

Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Interim Financial Statements

September 30, 2024

**(Including Independent Auditors' Report on Review of
Condensed Consolidated Interim Financial Statements)**



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Board of Directors Orazul Energy Perú S.A.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Orazul Energy Perú S.A. and Subsidiary as at September 30, 2024, the condensed consolidated statements of profit or loss and other comprehensive income (loss), for the nine and three-month periods then ended as at September 30, 2024, the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the nine and three-month periods ended September 30, 2024, are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Lima, Peru

October 31, 2024

Countersigned by:

Oscar Mera (Partner)
Peruvian Public Accountant
Registration N° 39990

ENMERICH, CORDOVA & ASOCIADOS

Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Interim Financial Statements

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Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Statement of Financial Position

As at September 30, 2024 and December 31, 2023

<i>In thousands of U.S. dollars</i>		September 30,	December 31,
	<i>Note</i>	2024	2023
Assets			
Current assets			
Cash	3	67,485	36,043
Trade receivables	4	16,311	21,466
Other receivables		197	241
Income tax receivable		42	37
Other assets	7	1,882	1,882
Inventories	5	2,445	2,217
Prepaid expenses		345	953
Total current assets		88,707	62,839
Non-current assets			
Property, plant, and equipment	6	558,936	575,181
Right of use assets	6	520	643
Intangible and other assets	7	491,261	492,647
Deferred income tax assets		18,825	74,248
Total non-current assets		1,069,542	1,142,719
Total assets		1,158,249	1,205,558

<i>In thousands of U.S. dollars</i>		September 30,	December 31,
	<i>Note</i>	2024	2023
Liabilities			
Current liabilities			
Trade payables	8	5,577	9,623
Other payables	9	10,890	4,977
Lease liabilities from operating contracts		171	168
Account payables to related parties	16	210	1,305
Income tax payable	9	880	991
Total current liabilities		17,728	17,064
Non-current liabilities			
Debentures	10	360,851	360,234
Lease liabilities from operating contracts		361	480
Other liabilities		402	346
Asset retirement obligation	11	4,848	4,770
Total non-current liabilities		366,462	365,830
Total liabilities		384,190	382,894
Equity	12		
Share capital		477,477	477,477
Additional capital		259,609	278,547
Legal reserves		36,957	36,957
Retained earnings		16	29,683
Total equity		774,059	822,664
Total liabilities and equity		1,158,249	1,205,558

The notes on pages 5 to 18 are an integral part of these condensed consolidated interim financial statements.

Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Loss)

For the nine-month and three-month periods ended September 30, 2024, and 2023

		Nine-month period ended September 30		Three-month period ended September 30	
		2024	2023	2024	2023
<i>In thousands of U.S. dollars</i>	Note				
Revenues	13	77,660	83,566	18,692	20,941
Cost of sales		(17,959)	(32,560)	(5,810)	(19,424)
Depreciation	6.C	(18,772)	(18,528)	(6,249)	(6,187)
Gross profit (loss)		40,929	32,478	6,633	(4,670)
Administrative expenses		(4,490)	(3,426)	(1,798)	(861)
Other income		1,354	459	147	86
Other expenses		(84)	(118)	(81)	-
Operating profit (loss)		37,709	29,393	4,901	(5,445)
Finance income		2,063	1,039	803	552
Finance costs		(17,097)	(16,806)	(5,680)	(5,608)
Net foreign exchange difference		182	119	1,080	(126)
Net finance cost		(14,852)	(15,648)	(3,797)	(5,182)
Profit (loss) before income tax		22,857	13,745	1,104	(10,627)
Income tax expenses	14	(61,574)	(4,327)	(49,336)	(4,962)
(Loss) profit for the period		(38,717)	9,418	(48,232)	(15,589)
Other comprehensive income or loss Items that will not be reclassified to profit or loss					
Capitalization of revaluation reserve		-	(281,113)	-	-
Other comprehensive loss for the period, net of tax		-	(281,113)	-	-
Total comprehensive loss for the period		(38,717)	(271,695)	(48,232)	(15,589)

The notes on pages 5 to 18 are an integral part of these condensed consolidated interim financial statements.

Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine-month period ended September 30, 2024, and 2023

		Attributable to owners of the Company					
		Share capital (note 12)	Additional capital (note 12)	Legal reserves (note 12)	Revaluation reserve (note 12)	Retained earnings (note 12)	Total equity
<i>In thousands of U.S. dollars</i>	<i>Note</i>						
Balance as of January 1, 2023		464,757	-	33,653	281,113	12,765	792,288
Comprehensive income for the period							
Profit for the period		-	-	-	-	9,418	9,418
Other comprehensive income							
Capitalization of revaluation reserve	12.C(a)	-	-	-	(281,113)	-	(281,113)
Total comprehensive income for the period		-	-	-	(281,113)	9,418	(271,695)
Transactions with owners of the Company							
Capitalization of retained earnings	12.A	12,720	-	-	-	(12,720)	-
Capitalization of revaluation reserve	12.C(a)	-	281,113	-	-	-	281,113
Remeasurement asset retirement obligation		-	(1,689)	-	-	-	(1,689)
Legal reserve	12.B	-	-	924	-	(924)	-
Total transactions with owners of the Company		12,720	279,424	924	-	(13,644)	279,424
Balance as of September 30, 2023		477,477	279,424	34,577	-	8,539	800,017
Balance as of January 1, 2024		477,477	278,547	36,957	-	29,683	822,664
Comprehensive income for the period							
Loss for the period		-	-	-	-	(38,717)	(38,717)
Total comprehensive loss for the period		-	-	-	-	(38,717)	(38,717)
Transactions with owners of the Company							
Compensation of loss for the period	12.C	-	(9,050)	-	-	9,050	-
Dividends paid	12.D	-	(10,000)	-	-	-	(10,000)
Remeasurement asset retirement obligation		-	112	-	-	-	112
Total transactions with owners of the Company		-	(18,938)	-	-	9,050	(9,888)
Balance as of September 30, 2024		477,477	259,609	36,957	-	16	774,059

The notes on pages 5 to 18 are an integral part of these condensed consolidated interim financial statements.

Orazul Energy Perú S.A. and Subsidiary

Unaudited Condensed Consolidated Statement of Cash Flows

For the nine-month period ended September 30, 2024, and 2023

		Nine-month period ended September 30	
<i>In thousands of U.S. dollars</i>	<i>Note</i>	2024	2023
Cash flows from operating activities			
Collections from customers		97,340	107,494
Collection of interest		1,992	1,026
Payment to suppliers		(37,599)	(55,450)
Payment of employees		(207)	(152)
Cash generated from operating activities		61,526	52,918
Income tax paid		(6,249)	(13,354)
Net cash provided by operating activities		55,277	39,564
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		781	18
Acquisition of property, plant and equipment		(4,370)	(3,853)
Acquisition of intangibles		(75)	-
Net cash used in investing activities		(3,664)	(3,835)
Cash flows from financing activities			
Interest paid		(10,215)	(10,215)
Dividends paid, net of tax	12.D	(9,499)	-
Payment of withholding tax derived from interest		(522)	(520)
Payment of lease liabilities from operating contracts		(139)	(118)
Net cash used in financing activities		(20,375)	(10,853)
Net increase in cash		31,238	24,876
Cash as of January 1		36,043	16,779
Effects of variations on exchange difference on held cash		204	114
Cash as of September 30	3	67,485	41,769

The notes on pages 5 to 18 are an integral part of these condensed consolidated interim financial statements.

Orazul Energy Perú S.A. and Subsidiary

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Background and Business Activity

A. Corporate information

Orazul Energy Perú S.A. ("the Company," "OEP" or "Orazul") is a subsidiary of Orazul Energia (UK) Holdings Ltd, a company established in the United Kingdom, which owns 99.99% of the Company's share capital. The legal domicile of Orazul is Las Palmeras No. 435, 7th floor, San Isidro, Lima, Peru.

The Company's business activity is the generation and commercialization of electrical energy. The Company has a total capacity of 377 MW, as detailed below:

Plant	Company	Source used to operate power station	Total Capacity (MW)	Location
Cañón del Pato	Orazul Energy Peru	Hydro	266	Huallanca, Ancash
Carhuaquero	Orazul Energy Peru	Hydro	110	Llacma, Cajamarca
Solar Carhuaquero	Orazul Energy Peru	Solar	1	Llacma, Cajamarca
			377	

The Company could be affected by seasonal patterns throughout the year. Therefore, the operating margin could vary by month during the year. Additionally, weather variations, including hydrological conditions, could also have an impact on generation output.

Nevertheless, the hydropower facilities are located in two different basins, which diversifies hydrology risk.

B. Subsidiary

As of September 30, 2024, and December 31, 2023, the Company has a 99.99% direct equity interest in its subsidiary Kondu S.A.C. ("Kondu" or "Subsidiary").

Kondu was incorporated on September 10, 2021, to carry out power generation, transmission, and commercialization activities and provide energy solutions services to customers in general.

The Company and its Subsidiary operate in Peru (collectively "the Group").

2. Basis for the Preparation of Financial Statements

A. Basis of accounting

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting* and should be read in conjunction with the Group's last annual consolidated audited financial statements as at and for the year ended December 31, 2023. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the last annual financial statements as at and for the year ended December 31, 2023. These condensed consolidated interim financial statements do not include all of the information required for a full annual set of financial statements prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Management on October 17, 2024.

B. Material accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at December 31, 2023.

C. Use of estimates and judgements

The preparation of these condensed consolidated interim financial statements requires Management to make judgments, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2023.

D. Measurement of fair values

Some of the Group's accounting policies and disclosures require the measurement of fair value of financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of their fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values included in note 15 – Financial Instruments.

Measurement of revaluation of property, plant, and equipment

i. Fair value hierarchy

The fair value of property, plant, and equipment was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for all of the property, plant and equipment has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

ii. Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value as well as the significant unobservable inputs used.

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Revalued property plants	Market comparison (appraisal): The fair value is estimated considering the current or recent quoted prices for identical assets considering their characteristics (location, condition, etc.)	Not applicable	Not applicable
Debentures	Discounted cash flows using current market interest rates.	Not applicable	Not applicable

3. Cash

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Checking accounts (a)	67,483	36,038
Petty cash	2	5
	67,485	36,043

- (a) The Group holds checking accounts in foreign and local currency at different financial entities. The Group checking accounts are available and mainly earn interest at market rates ranging from 0.07% to 4.90% in soles and from 4.10% to 4.95% in U.S dollars as at September 30, 2024 (from 0.07% to 6.70% in soles and from 3.65% to 4.68% in U.S dollars as at December 31, 2023).

The credit quality that safeguards the Group's bank deposits has the same evaluation compared to December 31, 2023.

4. Trade Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Regulated customers	9,183	11,037
Non-regulated customers	6,087	6,750
COES (a)	1,164	3,646
Others	65	221
Subtotal (b)	16,499	21,654
Impairment loss allowance (c)	(188)	(188)
	16,311	21,466

Orazul Energy Perú S.A. and Subsidiary

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Trade receivables are denominated in U.S. dollars (non-regulated customers) and soles (COES and regulated customers). They have current maturity and do not generate interest, except in the case of payment delays. As of September 30, 2024, trade receivables correspond to 16 non-regulated and 5 regulated customers (12 non-regulated and 7 regulated customers as of December 31, 2023).

- (a) The Committee of Economic Operation of the National Interconnected System (COES) as the system operator acts as a clearing house and settles the payments for power generation companies.
- (b) As of September 30, 2024, this amount includes US\$ 517 thousand for related parties (US\$ 992 thousand as of December 31, 2023) (note 16.C).
- (c) The aging of trade receivables is the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Unexpired	16,303	20,979
Less than 30 days	5	26
31 to 180 days	1	134
181 to 360 days	2	327
More than 360 days	188	188
	16,499	21,654

As of September 30, 2024, and December 31, 2023, past-due trade receivables (over 360 days), represent less than 1.2% of the total balance of trade receivables. Those mainly correspond to trade receivables with non-regulated customers.

5. Inventories

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Mechanical and electrical spare parts (a)	1,612	1,489
Other supplies	760	651
Fuel and lubricants	73	77
	2,445	2,217

- (a) Correspond mainly to items used in scheduled maintenance for the hydropower plants, Carhuaquero and Cañon del Pato, enabling appropriate operations until major maintenance.

Under Management's opinion, it is not necessary to recognize any impairment in inventories as of September 30, 2024.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

6. Property, Plant, and Equipment and Right-of-Use Assets

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	September 30, 2024	December 31, 2023
Cost			
Beginning balance		967,334	959,489
Additions			
Work in process (a)		2,700	7,008
Sundry equipment		101	368
Spare parts		66	-
Building and constructions		40	391
Machinery and equipment		34	2,733
Furniture and fixture		4	3
Land		-	14
Vehicles		-	793
Total additions		2,945	11,310
Other			
Asset retirement cost	11	36	(3,019)
Vehicles		-	(16)
Total other		36	(3,035)
Transfers			
Machinery and equipment		2,147	997
Building and constructions		1,508	461
Sundry equipment		67	(34)
Work in process		(3,653)	(1,808)
Spare parts		(69)	-
Vehicles		-	384
Total transfers		-	-
Retirements			
Sundry equipment		(1,571)	(132)
Vehicles		(661)	(189)
Land		(1)	-
Furniture and fixture		-	(5)
Works in progress		-	(104)
Total retirements		(2,233)	(430)
Ending balance		968,082	967,334
Accumulated depreciation			
Beginning balance		(391,510)	(366,464)
Additions			
Machinery and equipment		(11,721)	(15,248)
Building and constructions		(7,098)	(9,420)
Sundry equipment		(319)	(464)
Vehicles		(135)	(141)
Asset retirement obligation		(68)	(89)
Furniture and fixtures		(6)	(8)
Total additions		(19,347)	(25,370)
Transfers			
Vehicles		-	(384)
Sundry equipment		-	384
Total transfers		-	-

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

<i>In thousands of U.S. dollars</i>	<i>Note</i>	September 30, 2024	December 31, 2023
Retirements			
Furniture and fixture		-	3
Vehicles		661	189
Sundry equipment		1,570	132
Total retirements		2,231	324
Ending balance		(408,626)	(391,510)
Net cost at the beginning of the period		575,824	593,025
Net cost of the end of the period		559,456	575,824

- (a) As of September 30, 2024, the main work-in-progress additions correspond to equipment installation and maintenance service in Carhuaquero and Cañon del Pato hydropower plants for US\$ 1,454 thousand and US\$ 1,246 thousand respectively (in 2023 corresponded to anchor bolt installations in Cañon del Pato hydropower plant for US\$ 2,588 thousand, Carhuaquero solar power plant for US\$ 661 thousand, lubrication system for US\$ 459 thousand and other projects for US\$ 2,989 thousand in Cañon del Pato hydropower plant).
- (b) Property, plant, and equipment includes right-of-use assets as follows:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Cost		
Beginning balance	1,194	571
Additions		
Vehicles	-	656
Sundry equipment	-	8
Total additions	-	664
Other and retirements		
Vehicles	(539)	(16)
Sundry equipment	-	(25)
Total other and retirements	(539)	(41)
Ending balance	655	1,194
Accumulated depreciation		
Beginning balance	(551)	(432)
Additions		
Vehicles	(123)	(136)
Sundry equipment	-	(8)
Total additions	(123)	(144)
Other and retirements		
Vehicles	539	-
Sundry equipment	-	25
Total other and retirements	539	25
Ending balance	(135)	(551)
Net cost at the beginning of the period	643	139
Net cost of the end of the period	520	643

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- (c) Distribution of depreciation was as follows:

<i>In thousands of U.S. dollars</i>	Nine-month period ended September 30		Three-month period ended September 30	
	2024	2023	2024	2023
Depreciation	18,772	18,528	6,249	6,187
Administrative expenses	574	568	191	190
	19,346	19,096	6,440	6,377

- (d) As of September 30, 2024, and December 31, 2023, the Company has insured all plants' assets for property damage under its Property Damage Business Interruption (PDBI) policy. In Management's opinion, this insurance policy is consistent with the international industry practice and the risk of possible losses for claims considered in the insurance policies is reasonable, taking into consideration the Company's types of assets.
- (e) As of September 30, 2024, and December 31, 2023, there were no impairment indicators on the value of property, plant and equipment.
- (f) As of September 30, 2024, and December 31, 2023, the Company does not have guarantees related to the acquisition of property, plant, and equipment.

7. Intangible, Goodwill and Other Assets**A. Intangible and goodwill**

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Goodwill (a)	399,427	399,427
Electric concessions (b)	79,954	79,954
Software and other	45	46
Easement	26	-
	479,452	479,427

- (a) The goodwill corresponds to the excess of the purchase price over the fair value of the net assets acquired in the business combination of Orazul Energy Egenor S. en C. por A. on December 20, 2016, and then merged on August 17, 2017.
- (a) The electric concessions correspond to intangible assets identified at the acquisition date on December 20, 2016. The useful life of electric concessions is indefinite. As of September 30, 2024, and December 31, 2023, Management is not required to establish reserves for the possible impairment of its intangible assets with an indefinite life.

Management analysis indicated there were no impairment indicators on the value of the intangibles as of September 30, 2024, and December 31, 2023.

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B. Other assets

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Opening balance	15,102	16,066
Amortization	(1,411)	(964)
	13,691	15,102
Portion		
Current portion	1,882	1,882
Non-current portion	11,809	13,220

Other assets correspond to payments made to distribution companies in connection with the option agreements signed, by which distribution companies granted an option to sign addendums to the original public tender of certain PPAs, extending the contract term, modifying the contracted capacity and associated energy, and maintaining the current fixed prices within the framework of the Supreme Decree 022-2018 EM. As of September 30, 2024, and December 31, 2023, the Company exercised all option agreements signed with distribution companies and signed all addendums to extend the contract term of the related PPAs.

These payments will be amortized over the extended contract term of the energy supply contracts, reducing revenue generated throughout the extension period.

8. Trade Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Energy purchases and transmission tolls (a)	2,615	5,022
Capital expenditures (b)	814	3,249
Other purchases	2,148	1,352
	5,577	9,623

- (a) Trade payables include transmission tolls paid for the use of principal transmission lines in the Peruvian interconnected electricity system. Most of these costs are pass-through to the Group's customers. As of September 30, 2024, this amount includes US\$ 60 thousand payables to related parties (US\$ 70 thousand as of December 31, 2023) (note 16.C).
- (b) Corresponds mainly to the purchase of spare parts, supplies and services related to the investments made by the Company.

Trade accounts payable are mainly denominated in U.S. dollars, have current maturities, do not accrue interests, and do not have specific guarantees.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

9. Other Payables and Income Tax Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Other payables		
Interest payables (a)	8,626	3,518
Rural electricity contribution and other Energy fund	704	591
Withholding tax on dividends	512	-
Value-Added Tax	507	628
Other taxes	438	193
Payroll	55	44
Others	48	3
	10,890	4,977
Income tax payable	880	991
	11,770	5,968

(a) Corresponds to the interest from the 2027 Notes settled semi-annually throughout the year.

10. Debentures

The terms and conditions of debentures are as follows:

<i>In thousands of U.S. dollars</i>	Nominal annual interest rate	Currency	Maturity	Face value		Carrying amount	
				2024	2023	2024	2023
Debentures							
OEP 2027 notes	5.625%	US\$	Apr-27	363,198	363,198	360,851	360,234

The carrying amounts as of September 30, 2024, and December 31, 2023, comprise the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Orazul Energy Perú 2027 (a)	363,198	363,198
Transaction costs	(2,347)	(2,964)
	360,851	360,234

(a) On April 25, 2017, the Company (originally Orazul Energy Egenor S. en C. por A., later merged into the Company, on August 16, 2017) issued senior unsecured notes for an aggregate principal amount of US\$ 550,000 thousand in the international capital market, under Rule 144A Regulation S. The Notes are rated BB by Fitch Ratings and BB-by Standard & Poor's and accrue interest biannually payable in April and October of each year at a nominal rate of 5.625%.

On August 13, 2021, the cash tender offer related to the sale of the Company's indirect ownership in the transmission business, Etenorte S.R.L. and Eteselva S.R.L., was completed for US\$ 150,400 thousand, which included the purchase of US\$ 145,314 thousand aggregate principal amount of these notes. As a result of this tender, OEP 2027 notes amounted to US\$ 404,686 thousand.

On December 31, 2021, the cash tender offer related to the sale of the Company's indirect ownership in the thermal power generation and hydrocarbon businesses, Termoselva S.R.L. and Aguaytía Energy del Perú S.R.L., was completed for US\$ 41,799 thousand which included the purchase of US\$ 41,488 thousand aggregate principal amount of these notes. As a result of this tender, OEP 2027 notes amounted to US\$ 363,198 thousand.

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11. Asset Retirement Obligation

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Balance as of January 1	4,770	4,003
(Decrease) / additions	(123)	620
Unwind of discount	201	147
	4,848	4,770

The provision for decommissioning liabilities corresponds to the hydropower plants Cañon del Pato, Carhuaquero, and Carhuaquero solar power plant. It has been determined considering all costs necessary to dismantle and rehabilitate the land where the station is currently located.

As of September 30, 2024, the provision has been increased due to changes in the current market rates. The future value has been discounted using an annual risk-free rate ranging 5.68% as of September 30, 2024 (5.63% as of December 31, 2023).

12. Equity**A. Share capital**

As of September 30, 2024, and December 31, 2023, the share capital is represented by 1,691,081,984 common shares, with a nominal value of one sol each, duly authorized, issued, and paid as follows:

Shareholders	Number of shares	%
Orazul Energia (UK) Holdings Ltd.	1,690,843,115	99.99
Others	238,869	0.01
	1,691,081,984	100.00

On June 1, 2023, the Company capitalized the accumulated retained earnings as of December 31, 2022, for US\$ 12,720 thousand and issued additional shares for 46,832,842 with a nominal value of S/ 1.00 per share.

B. Legal reserve

According to the Companies Act, the Company is required to allocate at least 10% of its annual net income to a legal reserve after deducting accumulated losses. This allocation is required until the reserve equals 20% of paid-in capital. In the absence of non-distributed earnings or freely available reserves, the legal reserve must be applied to offset but it must be replaced with the earnings of the subsequent years. This reserve can also be capitalized but its subsequent replenishment is equally mandatory.

C. Additional capital

Comprises the following:

	Nine-month period ended September 30	
<i>In thousands of U.S. dollars</i>	2024	2023
Initial balance	278,547	-
Remeasurement asset retirement obligation	112	(1,689)
Capitalization of revaluation reserve (a)	-	281,113
Dividends	(10,000)	-
Compensation of loss for the period	(9,050)	-
Final balance	259,609	279,424

- (a) On June 1, 2023, the total amount of US\$ 281,113 thousand from the revaluation reserve was capitalized into additional capital.

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D. Dividends

During the nine-month period ended September 30, 2024, the Company made cash dividend distributions for US\$ 10,000 thousand. No dividends were distributed during the nine-month period ended September 30, 2023.

13. Revenues

Comprises the following:

	Nine-month period ended September 30		Three-month period ended September 30	
<i>In thousands of U.S. dollars</i>	2024	2023	2024	2023
Energy sales regulated (a)	21,295	32,435	6,997	10,528
Energy sales non-regulated	20,970	20,636	7,331	6,307
Energy sales spot	19,310	12,238	(645)	(1,889)
Capacity sales regulated	3,668	7,835	1,209	2,501
Capacity sales non-regulated	5,556	6,415	1,683	2,077
Capacity sales spot	5,792	2,966	1,961	1,160
Other revenues	1,069	1,041	156	257
	77,660	83,566	18,692	20,941

- (a) Includes the amortization of option payments made to distribution companies in connection with option agreements. The amortization during the nine-month period ended September 30, 2024, and 2023 was US\$ 1,411 thousand and US\$ 964 thousand, respectively (note 7.B).
- (b) As of September 30, 2024, there was estimated revenue pending to be invoiced for US\$ 7,052 thousand (US\$ 6,944 thousand as of September 30, 2023). According to Management's evaluation, there would not be a significant variation between the amounts invoiced and those estimated.

14. Tax Issues

Income tax from the years 2019, 2021 to 2023, are subject to review by the tax authorities. Any amount exceeding the provisions made to cover the tax obligations will be charged to the results of the year in which those are finally determined.

On August 26, 2024, the Company was notified by the tax authority with the 2020 tax assessment resulting in a tax loss carryforward reduction of S/ 688,766 thousand (US\$ 185,451 thousand approximately) and no additional income tax payment. The impact in the deferred income tax was US\$ 54,708 thousand recorded in the statement of profit or loss.

As of September 30, 2024, and 2023, the income tax expense shown in the income statement is composed as follows:

	Nine-month period ended September 30		Three-month period ended September 30	
<i>In thousands of U.S. dollars</i>	2024	2023	2024	2023
Current tax	(6,198)	(5,337)	(2,658)	2,685
Deferred tax	(55,376)	1,010	(46,678)	(7,647)
	(61,574)	(4,327)	(49,336)	(4,962)

Under current tax legislation, corporate income tax is calculated based on the net taxable profit at a rate of 29.5%. The effective tax rate for the nine-month period ended September 30, 2024, was 269.40% as a result of the impact of the 2020 tax assessment in the deferred income tax. Without the impact of 2020 tax assessment in the deferred income, effective tax rate would have been 30.04% (31.50% effective tax rate for the nine-month period ended September 30, 2023).

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Notes to the Condensed Consolidated Interim Financial Statements

15. Financial Instruments
A. Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Carrying amount			Fair value
	Current		Non-current	
	Amortized cost	Other financial liabilities	Other financial liabilities	Total
				Level 2
<i>In thousands of U.S. dollars</i>				
As of September 30, 2024				
Financial assets not measured at fair value				
Cash	67,485	-	-	67,485
Trade receivables	16,311	-	-	16,311
Other receivables (*)	118	-	-	118
Financial liabilities not measured at fair value				
Trade payable	-	(5,577)	-	(5,577)
Other payable (*)	-	(8,674)	-	(8,674)
Accounts payable to related parties	-	(210)	-	(210)
Debentures	-	-	(360,851)	(360,851)
Lease liabilities from operating contracts	-	(171)	(361)	(532)
	83,914	(14,632)	(361,212)	(291,930)
As of December 31, 2023				
Financial assets not measured at fair value				
Cash	36,043	-	-	36,043
Trade receivables	21,466	-	-	21,466
Other receivables (*)	165	-	-	165
Financial liabilities not measured at fair value				
Trade payable	-	(9,623)	-	(9,623)
Other payable (*)	-	(3,521)	-	(3,521)
Accounts payables to related parties	-	(1,305)	-	(1,305)
Debentures	-	-	(360,234)	(360,234)
Lease liabilities from operating contracts	-	(168)	(480)	(648)
	57,674	(14,617)	(360,714)	(317,657)
				(341,878)

(*) It does not include tax assets, tax liabilities, employee benefits, and advances.

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Notes to the Condensed Consolidated Interim Financial Statements

B. Fair value measurements**Valuation techniques and significant unobservable inputs**

The following table shows the valuation techniques used in the determination of fair values of financial instruments – Level 2 as of September 30, 2024, and December 31, 2023:

Financial instruments not measured at fair value.

Type	Valuation techniques	Key unobservable data	Interrelationship between key unobservable inputs and fair value
Debentures	Discounted cash flows using current market interest rate	Not applicable	Not applicable

16. Related Party Transactions**A. Parent companies and ultimate parent Company**

There are no changes in the parent and ultimate parent companies during the nine-month period ended on September 30, 2024, compared to December 31, 2023.

B. Transactions with key management**i. Loans to Directors**

As of September 30, 2024, and December 31, 2023, there are no loans to Directors.

ii. Key management compensation

As of September 30, 2024, and December 31, 2023, there is no compensation to key management personnel.

iii. Transactions with key management personnel

During the nine-month period ended September 30, 2024, and 2023, there were no transactions between the Company and key management.

C. Other related entities transactions

In 2024 and 2023, the Group performed the following significant transactions with related parties, during the normal course of operations.

In thousands of U.S. dollars	Transaction type	Transaction value		Outstanding balances	
		September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Kallpa Generación S.A. (a)	Management services and O&M	(6,737)	(5,686)	(210)	(1,305)
Compañía Boliviana de Energía Eléctrica Cobee-Sucursal (*)	Support services	-	2	-	-
		(6,737)	(5,684)	(210)	(1,305)

(*) On November 26, 2023, the Inkia Energy Group completed the sale of Compañía Boliviana de Energía Eléctrica Cobee-Sucursal.

Therefore, Cobee is no longer a related party to the Group.

- (a) The Group and Kallpa Generación S.A. entered into a Management Service and Operation and Maintenance Agreements (O&M) which are annually renewable.

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A summary of the transactions between the Company and the other related parties due to the sale of energy and power during the period follows:

		Transaction value		Outstanding balances	
<i>In thousands of U.S. dollars</i>	Transaction type	September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Sales					
Kallpa Generación S.A.	COES	1,922	2,034	61	519
Kallpa Generación S.A.	Energy Purchase	-	-	-	405
Kallpa Generación S.A.	Others	826	743	(60)	68
Termoselva S.R.L. (**)	COES	-	355	-	-
Samay I S.A. (**)	COES	-	7	-	-
Costs					
Samay I S.A. (**)	COES	-	(184)	-	-
Kallpa Generación S.A.	COES	(236)	(168)	(5)	(70)
Termoselva S.R.L. (**)	Capacity Purchase and COES	-	(70)	-	-
		2,512	2,717	(4)	922

(**) On February 3 and March 6, 2023, the Inkia Energy Group completed the sale of its controlling interest in Samay I S.A. and OEG II S.A.C. (indirect owner of Termoselva S.R.L.), respectively. As a result of these transactions, Samay I S.A., and Termoselva S.R.L. are no longer related parties of the Group.

The outstanding balances with related parties have current maturity and do not accrue interest. None of these balances are guaranteed.

17. Contingencies

As of September 30, 2024, and December 31, 2023, the Company has the following contingencies:

Labor Claims

The Company increased the provision related to labor claims from US\$ 346 thousand as of December 31, 2023, to US\$ 402 thousand as of September 30, 2024.

Additionally, the estimate for labor claims that are not more likely than not that the Company will pay, remains US\$ 549 thousand as of December 31, 2023, and September 30, 2024.

18. Subsequent Event

Between October 1, 2024 and until the date of issuance of these financial statements, no additional events or events of importance have occurred that require adjustments or disclosures to the consolidated condensed interim financial statements as of September 30, 2024.