

Orazul Energy Perú S.A. and Subsidiary

Consolidated Financial Statements

December 31, 2025, and 2024

(Including Independent Auditors' Report)



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Orazul Energy Perú S.A. and Subsidiary ("the Group") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs) approved for application in Peru by the Peruvian Board of Deans of Colleges of Public Accountants. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report*. We are independent of the Group in accordance with the International Ethical Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS issued by the IASB, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs approved for application in Peru will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs approved for application in Peru, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to be a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan de perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including as any significant deficiencies in internal control that we identify during our audit.

Lima, Peru

March 2, 2026

Countersigned by:

A handwritten signature in black ink, appearing to be 'Oscar Mere C.', written over a horizontal line.

Oscar Mere C. (Partner)
Peruvian Public Accountant
Registration N° 39990

EMMERICH, CORDOVA & ASOCIADOS

Orazul Energy Perú S.A. and Subsidiary

Consolidated Financial Statements

December 31, 2025, and 2024

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Orazul Energy Perú S.A. and Subsidiary
Consolidated Statements of Financial Position
As of December 31, 2025, and 2024

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Assets			
Current assets			
Cash	5	23,901	26,267
Trade receivables	6	21,811	23,144
Other receivables		1,054	329
Accounts receivable from related parties		110	-
Income tax receivables		-	6
Inventories	7	2,755	2,634
Other assets	9	1,882	1,882
Prepaid expenses		752	776
Total current assets		52,265	55,038
Non-current assets			
Property, plant, and equipment	8	542,041	557,440
Right-of-use assets	8	362	516
Intangible and other assets	9	488,906	490,802
Deferred income tax assets	14	37,156	16,902
Total non-current assets		1,068,465	1,065,660
Total assets		1,120,730	1,120,698

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Liabilities			
Current liabilities			
Lease liabilities from operating contracts	12	189	172
Trade payables	10	8,367	6,237
Other payables	11	10,544	7,550
Accounts payable to related parties	24.C	115	1,978
Income tax payable	11	6,566	811
Total current liabilities		25,781	16,748
Non-current liabilities			
Debentures	13	375,297	361,063
Lease liabilities from operating contracts	12	163	320
Other liabilities		159	216
Asset retirement obligation	15	4,259	3,869
Deferred income tax liabilities	14	18	9
Total non-current liabilities		379,896	365,477
Total liabilities		405,677	382,225
Equity			
	16		
Share capital		477,477	477,477
Additional capital		192,258	223,344
Legal reserves		40,397	36,957
Retained earnings		4,921	695
Total equity		715,053	738,473
Total liabilities and equity		1,120,730	1,120,698

The notes on pages 5 to 60 are an integral part of these consolidated financial statements.

Orazul Energy Perú S.A. and Subsidiary

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2025, and 2024

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Revenues	17	111,096	103,739
Costs of sales	18	(27,160)	(27,279)
Depreciation	8	(27,260)	(25,858)
Gross profit		56,676	50,602
Administrative expenses	18	(4,705)	(5,660)
Other income	19	592	1,742
Other expenses		(180)	(58)
Operating profit		52,383	46,626
Finance income	20.A	1,943	2,603
Finance costs	20.B	(25,875)	(22,753)
Net foreign exchange difference	23.D.iii	2,173	32
Net finance costs		(21,759)	(20,118)
Profit before income tax		30,624	26,508
Income tax	14	5,042	(64,546)
Profit (loss) for the period		35,666	(38,038)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income (loss) for the period		35,666	(38,038)

The notes on pages 5 to 60 are an integral part of these consolidated financial statements.

Orazul Energy Perú S.A. and Subsidiary
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025, and 2024

<i>In thousands of U.S. dollars</i>	<i>Note</i>	Share capital (note 16)	Additional capital (note 16)	Legal reserves (note 16)	Retained earnings	Total equity
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		-	-	-	(38,038)	(38,038)
Total comprehensive loss for the period		-	-	-	(38,038)	(38,038)
Transactions with owners of the Company						
Loss compensation		-	(9,050)	-	9,050	-
Dividend distributions	16.D	-	(47,000)	-	-	(47,000)
Remeasurement of asset retirement obligation	16.C	-	847	-	-	847
Total transactions with owners of the Company		-	(55,203)	-	9,050	(46,153)
Balance as of December 31, 2024		477,477	223,344	36,957	695	738,473
Balance as of January 1, 2025		477,477	223,344	36,957	695	738,473
Comprehensive income for the period						
Profit for the period		-	-	-	35,666	35,666
Total comprehensive income for the period		-	-	-	35,666	35,666
Transactions with owners of the Company						
Dividend distributions	16.D	-	(31,000)	-	(28,000)	(59,000)
Remeasurement of asset retirement obligation	16.C	-	(86)	-	-	(86)
Legal reserve	16.B	-	-	3,440	(3,440)	-
Total transactions with owners of the Company		-	(31,086)	3,440	(31,440)	(59,086)
Balance as of December 31, 2025		477,477	192,258	40,397	4,921	715,053

The notes on pages 5 to 60 are an integral part of these consolidated financial statements.

Orazul Energy Perú S.A. and Subsidiary
Consolidated Statements of Cash Flows
For the years ended December 31, 2025, and 2024

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Cash flows from operating activities			
Collections from customers		142,044	119,678
Collections of interest		1,855	2,510
Payment to suppliers		(64,824)	(50,206)
Payment of contributions and other related to employees		(289)	(286)
Cash generated from operating activities		78,786	71,696
Income tax paid		(8,918)	(7,704)
Net cash provided by operating activities		69,868	63,992
Cash flows from investing activities			
Proceeds from sales of property, plant, and equipment		91	781
Acquisition of property, plant, and equipment		(9,597)	(8,351)
Acquisition of intangibles		(39)	(49)
Net cash used in investing activities		(9,545)	(7,619)
Cash flows from financing activities			
Proceeds from the OEP 2032 Notes issuance		378,936	-
Proceeds from short-term debt		5,000	-
Payment of the OEP 2027 Notes issuance		(363,198)	-
Dividends paid, net of tax		(56,054)	(44,644)
Interests paid	13	(18,693)	(20,430)
Payment of short-term loan		(5,000)	-
Payment of transaction cost		(3,797)	-
Payment of withholding tax derived from interest		(510)	(1,019)
Payment of lease liabilities from operating contracts	12	(197)	(185)
Net cash used in financing activities		(63,513)	(66,278)
Net decrease in cash		(3,190)	(9,905)
Cash as of January 1		26,267	36,043
Effects of variations in exchange differences on cash held		824	129
Cash as of December 31	5	23,901	26,267

The notes on pages 5 to 60 are an integral part of these consolidated financial statements.

1. Background and Business Activity

A. Corporate information

Orazul Energy Perú S.A. (hereinafter, “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 Calle 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 installed capacity of 377 MW, as detailed below:

Plant	Source used to operate power station	Total Capacity (MW)	Location
Cañón del Pato	Hydroelectric	266	Huallanca, Ancash
Carhuaquero Complex	Hydroelectric	110	LLacma, Cajamarca
Solar Carhuaquero	Solar	1	Llacma, Cajamarca
		377	

The Company could be affected by seasonal patterns throughout the year, and 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 hydroelectric facilities are located in two different basins, which diversifies the hydrological risk.

B. Subsidiary

As of December 31, 2025, and 2024, the Company holds 99.99% direct equity interest in its subsidiary Kondu S.A.C. (hereinafter, “Kondu” or “Subsidiary”).

Kondu was incorporated on September 10, 2021, with the purpose of carrying out power generation, transmission, and commercialization activities, as well as providing energy solutions services to customers.

The Company and its Subsidiary operate in Peru (collectively hereinafter, “the Group”).

2. Operations Regulation and Legal Standards Affecting the Electric Sector

The Group is subject to various rules governing its activities. Failure to comply with these rules may result in the imposition of sanctions on the Group, affecting it both financially and operationally. The Group’s Management, through its commercial and legal teams, monitors and assesses compliance with regulations and the filing of claims.

The main regulations affecting the Group’s activities are:

A. Electricity Concessions Law

In Peru, the electricity sector is regulated under the Electricity Concessions Law 25844, enacted on November 19, 1992, along with its implementing regulation, Supreme Decree 009-93-EM, issued on February 25, 1993. These legal instruments are complemented by various supplementary standards and amendments, including Law 28832, known as the Law to Guarantee the Efficient Development of Electricity Generation.

According to the Electricity Concessions Law, the National Interconnected System (Sistema Interconectado Nacional – SEIN, for its Spanish acronym) is divided into three main segments: power generation, transmission, and distribution.

In addition, according to the Law to Guarantee the Efficient Development of Electricity Generation, the operations of the power generation plants and transmission systems are subject to the provisions of the Committee of Economic Operation of the National Interconnected System (Comité de Operación Económica del Sistema Interconectado Nacional - COES-SINAC; for its Spanish acronym). The COES-SINAC coordinates its operations at the minimum cost, ensuring the security of electricity supply and the optimal use of energy resources, while planning the development of the SEIN and managing the short-term market. The COES-SINAC establishes the values of the capacity and energy transfers between the generators.

B. Law to Guarantee the Efficient Development of Electricity Generation

In July 2006, the Peruvian Government issued Law 28832, the Law to Guarantee the Efficient Development of Electricity Generation, with one of its main objectives to: (1) maintain the economic principles used in Law 25844 and add new measures to facilitate competition in the wholesale market; (2) reduce government intervention in establishing power generation tariffs; (3) allow power generation tariffs for regulated power consumers to reflect a competitive market, facilitating the construction of new generation plants when required; and (4) ensure a sufficient supply of power by reducing the power system's exposure to the risks of high prices and rationing inherent to situations of undersupply of natural gas or transportation congestion.

One of the main changes introduced by the Law is in the mechanism for tender offers, which allows electricity distribution companies to enter into power supply contracts with power generation companies to supply the public electricity service. This rule established a mechanism that promotes investments in new power generation capacity through long-term contracting at fixed prices with distribution companies.

C. Environmental preservation regulations

According to the Electricity Concessions Law and the General Environmental Law (Law 28611), the Government designs and applies the policies and standards necessary for the adequate conservation of the environment and of the nation's cultural heritage. Additionally, it ensures the rational use of natural resources in the development of activities related to the generation, transmission, and distribution of electricity. In this sense, the Ministry of Energy and Mines approved the Regulation of Environmental Protection in Electricity Activities (Executive Order 14-2019-EM).

D. Technical Standards

Technical Quality Standards of Electricity Services

Executive Order 020-97-EM approved the Technical Quality Standard of the Electricity Services (Norma Técnica de Calidad de los Servicios Eléctricos – NTCSE, for its Spanish acronym), which established the minimum quality levels of the electricity services and those related to the power generation, transmission, and distribution subject to the regulation of prices, applicable to power supply subject to a free price regime, in all that both counterparties have not stated within their agreement.

The NTCSE employs measurement and tolerance procedures to establish quality standards for electricity and public lighting services, assigning the responsibility for supervision to OSINERGMIN and requiring compliance from electricity companies, as well as sector customers. Likewise, it regulates the application of penalties and compensations in cases of non-compliance with parameters established by the NTCSE. Law 28832 grants COES-SINAC the authority to assign responsibilities in case of breach of the NTCSE, as well as calculate the corresponding compensations.

Technical standard for the coordination of the real-time operation of the interconnected systems

Official Document "Resolución Directoral" 025-2008-EM/DGE, dated August 8, 2008, amended Sub-section 7.1.3 of the "Technical Standard for the Coordination of the Real Time Operation of the Interconnected Systems". The amendment established that in the event of electricity rationing, priority must be given to ensuring the supply of electricity for public utility services.

Technical standard for the real-time exchange of information for the operation of the national interconnected electrical system

Official Document "Resolución Directoral" 243-2013-EM/DGE, dated November 27, 2013, approved the Technical Standard for the Real Time Exchange of Information for the Operation of the National Interconnected Electrical System, which established the technical responsibilities and the procedures related to the operation of the ICCP Network of the SEIN (RIS) for the real-time exchange of information between the Control Center of the COES and the Control Centers of the members of the SEIN.

E. Anti-monopoly and Anti-oligopoly Law

The Anti-monopoly and Anti-oligopoly Law in the Electricity Sector, Law 26876, was issued in November 1997, which establishes that vertical integration over 5% or horizontal integration over 15% that occur in companies that develop activities of generation, transmission, and distribution of electricity, will be subject to a prior authorization procedure to avoid concentrations that could affect competition in the electricity market.

Resolution 012-99/INDECOPI/CLC established conditions in defense of free competition and transparency in the sector. In Management's opinion, this standard does not affect the Group's operations. I Squared Capital Advisors (US) LLC was required to obtain authorization from Indecopi, the Peruvian antitrust authority, before acquiring control over certain Peruvian entities, including the Company, as part of the acquisition.

In November 2019, Emergency Decree 013-2019 was issued, establishing the general framework for prior control of business concentration operations. This Decree was later replaced by Law 31112, which in turn superseded Law 26876, previously applicable to the electricity sector.

F. Emergency Decree Assuring Continuity in the Provision of Electricity Services

Due to short-term constraints in the gas supply and power transmission systems, which were generating distorting price signals in the spot market, the Government of Peru issued Emergency Decree 049-2008, dated December 17, 2008, extended by Emergency Decree 079-2010, Law 30115 and Law 30513. Pursuant to this decree, COES is required to simulate energy spot prices without accounting for limitations due to shortage in supply and transportation of natural gas and for limitations on the transmission system. The latter scheme caps spot prices at a maximum amount per megawatt hour. Power generation companies with units that are called to dispatch and have a variable cost higher than the spot price determined pursuant to the referenced emergency decree are compensated for the difference in their cost by transmission surcharges imposed on all end consumers of the SEIN (i.e., regulated and non-regulated customers) and collected by distribution companies.

Additionally, such decree regulates the allocation of mandatory energy supplies without a contract. Such mandatory supplies are allocated to power generators based on their annual efficient firm energy, less their energy sales per contract. The allocation of mandatory supplies without a contract will not generate economic losses for power generators, as the demand will pay an additional fee for the energy of these mandatory supplies when their supplying costs exceed the Busbar tariffs.

Emergency decrees are legislative statutes issued by the Executive branch of the Government of Peru under specific circumstances and in designated areas specified in the Peruvian Constitution, and are effective for a limited time. The Emergency Decree remained in effect until October 1, 2017.

From October to the end of 2017, the COES had to calculate the Short-term Marginal Costs using the same models used to elaborate the daily operational program, with some adjustments. In addition, the COES had to reallocate the congestion charges paid by the generators.

Afterward, the Supreme Decree N° 033-2017-EM established that the Regulation of the Wholesale Electricity Market, approved by Supreme Decree N° 026-2016-EM and the resolutions issued by OSINERGMIN regarding the Wholesale Electricity Market that approve, modify, or repeal Technical Procedures of COES were effective from January 1, 2018.

G. Standard "Rates and compensations for secondary transmission systems (STS) and complementary transmission systems (CTS)"

OSINERGMIN, through Resolution N° 164-2016 OS/CD, dated June 30, 2016, approved the new standard "Procedure for allocation of Responsibility Payment of STS and CTS".

Under the previous methodology, only entities classified as "Relevant Power Generators" were subject to the payment of STS and CTS. However, the new resolution eliminates this classification, thereby extending the payment obligation to all power generators. Therefore, all power generators would pay even for transmission facilities that do not use.

H. Resolution that sets busbar prices applicable to the period from May 1, 2024, to April 30, 2026

In April of each year, OSINERGMIN publishes resolutions that establish Busbar prices, their corresponding Nodal Electricity Factors and associated Power Loss Factors. The resolutions are effective annually, and the last three issued are:

- Resolution OSINERGMIN N° 048-2025-OS/CD, effective from May 1, 2025, to April 30, 2026.
- Resolution OSINERGMIN N° 051-2024-OS/CD, effective from May 1, 2024, to April 30, 2025.

I. Value of the Applicable Discount Factor (FDA)

It established the value of the Applicable Discount Factor (FDA), which applies to the natural gas transport rate. The resolutions are effective annually, and the last three issued are:

- Resolution 061-2025-OS/CD establishes the FDA applicable from May 1, 2025, to April 30, 2026.
- Resolution 061-2024-OS/CD establishes the FDA applicable from May 1, 2024, to April 30, 2025.

J. Law that creates the energy security system on hydrocarbons and the energy and social inclusion fund

On April 13, 2013, Law 29852, the Law that Creates the Energy Security System on Hydrocarbons and the Energy and Social Inclusion Fund (FISE, for its Spanish acronym), approved through Executive Order 021-2012-EM, was published, as a power compensation system that provides security for the system, as well as a social compensation scheme for the most vulnerable sectors of the population. The additional fee paid for electric generators is transferred to the toll of the main transmission electrical system through Law 29969, a law that lays down provisions to promote the widespread use of natural gas.

In 2016, Legislative Decree No. 1331 introduced provisions to promote the use of natural gas at the national level. The FISE also serves to promote mechanisms for universal access to energy. The funds can be used to finance connections, vehicular conversions, systems, or means of distribution or transportation.

K. Wholesale electricity market

Supreme Decree N° 026-2016-EM dated July 2, 2016: New regulation of the wholesale electricity market (MME, for its Spanish acronym). COES administers the MME, which includes the Short-Term Market (MCP, for its Spanish acronym), ancillary services, and other collateral payments necessary for the operation of the Peruvian Interconnected System (SEIN).

Participants authorized to sell in the MCP are the power generators members of the COES through the dispatch of their respective power plants (dispatch decided by the COES based on a marginal cost merit order).

Participants authorized to buy in the MCP are:

- Power Generators to supply their respective PPAs;
- Power Distributors to meet the demand of its non-regulated users (free customers), up to 10% of the maximum demand recorded by the total non-regulated users in the last 12 months; and
- Large Users, to meet up to 10% of its maximum demand in the last 12 months,
- The above percentage may be modified by Supreme Decree.

Participants must have guarantees or a top credit rating to ensure payment of all of their obligations in the MME, according to the respective procedure. This measure does not apply to the generators, except that they fail to pay their obligations in the power and energy transfers in the COES.

L. Supreme Decree that modifies provisions applicable to the programming and coordination of the operations of the National Interconnected Electric System

The Supreme Decree N° 040-2017-EM modifies, among others, article 96 of the Regulations of the Electricity Concessions Law:

- The COES may issue provisions for the operation in cases of exceptional situations, which include temporary configurations of equipment and installations in the system, as well as programming and operating real-time with new reference values for voltage and frequency, which exceed the tolerances normal and the normal load limits of equipment and facilities; and, eventually, stop allocating rotating reserve for frequency regulation, to procure timely supply to users and minimize the effects of such exceptional situation.
- The information on the generation units corresponding to some Operating Inflexibilities of those units will be delivered with the respective technical support to COES and OSINERGMIN, the latter being able to arrange the corresponding supervision and/or control actions. If the Generator does not send the information indicated above, or if OSINERGMIN determines its inconsistency, these Operating Inflexibilities will be communicated by OSINERGMIN to COES. In cases deemed relevant by OSINERGMIN, it may request that COES provide its opinion in support of values proposed by the Generator.

M. Procedure for the Supervision of the Parameters of the Operating Inflexibilities of the Generation Units of the SEIN

Resolution N° 161-2019-OS/CD OSINERGMIN. In a period not exceeding sixty (60) calendar days, the Generators must send to OSINERGMIN the information referring to the parameters of the Minimum Time of Operation (TMO in Spanish), Minimum Time between Starts (TMA in Spanish) and Start Time (TA in Spanish), adding the corresponding Technical Support Report (IST in Spanish), as indicated in the approved procedure.

The procedure stipulates that if the generators fail to provide the information within the specified timeframe or if OSINERGMIN deems the information presented to be inconsistent with the guidelines outlined in the approved standard, this entity will communicate to COES the parameters of operational inflexibilities to be considered.

The operational inflexibility parameters that the standard establishes as referential are those applicable to the US electrical system provided by the Federal Energy Regulatory Commission (FERC), which do not conform to the reality of the machines that operate in the electrical sector, either to the system of recognition of costs that would imply complying with said technical regime:

Technology	TMA (hours)	TMO (hours)	TA (hours)
Diesel	0.6	1	0.1
Open cycle	1.25	2	0.25
Combined cycle	3.5	4	0.5
Biomass	8	4	10
Steam power station	8	8	10

Through Resolution 030-2021-OS / CD, OSINERGMIN approved the new COES Technical Procedure N° 04, on "Tests for the Determination of the Minimum Power of the Generation Units of the SEIN".

N. Water LAW, Law N° 29338 and its regulation by Supreme Decree N° 001-2010-AG, dated March 23, 2010

The purpose of this Law is to regulate the use and integrated management of water, the performance of the Government and individuals in such management, as well as the assets associated with it.

O. Modification of the Technical Standard for the Coordination of Real-Time Operation of Interconnected Systems

The Directorial Resolution N° 0136-2018-MEM/DGE establishes that once the Rationing Mechanism is activated (as established by Executive Order 017-2018-EM), for purposes of the operation, the COES will apply the efficiency criterion that allows the maximum use of natural gas. Within the electricity sector, the gas allocation will be pro rata of the Daily Contract Quantity or the Maximum Daily Amount of your gas supply contracts, whichever is greater.

Additionally, numeral 5.4.10 of the Technical Standard for the Coordination of the Real-time Operation of Interconnected Systems was modified to establish when the Rationing Mechanism referred to in Supreme Decree N° 017-2018-EM is activated. When the daily volume of gas available for electricity generation is insufficient for economic dispatch without restricting gas supply, the COES will apply the efficiency criterion in programming the operation and/or in real-time to optimize the use of natural gas for electricity generation. Thus, the operation of the SEIN is carried out at the minimum cost preserving the security of the system, reallocating the gas that would have corresponded to each generator having considered a pro-rata distribution of the amount of gas available for the priority level corresponding to Electric Generators, based on the Contractual Daily Quantity or the Maximum Daily Quantity, of their gas supply contracts, whichever is greater.

Finally, if necessary, the COES can consider programming the operation and/or changing the fuel in real-time from the dual units to liquid fuel.

In October 2025, through Directorial Resolution No. 0192-2025-MINEM-DGE, the Ministry of Energy and Mines (MINEM) has repealed the rule under which non-conventional renewable power plants were exempt from providing the Primary Frequency Regulation (RPF) service. As a result, all generation facilities with an installed capacity exceeding 10 MW will be required to deliver this service. This modification will enter into force 24 months after the approval of the required technical procedures by COES.

Non conventional renewable plants that have PPAs granted through a renewable tender awarded by OSINERGMIN will remain exempt from providing the RPF service for the duration of such PPA.

P. Regulation of Legislative Decree N° 1221

Approved by Supreme Decree N° 018-2016-EM: this regulation established some amendments to: (i) the Regulation of the Electricity Concessions Law and (ii) the Regulation of the Non-regulated Users in the electricity market:

- i. In the case of the use of water resources, the definitive concession request must include the study of the project's feasibility level with an analysis of its optimal exploitation. The petitioner of a definitive power generation concession must prove that the requested area corresponds to the minimum required for power generation capacity provided in the application and does not affect the normal development of projects with definitive concessions granted through a Feasibility Study.
- ii. It establishes that Users whose maximum annual demand of each supply point is equal to or less than 200 kW have the status of Regulated User, and if it is greater than 200 kW to 2500 kW, are entitled to choose between the status of Regulated User or Non-Regulated User.

It adds that the Regulated Users whose maximum monthly demand (from several supply points) exceeds 2500 kW, will maintain that status for one (1) year from the month in which that ceiling is exceeded, unless otherwise agreed between the parties. Users with a maximum annual demand at each supply point exceeding 2500 kW, are classified as non-regulated users, unless otherwise specified.

Q. Through Resolutions 216, 217, and 218-2018-OS/CD, the OSINERGMIN issued the prior authorization for the modification of the long-term supply contracts signed by Luz del Sur, Hidrandina, and Enel Distribución with the generators in the framework of Law 28832

Supreme Decree N° 022-2018-EM ("DS 022") modifies Article 18 of the Tender Regulation for the Supply of Electricity, establishing the modification of supply contracts that result from bids within the framework of Law 28832, by agreement of parties and exceptionally. DS 022 also establishes a temporary procedure for the evaluation of the addenda to contracts resulting from bids, applicable until December 31, 2018.

Within the framework of the provisions of Supreme Decree 022-2018-EM, Orazul subscribed option agreements for the right to execute addenda to the PPAs with Luz del Sur, Hidrandina, and Enel Distribución. For example, Orazul and Luz del Sur signed option agreements that grant Orazul the right to extend the term of the PPAs (for a minimum of 7 years) in the event the option is exercised. For such option, Orazul had to pay the value of the option through monthly payments.

R. Incorporation of the third paragraph to Article 122 of the Electricity Concessions Law

Legislative Decree 1451, within the framework of the strengthening of national, regional, and local government entities, incorporated a third paragraph to article 122 of the Electricity Concessions Law, to submit to the Ministry of Energy and Mines the evaluation of definitive concessions or authorizations of generation that are processed in cases of vertical integration that do not qualify as acts of concentration according to the rule of the matter.

In practice, some distribution companies are expanding their investments through different companies linked to them to carry out the generation activity, without this qualifying as an "act of concentration" that must be previously evaluated by INDECOPi to have the respective authorization (because this assumption focuses on mergers and acquisitions between companies that develop different activities in the electricity market).

These situations, occasioned by those distribution companies also violate the prohibition established in Article 122 of the Electricity Concessions Law, which expressly states that the generation, transmission, and distribution activities cannot be carried out by the same owner or by anyone who directly or indirectly exercises control over it.

S. OSINERGMIN approved the modification of the PR-26 of the COES to determine Firm Power to the generation plants with renewable energy resources

Resolution N° 144-2019-OS/CD OSINERGMIN. Since September 1, 2019, the Firm Power of the generation plants that use wind, solar, or tidal technology will be determined considering the production of energy in the Peak Hours of the System defined by the Ministry of Energy and Mines (5:00 p.m. to 11:00 p.m.), according to the following formula:

$$PF_i = \frac{\sum_1^h EG}{h}$$

Where:

PFi = Firm Power to the generation plant with renewable energy resources.

EG = Production of active energy of the RER Power Plant during the System Peak Hours of the last 36 months (evaluation period). If this series is not available, it will be necessary to consider the period from the date of the plant's Commercial Operation Date until the month of evaluation of the PFi.

h = Total number of Peak Hours of the System corresponding to the evaluation period of the EG.

T. OSINERGMIN approved the modification of the Procedure "Conditions for the application of electricity generation and transmission rates"

The purpose of this standard is to establish the conditions for the application of generation and transmission prices for electrical energy supplies linked to:

- (a) Electricity sales from Generator to Distributor, destined for the Public Electricity Service, which is made through the contracts referred to in subparagraph a) section 3.2 of Article 3 of Law N° 28832 (contracts without bidding).
- (b) The tariff options for Regulated Users are defined according to Article 1 of Law 28832 located in high and regular tension connected to the transmission system.
- (c) The application of the tolls of Transmission Systems.

U. Regulation of inspection and sanction of energy and mining activities of OSINERGMIN

Resolution N° 208-2020-OS-CD approves the "Regulation of Inspection and Sanctioning of energy and mining activities overviewed by OSINERGMIN", which will start the day following publication in the official newspaper El Peruano of the Methodological Guide for the Calculation of the Base Fine, referred to in numeral 26.3 of article 26. As of the effective date of this Regulation, the Regulation that was approved by Resolution N° 040-2017-OS/CD will be replaced.

Resolution N° 120-2021-OS-CD approves the "Methodological Guide for the Calculation of the Base Fine".

V. OSINERGMIN approved the Procedure for the Inspection of Contracts and Authorizations of the Electricity Subsector and Concession Contracts in Natural Gas activities

Resolution 166-2020-OS/CD approves the Procedure for the Inspection of Contracts and Authorizations of the Electricity Subsector and Concession Contracts in Natural Gas activities.

The purpose of this Procedure is to establish clear parameters for the supervision of the obligations contained in the Concession Contracts, Authorizations and Investment Commitment Contracts in the Electricity Subsector, as well as in the Concession Contracts of activities Natural Gas and within OSINERGMIN's competence.

The inspection will include: (i) Construction; (ii) Partial and/or Commercial Commissioning; and (iii) Operation, Exploitation of Concession Assets and Maintenance. OSINERGMIN will be responsible for supervising, within the scope of its competence, compliance with the obligations contained in the Contracts and/or Authorizations in accordance with the provisions of the Procedure, without limitation, and will also supervise other relevant aspects.

W. Value of the Fortuitous Unavailability Rate of the peak unit and the Target Firm Reserve Margin of the National Interconnected Electric System is set

- Through Resolution 067-2025-OS/CD, the Fortuitous Unavailability Rate of the peak unit from May 1, 2025, to April 30, 2029, is set at 6.91%. Also, the value of 20.11% is set as the Target Firm Reserve Margin of the National Interconnected Electric System (SEIN) from May 1, 2025, to April 30, 2029.
- Through Resolution 199-2020-OS / CD, the Fortuitous Unavailability Rate of the peak unit from May 1, 2021, to April 30, 2025, is set at 4.18%. Also, the value of 21.41% is set as the Target Firm Reserve Margin of the National Interconnected Electric System (SEIN) from May 1, 2021, to April 30, 2025.

X. Value of the Reserve Margin of the National Interconnected Electric System is set

The Reserve Margin of the National Interconnected Electric System (SEIN) from May 1, 2025, to April 30, 2029, is set as follows:

Period	Reserve Margin
May 2025- Apr 2026	34.5%
May 2026- Apr 2027	29.4%
May 2027- Apr 2028	31.3%
May 2028- Apr 2029	34.2%

Y. The Rotating Reserve Margin for the Primary Regulation of Frequency of the National Interconnected Electric System is set for the flood period and low water period of the years , 2024, 2025 and 2026

Through Resolution 203-2023-OS/CD, the Rotating Reserve Margin for the Primary Frequency Regulation of the National Interconnected Electric System is approved at 2.1% for the flood period from January to May and December 2024, and 2.5% for the low water period from June to November 2024.

In addition, through Resolution 194-2024-OS/CD, the Rotating Reserve Margin for the Primary Frequency Regulation of the National Interconnected Electric System is approved at 2.5% for the flood period from January to May and December 2025, and 3% for the low-water period from June to November 2025.

Finally, through Resolution 171-2025-OS/CD, the Rotating Reserve Margin for the Primary Frequency Regulation of the National Interconnected Electric System is approved at 2.9% for the flood period from January to May and December 2026, and 3.5% for the low-water period from June to November 2026.

Z. OSINERGMIN's "Methodological Guide for Calculating the Base Fine" is approved

Through Resolution N° 120-2021-OS/CD, OSINERGMIN approves the Methodological Guide for the Calculation of the Base Fine, which aims to provide greater predictability in relation to the criteria and components to be considered by OSINERGMIN for the determination of the base fine, as part of the fine penalty grading process to be imposed on by the audited agents.

The Guide is mandatory for the investigating authority, the sanctioning authority, and the OSINERGMIN review authority, in the exercise of their respective functions.

AA. OSINERGMIN approved the modification of Technical Procedure 20 of the COES “Entry, Modification and Removal of Facilities in the SEIN”

Through Resolution 083-2021-OS/CD, it is provided to substitute numerals from 1 to 16 of the COES Technical Procedure N° 20 approved by Resolution N° 035-2020-OS/CD, and to incorporate numeral 17 in accordance with the content in Annex A of the published resolution.

In addition, Annexes 2 to 7 are replaced by Annexes 2 to 5, in accordance with the content of Annex B of the published resolution.

It is specified that Annex 1 of the Technical Procedure of COES N° 20 approved by Resolution N° 035-2013-OS/CD, remains valid.

Likewise, the processes for obtaining Certificates of Conformity of EPO, EO, Start of Commercial Operation, Integration of Transmission Facilities in the SEIN, Conclusion of Commercial Operation and Retirement of Facilities of the SEIN, as well as for the approval of the Connection of Installations to the SEIN initiated before the entry into force of the modification of this procedure, will be governed, until its conclusion, by the provisions contemplated in the Technical Procedure of COES N° 20 approved by Resolution N° 035-2013-OS/CD. Exceptions from the application of this provision are those processes related to projects that are outside the scope of this procedure or that do not comply with the requirements established in its scope, as well as processes that are no longer contemplated in the approved Technical Procedure.

This regulation was repealed with the publication on October 8, 2024, of Resolution N° 173-2024-OS-CD, which approves the new “Technical Procedure 20 of the COES “Entry, Modification and Removal of Facilities in the SEIN”.

The most relevant aspect of the modification of the PR-20 is that as of January 1, 2028, all generation plants with non-conventional energy resources (RER), without exception, must have mechanisms to deliver synthetic inertia to the electric system, being able to use energy storage systems such as batteries, flywheels, grid-forming inverters or other mechanisms or technologies that allow compliance with this requirement.

As required by COES Technical Procedure No. 20, that determines that non-conventional renewable energy plants must implement infrastructure capable of providing synthetic inertia starting January 1, 2028, through Resolution 176-2025-OS/CD OSINERGMIN established the following technical requirements:

- Synthetic inertia contribution: 6% of nominal power, delivered within 1 second of event initiation.
- Activation time: Within 0.15 seconds.
- Minimum contribution duration: 8 seconds, triggered within a dead band of ± 0.1 Hz around nominal frequency.
- Compliance will be evaluated by COES during the Pre-Operational Study (EPO) and confirmed in the Operational Study (EO).

BB. OSINERGMIN modifies COES Technical Procedure N° 07 “Determination of Short-Term Marginal Costs” (PR-07)

By Resolution N° 244-2021-OS/CD, OSINERGMIN modifies COES Technical Procedure N° 07 “Determination of Short-Term Marginal Costs” (PR-07) approved by Resolution N° 179-2017-OS/CD and modified by Resolution N° 091-2019-OS/CD, in accordance with the provisions of the Annex to this resolution. July 1, 2022, is established as the effective date of the modifications to the PR-07.

CC. Ministry of the Environment declares the Climate Emergency of National Interest

Through Supreme Decree N° 003-2022-MINEM, the country's climatic emergency is declared as national interest, to execute a series of actions and measures to (i) limiting the increase in temperature, (ii) reducing climatic risks, (iii) achieve "carbon neutrality", (iv) stabilize greenhouse gas emission concentrations, among other global objectives. In this sense, the Supreme Decree established the following relevant provisions for the energy sector:

- The Ministry of Energy and Mines ("MINEM" in Spanish), in coordination with the Ministry of the Environment, will guarantee the use of non-conventional renewable energy resources ("RER") in the electricity generation matrix. It is expected to progressively increase its new requirements with RER, with a projection of reaching 20% participation by 2030.
- MINEM must prioritize the execution of the following measures:
 1. Promote programs and policies on the efficient use of energy in the public, productive, services, residential, and transportation sectors.
 2. Implement programs to transition from polluting fuels (such as wood, manure, coal, and others) to other clean energy sources for domestic use.
 3. Design promotion programs for the development of technologies, use, and production of green hydrogen.
 4. Propose, within the scope of the "Multisectoral Commission for the Reform of the Electricity Subsector", with the participation of the Ministry of the Environment, the regulatory framework for increasing the use of RER in the electricity generation matrix, as well as other measures that promote the use of renewable energies.
- The Ministry of Transport and Communications must design promotional mechanisms for electromobility with emphasis on urban transport.

DD. Supervisory Agency for Investment in Energy and Mining - OSINERGMIN modifies COES Technical Procedure N° 22 "Rotating Reserve for Secondary Frequency Regulation" (PR-22)

The modification of PR-22 incorporates the formula that allows calculating the real Opportunity Cost incurred by the machines for providing Secondary Frequency Regulation service. In this way, the hydroelectric machines that offer this service downstream during the flood season will be adequately compensated.

The modification of PR-22 became effective on June 22, 2022.

EE. OSINERGMIN approves the "Procedure for the Control of Compliance with the Technical Standard for the Exchange of Real Time Information for the Operation of the National Interconnected Electric System"

Resolution 053-2022-OS/CD approves the "Procedure for the Control of Compliance with the Technical Standard for the Exchange of Real Time Information for the Operation of the National Interconnected Electric System". The Procedure has the following objectives:

- Establish the methodology for supervising compliance with the Technical Standard for the Exchange of Real-Time Information for the Real-Time Information Exchange for the Operation of the National Interconnected Electric System (NTIITR).
- Establish the criteria and procedures to evaluate the compliance of the adequacy of the Control Centers of the ICCP Network Control Centers of the Members of the SEIN's ICCP Network of the SEIN (RIS), in relation to the requirements of the Objective Stage of the NTIITR.

- Evaluate the fulfillment of the minimum quality requirements and conditions for the exchange of information in real time between the COES and the Control Centers of the Members of the SEIN.
- The procedure establishes the conduct considered as non-compliances, which will be sanctioned according to the Scale of Fines and Sanctions to be approved by OSINERGMIN.

FF. Peruvian Government establishes seven (7) hours as the Regulation Hours to be applied for the calculation of the firm power of hydroelectric power plants

The Regulation Hours are set at seven (7) hours according to the provisions of literal d) of article 110 of the Regulation of the Law of Electricity Concessions, approved by Supreme Decree N° 009-93-EM, for the period from May 1, 2022, to April 30, 2026.

GG. Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) approves COES Technical Procedure N° 34 "Determination of the Variable Maintenance Cost of Thermoelectric Generation Units" (PR-34)

The purpose of PR-34 is to establish the criteria, methodology, and process to be followed by the Integrating Generators to determine the Variable Maintenance Cost (CVM) of the thermoelectric Generation Units in each of its Operation Modes, for its approval by COES.

PR-34 establishes the obligation of the Generators to submit an economic technical report that supports the CVM of its thermoelectric Generation Units for each of its Operation Modes. The report must be updated every two (02) years or when the indicated conditions occur.

HH. Congress of the Republic approves bringing forward the amendment to Law 27510, the Law that creates the Electric Social Compensation Fund

The modification of Law 27510 is brought forward to November 2022, with which the Fondo de Compensación Social Eléctrica (FOSE) will cover the subsidy to residential users of the public electricity service whose monthly consumption is less than or equal to 140 kWh/month (previously it was up to 100 kWh/month).

II. Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) approves COES Technical Procedure N° 02 "Conditions for Participation in the Wholesale Electricity Market" (PR-02)

The purpose of PR-02 is to establish the requirements, procedures, and obligations that Members must comply with to participate in the Wholesale Electricity Market (WEM).

The modifications of PR 02 (with respect to its previous version), are related to the following:

- Requirements to be a participant in the WME.
- Treatment of remote disconnection in case of unauthorized withdrawals.
- Authorization process to participate in the WME.
- Causes for suspension and exclusion.

JJ. Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) modifies COES Technical Procedure N° 13 "Calculation of Firm Energy, annual verification of the coverage of the Committed Energy and monthly balance of the committed power" (PR-13)

By OSINERGMIN Resolution 210-2023-OS/CD, OSINERGMIN modifies PR-13. However, this modification has not corrected essential observations that we consider in PR-13:

- PR-13 establishes two stages of verification of generators' energy commitments per year.
- PR-13 establishes the determination of a factor (load factor) for the projection carried out in the initial stage. Still, the way in which it is regulated has the effect of inflating "the supposedly committed energy for the year under evaluation, causing the generator to have to present a greater firm energy support."

- In the second stage, this factor is also applied again, which constitutes an error. At this point, actual data is already available regarding the amount of firm energy generated during the year and the energy committed to customers. Therefore, in this final evaluation, no adjustment factor should be applied.

KK. Agency for Environmental Assessment and Enforcement (OEFA) approves the "Sole Ordered Text of the Procedure for Collection and Control of the Regulation Contribution"

The purpose of this rule is to regulate the procedure for the collection and control of the Regulatory Contribution that corresponds to the OEFA. The rule applies to the subjects of the energy (electricity and hydrocarbon subsectors) and mining sectors that are obliged to comply with the obligations derived from the Regulation Contribution.

Likewise, through Supreme Decree N° 150-2025-PCM, provisions were approved regarding the OEFA's Regulation Contribution, to be paid by the companies and entities of the energy sector for the period 2026 - 2028, as follows:

	Current	Previous
Aliquot of the Contribution for the regulation of	(2026-2028)	(2023-2025)
Companies and entities of the electricity sub-sector	2026: 0.12 % 2027: 0.11 % 2028: 0.10 %	2023: 0.46 % 2024: 0.43 % 2025: 0.41 %

LL. Approved regulations that will take effect from 2025 onwards

By Law N° 32249, Law which modifies Law 28832, Law to Ensure Effective Development of Power Generation to guarantee the safe, reliable and efficient supply of electricity supply and to promote the diversification of the energy matrix, or Law N° 32249 ("Law 32249"), which came into effect on January 20, 2025, the Peruvian Congress amended the LGE, providing for, among others:

- a) The creation of a market for the sale of firm capacity and a market for the sale of firm energy. This new regulation provides that generation companies are prohibited from contracting for more firm capacity and firm energy with distribution companies and non-regulated clients than the amounts they have generated and /or agreed to purchase from third parties;
- b) The promotion of the participation of generating renewable energy companies in the bids called by distribution companies. For such purposes, new regulations allow distribution companies to require generation companies to supply either energy and capacity or only energy, divided into hourly blocks. Additionally, distribution companies will be required to publish an annual 10-year public tender schedule and request proposals for long-term, medium-term, and short-term PPAs. Each distribution company must annually adjust and inform the 10-year public tender schedule to the MINEM and OSINERGMIN;
- c) That the benchmark for the bus bar tariff shall not differ by more than 10% of the weighted average price of: (i) PPAs resulting from public tender processes; and (ii) PPAs entered into with non-regulated customers; that, in each case, are in effect as of March 31 of each calendar year. This change will not apply to PPAs with distribution companies that were already in effect before Law 32249;
- d) A mechanism to allocate the consumed energy or capacity that will be applied, recognizing the terms and conditions of existing PPAs, while PPAs with distribution companies that were in effect before Law 32249 and PPAs with distribution companies that are effective thereafter coexist. This mechanism will be set forth by the MINEM by supreme decree, and
- e) The creation of a complementary services market for the provision of services required to guarantee the quality and reliability of the electricity supply from generation to demand, which is expected to be available beginning in January 2026. The MINEM will approve and issue the regulations of this market.

Certain provisions in Law 32249 will necessitate supplemental regulations and amendments to the existing regulations. MINEM has recently published a draft regulation for Law 32249, which is currently pending approval by MINEM. Similarly, Osinergmin has published a draft procedure, which is pending approval.

3. Material Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements unless otherwise stated.

A. Basis of accounting

i. Compliance with IFRS

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements as of December 31, 2025, and 2024, have been authorized for issuance by the Management of the Company on March 2, 2026.

ii. Historical cost basis

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities measured at present value: provision for asset retirement obligation (note 3.P).

B. Accounting pronouncement

i. New accounting pronouncements

The application of the following standards, interpretations, and amendments to IFRS is mandatory for the first time for annual periods beginning on or after January 1, 2025:

Effective date	New standards or amendments
January 1, 2025	Lack of Exchangeability - Amendments to IAS 21

The Group adopted these amendments, which did not generate significant impacts on the financial statements as of December 31, 2025.

ii. New accounting pronouncements issued but not yet adopted

The following accounting pronouncements issued are applicable to annual periods beginning after January 1, 2026, and have not been applied in the preparation of these consolidated financial statements. The Group plans to adopt the corresponding accounting pronouncements on their respective dates of application.

Effective date	New standards or amendments
January 1, 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 Annual Improvements to IFRS Accounting Standards – Volume 11
January 1, 2027	IFRS 18 Presentation and Disclosure in Financial Statements IFRS 19 Subsidiaries without Public Accountability: Disclosures

Management is in the process of assessing the potential impact of the new standards, especially IFRS 18, on the presentation of the Group's statement of profit or loss and statement of cash flows, as well as on the additional disclosure requirements related to management-defined performance measures. In addition, management is evaluating how these standards may affect the grouping and presentation of information in the financial statements, including amounts currently presented as "other."

C. Basis of consolidation

i. Business combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company, in determining whether a particular set of assets and activities acquired includes, at a minimum, an input and substantive process, and whether the acquired set can produce outputs.

The Company has the option to apply for a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at its fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date, and subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Non-Controlling Interest (NCI)

NCI is measured at its proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Reorganizations under Common Control Transactions

Common control transactions that involve the setup of a new group company and the combination of entities under common control are recorded using the book values of the parent company.

vi. *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

D. Foreign currency translation

i. *Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in U.S. Dollars, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

ii. *Transactions and balances*

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in the profit or loss statement.

E. Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer, net of value-added tax, rebates, and discounts.

The revenue recognition model applied to contracts with customers considers a transaction analysis based on five steps to determine whether, how much, and when revenue is recognized:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Identify the contract with a customer and performance obligations in the contract

Revenues from the generation business are recorded based upon energy output delivered and capacity provided at rates specified pursuant to our Power Purchase Agreements (PPAs), or at marginal costs determined on the spot market if the sales are made on the spot market.

Determine the transaction price and allocation to the performance obligations

Performance obligations in the generation business are the sale of electrical energy and the sale of capacity.

Revenues and costs related to main and secondary toll services are recognized net, as the Company merely pays for the use of the transmission lines, without a separate performance obligation.

The Revenue from the generation business is determined substantially by long-term, U.S. dollar-linked PPAs. PPAs are usually entered into at prices equivalent to, or higher than, the prevailing spot market rates, the majority of which are indexed to the underlying fuel cost of the related long-term supply agreements. Under the terms of the majority of our PPAs, the power purchaser is contractually obligated to purchase its energy requirements, and sometimes capacity and/or ancillary services, from the power generator based upon a base price (denominated either in U.S. Dollars or in the local currency) that is generally adjusted for a combination of some of the following: (1) fluctuations in exchange rates, (2) the U.S. inflation index, (3) a local inflation index, (4) fluctuations in the cost of operating fuel, (5) supply costs of natural gas, and (6) transmission costs. PPAs include provisions that adjust the contractual unitary energy prices in the event of a natural gas supply or transportation interruption, using a methodology based on spot prices on the dates of the interruption.

Many of the prices in our PPAs differentiate between peak and off-peak periods.

Recognition of revenue

The following table provides information about the nature and timing of satisfying performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies:

Type of product/ service	Nature, timing of satisfaction of performance obligations, and significant payment terms	Revenue recognition
Sale of electricity and sales of capacity	The Group considers, based on all relevant facts and circumstances, that the obligation to deliver energy and capacity is viewed as a service that is transferred consecutively over the contract term, which is simultaneously provided and consumed. That means that the customer immediately consumes each unit of energy (kWh) and capacity. Management evaluates the impact of progress measures over time. The purpose of measuring progress toward satisfying a performance obligation is to recognize revenue in a pattern that reflects the transfer of control of the promised good or services to the customer. Based on the contract terms, the amount to be billed is determined by the units of energy transferred to customers. Invoices are usually collected within 30 days.	Revenue is recognized over time as the electricity and the capacity are provided.

F. Finance income and finance costs

Finance income and finance costs of the Group are recognized on an accrual basis and include the following:

- Interest income.
- Interest expense.
- Foreign currency gain or losses on financial assets and financial liabilities.
- Reclassification of the net earnings previously recognized in other comprehensive income.
- Non-recoverable VAT related to financial obligations.
- Interest income or expense is recognized using the effective interest method.

G. Income tax

Income tax expense comprises current, deferred tax, and uncertain income tax provisions. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, as well as any adjustments to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current Tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and associates to the extent that the Group can control the timing of the reversal of the temporary differences and it is not probable that they will reverse in the foreseeable future; and,
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profit improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Group regularly reviews its deferred tax assets for recoverability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income, and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

The Group believes its tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The Group believes that its liabilities for unrecognized tax benefits, including related interest, are adequate in relation to the potential for additional tax assessments. There is a risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense, and therefore, could have a material impact on our tax provision, net income, and cash flows.

iii. Uncertain income tax provision

A provision for uncertain income tax positions, including additional income tax payable or income tax receivable, is recognized by the Group when it analyzes an Uncertain Tax Treatment (UTT). If the Group concludes that it is probable that the tax authority will accept a UTT that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If the Group concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made as an additional income tax liability.

The Group measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either “the most likely amount method” or “the expected value method”.

In selecting the most appropriate method, the Group uses the “most likely method” in cases where there are binary outcomes and the concentration in one value exceeds 75%. If the outcomes are binary and the concentration in one value is 75% or less, the Group uses the “expected value method”.

Assets and liabilities balances related to uncertain income tax provisions must be included in the assets and liabilities balances from current and deferred income tax; therefore, those balances are not presented as provisions nor in other lines of the Group statement of financial position as other receivable or other payables.

H. Inventories

Inventories consist of fuel, spare parts, materials, and supplies and are valued at the lower of cost or net realizable value. Cost is determined using the average cost method. The net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling, and distribution.

I. Trade receivables

Trade receivables are amounts due from customers for the energy and capacity in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

J. Property, plant, and equipment

i. Recognition and measurement

Property, plant, and equipment include electrical energy, hydroelectric power plants, Cañón del Pato, and Carhuaquero Complex. These items are measured at historical cost less accumulated depreciation and accumulated impairment losses, except for buildings, machinery, and equipment, which are measured at revalued cost based on appraisals performed by an independent appraiser.

The Company has adopted the revaluation model for its buildings, machinery, and equipment, based on appraisals made by independent experts. The appraisals are carried out regularly enough to ensure that the fair value of the revalued assets does not differ materially from their book value.

If the book value of buildings, machinery, and equipment increases as a result of a revaluation, this increase will be recognized in other comprehensive income under the heading of revaluation surplus.

The revaluation surplus included in equity may be transferred directly to retained earnings when the asset is derecognized. This could involve a full transfer of the revaluation surplus upon disposal of the asset. These transfers do not affect the profit or loss for the period. Any impairment losses related to the fair value of revalued assets are recognized directly in other comprehensive income during the period in which the losses occur.

Historical cost includes expenditure that is directly attributable to the acquisition of the items:

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- Capitalized borrowing costs, and.
- When the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property, plant, and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant, and equipment.

Any gain or loss resulting from the disposal of an item of property, plant, and equipment is recognized in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably.

Disbursements for maintenance and repairs are recognized as expenses in the period in which they are incurred.

Work in progress is presented at cost. The cost of these assets in the process includes professional fees and other costs. Those assets are subsequently reclassified to their category of property, plant, and equipment once the construction or acquisition process is complete, and they are ready for their intended use.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant, and equipment less their estimated residual values, using the straight-line method over its estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant, and equipment are as follows:

	Years
Buildings and other constructions	4 – 70
Machinery, equipment and transmission lines	2 – 30
Vehicles	5 – 20
Furniture and fixtures	5 – 16
Sundry equipment	2 – 20

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriated.

K. Intangible assets

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity investee as a whole.
Research and development	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Concession	The electricity concessions correspond to intangible assets identified as of the acquisition date on December 20, 2016. The useful life of electric concessions is indefinite.
Other intangible assets	Other intangible assets, including licenses and software licenses acquired by the Company, have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent cost

Subsequent costs are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including costs associated with internally generated goodwill, are expensed as incurred.

iii. Amortization

Amortization is calculated to write off the cost of intangible assets using the straight-line method over their useful lives and is generally recognized in profit or loss.

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

L. Financial instruments

i. Recognition and initial measurement

The Group initially recognizes trade receivables issued on the date they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, that is directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets are classified as measured at: amortized cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI). Classification is driven by the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets. In such cases, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if: a) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and b) the contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest.

All financial assets not classified as measured at amortized cost are measured at FVTPL. This includes all derivative financial assets.

Financial liabilities are classified as FVTPL (derivatives) and other financial liabilities. Financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iii. Derecognition

Financial assets

The Group derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control over the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On the derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

M. Share capital - Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

N. Impairment

i. Non-derivative Financial Assets

The Group shall recognize a loss allowance for expected credit losses (ECL) on a financial asset subsequently measured at amortized cost or fair value through other comprehensive income, a contract asset or a loan commitment, and a financial guarantee contract to which the impairment requirements apply.

The Group measures the loss allowance for a financial instrument at each reporting date at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

In the generation business, the Group assumes that it has no significant credit risk due to collections are made within 30 days.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or,
- The financial asset is more than 90 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ELCs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for security because of financial difficulties; or,
- Observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

Presentation of allowances for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off may still be subject to enforcement activities to comply with the Group's procedures for recovering amounts due.

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment annually or whenever impairment indicators are present.

The recoverable amount of an asset or cash-generating unit (hereinafter, "CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an assessment is performed at each reporting date to determine if there are any indications that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. It is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

O. Energy purchase

Costs from energy purchases, either acquired in the spot market or from contracts with suppliers, are recorded on an accrual basis according to the energy actually received. Purchases of electric energy, including those that have not yet been billed as of the reporting date, are recorded based on estimates of the energy supplied at the prevailing prices in the spot market or as agreed upon in the respective purchase agreements, as applicable.

P. Asset retirement obligation (ARO)

Provision is made for closedown, restoration, and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials, and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the statement of financial position date. At the time of establishing the provision, a corresponding asset is capitalized where it gives rise to a future benefit and depreciates over future production.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the specific risks associated with the liability. The unwinding of the discount is recognized as a finance cost.

Changes in the measurement that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

Cost model

The changes in the liability shall be added to, or deducted from, the cost of the related assets in the current period.

Revaluation model

If the related asset is measured using the revaluation model, changes in the liability alter the revaluation surplus or deficit previously recognized on that asset.

Q. Provisions

A provision is recognized if it is the result of a past event, the Group has a present legal or constructive obligation that can be reliably estimated, and an outflow of economic benefits will probably be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the specific risks associated with the liability. The unwinding of the discount is recognized as a finance cost.

R. Leases

At the inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration.

As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the lease of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use assets initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made t or before the commencement date, plus any initial direct cost incurred and an estimate co costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentive received.

The right of use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those property and equipment. In addition, the right of use -asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determined its incremental borrowing rate obtaining interest rates from various external financing sources and made certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index rate as the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, if the Company change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or it is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for a lease of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payment associated with these leases as an expense on a straight line over the lease term.

S. Operating segments, geographic, and revenue information

Operating segments are defined as business activities that generate revenue and expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") of the Company to make decisions about the allocation of resources to the segments and to evaluate their performance.

Management has determined that the senior management team is the CODM. The CODM receives and reviews information about operating results and assesses performance on a total Company basis only. Consequently, management has determined that the Company has no operating segments as that term is defined in IFRS.

All of the Company's revenues are derived from customers that are geographically located in Peru. Also, all non-current assets of the Company are located in Peru.

During 2025, revenues from the following customers individually and collectively represent more than 7% and 38%, respectively, of the Company's total revenues (During 2024, 5% and 56%, respectively):

<i>In thousands of U.S. dollars</i>	2025	2024
Minera Chinalco Perú S.A.	15,938	13,913
Luz del Sur S.A.	10,584	11,517
Engie Energía Perú S.A.A.	7,912	5,617
Electroperú S.A.	7,549	7,034
Pluz Energía Perú S.A.A.	626	19,601

Revenues by type and services are disclosed in note 17.

4. Use of Judgments and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments and estimates that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded prospectively.

i. Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 6: Expected credit losses of trade receivables;
- Notes 8 and 9: Useful life of the property, plant and equipment, and intangible assets;
- Note 14: Utilization of tax losses.

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties on December 31, 2025, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 17: revenue recognition: estimate of expected returns;
- Note 14: recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
- Note 9: impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 25: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

Several of the Group accounting policies and disclosures require measuring the fair values of both financial and non-financial assets and liabilities.

The Group has an established control framework for measuring the fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data to the extent 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 fall into different levels of the 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 entire measurement.

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

Further information about the assumptions made in measuring fair values is included in note 23 – Financial Instruments.

5. Cash

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Checking accounts (a)	23,899	26,265
Petty cash	2	2
	23,901	26,267

- (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 0.15% to 4.10% in soles and from 2.40% to 3.35% in U.S dollars as at December 31, 2025 (from 0.07% to 4.55% in soles and from 3.15% to 4.08% in U.S dollars as at December 31, 2024).

Credit ranking

According to Apoyo & Asociados S.A.C. (for local financial entities) and Standard & Poor's (for foreign financial entities), the credit quality that safeguards the Group bank deposits was evaluated as follows:

	2025	2024
Banco del Crédito del Perú S.A.	A+	A+
Scotiabank Perú S.A.A.	A+	A+
Santander Peru S.A.	A+	A+
Bank of America	A+	A+

6. Trade Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Non-Regulated customers	11,775	12,440
Regulated customers	4,264	5,837
COES (a)	4,222	4,254
Others	1,550	613
	21,811	23,144

Trade receivables are denominated in U.S. dollars (for non-regulated customers) and soles (for COES and regulated customers). They have current maturity and do not generate interest, except in the case of payment delays. Trade receivables as of December 31, 2025, correspond mainly to 86 non-regulated and 6 regulated customers (20 non-regulated and 5 regulated customers as of December 31, 2024).

- (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 December 31, 2025, this amount includes US\$ 1,615 thousand for related parties (US\$ 746 thousand as of December 31, 2024 (note 24.C)).

The aging of trade receivables is as follows:

<i>In thousands of U.S. dollars</i>	2025	2024
Unexpired	21,503	23,061
Less than 30 days	197	76
31 to 180 days	111	6
181 to 360 days	-	1
	21,811	23,144

The aging of accounts receivable and the performance of the customers are constantly monitored to ensure their recovery within their due dates. Consequently, in Management's opinion, the balance of the allowance for impairment of accounts receivable adequately covers the risk of loss for doubtful accounts as of December 31, 2025, and 2024.

As of December 31, 2025, and 2024, there have been no past due trade receivables (over 360 days).

- (c) The movement of the expected credit loss estimate is as follows:

<i>In thousands of U.S. dollars</i>	December 31, 2024
Opening balance	188
Addition	202
Exchange difference	6
Write off	(394)
Recovery	(2)
	-

7. Inventories

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Mechanical and electric spare parts (a)	1,840	1,778
Other Supplies	841	778
Fuel and lubricants	74	78
	2,755	2,634

- (a) Items used in scheduled maintenance for the hydropower plants: Carhuaquero Complex and Cañon del Pato, enabling appropriate operations until major maintenance.
- (b) Under Management's opinion, it is not necessary to recognize any impairment in inventories as of December 31, 2025, and 2024.

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

Comprises the following:

<i>In thousands of U.S. dollars</i>	Land	Buildings and other constructions	Machinery and equipment	Asset retirement obligation	Vehicles	Furniture and fixtures	Sundry equipment	Works in progress (b)	Total
Cost									
Balance as of January 1, 2024	9,208	558,628	368,360	4,023	2,898	364	16,435	7,410	967,326
Additions (b)	-	81	3,129	-	133	9	219	5,259	8,830
Retirements	(1)	-	-	-	(698)	-	(1,571)	(871)	(3,141)
Transfers	-	6,446	1,740	-	(28)	-	107	(8,253)	12
Other	-	-	-	29	-	-	-	-	29
As of December 31, 2024	9,207	565,155	373,229	4,052	2,305	373	15,190	3,545	973,056
Balance as of January 1, 2025	9,207	565,155	373,229	4,052	2,305	373	15,190	3,545	973,056
Additions (b)	-	162	1,140	-	188	13	703	10,124	12,330
Retirements	-	-	(4)	-	(421)	-	(88)	-	(513)
Transfers	-	2,575	3,556	-	47	-	56	(6,234)	-
Other	-	-	-	1	-	-	-	(623)	(622)
As of December 31, 2025	9,207	567,892	377,921	4,053	2,119	386	15,861	6,812	984,251
Accumulated depreciation									
Balance as of January 1, 2024	-	(214,189)	(160,240)	(692)	(2,075)	(303)	(14,011)	-	(391,510)
Depreciation	-	(9,526)	(15,670)	(90)	(142)	(8)	(422)	-	(25,858)
Retirements	-	-	-	-	698	-	1,570	-	2,268
As of December 31, 2024	-	(223,715)	(175,910)	(782)	(1,519)	(311)	(12,863)	-	(415,100)
Balance as of January 1, 2025	-	(223,715)	(175,910)	(782)	(1,519)	(311)	(12,863)	-	(415,100)
Depreciation	-	(9,970)	(16,514)	(90)	(233)	(10)	(443)	-	(27,260)
Retirements	-	-	3	-	421	-	88	-	512
As of December 31, 2025	-	(233,685)	(192,421)	(872)	(1,331)	(321)	(13,218)	-	(441,848)
Carrying amount									
As of December 31, 2024	9,207	341,440	197,319	3,270	786	62	2,327	3,545	557,956
As of December 31, 2025	9,207	334,207	185,500	3,181	788	65	2,643	6,812	542,403

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- (a) As of December 31, 2025, and 2024, the Company has insured all plants' assets under a Property Damage Business Interruption (PDBI) insurance policy. In Management's opinion, this insurance policy is consistent with international industry practice, and the risk of potential losses from claims covered under the insurance policy is reasonable, taking into account the Company's asset types.
- (b) As of December 31, 2025, the main work-in-progress additions correspond to equipment installation and maintenance service in Carhuaquero and Cañon del Pato hydropower plants for US\$ 3,949 thousand and US\$ 6,175 thousand respectively (civil works, equipment installation and maintenance service in Carhuaquero Complex and Cañon del Pato plants for US\$ 2,177 thousand and US\$ 3,080 thousand, respectively as of December 31, 2024).
- (c) As of December 31, 2025, and 2024, in Management's opinion, there were no impairment indicators on the value of property, plant, and equipment.
- (d) Property, plant, and equipment include US\$ 362 thousand and US\$ 516 thousand right-of-use assets as of December 31, 2025, and 2024, respectively, as follows:

<i>In thousands of U.S. dollars</i>	Vehicles	Total
Cost		
Balance as of January 1, 2024	1,194	1,194
Retirements	(539)	(539)
Balance as of December 31, 2024	655	655
Balance as of January 1, 2025	655	655
Additions	35	35
Balance as of December 31, 2025	690	690
Accumulated depreciation		
Balance as of January 1, 2024	(551)	(551)
Depreciation	(127)	(127)
Retirements	539	539
Balance as of December 31, 2024	(139)	(139)
Balance as of January 1, 2025	(139)	(139)
Depreciation	(189)	(189)
Balance as of December 31, 2025	(328)	(328)
Carrying amount		
As of December 31, 2024	516	516
As of December 31, 2025	362	362

- (e) As of December 31, 2025, and 2024, the Company does not have guarantees related to the acquisition of property, plant and equipment.

9. Intangible, Goodwill and Other Assets

Comprises the following:

A. Intangible and goodwill

The balance reconciliation is as follows:

<i>In thousands of U.S. dollars</i>	Goodwill (a)	Electricity Concession (b)	Software	Total
Cost				
Balance as of January 1, 2024	399,427	79,954	46	479,427
Additions	-	-	43	43
Balance as of December 31, 2024	399,427	79,954	89	479,470
Balance as of January 1, 2025	399,427	79,954	89	479,470
Additions	-	-	-	-
Balance as of December 31, 2025	399,427	79,954	89	479,470
Accumulated amortization				
Balance as of January 1, 2024	-	-	-	-
Amortization	-	-	(6)	(6)
Balance as of December 31, 2024	-	-	(6)	(6)
Balance as of January 1, 2025	-	-	(6)	(6)
Amortization	-	-	(14)	(14)
Balance as of December 31, 2025	-	-	(20)	(20)
Carrying amount				
As of December 31, 2024	399,427	79,954	83	479,464
As of December 31, 2025	399,427	79,954	69	479,450

- (a) The goodwill corresponds to the excess of the net fair value of assets and liabilities identified during the acquisition of the Peruvian operating business on December 20, 2016.
- (b) The electricity concessions correspond to intangible assets identified at the acquisition date on December 20, 2016. The useful life of electricity concessions is indefinite. As of December 31, 2025, and 2024, Management is not required to establish reserves for possible impairment of its intangible assets with an indefinite life.

Impairment testing

The recoverable amount of the Cash-Generating Unit (CGU) is based on the estimated value in use using discounted cash flows. The cash flow is derived from financial projections covering a five-year period.

The key assumptions used in the estimation of the recoverable amount are set below. The values assigned to key assumptions represent management's assessment of future trends in the power sector based on historical data from external and internal sources.

<i>(In percentage)</i>	2025	2024
Discount rate	6.1	6.5
Terminal value growth rate	2.2	2.6

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of long-term inflation.

In addition to the discount and growth rates, the key assumptions used to estimate future cash flows, based on experience and current sector forecasts, are as follows:

- Existing power purchase agreements signed and the existing number of clients.
- The production was determined using specifically developed internal forecast models that consider factors such as commodity prices and availability, forecast demand of electricity, planned construction, or the commissioning of new capacity in the various technologies.
- Assumptions about energy sale and purchase prices and output of generation facilities are made based on complex, specifically developed internal forecast models.
- Demand – The demand forecast has taken into consideration the best economic performance as well as growth forecasts of different sources.
- Technical performance – The forecast has taken into consideration that the power plants have an appropriate preventive maintenance that permits their proper functioning.

Sensitivity to changes in assumptions

As of December 31, 2025, and 2024, the book value related to the CGU has been compared with the recoverable amount, and Management has determined that it is not necessary to record any impairment.

Regarding the assessment of value in use of the CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the book value to exceed its recoverable amount materially.

B. Other assets

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Opening balance		13,220	15,102
Amortization	17	(1,882)	(1,882)
		11,338	13,220
Portion			
Current portion		1,882	1,882
Non-current portion		9,456	11,338

Other assets correspond to payments made to distribution companies under option agreements pursuant to which distribution companies granted the right to execute addenda to the original public tenders of certain PPAs. These addenda enabled the extension of contract terms, adjustments to the contracted capacity and associated energy, and the maintenance of current fixed prices in accordance with the Supreme Decree 022-2018 EM. Between 2021 and 2022, the Company executed all option agreements signed with distribution companies and signed the corresponding addenda to extend the contract terms of the related PPAs.

These payments will be amortized over the extended contract term of the energy supply contract, reducing revenue generated throughout the extension period (note 17(a)).

10. Trade Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Energy purchases and transmission tolls (a)	3,296	2,691
Capex expenditures (b)	3,159	1,776
Other purchases	1,912	1,770
	8,367	6,237

- (a) Trade payables transmission tolls paid for the use of principal transmission lines in the Peruvian interconnected electricity system. Most of these costs are passed through to the Group's customers. As of December 31, 2025, trade payables include US\$ 177 thousand for related parties (US\$ 118 thousand as of December 31, 2024) (note 24.C).
- (b) Corresponds mainly to the purchase of spare parts, supplies, civil works, and services related to major maintenances.

Trade account payables are mainly denominated in U.S. dollars, have current maturities, do not accrue interest expenses, and do not have specific guarantees.

11. Other Payables and Income Tax Payable

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Other payables		
Interest payables (a)	6,795	3,518
Withholding tax on dividends	1,947	1,829
Rural electricity contribution and other Energy Fund	1,267	736
Other taxes	366	181
Payroll	62	58
Other	107	356
Value-added tax	-	872
	10,544	7,550
Income tax payable	6,566	811
	17,110	8,361

- (a) As of December 31, 2025, corresponds mainly to senior unsecured notes OEP 2032 (as of December 2024, corresponds mainly to senior unsecured notes OEP 2027), settled semi-annually throughout the year.

12. Lease Liabilities from Operating Contracts

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Opening balance		492	648
Additions	8(d)	35	-
Payments (a)		(197)	(185)
Interest expense – Lease liabilities		22	29
Balance as of December 31		352	492

- (a) As of December 31, 2025, and 2024, the Company has made payments amounting to US\$ 197 thousand and US\$ 185 thousand, respectively. Those amounts are presented in the cash flow from financing activities in the Financial Statement of Cash Flows.

13. Debentures

A. Terms and debt repayment schedule

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	
				2025	2024	2025	2024
Debentures							
OEP 2032 Notes (a)	6.250%	US\$	Sep – 32	380,000	-	375,297	-
OEP 2027 Notes (b)	5.625%	US\$	Oct – 25	-	363,198	-	361,063
				380,000	363,198	375,297	361,063

The carrying amounts as of December 31, 2025, and 2024 comprise the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Orazul Energy Perú 2032 (a)	380,000	-
Transaction costs	(4,703)	-
Orazul Energy Perú 2027 (b)	-	363,198
Transaction costs	-	(2,135)
	375,297	361,063

- (a) On September 17, 2025, the Company issued senior unsecured notes for an aggregate principal amount of US\$ 380,000 thousand in the international capital markets, under Rule 144A Regulation S. (hereinafter “OEP 2032 Notes”). The proceeds from the new issuance were used to fund (i) the tender of the OEP 2027 Notes and the redemption of any OEP 2027 Notes that remain outstanding, (ii) the prepayment of certain short-term borrowing incurred to finance capital expenditures and other operating expenses, and (iii) general corporate purposes. These notes are rated BB by Fitch and Ba2 by Moody’s. The issuance was made at a below-par rate (99.720%), payable semi-annually with a final maturity in September 2032 and a coupon rate of 6.250%.
- (b) 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 markets, under Rule 144A Regulation S. (hereinafter “OEP 2027 Notes”). The notes were rated BB by Fitch Ratings and Ba2 by Moody’s and accrue interest biannually, payable in April and October of each year at a nominal rate of 5.625%.

On August 13, 2021, and October 29, 2021, the Company led two cash tender offers for US\$ 145,314 thousand and US\$ 41,488 thousand, respectively. As a result of these tenders, OEP 2027 Notes amounted to US\$ 363,198 thousand.

In October 2025, the debt was fully prepaid (Note 13(a)).

Financial obligations and covenants

i. Conditions of the Notes

The main obligations assumed by the Company in the Notes are the following:

▪ *Payment of securities*

The Company shall promptly pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities and the related Indenture.

▪ *Limitation on liens*

The Company covenants and agrees that it will not permit any subsidiary to, directly or indirectly, incur, assume, or suffer to exist any liens to secure any indebtedness (except for permitted liens) against or upon any of their properties or assets.

As of December 31, 2025, and 2024, the Company was in compliance with the covenants above indicated.

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B. Reconciliation of movements of liabilities to cash flows from financing activities

The reconciliation of movements of liabilities to cash flows arising from financing activities, as follows:

	Liabilities				Equity				
			Lease liabilities from operating contracts	Total liabilities					
<i>In thousands of U.S. dollars</i>	Debentures (note 13)	Short-term loan	(note 12)		Share capital	Additional capital	Legal reserves	Retained earnings	Total
Balance as of January 1, 2025	361,063	-	492	361,555	477,477	223,344	36,957	695	1,100,028
Dividends paid, net tax	-	-	-	-	-	(29,450)	-	(26,604)	(56,054)
Proceed long-term bond	378,936	-	-	378,936	-	-	-	-	378,936
Payment of long-term debt	(363,198)	-	-	(363,198)	-	-	-	-	(363,198)
Interest paid and withholding tax	(19,203)	-	-	(19,203)	-	-	-	-	(19,203)
Proceed short-term loan	-	5,000	-	5,000	-	-	-	-	5,000
Payment short-term loan	-	(5,000)	-	(5,000)	-	-	-	-	(5,000)
Payment of transaction costs	(3,797)	-	-	(3,797)	-	-	-	-	(3,797)
Payment of lease liabilities from operating contracts	-	-	(197)	(197)	-	-	-	-	(197)
Net cash used in financing activities	(7,262)	-	(197)	(7,459)	-	(29,450)	-	(26,604)	(63,513)
Interest expenses and withholding tax	19,203	-	-	19,203	-	-	-	-	19,203
Change in transaction cost	2,293	-	-	2,293	-	-	-	-	2,293
Profit for the period	-	-	-	-	-	-	-	35,666	35,666
Legal reserves	-	-	-	-	-	-	3,440	(3,440)	-
Adjustment of asset retirement obligation	-	-	-	-	-	(86)	-	-	(86)
Others	-	-	57	57	-	(1,550)	-	(1,396)	(2,889)
Balance as of December 31, 2025	375,297	-	352	375,649	477,477	192,258	40,397	4,921	1,090,702

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	Liabilities		
	Debtentures	Lease liabilities from operating contracts	Total liabilities
<i>In thousands of U.S. dollars</i>	(note 13)	(note 12)	
Balance as of January 1, 2024	360,234	648	360,882
Dividends paid, net tax	-	-	-
Interest paid and withholding tax	(21,449)	-	(21,449)
Payment of lease liabilities from operating contracts	-	(185)	(185)
Net cash used in financing activities	(21,449)	(185)	(21,634)
Interest expenses and withholding tax	21,449	-	21,449
Change in transaction cost	829	-	829
Profit for the period	-	-	-
Others	-	29	29
Loss compensation	-	-	-
Adjustment of asset retirement obligation	-	-	-
Balance as of December 31, 2024	361,063	492	361,555

Equity					
Share capital	Additional capital	Legal reserves	Revaluation reserve	Retained earnings	Total
477,477	278,547	36,957	-	29,683	1,183,546
-	(44,644)	-	-	-	(44,644)
-	-	-	-	-	(21,449)
-	-	-	-	-	(185)
-	(44,644)	-	-	-	(66,278)
-	-	-	-	-	21,449
-	-	-	-	-	829
-	-	-	-	(38,038)	(38,038)
-	(2,356)	-	-	-	(2,327)
-	(9,050)	-	-	9,050	-
-	847	-	-	-	847
477,477	223,344	36,957	-	695	1,100,028

14. Current and Deferred Income Tax

The recorded components of deferred income tax assets and liabilities are as follows:

<i>In thousands of U.S. dollars</i>	Additions/recoveries			
	Opening balance	Profit or loss (P&L)	Equity	Final balance
2025				
Deferred income tax assets				
Tax losses carryforward	182,101	7,090	-	189,191
Various provisions	4	20	-	24
	182,105	7,110	-	189,215
Deferred income tax liabilities				
Property, plant and equipment	(69,439)	2,951	-	(66,488)
Revaluation	(105,723)	5,342	-	(100,381)
Financial cost	(629)	(757)	-	(1,386)
Various provisions	10,579	5,542	57	16,178
	(165,212)	13,078	57	(152,077)
Net effect	16,893	20,188	57	37,138
2024				
Deferred income tax assets				
Tax losses carryforward	247,269	(65,168)	-	182,101
Various provisions	-	4	-	4
	247,269	(65,164)	-	182,105
Deferred income tax liabilities				
Property, plant, and equipment	(71,255)	1,816	-	(69,439)
Revaluation	(110,950)	5,227	-	(105,723)
Financial cost	(874)	245	-	(629)
Various provisions	10,058	876	(355)	10,579
	(173,021)	8,164	(355)	(165,212)
Net effect	74,248	(57,000)	(355)	16,893

Income tax shown in the statement of profit or loss for the years ended 2025 and 2024 is composed as follows:

<i>In thousands of U.S. dollars</i>	2025	2024
Current tax	(15,146)	(7,546)
Deferred tax	20,188	(57,000)
	5,042	(64,546)

The table below presents the reconciliation of the effective income tax rate for the years ended December 31, 2025, and 2024 to the tax rate:

<i>In thousands of U.S. dollars</i>	2025		2024	
Profit before income tax	30,624	100.00%	26,508	100.00%
Theoretical expense	9,034	29.50%	7,820	29.50%
Effect of non-taxable income and non-deductible expenses	(78)	(0.25%)	188	0.71%
Exchange difference taxable base	(12,676)	(41.39%)	1,733	6.54%
2020 tax assessment impact	-	-	54,722	206.44%
Recognition of previously unrecognized deductible interest expenses	(1,220)	(3.98%)	-	-
Other differences	(102)	(0.33%)	83	0.31%
Income tax expenses	(5,042)	(16.46%)	64,546	243.50%

15. Asset Retirement Obligation

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Balance as of January 1		3,869	4,770
Unwind of discount	20.B	246	271
Additions /(Decrease)		144	(1,172)
Balance as of December 31		4,259	3,869

The provision for decommissioning liabilities corresponds to the hydroelectric power plants Cañon del Pato and Carhuaquero Complex. It has been determined to consider all necessary costs to dismantle and rehabilitate the land where the station is currently located.

As of December 31, 2025, and 2024 provision variations are due to changes in estimated future costs and current market rates. The future value has been discounted using an annual risk-free rate of 6.19% as of December 31, 2025 (6.35% as of December 31, 2024).

16. Equity

A. Share capital

As of December 31, 2025, and 2024, the share capital of the Company is represented by 1,691,081,984 ordinary shares with a nominal value of one sol each, duly authorized, issued, and paid as detailed below:

Shareholders	Number of shares	%
Orazul Energia (UK) Holdings Ltd.	1,690,843,115	99.99
Orazul Energy Partners LLC	3	0.00
Others	238,866	0.01
	1,691,081,984	100.00

B. Legal reserves

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:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Initial balance		223,344	278,547
Dividends in cash	16.D	(31,000)	(47,000)
Remeasurement of asset retirement obligation		(86)	847
Loss compensation		-	(9,050)
Final balance		192,258	223,344

D. Dividends

During 2025, US\$ 59,000 thousand dividends were declared and paid in cash. The amount was distributed from additional capital and retained earnings.

During 2024, US\$ 47,000 thousand dividends were declared and paid in cash. The amount was distributed from additional capital.

17. Revenues

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Energy sales non-regulated	29,416	29,977
Energy sales regulated (a)	29,033	28,959
Energy sales to the spot market	28,754	23,307
Capacity sales non-regulated	7,691	7,623
Capacity sales to the spot market	9,082	7,471
Capacity sales regulated	5,110	4,917
Other revenues	2,010	1,485
	111,096	103,739

- (a) Includes the amortization of option payments made to distribution companies in connection with option agreements. The amortization for the year ended December 31, 2025, and 2024, was US\$ 1,882 thousand for both periods (note 9.B).
- (b) During 2025, the Company sold 1,066 GWH (1,212 GWH during 2024).
- (c) As of December 31, 2025, estimated revenues were pending to be invoiced for US\$ 10,468 thousand (US\$ 11,338 thousand as of December 31, 2024). According to Management's evaluation, there would not be a significant variation between the amounts invoiced and those estimated.

18. Expenses by Nature

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	Cost of sales		Administrative expenses		Total	
		2025	2024	2025	2024	2025	2024
Intercompany services	24.C	8,058	7,964	3,045	3,323	11,103	11,287
Purchase of energy and other		4,651	5,665	-	-	4,651	5,665
Main and secondary transmission toll		2,947	3,355	-	-	2,947	3,355
Insurance		2,607	2,790	-	-	2,607	2,790
Contributions		1,854	1,533	-	-	1,854	1,533
Taxes		1,763	1,873	17	22	1,780	1,895
Third-party services		1,497	1,116	718	998	2,215	2,114
Maintenance		1,279	1,124	-	-	1,279	1,124
Consumption of various supplies		916	788	-	-	916	788
Purchase of power		99	339	-	-	99	339
Employee benefits		81	40	274	257	355	297
Depreciation and Amortization	8	-	-	14	6	14	6
Others		1,408	692	637	1,054	2,045	1,746
		27,160	27,279	4,705	5,660	31,865	32,939

19. Other Income

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Other non-operating income		515	664
Gain on sale of equipment (a)		77	777
Intercompany services	24.C	-	301
		592	1,742

(a) Mainly corresponds to the sale of land and vehicles.

20. Finance Income and Cost

A. Finance income

Comprises the following:

<i>In thousands of U.S. dollars</i>	2025	2024
Interest on checking accounts	1,855	2,578
Other	88	25
	1,943	2,603

B. Finance cost

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Interest expenses on debentures		21,924	20,430
Transaction cost amortization		2,294	829
Withholding tax on interest		1,094	1,019
Other financial costs		295	175
Unwind the discount on the decommissioning provision	15	246	271
Interest on lease liabilities under operating contracts	12	22	29
		25,875	22,753

21. Tax Issues

- A. In accordance with current regulations, the Company's income tax returns for fiscal years 2021 through 2024 remain subject to review by the tax authorities.

On August 26, 2024, the Company was notified by the tax authority of the 2020 tax assessment, resulting in a tax loss carryforward reduction of S/ 688,752 thousand (US\$ 185,497 thousand approximately) and no additional income tax payment. The impact on the deferred income tax was US\$ 54,722 thousand, recorded in the statement of profit or loss.

As of December 31, 2025, the Company is undergoing an income tax audit for the 2021 fiscal year as well as a transfer pricing audit for the same year, both conducted by the Peruvian Tax Administration (SUNAT).

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. In the opinion of the Company's Management, as a result of an eventual assessment, no significant liabilities affecting the financial statements will arise as of December 31, 2025.

- B. Under current tax legislation, corporate income tax for 2025 and 2024 is calculated based on the net taxable profit at a rate of 29.5%.

Legal entities domiciled in Peru are subject to an additional rate of 5% on any amount that may be considered as indirect income provision, including amounts charged to expenses and unreported income; that is, expenses which may have benefited shareholders, interest holders, among others; other expenses not related to the business; expenses of shareholders, interest holders, among others, which are assumed by the legal entity.

According to the Income Tax Peruvian legislation, tax losses may be offset according to either of the following systems: (A) against net income generated within the following four fiscal years after the year in which the loss was incurred (any losses that are not offset within such period may not be carried forward to any future year); or (B) against 50% of the net income generated in the following fiscal years after the year in which the loss was generated (under this system, there is no time limit for carrying the losses forward). The Company has determined that the losses will be offset under system (B).

- C. Temporary Tax on Net Assets applies to third category recipients subject to the general income tax regime. Since 2009, a 0.4% tax rate has applied to net assets exceeding S/ 1 million. The paid amount can be used as credit against payments made in advance related to the general income tax regime or against the regularization payment of income tax for the corresponding taxable period. As of December 31, 2022, the Company had US\$ 961 thousand in ITAN receivable.
- D. Through Legislative Decree N° 1669, published on September 28, 2024, the General Sales Tax Law (IGV) and Law No. 29215 were modified, focusing on the recording of payment receipts and the exercise of the IGV tax credit.

Nevertheless, although Legislative Decree N° 1669 was published in 2024, it is still not in effect. The new rule will come into effect when the Tax Administration publishes the corresponding regulation. SUNAT's regulation is still pending.

Currently, taxpayers have 12 months to record payment receipts that entitle them to the tax credit. With the new rule, this period will be reduced, establishing the following deadlines for the recording of receipts:

- Electronic receipts: they must be recorded in the Purchase Registry in the same month of their issue or the payment of the corresponding tax.
- Physical receipts: They must be recorded up to two months following the month of their issue or the payment of the tax.
- Operations subject to the Tax Obligations Payment System (SPOT): the annotation must be made within three months following the month of issue of the receipt.

According to the new rule, if the receipts are not recorded within these periods, the right to the corresponding tax credit will be lost.

Transfer Pricing

- E. On September 24, 2024, Legislative Decrees N° 1662 and N° 1663 were published, introducing amendments to the Income Tax Law regarding Advance Pricing Agreements (APAs) and alternative valuation methods in the field of transfer pricing. These amendments took effect on January 1, 2025.

By Legislative Decree N° 1662, published on September 24, 2024, it was established that APAs between SUNAT and taxpayers may have retroactive effects for previous fiscal years. For this to be valid, the facts and circumstances of the previous years must be consistent with those covered by the APA, and the tax authority must not have prescribed the right to determine the income tax liability by transfer pricing rules.

Likewise, by Legislative Decree N° 1663, published on September 24, 2024, the Income Tax Law was amended to regulate the application of alternative valuation methods in situations where traditional transfer pricing methods are not applicable due to the nature of the activities or transactions or due to the lack of reliable comparable transactions.

- F. By Law N° 32218, enacted on December 29, 2024, the Consolidated Text of the Income Tax Law was amended, incorporating in literal h) of article 18 two new cases of interest and capital gains not subject to income tax.
- Repurchase transactions: As of January 1, 2025, the date of entry into force of this law, the interests and capital gains from repurchase transactions in which the securities that the acquirer receives from the transferor are Treasury bills issued by the Republic of Peru, as well as bonds and other debt securities issued by the Republic of Peru under the Market Makers Program or its substitute mechanism, or in the international market from 2003, will be exempt from income tax.
 - Sale of ETFs: the exemption extends to the interests and capital gains derived from the sale of participation units of Stock Market Funds or Exchange Traded Funds (ETFs) that aim to replicate the profitability of publicly accessible indexes, built on the basis of Treasury bills issued by the Republic of Peru, and bonds and debt securities issued by the Republic of Peru under the Market Makers Program or its substitute mechanism, or in the international market from year 2003.
- G. Tax amendments of greater relevance became effective on January 1, 2025:

i. Depreciation of Assets

Through Legislative Decree N° 1488 Special Depreciation Regime and amending regulations, the depreciation percentages of assets acquired during the years 2020, 2021, and 2022 are increased to promote private investment and provide greater liquidity, given the economic situation due to the effects of COVID-19.

Law N° 31107 amended Legislative Decree N° 1488, which established that during the taxable years 2021 and 2022, buildings and constructions that as of December 31, 2020, have a value to be depreciated will be depreciated at an annual rate of 20%. This provision was applied to those fixed assets used in lodging establishments, travel and tourism agencies, restaurants and related services, as well as in the performance of non-sporting public cultural shows. In addition, it was specified that land transport vehicles used in these activities may be depreciated at an annual rate of 33.3% during the same taxable years.

Also, by Law N° 31652, a new Special Depreciation Regime was approved, through which the depreciation percentages were increased for taxpayers who acquire buildings and constructions during the years 2023 and 2024 (it does not apply to assets built totally or partially before January 1, 2023).

ii. Compliance Profile

SUNAT has implemented the Tax Compliance Profile (PCT), a rating system aimed at taxpayers generating business income. This profile aims to promote voluntary compliance with tax obligations and allow for differentiated treatments based on the assigned level of compliance.

The implementation of the PCT is being carried out gradually. In July 2024, a test phase began, comprising four quarterly ratings of an informative nature with no legal effects on taxpayers. During this phase, taxpayers do not need to submit disclaimers related to their rating.

The rating assigned by SUNAT will take legal effect as of July 2026. This implies that taxpayers with a low rating could face measures such as the imposition of prior precautionary measures, the extension of the deadline for a corrective sworn statement to determine a lower tax to take effect, and possible reputational risks, both internal and external.

iii. Other relevant changes

The exemptions contained in Appendices I and II of the VAT Law are extended until December 31, 2025. Consequently, the sale of essential foodstuffs and basic services such as public transport, among others, will not be subject to VAT. Link to the regulation in question: Law N° 31651.

Based on the preliminary analysis of the regulatory changes mentioned in items E, F, G, and H, it is considered that these changes will not significantly affect the Group's operation or tax position.

22. Commitments

Electricity Supply Contracts

As of December 31, 2025, the Group has 91 contracts with non-regulated customers where the off-peak capacity agreed is 178 MW (12 contracts with non-regulated customers where the off-peak capacity agreed is 189 MW as of December 31, 2024). These contracts have maturities ranging from 2025 to 2029.

Additionally, the Group has 9 contracts with distribution companies for 53 MW of capacity for regulated clients and 2.7 MW of capacity for non-regulated clients, effective as of December 31, 2025 (9 contracts with distribution companies for 53 MW of capacity for regulated clients as of December 31, 2024), with maturities between 2025 and 2032.

23. Financial Instruments - Fair Value and Risk Management

A. Capital Management

The Group policy is to maintain an adequate capital base to maintain investors, creditors, and market confidence, and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary Shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash. The Group adjusted net debt to equity ratio as of December 31, 2025, and 2024, was as follows:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2025	2024
Total liabilities		405,659	382,225
Less: Cash	5	(23,901)	(26,267)
Total adjusted net debts (A)		381,758	355,958
Total equity (B)		715,053	738,473
Gearing ratio (A/B)		0.53	0.48

B. Carrying amounts and fair values

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, along with their respective levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of their fair value.

	Carrying amount				Fair value
	Current		Non-current	Total	Level 2
	Amortized cost	Other financial liabilities	Other financial liabilities		
<i>In thousands of U.S. dollars</i>					
As of December 31, 2025					
Financial assets not measured at fair value					
Cash	23,901	-	-	23,901	-
Trade receivables	21,811	-	-	21,811	-
Accounts receivable from related parties	110	-	-	110	-
Other receivables (*)	177	-	-	177	-
Financial liabilities not measured at fair value					
Trade payable	-	(8,367)	-	(8,367)	-
Other payable (*)	-	(6,903)	-	(6,903)	-
Accounts payable to related parties	-	(115)	-	(115)	-
Debentures	-	-	(375,297)	(375,297)	(391,091)
Lease liabilities from operating contracts	-	(189)	(163)	(352)	-
	45,999	(15,574)	(375,460)	(345,035)	(391,091)

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

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	Carrying amount				Fair value
	Current		Non-current	Total	Level 2
	Amortized cost	Other financial liabilities	Other financial liabilities		
<i>In thousands of U.S. dollars</i>					
As of December 31, 2024					
Financial assets not measured at fair value					
Cash	26,267	-	-	26,267	-
Trade receivables	23,144	-	-	23,144	-
Other receivables (*)	280	-	-	280	-
Financial liabilities not measured at fair value					
Trade payable	-	(6,237)	-	(6,237)	-
Other payable (*)	-	(3,874)	-	(3,874)	-
Accounts payable to related parties	-	(1,978)	-	(1,978)	-
Debentures	-	-	(361,063)	(361,063)	(352,761)
Lease liabilities from operating contracts	-	(172)	(320)	(492)	-
	49,691	(12,261)	(361,383)	(323,953)	(352,761)

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

C. 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 December 31, 2025, and 2024:

Financial instruments not measured at fair value

Type	Valuation techniques	Key unobservable data	Interrelationship between key unobservable inputs and fair value
Loans from banks, debentures and others	Discounted cash flows using current market interest rate	Not applicable	Not applicable

D. Financial risk management

The Group exposure to the following risks related to the use of financial instruments:

- Credit risk (C.i.)
- Liquidity risk (C.ii.); and
- Market risk (C.iii.)

Risk management structure

The Board of Directors of the Group is responsible for establishing and supervising the risk management structure. Management is responsible for the development and monitoring of risk management policies of the Group. Also, it regularly informs the Board of Directors about its activities.

The Group risk management policies are established to identify and analyze Group risks, set appropriate risk limits and controls, and monitor risks and compliance with limits. Risk policies and management systems are regularly reviewed to reflect the changes in market conditions and the Group activities.

The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group is exposed to the following risks related to the use of financial instruments:

i. Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

The Group's financial assets potentially exposed to significant credit risk concentrations are mainly checking accounts and accounts receivable presented in the statement of financial position.

As of December 31, 2025, and 2024, the maximum exposure to credit risk for the group's financial assets was the following:

<i>In thousands of U.S. dollars</i>	Carrying amount	
	2025	2024
Cash (a)	23,901	26,267
Trade receivables (b)	21,811	23,144
Other receivables	177	280
Account receivables from related parties	110	-
	45,999	49,691

- (a) The Group holds checking accounts at different local and foreign financial entities that have an "A+" credit rating (note 5). As of December 31, 2025, and 2024, the Group maintains guarantees with local financial entities such as Banco de Crédito del Perú and Scotiabank Perú. It does not include statutory liabilities and advances.
- (b) The Group has regulated customers with good standing and prestige in the local and foreign markets. For non-regulated customers, the credit risk is evaluated before signing the contract for power supply and throughout its effective term.

Expected credit loss assessment for corporate customers

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited consolidated financial statements, management accounts and cash flow projections, and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

The Group has classified its electricity business customers according to homogeneous risk characteristics that represent the ability to pay for each customer segment for the appropriate amounts. This segmentation has been made based on three portfolios:

Portfolio 1: COES

Portfolio 2: Regulated customers

Portfolio 3: Non-regulated (free) customers

Credit risk is the risk of financial loss faced by the Group if a customer does not meet its contractual obligations. The Group's management states that the credit risk for its electricity business customers is low. The factors leading to this conclusion on the part of the Group are as follows:

- The Company is part of a market that has regulated customers: The Ministry of Energy and Mines (MEM) and the Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) are the two key entities responsible for the implementation of the regulatory framework and compliance with the regulations of the Peruvian energy sector. These entities focus on mitigating market deficiencies by seeking to minimize regulatory failures and excessive distortions.
- Sales are supported by contracts that stipulate penalty clauses for non-compliance. The clauses contemplate compensatory and default interest, service cut-off, contract termination and monetary penalties for early termination of future economic flows.
- Customer portfolio quality: The Group contemplates customer credit evaluation procedures prior to signing contracts, to mitigate future economic risks. Additionally, after the second month of delay, the Company may restrict the supply of electricity to its customers. Given the type of customers that the Company has: (i) free customers, who are industrial, mining companies and need the energy to operate their plants; and (ii) regulated customers, electricity distribution companies, use the energy for sale and thereby generate income. They cannot afford to be sanctioned or blocked from the energy supply; therefore, the history of past dues is low.
- Finally, COES can impose penalties for those companies that do not comply with their payment obligations.

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

As of December 31, 2025, and 2024, the principal sources of liquidity have traditionally consisted of cash flows from operating activities. The Group does not have funds designated for, or subject to, permanent reinvestment.

The Group's needs for liquidity generally consist of capital expenditures related to working capital requirements (e.g., maintenance costs that extend the useful life of our generation units).

Liquidity is controlled by the balancing of the maturities of assets and liabilities, keeping a proper number of financing sources, and obtaining credit lines that enable the normal development of its activities. The Group has an appropriate level of resources and continues financing lines with banking entities. Moreover, the Group believes that its cash generated by operations will be adequate to meet all capital expenditure requirements related to ongoing maintenance and environmental improvements and all working capital needs in the ordinary course of our business in the near term. Consequently, in Management's opinion, there is no significant liquidity risk as of December 31, 2025, and 2024.

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The Group's financial liabilities are classified based on their maturity, considering their maturity from the date of the statement of financial position until contractual maturity. The disclosed amounts correspond to the contractual undiscounted cash flows and include contractual interest payments and exclude the impact of netting agreements:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	Contractual cash flows							
		Carrying amount	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2025									
Non-derivative financial liabilities									
Debentures	13	375,297	546,250	23,750	23,750	23,750	23,750	23,750	427,500
Trade payables	10	8,367	8,367	8,367	-	-	-	-	-
Other payables (*)	11	6,902	6,902	6,902	-	-	-	-	-
Accounts payable to related parties	24.C	115	115	115	-	-	-	-	-
Lease liabilities from operating contracts	12	352	368	198	170	-	-	-	-
		391,033	562,002	39,332	23,920	23,750	23,750	23,750	427,500
2024									
Non-derivative financial liabilities									
Debentures	13	361,063	414,273	20,430	20,430	373,413	-	-	-
Trade payables	10	6,237	6,237	6,237	-	-	-	-	-
Other payables (*)	11	3,874	3,874	3,874	-	-	-	-	-
Accounts payable to related parties	24.C	1,978	1,978	1,978	-	-	-	-	-
Lease liabilities from operating contracts	12	492	529	185	185	159	-	-	-
		373,644	426,891	32,704	20,615	373,572	-	-	-

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

iii. Market risk

Currency risk

As of December 31, 2025, and 2024, the Group has a portion of assets and liabilities stated in soles; therefore, its exposure to fluctuations in exchange rate is not significant.

As of December 31, 2025, the weighted average market exchange rates used were US\$ 0.2969 per S/ 1.00 for sell rate and US\$ 0.2978 per S/ 1.00 for offer rate (US\$ 0.2653 per S/ 1.00 for sell rate and US\$ 0.2661 per S/ 1.00 for offer rate as of December 31, 2024).

Balances in thousands of soles (S/) as of December 31 are summarized as follows:

<i>In thousands of soles</i>	2025	2024
Asset		
Cash	19,359	26,233
Trade receivables	43,439	59,080
Other receivables	329	3,329
	663,127	85,642
Liabilities		
Trade payables	(15,158)	(14,350)
	(15,158)	(14,350)
Net asset position	47,969	71,292

In 2025, net foreign exchange gain amounts to US\$ 2,173 thousand (net foreign exchange gain of US\$ 32 thousand in 2024).

As of December 31, 2025, and 2024, if the U.S. dollar had been revalued/devalued in relation to the Peruvian sol – with all its variables remaining constant – the profit before tax would have increased/decreased in thousands of U.S. dollars as shown in the following table:

Period	Increase/decrease in Soles/ US\$ exchange rate	Effects in profit before tax
2025		
Revaluation	5%	(681)
Devaluation	(5%)	753
2024		
Revaluation	5%	(904)
Devaluation	(5%)	999

Management considers that the foreign exchange risk will not result in a significant unfavorable impact on the profit or loss of the Group; therefore, its policy is to assume the risk of any fluctuation in the foreign exchange rates of the sol with the results of its operations. Management does not consider it necessary to cover the Group for currency risk with derivative financial instruments.

Interest rate risk

The Group's exposure to this risk is due to the change in the interest rate, due to its borrowings. The Group mitigates this risk by maintaining its borrowings at fixed interest rates.

Interest rate exposures for financial assets and liabilities are as follows:

<i>In thousands of U.S. dollars</i>	Fixed rate	Weighted average interest rate (%)
2025		
Financial liabilities:		
Interest-bearing loans	380,000	6.250%
2024		
Financial liabilities:		
Interest-bearing loans	363,198	5.625%

24. Related Party Transactions

A. Parent Company and Ultimate Parent Company

There are no changes in the parent and ultimate parent companies during the year ended December 31, 2025, and 2024 (*Note 26.B*).

B. Transactions with key management

i. Loans to directors

As of December 31, 2025, and 2024, there are no loans to directors.

ii. Key management personnel compensation

As of December 31, 2025, and 2024, there is no compensation to key management personnel.

iii. Transactions with key management personnel

During the year ended December 31, 2025, and 2024, there were no transactions between the Group and Key Management other than those in (ii).

C. Other related parties' transactions

In 2025, and 2024, the Group performed the following significant transactions with related parties, during the normal course of operations:

<i>In thousands of U.S. dollars</i>		Transaction value		Outstanding balances	
		December 31		December 31	
	Transaction type	2025	2024	2025	2024
Sales					
Kallpa Generación S.A.	Other	48	-	-	-
Costs					
Kallpa Generación S.A. (a)	Management services and O&M	(11,103)	(11,286)	(5)	(1,978)
Orazul Energía Managment, LLC.	Other	-	(1)	-	-
		(11,055)	(11,287)	(5)	(1,978)

- (a) The Group and Kallpa Generación S.A. entered into Management Service and Operation and Maintenance Agreements (O&M), which can be renewed with the express consent of the parties at the end of each period.

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

		Transaction value		Outstanding balances	
		December 31		December 31	
<i>In thousands of U.S. dollars</i>	Transaction type	2025	2024	2025	2024
Sales					
Kallpa Generación S.A.	COES	5,194	2,435	1,004	353
Kallpa Generación S.A.	Other	1,248	1,417	566	96
Kallpa Generación S.A.	Energy Sales	766	-	45	297
Costs					
Kallpa Generación S.A.	COES	(856)	(521)	(72)	(118)
Kallpa Generación S.A.	Energy purchase	(185)	-	(105)	-
		6,167	3,331	1,438	628

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

25. Contingencies

As of December 31, 2025, and 2024, the Company has the following contingencies:

Arbitration award

On August 3, 2021, Orazul brought an arbitration claim against Pluz Energía Perú S.A.A. (formerly ENEL Distribución S.A.A., hereunder “Pluz Energía”) with the Lima Chamber of Commerce. The Company alleged hardship in the execution of the PPA with Pluz Energia from January 1, 2021, to January 31, 2024, due to material changes in regulations and claimed that the contractual economic balance should be reestablished, increasing the price from what was initially agreed by the parties. As an alternative claim, the Company requested the termination of the PPA. This procedure was consolidated with the arbitration requested by Kallpa for the same issue (hereinafter collectively referred to as “the parties”).

On December 13, 2024, the Arbitration Tribunal notified Orazul the Award, which upheld the Company’s claims and required Pluz Energia to pay Orazul S/45,903 thousand (equivalent to approximately US\$ 13,670 thousand) plus interest.

On January 8, 2025, Pluz Energia filed a recourse requesting the Arbitration Tribunal to interpret, rectify, integrate, and exclude some sections of the award. On the same date, the parties filed a recourse requesting the Arbitration Tribunal to rule on one of its claims, which the tribunal had not completely resolved. After that, the parties filed a response to the other party’s requests.

On February 5, 2025, the Tribunal issued a Supplementary Decision resolving the appeals filed by the parties. Through this decision, the Arbitral Tribunal declared inadmissible most of the appeals filed by Pluz Energia, except for their request related to the modification of the price of the Supply Contract. The Tribunal finally determined that this modification should take effect from the issuance of the Award on December 13, 2024, onwards and not from February 1, 2024, as initially ruled. Additionally, the appeal filed by the parties was declared well-founded, ordering the modification of the initial values of the Indexation Formula applicable to the prices modified by the Award as requested in its claim.

On March 21, 2025, Pluz Energía filed an annulment claim with the Peruvian Judiciary. Such a procedure can only void the arbitral award (in whole or in part) due to formal infractions or due process infringements and does not consist of a new analysis or decision on the merits and evidence of the case. The enforcement of the award has been stayed as Pluz Energia has posted a bank guarantee securing the amount awarded to Kallpa and Orazul.

On April 22, 2025, Orazul answered the lawsuit and submitted a legal expert report to reinforce our arguments regarding the validity of the arbitration award.

On July 7, 2025, Orazul submitted comments ratifying our position on the amounts that should be considered for the bank guarantee. A hearing took place on July 11, 2025. As of the date hereof, the Judiciary has not issued a decision regarding the annulment claim.

Labor Claims

The Company maintains provisions related to labor claims of US\$ 159 thousand, and US\$ 216 thousand, as of December 31, 2025, and 2024, respectively.

Additionally, the estimate for labor claims that are not more likely than not that the Company will pay are US\$ 68 thousand, and US\$ 602 thousand, as of December 31, 2025, and 2024, respectively.

26. Subsequent Events

A. Dividends

On January 29, 2025, the Company made a cash dividend distribution for a total amount of US\$ 10,000 thousand from retained earnings and additional capital.

B. Shareholder Purchase and Sale Agreement

On February 8, 2026, our Shareholders Orazul Energia (UK) Holdings Ltd and Orazul Energia Partners LLC, along with Nautilus Inkia Holdings SCS, Nautilus Energy Partners LLC (all affiliate entities of I Squared Capital Advisors (US) LLC ("ISQ")), as sellers executed a Purchase and Sale Agreement ("PSA") with certain affiliate entities of Canada Pension Plan Investment Board ("CPPIB") and of ISQ as buyers (the "CPPIB Buyer" and the "ISQ Buyer", respectively).

Pursuant to the PSA, and subject to customary closing conditions and governmental approvals, the CPPIB Buyer and the ISQ Buyer and/or one or more of their respective permitted assignees will jointly purchase (i) approximately 99.9999% shares of Orazul, including direct ownership in subsidiary Kondu, and (ii) 100% of shares in Inkia Américas S.A.C., including its direct ownership in subsidiaries Kallpa Generación S.A. and Hidro Chilia S.A.C.

Between January 01, 2026 and until the date of issuance of these financial consolidate statements, no additional events or events of importance have occurred in addition to those indicated in the previous paragraphs that require adjustments or disclosures to the financial consolidate statements as of December 31, 2025.