash	138	31	345%
Cash and cash equivalent as of January 1	26	36	-28%
Effects of variations on exchange difference on held cash	2	-	0%
Cash at September 30	166	67	148%

Cash Flows from Operating Activities

Our primary source of operating funds is the cash flow generated from our operations. The net cash from operating activities decreased by US\$3 million, or 5%, to US\$52 million during the first nine months of 2025 from US\$55 million during the same period in 2024.

The decrease was driven by:

- US\$14 million increase in payments to suppliers due to (i) US\$5 million from 2024 outstanding balances paid during the first quarter of 2025; (ii) US\$3 million of higher VAT payment, (iii) US\$3 million related to the 2025 insurance cost paid in June 2025 compared to 2024 insurance cost paid in October 2024; among others.
- US\$1 million increase in income tax advance payments driven by the tax return of 2024.

These effects were partially offset by US\$12 million increase in collections from customers related to higher sales, added to 2024 outstanding balances collected during the first quarter of 2025.



Cash Flows used in Investing Activities

Net cash flows used in our investing activities increased by US\$2 million, or 50%, to US\$6 million during the first nine months of 2025 from US\$4 million during the same period in 2024.

During the first nine months of 2025 and 2024, cash used in investing activities was for payments related to the acquisition of property, plant, and equipment.

Cash Flows From (Used in) Financing Activities

Net cash flows from financing activities increased by US\$112 million, to US\$92 million during the first nine months of 2025 from US\$20 million used in financing activities during the same period in 2024.

During the first nine months of 2025, cash provided by financing activities was from the issuance of the 2032 Notes for US\$379 million (US\$380 million, net of discount); partially offset by (i) US\$248 million payment of the 2027 Notes tender³; (ii) US\$19 million in dividends to shareholders; (iii) US\$16 million in interest service and its respective withholding tax; (iv) US\$3 million of transaction costs related to the issuance of the 2032 Notes; among others.

During the first nine months of 2024, cash used in financing activities was mainly for (i) US\$10 million in distributions to shareholders; and (ii) US\$10 million of interest service related to the 2027 Notes and its respective withholding tax.

³ On October 17, 2025, the remaining 2027 Notes for US\$115 million were fully redeemed using the proceeds of the 2032 Notes.



For the three-month period ended September 30, 2025 and 2024

<i>In millions of U.S. dollars</i>	Three months ended September 30		% Change
	2025	2024	
Revenues	19	19	0%
Cost of sales (excluding depreciation and amortization)	(6)	(6)	0%
Depreciation	(6)	(6)	0%
Administrative expenses	(1)	(2)	-50%
Other income, net	-	-	-
Operating profit	6	5	20%
Finance income	1	1	0%
Finance costs	(8)	(6)	33%
Net foreign exchange difference	1	1	0%
Net finance costs	(6)	(4)	50%
Profit before income tax	-	1	-100%
Income tax income (expense)	3	(50)	-106%
Profit (loss) for the period	3	(49)	106%

*2024 figures consider certain reclassifications.

Results of Operations

The Company's net profit for the three-month period ended September 30, 2025, amounted to US\$3 million compared to US\$49 million net loss during the same period in 2024. The Company's results are explained by the following:

Revenues

Revenues amounted to US\$19 million during the third quarter of 2025, unchanged from the same period in 2024.

Cost of sales (excluding depreciation and amortization)

Cost of sales (excluding depreciation and amortization) amounted to US\$6 million during the third quarter of 2025, unchanged from the same period in 2024.

Depreciation

Depreciation amounted to US\$6 million during the third quarter of 2025, unchanged from the same period in 2024.

Administrative expenses

Administrative expenses decreased by US\$1 million, or 50%, to US\$1 million during the third quarter of 2025 from US\$2 million during the same period in 2024, primarily due to a decrease in third party services, among others.



Net finance costs

Net finance costs increased by US\$2 million, or 50%, to US\$6 million during the third quarter of 2025 from US\$4 million during the same period in 2024, primarily explained by US\$2 million related to the transaction costs in connection with the tender of the 2027 Notes, among others.

Income tax income (expense)

Income tax amounted to US\$53 million income during the third quarter of 2025, compared to US\$50 million expense during the same period in 2024. The effective income tax rate during the third quarter of 2025 was 0% (-5000% in the third quarter of 2024). During the third quarter of 2025, changes in the effective tax rate correspond mainly to the re-expression of the tax losses carry forward due to exchange rate variations explained by a 2.1% revaluation of the Peruvian sol against the U.S. dollar. During the third quarter of 2024, the change in the effective tax rate corresponds primarily to a US\$55 million one-time adjustment in the deferred tax determination in connection with the 2020 tax audit conducted by the Peruvian tax authority, which resulted in a US\$185 million reduction in the tax loss carryforward. This adjustment did not involve any cash payment.



Appendixes

EBITDA reconciliation

	Nine months ended September 30,		Three months ended September 30,	
<i>In millions of U.S. dollars</i>	2025	2024	2025	2024
Operating profit	40	38	6	5
Depreciation	20	19	6	6
Total EBITDA	US\$60	US\$57	US\$12	US\$11

As of September 30, 2025, last twelve months (LTM) EBITDA amounted to US\$76 million, unchanged from the same period in 2024.

Material Indebtedness

<i>In millions of U.S. dollars</i>	Outstanding Principal Amount as of Sep-25	Interest Rate	Final Maturity	Amortization
Long-term debt:				
Unsecured:				
2032 Notes	375	6.250%	Set-32	Principal due at maturity with semi-annual interest payments.
2027 Notes ⁴	114	5.625%	Oct-27	Principal due at maturity with semi-annual interest payments.
Total	US\$489			

Note: values net of transaction costs

⁴ On October 17, 2025, the remaining 2027 Notes were fully redeemed, using the proceeds of the 2035 Notes.

