



# Orazul Energy Perú S.A. and Subsidiaries

Unaudited Condensed Consolidated Interim Financial Statements

**March 31, 2021**

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



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

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

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Orazul Energy Perú S.A. and Subsidiaries as at March 31, 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the condensed consolidated interim financial statements (the condensed consolidated interim financial statements). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the three-month period ended March 31, 2021 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Lima, Peru

April 30, 2021

Countersigned by:

Caipo y Asociados

Ronald J. Villalobos S. (Partner),  
Peruvian Public Accountant  
Registration N° 60262

## **Orazul Energy Perú S.A. and Subsidiaries**

# Unaudited Condensed Consolidated Interim Financial Statements

**March 31, 2021**

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**Orazul Energy Perú S.A. and Subsidiaries**

Unaudited Condensed Consolidated Statement of Financial Position

As at March 31, 2021 (Unaudited) and December 31, 2020

| <i>In thousands of U.S. dollars</i>               | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December<br/>31, 2020</b> |
|---------------------------------------------------|-------------|---------------------------|------------------------------|
| <b>Assets</b>                                     |             |                           |                              |
| <b>Current assets</b>                             |             |                           |                              |
| Cash                                              | 4           | 170,983                   | 153,445                      |
| Trade receivables                                 | 5           | 19,316                    | 24,642                       |
| Other receivables                                 | 6           | 2,945                     | 2,811                        |
| Income tax receivable                             | 7           | 2,839                     | 2,315                        |
| Account receivables from related parties          | 21          | 11                        | 419                          |
| Inventories                                       | 8           | 5,861                     | 5,629                        |
| Prepaid expenses                                  |             | 697                       | 312                          |
| <b>Total current assets</b>                       |             | <b>202,652</b>            | <b>189,573</b>               |
| <b>Non-current assets</b>                         |             |                           |                              |
| Property, plant and equipment - energy generation | 9           |                           |                              |
| Property, plant and equipment                     |             | 263,928                   | 268,254                      |
| Right-of-use assets                               |             | 1,008                     | 892                          |
| Gas investments                                   | 10          | 64,747                    | 64,397                       |
| Intangible assets and goodwill                    | 11          | 512,371                   | 512,747                      |
| Deferred income tax assets                        |             | 36,301                    | 38,112                       |
| Other receivables                                 | 6           | 374                       | 388                          |
| Prepaid expenses                                  |             | 334                       | 375                          |
| <b>Total non-current assets</b>                   |             | <b>879,063</b>            | <b>885,165</b>               |
| <b>Total assets</b>                               |             | <b>1,081,715</b>          | <b>1,074,738</b>             |

| <i>In thousands of U.S. dollars</i>                 | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December<br/>31, 2020</b> |
|-----------------------------------------------------|-------------|---------------------------|------------------------------|
| <b>Liabilities</b>                                  |             |                           |                              |
| <b>Current liabilities</b>                          |             |                           |                              |
| Trade payables                                      | 12          | 8,721                     | 9,095                        |
| Other payables                                      | 13          | 21,481                    | 16,417                       |
| Income tax payable                                  | 7           | 699                       | 1,585                        |
| Lease liabilities                                   | 14          | 422                       | 312                          |
| Account payables to related parties                 | 21          | 1                         | 766                          |
| <b>Total current liabilities</b>                    |             | <b>31,324</b>             | <b>28,175</b>                |
| <b>Non-current liabilities</b>                      |             |                           |                              |
| Debentures                                          | 15          | 542,670                   | 542,396                      |
| Lease liabilities                                   | 14          | 641                       | 634                          |
| Account payables to related parties                 | 21          | 21,711                    | 22,710                       |
| Deferred income tax liabilities                     |             | 10,398                    | 9,794                        |
| Asset retirement obligation                         | 16          | 21,799                    | 22,141                       |
| Other liabilities                                   |             | 450                       | 496                          |
| <b>Total non-current liabilities</b>                |             | <b>597,669</b>            | <b>598,171</b>               |
| <b>Total liabilities</b>                            |             | <b>628,993</b>            | <b>626,346</b>               |
| <b>Equity</b>                                       |             |                           |                              |
| Share capital                                       | 18          | 385,036                   | 196,086                      |
| Additional capital                                  |             | 8,857                     | 8,857                        |
| Other reserves                                      |             | 5,675                     | 5,675                        |
| Legal reserves                                      |             | 22,990                    | 21,941                       |
| Retained earnings                                   |             | 30,135                    | 215,794                      |
| <b>Equity attributable to owners of the Company</b> |             | <b>452,693</b>            | <b>448,353</b>               |
| Non-controlling interest                            |             | 29                        | 39                           |
| <b>Total equity</b>                                 |             | <b>452,722</b>            | <b>448,392</b>               |
| <b>Total liabilities and equity</b>                 |             | <b>1,081,715</b>          | <b>1,074,738</b>             |

The notes on pages 5 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

**Orazul Energy Perú S.A. and Subsidiaries**

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the three-month periods ended March 31, 2021 and 2020

|                                                                   |             | <b>Three-month period<br/>ended March 31</b> |                |
|-------------------------------------------------------------------|-------------|----------------------------------------------|----------------|
| <i>In thousands of U.S. dollars</i>                               | <i>Note</i> | <b>2021</b>                                  | <b>2020</b>    |
| Revenue of energy                                                 | 19          | 34,159                                       | 33,494         |
| Revenue of hydrocarbons                                           | 19          | 2,372                                        | 2,187          |
| Cost of sales                                                     |             | (9,942)                                      | (7,888)        |
| Depreciation                                                      | 9,10,11     | (6,518)                                      | (6,740)        |
| <b>Gross profit</b>                                               |             | <b>20,071</b>                                | <b>21,053</b>  |
| Administrative expenses                                           |             | (1,406)                                      | (1,728)        |
| Other income                                                      |             | 175                                          | 274            |
| Other expenses                                                    |             | (43)                                         | (213)          |
| <b>Operating profit</b>                                           |             | <b>18,797</b>                                | <b>19,386</b>  |
| Finance income                                                    |             | 72                                           | 182            |
| Finance costs                                                     |             | (8,671)                                      | (9,784)        |
| Net foreign exchange difference                                   |             | (1,881)                                      | (316)          |
| <b>Finance cost, net</b>                                          |             | <b>(10,480)</b>                              | <b>(9,918)</b> |
| <b>Profit before income tax</b>                                   |             | <b>8,317</b>                                 | <b>9,468</b>   |
| Income tax expense                                                | 20          | (3,987)                                      | 2,374          |
| <b>Profit from continuing operations</b>                          |             | <b>4,330</b>                                 | <b>11,842</b>  |
| <b>Discontinued operations</b>                                    |             |                                              |                |
| Profit for the period from discontinued operations,<br>net of tax | 3           | -                                            | 173            |
| <b>Profit for the period</b>                                      |             | <b>4,330</b>                                 | <b>12,015</b>  |
| <b>Other comprehensive income for the period,<br/>net of tax</b>  |             | <b>-</b>                                     | <b>-</b>       |
| <b>Attributable to</b>                                            |             |                                              |                |
| Controlling shareholders                                          |             | 4,340                                        | 12,020         |
| Non-controlling interest                                          |             | (10)                                         | (5)            |
| <b>Total comprehensive income for the period</b>                  |             | <b>4,330</b>                                 | <b>12,015</b>  |

The notes on pages 5 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

**Orazul Energy Perú S.A. and Subsidiaries**

Unaudited Condensed Consolidated Statement of Changes in Equity  
For the three-month periods ended March 31, 2021 and 2020

|                                                      | Attributable to owners of the Company |                            |                    |                |                   |                | Total equity attributable to owners of the Company | Non-controlling interests | Total equity   |
|------------------------------------------------------|---------------------------------------|----------------------------|--------------------|----------------|-------------------|----------------|----------------------------------------------------|---------------------------|----------------|
|                                                      | Number of shares<br>(note 18)         | Share capital<br>(note 18) | Additional capital | Legal reserves | Retained earnings | Other reserves |                                                    |                           |                |
| <i>In thousands of U.S. dollars</i>                  |                                       |                            |                    |                |                   |                |                                                    |                           |                |
| Balance as of January 1, 2020                        | 651,224,689                           | 196,086                    | 8,857              | -              | (11,844)          | 6,438          | 199,537                                            | 45                        | 199,582        |
| <b>Comprehensive income for the period</b>           |                                       |                            |                    |                |                   |                |                                                    |                           |                |
| Profit for the period                                | -                                     | -                          | -                  | -              | 12,020            | -              | 12,020                                             | (5)                       | 12,015         |
| <b>Total comprehensive income for the period</b>     | -                                     | -                          | -                  | -              | <b>12,020</b>     | -              | <b>12,020</b>                                      | <b>(5)</b>                | <b>12,015</b>  |
| <b>Balance as of March 31, 2020</b>                  | <b>651,224,289</b>                    | <b>196,086</b>             | <b>8,857</b>       | <b>-</b>       | <b>176</b>        | <b>6,438</b>   | <b>211,557</b>                                     | <b>40</b>                 | <b>211,597</b> |
| Balance as of January 1, 2021                        | 651,224,289                           | 196,086                    | 8,857              | 21,941         | 215,794           | 5,675          | 448,353                                            | 39                        | 448,392        |
| <b>Comprehensive income for the period</b>           |                                       |                            |                    |                |                   |                |                                                    |                           |                |
| Profit for the period                                | -                                     | -                          | -                  | -              | 4,340             | -              | 4,340                                              | (10)                      | 4,330          |
| <b>Total comprehensive income for the period</b>     | -                                     | -                          | -                  | -              | <b>4,340</b>      | -              | <b>4,340</b>                                       | <b>(10)</b>               | <b>4,330</b>   |
| Capitalization of retained earnings                  | 690,801,200                           | 188,950                    | -                  | -              | (188,950)         | -              | -                                                  | -                         | -              |
| <b>Total transactions with owners of the Company</b> | <b>690,801,200</b>                    | <b>188,950</b>             | <b>-</b>           | <b>-</b>       | <b>(188,950)</b>  | <b>-</b>       | <b>-</b>                                           | <b>-</b>                  | <b>-</b>       |
| Other reserves                                       | -                                     | -                          | -                  | 1,049          | (1,049)           | -              | -                                                  | -                         | -              |
| <b>Balance as of March 31, 2021</b>                  | <b>1,342,025,489</b>                  | <b>385,036</b>             | <b>8,857</b>       | <b>22,990</b>  | <b>30,135</b>     | <b>5,675</b>   | <b>452,693</b>                                     | <b>29</b>                 | <b>452,722</b> |

The notes on pages 5 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

**Orazul Energy Perú S.A. and Subsidiaries**

Unaudited Condensed Consolidated Statement of Cash Flows  
For the three-month periods ended March 31, 2021 and 2020

| <i>In thousands of U.S. dollars</i>                                                | <i>Note</i> | <b>Three-month period ended<br/>March 31</b> |                |
|------------------------------------------------------------------------------------|-------------|----------------------------------------------|----------------|
|                                                                                    |             | <b>2021</b>                                  | <b>2020</b>    |
| <b>Cash flows from operating activities</b>                                        |             |                                              |                |
| Collections of energy and transmission                                             |             | 43,049                                       | 38,136         |
| Collections of hydrocarbons                                                        |             | 1,977                                        | 2,667          |
| Collection of interest                                                             |             | 33                                           | 225            |
| Payment to suppliers                                                               |             | (15,478)                                     | (22,981)       |
| Payment of royalties                                                               |             | (272)                                        | (1,436)        |
| Payment to employees                                                               |             | (52)                                         | (562)          |
| Payment of contributions and others                                                |             | (1,343)                                      | (1,418)        |
| <b>Cash generated from operating activities</b>                                    |             | <b>27,914</b>                                | <b>14,631</b>  |
| Income tax paid                                                                    |             | (3,432)                                      | (2,163)        |
| <b>Net cash provided by operating activities</b>                                   |             | <b>24,482</b>                                | <b>12,468</b>  |
| <b>Cash flows from investing activities</b>                                        |             |                                              |                |
| Acquisition of property, plant and equipment                                       |             | (2,692)                                      | (2,472)        |
| Acquisition of intangibles                                                         |             | (1,995)                                      | (1,830)        |
| <b>Net cash used in investing activities</b>                                       |             | <b>(4,687)</b>                               | <b>(4,302)</b> |
| <b>Cash flows from financing activities</b>                                        |             |                                              |                |
| Payment of lease liabilities                                                       | 14          | (113)                                        | (29)           |
| Payment of interest of a related entity loan                                       | 21.C        | (1,000)                                      | -              |
| <b>Net cash used in financing activities</b>                                       |             | <b>(1,113)</b>                               | <b>(29)</b>    |
| Net increase in cash and cash equivalents                                          |             | 18,682                                       | 8,137          |
| Cash and cash equivalents as of January 1                                          |             | 153,445                                      | 41,160         |
| Effects of variations on exchange difference on held cash                          |             | (1,144)                                      | (151)          |
| <b>Cash and cash equivalents as of March 31</b>                                    |             | <b>170,983</b>                               | <b>49,146</b>  |
| Included in cash and cash equivalents per Statement of Financial Position March 31 |             | -                                            | 45,646         |
| <b>Included as assets of held for sale</b>                                         | 3           | <b>-</b>                                     | <b>3,500</b>   |

The notes on pages 5 to 26 are an integral part of these unaudited condensed consolidated interim financial statements.

## Orazul Energy Perú S.A. and Subsidiaries

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

#### 1. Background and Business Activity

Orazul Energy Perú S.A. (hereinafter, "the Company") is a subsidiary of Orazul Energía (UK) Holdings Ltd. which owns 99.99% of voting shares which are representative of its issued capital stock.

As part of a reorganization plan within the Group, the Company executed the following transactions:

- On August 2, 2017, the Company acquired an additional 12.76% of OEG from Orazul Energía (España) Holding S.L. (which previously acquired the interest of Duke Energy Corporation in 2016) for the total amount of US\$ 126,000 thousand, increasing its ownership to 99.99%.
- On August 16, 2017, the Company merged by absorption with Orazul Energy Egenor S. en C. por A., which was one of its main subsidiaries in Peru.
- During 2017 and 2018, the Group executed its plan to sell the operating businesses located in Central America (Guatemala and El Salvador) and Chile respectively.

On August 24, 2020, the Company and Orazul Energía (UK) Holdings Ltd. sold its 100% ownership in OEG, owner of 99.99% of the shares of Etenorte S.R.L. and Eteselva S.R.L., to Interconexión Eléctrica - ISA Peru. The total consideration after working capital adjustments amounted to US\$ 158,254 thousand. (see note 5).

The businesses in Peru are related to hydro and thermal power generation, natural gas production and processing assets through diverse companies (subsidiaries). These consolidated financial statements comprise the Company and its subsidiaries in Peru (hereinafter, "the Group").

The Group business main activity is the generation and commercialization of electrical energy. The Group has a total capacity of 568MW as follows:

| Plant                    | Company            | Source used to operate power |  | Capacity (MW) | Location          |
|--------------------------|--------------------|------------------------------|--|---------------|-------------------|
|                          |                    | station                      |  |               |                   |
| Central Térmica Aguaytía | Termoselva         | Natural gas                  |  | 192           | Aguaytía, Ucayali |
| Cañón del Pato           | Orazul Energy Peru | Hydropower                   |  | 266           | Huallanca, Ancash |
| Carhuaquero              | Orazul Energy Peru | Hydropower                   |  | 110           | LLacma, Cajamarca |
|                          |                    |                              |  | <b>568</b>    |                   |

#### A. The Subsidiaries

As of March 31, 2021 and December 31, 2020, the subsidiary and the percentage of interest owned by the Company are detailed below:

|                | Direct equity interest |       |
|----------------|------------------------|-------|
|                | 2021                   | 2020  |
| <b>Holding</b> |                        |       |
| OEG II         | 99.99                  | 99.99 |

In addition, OEG II have the following subsidiaries:

| Percentage                       | Direct equity interest |       |
|----------------------------------|------------------------|-------|
|                                  | 2021                   | 2020  |
| <b>OEG II subsidiaries</b>       |                        |       |
| <b>Holdings</b>                  |                        |       |
| Orazul Energy Hidrocarburos S.A. | 99.98                  | 99.98 |
| <b>Operational</b>               |                        |       |
| Aguaytía Energy del Perú S.R.L.  | 99.98                  | 99.98 |
| Termoselva S.R.L.                | 99.98                  | 99.98 |

**Orazul Energy Perú S.A. and Subsidiaries**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

**Orazul Energy Group II S.A.C. (hereinafter, "OEG II")**

OEG II is engaged in (directly or through or in association with third parties) investing in and holding securities, including, but not limited to, shares representing the capital of other companies.

**Orazul Energy Hidrocarburos S.A. (hereinafter, "OEH")**

OEH is engaged in (directly or through or in association with third parties) investing in and holding securities, including, but not limited to, shares representing the capital of other companies.

**Aguaytía Energy del Peru S.R.L. (hereinafter, "Aguaytía")**

Aguaytía owns a natural gas field located in the central rainforest of Perú (concession Block 31-C), from which obtains dry natural gas and natural gas liquids. Gas liquids are processed at the Fractioning Plant which produces liquefied petroleum gas (LPG) and natural gasoline. Dry natural gas is used by its subsidiary, Termoselva S.R.L., for the generation of electrical energy. Natural gasoline is sold to Perenco Peru Petroleum Limited Sucursal del Perú ("Perenco"). LPG is sold to wholesalers and distributors, which perform their activities in the central rainforest and highlands of the country.

*Aguaytía's License Contract extension:*

On July 1, 2020, Aguaytía and Perupetro S.A. (hereinafter, "Perupetro") signed an addenda of the License Contract for the Exploitation of Hydrocarbons – Block 31C. Among other topics, it was stated that once completed (a) and (b) detailed below, the Contract Extension would be granted for ten (10) additional years, until March 2034:

- (a) Perform an exploration program including the reprocessing of seismic data, with an investment of US\$ 0.7m. To be executed at least before July 2022.
- (b) Perform 150 km of 2D seismic or 95km<sup>2</sup> of 3D seismic for a total investment of US\$ 7.5 million. To be executed at least before July 2023.
- (c) Additionally, the following commitments:
  - Supply up to 2 million ft<sup>3</sup> /day of natural gas for the gas massification of Ucayali.
  - Environmental protection: Aguaytía will be responsible for the preparation and execution of the abandonment plan according to applicable regulation.
  - If it is determined that exploration and development opportunities are feasible technically and economically, according to the Company's standards and returns expectations, the Company is committed to drill an exploratory well.

**Termoselva S.R.L. (hereinafter, "Termoselva")**

This subsidiary main activity is power generation and commercialization. Termoselva operates its thermoelectric power plant in Ucayali exclusively with dry natural gas provided by Aguaytía and sell power to regulated and free customers in the Peruvian territory that are part of the National Interconnected Electrical System (SEIN, for its acronym in Spanish) in which Termoselva participates.

**Amounts of the financial statements of the Subsidiaries**

Summary of the financial statements of the Subsidiaries as of March 31, 2021 and December 31, 2020, prepared under International Financial Reporting Standards (IFRS), before elimination for consolidation purposes, are presented below:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| <b>Subsidiaries</b>                 |                           |                              |
| <b>Aguaytía del Perú S.R.L.</b>     |                           |                              |
| Total assets                        | 139,748                   | 138,020                      |
| Total liabilities                   | (17,085)                  | (17,364)                     |
| <b>Equity</b>                       | <b>122,663</b>            | <b>120,656</b>               |
| <b>Profit for the period</b>        | <b>2,065</b>              | <b>8,967</b>                 |

**Orazul Energy Perú S.A. and Subsidiaries**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

| <i>In thousands of U.S. dollars</i>     | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-----------------------------------------|---------------------------|------------------------------|
| <b>Termoselva S.R.L.</b>                |                           |                              |
| Total assets                            | 69,918                    | 78,099                       |
| Total liabilities                       | (10,884)                  | (12,543)                     |
| <b>Equity</b>                           | <b>59,034</b>             | <b>65,556</b>                |
| <b>Profit for the period</b>            | <b>2,239</b>              | <b>10,433</b>                |
| <b>Orazul Energy Hidrocarburos S.A.</b> |                           |                              |
| Total assets                            | 108,574                   | 112,720                      |
| Total liabilities                       | (914)                     | (912)                        |
| <b>Equity</b>                           | <b>107,600</b>            | <b>111,808</b>               |
| <b>Profit for the period</b>            | <b>(8)</b>                | <b>13,421</b>                |
| <b>Orazul Energy Group II S.A.</b>      |                           |                              |
| Total assets                            | 109,492                   | 109,503                      |
| Total liabilities                       | (43)                      | (43)                         |
| <b>Equity</b>                           | <b>109,449</b>            | <b>109,460</b>               |
| <b>Profit for the period</b>            | <b>3,598</b>              | <b>12,559</b>                |

Changes in the Company's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries were recorded as equity transactions. The carrying amounts of the Company's interests and non-controlling interests were adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to such subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as fair value on initial recognition for subsequent accounting, when applicable, and cost on initial recognition of an investment in an associate or a joint venture.

**B. COVID-19 impact**

In March 2020, the World Health Organization declared the spread of the coronavirus or COVID-19 as a global pandemic. In response, the Peruvian government ordered certain measures to contain pandemic leading to partial lockdowns of economic activities with restriction of the mobility of people and the suspension of work activities, among others. The Group's operations required to remain open for business at the highest level to provide the vital electrical service for the country. Therefore, in general, the pandemic had not significant effects on the Group's financial position, financial performance, and cash flows as of and for the year 2020 and the first three months of 2021.

As of March 31, 2021, the Company's Management has maintained measures adopted during 2020 related to security, continuity of operations and financial risk management, such as:

## **Orazul Energy Perú S.A. and Subsidiaries**

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

#### ***Operational***

The Group developed contingency plans to face this emergency and ensures its full implementation. Such plans include:

- Implementation of personnel rotation plans in line with applicable travel restrictions and labor law.
- Secure supply of all necessary equipment and supplies to allow the work of operating teams in our plants.
- Ensure the mechanisms are implemented to communicate timely and effectively all instructions to be followed during this emergency
- Home-office for employees and directives wherever activities allow it and curfews and mobility restrictions apply.
- Mechanisms to secure adequate and safe transport of personnel and supplies to and from operating facilities, minimizing use of public transport.
- Periodic health-monitoring systems wherever employees are operating.
- All contingency procedures are being shared with contractors performing essential tasks, ensuring their adequate compliance.

The Group is also coordinating to ensure adequate cash management during the current situation. Two factors to maintain financially the continuity of business is debt management and liquidity. The following is a brief description of the status:

#### ***Debt Management***

The Group's total debt of US\$ 550 million correspond to long-term notes that only requires interest payments in the next years. Debt service amounts are secured by significant cash flow from our operations.

The Group is current on each debt instrument and meets all its financial obligations and expects to maintain such compliance throughout the current period.

#### ***Liquidity***

During this period, the Group is managing its cash in a conservative manner and has been taking several measures to protect liquidity and to maintain continuity of business, as well as to be prepared for any unplanned disruptions. Over the next months, the Group will continue monitoring closely the evolution of cash flow and to be extremely cautious with its liquidity.

The Group ensures timely payment of local obligations: suppliers, contractors, providers of services, etc. It is critical to maintain working capital flow of our suppliers and level of service.

The Group will continue to be proactive and attentive to the evolution of the market by keeping a close and systematic communication with all financial stakeholders. The Group will periodically inform the evolution of the operations, debt management and liquidity as matters progress.

Finally, the Group will continue to provide electrical service to all of its customers while maintaining safe its employees and service personnel.

## **2. Basis for the Preparation of Financial Statements**

### **A. Basis of accounting**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last annual financial statements as at and for the year ended December 31, 2020 (last annual financial statements). The condensed consolidated statement of financial position as of March 31, 2021 has been derived from the Group's last annual audited consolidated financial statements. These condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes have been included to explain events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Group since the last annual financial statements.

These condensed consolidated interim financial statements were approved by the Group Management on April 20, 2021.

### **B. Use of estimates and judgements**

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

### **C. Measurement of fair values**

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

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

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

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

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

Further information about the assumptions made in measuring fair values included in note 17 – Financial Instruments.

### **D. Changes in significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the year ended December 31, 2020.

We have not identified new standards applicable since January 1, 2021.

**Orazul Energy Perú S.A. and Subsidiaries**

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

**3. Discontinued Operations and Assets Held for Sale**

On March 10, 2020, Orazul Energy Peru S.A. ("OEP") and Orazul Energía (UK) Holdings LTD signed a purchase agreement with Interconexión Eléctrica - ISA Peru, to sell its 100% ownership in Orazul Energy Group S.A.C. ("OEG"). OEG was a subsidiary of OEP, domiciled in Peru and the owner of 99.99% of the shares of Etenorte S.R.L. and Eteselva S.R.L. The closing of the sale agreement was subject to the approval from Peruvian authorities.

On August 11, 2020, INDECOP, the Peruvian antitrust authority, approved the acquisition by Interconexión Eléctrica - ISA Peru without any conditions.

On August 24, 2020, OEP sold its 100% ownership of OEG to Interconexión Eléctrica - ISA Peru for US\$ 158,254 thousand total consideration after working capital adjustments.

OEG was classified as held-for-sale since March 1, 2020, as the 10-day results were not considered material for consolidated purposes.

OEG was not previously classified as held-for-sale or as discontinued operation. The comparative audited consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

**A. Results of discontinued operation**

|                                            | <b>Three-month<br/>period ended</b> |
|--------------------------------------------|-------------------------------------|
| <i>In thousands of U.S. dollars</i>        | <b>March 31, 2020</b>               |
| Revenues of transmission services          | 2,128                               |
| Costs of sales of transmission services    | (207)                               |
| Depreciation                               | (978)                               |
| Administrative expenses                    | (99)                                |
| Other incomes                              | 145                                 |
| Other expenses                             | (124)                               |
| Finance cost, net                          | (43)                                |
| Income tax                                 | (649)                               |
| <b>Profit from discontinued operations</b> | <b>173</b>                          |

As of March 31, 2020, sales were made to Orazul and Termoselva for US\$ 859.

**B. Cash flow from discontinued operation**

|                                                   | <b>Three-month<br/>period ended</b> |
|---------------------------------------------------|-------------------------------------|
| <i>In thousands of U.S. dollars</i>               | <b>March 31, 2020</b>               |
| Net cash provided by operating activities         | 2,027                               |
| Net cash used in investing activities             | (155)                               |
| Cash as of January 1                              | 1,628                               |
| <b>Net cash flow from discontinued operations</b> | <b>3,500</b>                        |

**Orazul Energy Perú S.A. and Subsidiaries**

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

**C. Effect of disposal on the financial position of the Group**

| <i>In thousands of U.S. dollars</i>        | <b>August 24, 2020</b> |
|--------------------------------------------|------------------------|
| Cash                                       | 7,043                  |
| Trade receivables                          | 817                    |
| Other receivables                          | 31                     |
| Inventories                                | 407                    |
| Other assets                               | 235                    |
| Income tax asset                           | 207                    |
| Property, plant, and equipment             | 34,313                 |
| Deferred income tax assets                 | 133                    |
| <b>Assets held for sale</b>                | <b>43,186</b>          |
| Trade payables                             | 86                     |
| Other payables                             | 116                    |
| Income tax payable                         | 713                    |
| Deferred income                            | 177                    |
| Deferred income tax liabilities            | 3,448                  |
| <b>Liabilities held for sale</b>           | <b>4,540</b>           |
| <b>Net assets of disposal group</b>        | <b>38,646</b>          |
| Consideration received, satisfied in cash  | 155,367                |
| Cash disposed from discontinued operations | (7,043)                |
| <b>Net cash inflows</b>                    | <b>148,324</b>         |

**4. Cash**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| Checking accounts (a)               | 170,975                   | 153,437                      |
| Petty cash                          | 8                         | 8                            |
|                                     | <b>170,983</b>            | <b>153,445</b>               |

- (a) The Group holds checking accounts in different financial entities. As of March 31, 2021, and December 31, 2020 the balance of this account includes mainly current account deposit in foreign and local currency.

The credit quality that safeguards the Group's bank deposits have the same evaluation as compared to December 31, 2020.

**5. Trade Receivables**

Comprises the following:

| <i>In thousands of U.S. dollars</i>      | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------|---------------------------|------------------------------|
| Non-regulated customers                  | 4,638                     | 6,804                        |
| Regulated customers                      | 13,695                    | 15,681                       |
| COES (a)                                 | 706                       | 2,207                        |
| Other                                    | 19,560                    | 19,243                       |
| <b>Subtotal (b)</b>                      | <b>38,599</b>             | <b>43,935</b>                |
| Less-allowance for doubtful accounts (c) | (19,283)                  | (19,293)                     |
|                                          | <b>19,316</b>             | <b>24,642</b>                |

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## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Trade receivables are denominated in U.S. dollars (non-regulated customers) and soles (COES and regulated customers). They have current maturity and do not generate interest, except in the case of payment delays. Balance of trade receivables as of March 31, 2021, corresponds mainly to 9 non-regulated, 9 regulated customers and 1 natural gasoline customer (6 non-regulated, 5 regulated customers and 1 natural gasoline customer as of December 31, 2020).

The average credit period granted to customers of the Group ranges between 7 and 30 days. Once the terms indicated above expire, overdue balances accrue interests. The interest rate is determined by the annual average of the lending and borrowing rates of the foreign and local currency. As of March 31, 2021, the annual average interest rates for the Group are 6.25% and 3.22% for local and foreign currency, respectively (7.23% and 3.58% as of December 31, 2020 for local and foreign currency, respectively).

- (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 March 31, 2021 and December 31, 2020, past due trade receivables (over 360 days) mainly correspond to the non-collectability of the invoices issued to Maple Gas Corporation del Perú, a former customer of natural gasoline (see note 6(a)).
- (c) The aging of trade receivables is the following:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| Unexpired                           | 17,906                    | 19,288                       |
| Less than 30 days                   | 999                       | 1,723                        |
| 31 to 90 days                       | 200                       | 2,153                        |
| 91 to 180 days                      | 94                        | -                            |
| 181 to 360 days                     | 117                       | 1,478                        |
| More than 361 days (b)              | 19,283                    | 19,293                       |
|                                     | <b>38,599</b>             | <b>43,935</b>                |

The aging of account receivables and the status of customers are constantly monitored to ensure the appropriateness of the estimate in the consolidated financial statements. As a result, Management considers that the impairment estimate of accounts receivables covers sufficiently the risk of loss of doubtful accounts as of March 31, 2021 and December 31, 2020.

**6. Other Receivables**

Comprises the following:

| <i>In thousands of U.S. dollars</i>            | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------------|---------------------------|------------------------------|
| <b>Current portion</b>                         |                           |                              |
| Guarantee deposits (a)                         | 1,291                     | 1,291                        |
| Work for taxes mechanisms                      | 1,526                     | 1,291                        |
| Other receivables                              | 128                       | 229                          |
|                                                | <b>2,945</b>              | <b>2,811</b>                 |
| <b>Non-current portion</b>                     |                           |                              |
| Credit on temporary taxes on net assets – ITAN | 374                       | 388                          |
|                                                | <b>374</b>                | <b>388</b>                   |
| <b>Total</b>                                   | <b>3,319</b>              | <b>3,199</b>                 |

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- (a) In 2019, the subsidiary Aguaytia, granted a guarantee deposit in favor of legal adviser in U.S. in connection to the recovery procedure to Maple Gas Corporation del Peru S.R.L. This guarantee deposit will be used to satisfy any liability or claims, expense, cost, damage and legal expenses that may be incurred during the recovery process, it is renewed annually by evaluation of the Management and can be recovered within the terms established in the contract, in case it is not decided to continue with the collection process.

**7. Income Tax Receivable and Payable**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| Income tax receivable               | 2,839                     | 2,315                        |
| Income tax payable                  | 699                       | 1,585                        |

It corresponds to the current income tax, which will be consumed or paid during the year 2021.

**8. Inventories**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| Supplies and spare parts            | 6,171                     | 5,802                        |
| Fuel to sale                        | 27                        | 71                           |
| Fuel and lubricants                 | -                         | 93                           |
|                                     | <b>6,198</b>              | <b>5,966</b>                 |
| Impairment (a)                      | (337)                     | (337)                        |
|                                     | <b>5,861</b>              | <b>5,629</b>                 |

- (a) The impairment of inventories was determined based on internal technical reports. Management believes that this estimate covers the obsolescence risk appropriately as of March 31, 2021 and December 31, 2020.

**9. Property, Plant and Equipment**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|-------------|---------------------------|------------------------------|
| <b>Cost</b>                         |             |                           |                              |
| Beginning balance                   |             | 682,630                   | 844,302                      |
| <b>Additions</b>                    |             |                           |                              |
| Asset retirement cost               | 16          | (321)                     | 3,521                        |
| Building and constructions          |             | 11                        | 4                            |
| Machinery and equipment             |             | 12                        | 20                           |
| Sundry equipment                    |             | 122                       | 30                           |
| Vehicles (d)                        |             | 217                       | 1,197                        |
| Work in process                     |             | 126                       | 1,160                        |
| <b>Total additions</b>              |             | <b>167</b>                | <b>5,932</b>                 |
| <b>Transfers</b>                    |             |                           |                              |
| Building and constructions          |             | 125                       | 287                          |
| Machinery and equipment             |             | 160                       | 1,708                        |
| Vehicles                            |             | -                         | (60)                         |
| Furniture and fixtures              |             | (138)                     | (1)                          |
| Sundry equipment                    |             | 17                        | 573                          |

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| <i>In thousands of U.S. dollars</i>            | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------------|-------------|---------------------------|------------------------------|
| Work in progress                               |             | (164)                     | (2,507)                      |
| <b>Total transfers</b>                         |             | -                         | -                            |
| <b>Disposals</b>                               |             |                           |                              |
| Building and constructions                     |             | -                         | (10,600)                     |
| Vehicles                                       |             | -                         | (426)                        |
| Machinery and equipment                        | (49)        | (4,526)                   | (4,526)                      |
| Sundry equipment                               |             | -                         | (2,721)                      |
| Furniture and fixtures                         |             | -                         | (230)                        |
| <b>Total disposals</b>                         |             | <b>(49)</b>               | <b>(18,503)</b>              |
| <b>Discontinued operation</b>                  |             |                           |                              |
| Building and constructions                     |             | -                         | (2,244)                      |
| Machinery and equipment                        |             | -                         | (142,952)                    |
| Sundry equipment                               |             | -                         | (3,322)                      |
| Work in progress                               |             | -                         | (583)                        |
| <b>Total discontinued operation</b>            |             | -                         | <b>(149,101)</b>             |
| <b>Ending balance</b>                          |             | <b>682,748</b>            | <b>682,630</b>               |
| <b>Accumulated depreciation</b>                |             |                           |                              |
| Beginning balance                              |             | (413,484)                 | (527,069)                    |
| <b>Additions</b>                               |             |                           |                              |
| Building and constructions                     |             | (1,377)                   | (5,611)                      |
| Vehicles                                       |             | (108)                     | (186)                        |
| Machinery and equipment                        |             | (2,633)                   | (11,446)                     |
| Asset retirement obligation                    |             | (57)                      | (149)                        |
| Sundry equipment                               |             | (200)                     | (1,005)                      |
| Furniture and fixtures                         |             | (2)                       | (13)                         |
| <b>Total additions</b>                         |             | <b>(4,377)</b>            | <b>(18,410)</b>              |
| <b>Disposals</b>                               |             |                           |                              |
| Building and constructions                     |             | -                         | 9,979                        |
| Vehicles                                       |             | -                         | 344                          |
| Machinery and equipment                        | 49          | 4,152                     | 4,152                        |
| Sundry equipment                               |             | -                         | 2,308                        |
| Furniture and fixtures                         |             | -                         | 424                          |
| <b>Total disposals</b>                         |             | <b>49</b>                 | <b>17,207</b>                |
| <b>Transfers</b>                               |             |                           |                              |
| Machinery and equipment                        |             | (125)                     | -                            |
| Furniture and fixtures                         |             | 128                       | -                            |
| Sundry equipment                               |             | (3)                       | -                            |
| <b>Total transfers</b>                         |             | -                         | -                            |
| <b>Discontinued operation</b>                  |             |                           |                              |
| Building and constructions                     |             | -                         | 580                          |
| Machinery and equipment                        |             | -                         | 111,426                      |
| Sundry equipment                               |             | -                         | 2,782                        |
| <b>Total discontinued operation</b>            |             | -                         | <b>114,788</b>               |
| <b>Ending balance</b>                          |             | <b>(417,812)</b>          | <b>(413,484)</b>             |
| <b>Net cost at the beginning of the period</b> |             | <b>269,146</b>            | <b>317,233</b>               |
| <b>Net cost of the end of the period</b>       |             | <b>264,936</b>            | <b>269,146</b>               |
| Impairment                                     |             | -                         | (543)                        |
| Retirements                                    |             | -                         | 543                          |
| <b>Impairment</b>                              |             | -                         | -                            |
| <b>Net cost of the end of the period</b>       |             | <b>264,936</b>            | <b>269,146</b>               |

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- (a) Management considers that, as of March 31, 2021 and December 31, 2020, impairment is not required, other than the estimate previously recognized in the records for the impairment of property, plant and equipment.
- (b) Property, plant and equipment includes right-of-use assets for US\$ 1,008 thousand as of March 2021 (US\$ 892 thousand as of December 31, 2020):

| <i>In thousands of U.S. dollars</i>            | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------------|-------------|---------------------------|------------------------------|
| <b>Cost</b>                                    |             |                           |                              |
| Beginning balance                              |             | 1,192                     | 3,460                        |
| <b>Additions</b>                               |             |                           |                              |
| Vehicles (e)                                   | 14          | 217                       | 1,197                        |
| <b>Total additions</b>                         |             | <b>217</b>                | <b>4,657</b>                 |
| <b>Retirements</b>                             |             |                           |                              |
| Buildings and other constructions              |             | -                         | (3,036)                      |
| Vehicles                                       |             | -                         | (302)                        |
| Sandy equipment                                |             | -                         | (127)                        |
| <b>Total Retirements</b>                       |             | <b>-</b>                  | <b>(3,465)</b>               |
| <b>Ending balance</b>                          |             | <b>1,409</b>              | <b>1,192</b>                 |
| <b>Accumulated depreciation</b>                |             |                           |                              |
| Beginning balance                              |             | (300)                     | (3,373)                      |
| <b>Additions</b>                               |             |                           |                              |
| Vehicles                                       |             | (101)                     | (387)                        |
| <b>Total additions</b>                         |             | <b>(401)</b>              | <b>(3,750)</b>               |
| <b>Retirements</b>                             |             |                           |                              |
| Buildings and other constructions              |             | -                         | 3,036                        |
| Vehicles                                       |             | -                         | 297                          |
| Sandy equipment                                |             | -                         | 127                          |
| <b>Total Retirements</b>                       |             | <b>-</b>                  | <b>3,460</b>                 |
| <b>Ending balance</b>                          |             | <b>(401)</b>              | <b>(300)</b>                 |
| <b>Net cost at the beginning of the period</b> |             | <b>892</b>                | <b>87</b>                    |
| <b>Net cost of the end of the period</b>       |             | <b>1,008</b>              | <b>892</b>                   |

- (c) Distribution of depreciation was as follows:

|                                     | <b>Three-month period ended<br/>March 31</b> |              |
|-------------------------------------|----------------------------------------------|--------------|
| <i>In thousands of U.S. dollars</i> | <b>2021</b>                                  | <b>2020</b>  |
| Cost of sale of electrical energy   | 4,246                                        | 4,226        |
| Administrative and selling expenses | 131                                          | 106          |
|                                     | <b>4,377</b>                                 | <b>4,332</b> |

- (d) As of March 31, 2021, and December 31, 2020, the Company has insured all plants' assets for property damage under its Property Damage Business Interruption (PDBI) policy. In Management's opinion, this insurance policy is consistent with the international industry practice and the risk of possible losses for claims considered in the insurance policies is reasonable, taking into consideration the Company's types of assets.
- (e) In January 2021, the Company signed a 2-years contract with a Company for an operational leasing for renting of a barge. In January 2020, the Company signed a 4-year contract with a renting company for an operational leasing for its vehicles.
- (f) As of March 31, 2021, and December 31, 2020, in Management's opinion, there were no impairment indicators on the value of property, plant and equipment.

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## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

- (g) As of March 31, 2021 and December 31, 2020, the Company do not have guarantees related to the acquisition of property, plant and equipment.

**10. Gas Investments**

Comprises the following:

| <i>In thousands of U.S. dollars</i>            | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------------|-------------|---------------------------|------------------------------|
| <b>Cost</b>                                    |             |                           |                              |
| Beginning balance                              |             | 176,478                   | 171,692                      |
| <b>Additions</b>                               |             |                           |                              |
| Asset retirement cost                          | 16          | (60)                      | 1,057                        |
| Vehicles                                       |             | -                         | 82                           |
| Sundry equipment                               |             | 2                         | 80                           |
| Work in progress (b)                           |             | 2,420                     | 3,669                        |
| <b>Total additions</b>                         |             | <b>2,362</b>              | <b>4,888</b>                 |
| <b>Transfers</b>                               |             |                           |                              |
| Gas and fractionation plant                    |             | -                         | 2,275                        |
| Vehicles                                       |             | -                         | (8)                          |
| Furniture and fixture                          |             | -                         | 18                           |
| Sundry equipment                               |             | -                         | 263                          |
| Work in progress                               |             | -                         | (2,548)                      |
| <b>Total transfers</b>                         |             | <b>-</b>                  | <b>-</b>                     |
| <b>Disposals</b>                               |             |                           |                              |
| Furniture and fixtures                         |             | -                         | (45)                         |
| Sundry equipment                               |             | -                         | (57)                         |
| <b>Total disposals</b>                         |             | <b>-</b>                  | <b>(102)</b>                 |
| <b>Ending balance</b>                          |             | <b>178,840</b>            | <b>176,478</b>               |
| <b>Accumulated depreciation</b>                |             |                           |                              |
| Beginning balance                              |             | (112,081)                 | (103,568)                    |
| <b>Additions</b>                               |             |                           |                              |
| Gas and fractionation plant                    |             | (1,751)                   | (7,602)                      |
| Vehicles                                       |             | (7)                       | (13)                         |
| Furniture and fixtures                         |             | (4)                       | (25)                         |
| Sundry equipment                               |             | (35)                      | (153)                        |
| Asset retirement obligation                    |             | (215)                     | (809)                        |
| <b>Total additions</b>                         |             | <b>(2,012)</b>            | <b>(8,602)</b>               |
| <b>Disposals</b>                               |             |                           |                              |
| Furniture and fixtures                         |             | -                         | 34                           |
| Sundry equipment                               |             | -                         | 55                           |
| <b>Total disposals</b>                         |             | <b>-</b>                  | <b>89</b>                    |
| <b>Transfers and others</b>                    |             |                           |                              |
| Gas and fractionation plant                    |             | (86)                      | -                            |
| Vehicles                                       |             | 2                         | -                            |
| Asset retirement obligation                    |             | 70                        | -                            |
| Furniture and fixtures                         |             | 2                         | -                            |
| Sundry equipment                               |             | 12                        | -                            |
| <b>Total transfers and others</b>              |             | <b>-</b>                  | <b>-</b>                     |
| <b>Ending balance</b>                          |             | <b>(114,093)</b>          | <b>(112,081)</b>             |
| <b>Net cost at the beginning of the period</b> |             | <b>64,397</b>             | <b>68,124</b>                |
| <b>Net cost of the end of the period</b>       |             | <b>64,747</b>             | <b>64,397</b>                |

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## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

- (a) Distribution of depreciation was as follows:

| <i>In thousands of U.S. dollars</i> | <b>Three-month period ended<br/>March 31</b> |             |
|-------------------------------------|----------------------------------------------|-------------|
|                                     | <b>2021</b>                                  | <b>2020</b> |
| Cost of sale of electrical energy   | 2,012                                        | 2,284       |

- (b) As of March 31, 2021, work in progress is mainly related to an upgrade of the moto-compressor system, coiled tubing service, the major maintenance of a generator and other minor projects.
- (c) As of March 31, 2021, and December 31, 2020, in Management's opinion, there were no impairment indicators on the value of gas investments.
- (d) As of March 31, 2021 and December 31, 2020, the Company do not have guarantees related to the acquisition of gas investments.

**11. Intangible Assets and Goodwill**

Comprises the following:

| <i>In thousands of U.S. dollars</i>      | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|------------------------------------------|---------------------------|------------------------------|
| Goodwill (a)                             | 395,456                   | 395,456                      |
| Electric and hydrocarbon concessions (b) | 89,699                    | 89,936                       |
| Other rights (c)                         | 25,879                    | 25,964                       |
| Software                                 | 1,337                     | 1,391                        |
|                                          | <b>512,371</b>            | <b>512,747</b>               |

- (a) The goodwill corresponds to (i) the excess of the net fair value of assets and liabilities identified during the acquisition of the Peruvian operating business on December 20, 2016 for US\$ 344,924 thousand, net of the deferred income tax liabilities arising from intangible assets acquired; and (ii) the adjustment of fair value of fixed assets for US\$ 50,532 thousand.
- (b) The electric and hydrocarbon concessions correspond to intangible assets identified at the acquisition date on December 20, 2016. The useful life of electric concessions is indefinite, and a remaining useful life of 14 years has been determined for hydrocarbon concession. As of March 31, 2021, Management estimates are not required to establish reserves for the possible impairment of its intangible assets with an indefinite life.

Amortization of hydrocarbon concessions was as follows:

| <i>In thousands of U.S. dollars</i> | <b>Three-month period ended<br/>March 31</b> |             |
|-------------------------------------|----------------------------------------------|-------------|
|                                     | <b>2021</b>                                  | <b>2020</b> |
| Cost of sale of electrical energy   | 260                                          | 230         |

- (c) Other rights correspond to the agreements signed between the Company and its subsidiary Termoselva with regulated costumers, by which regulated costumers grant an option to sign addendums to the original public tender of certain PPAs, extending the contract term, modifying the contracted capacity and associated energy and maintaining the current fixed prices with framework of the Supreme Decree 022-2018 EM (note 13).

Management analysis indicated there were no impairment indicators on the value of the intangibles as of March 31, 2021 (no impairment indicators as of December 31, 2020).

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**12. Trade Payables**

Comprises the following:

| <i>In thousands of U.S. dollars</i>     | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-----------------------------------------|---------------------------|------------------------------|
| Energy purchases and transmission tolls | 3,584                     | 4,301                        |
| Others purchases                        | 5,137                     | 4,794                        |
|                                         | <b>8,721</b>              | <b>9,095</b>                 |

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

**13. Other Payables**

Comprises the following:

| <i>In thousands of U.S. dollars</i>         | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|---------------------------------------------|-------------|---------------------------|------------------------------|
| Interest payables-debentures                |             | 13,063                    | 5,328                        |
| Option agreements                           | 11(c)       | 5,992                     | 8,529                        |
| Value-Added Tax                             |             | 1,091                     | 1,048                        |
| Other taxes                                 |             | 769                       | 1,133                        |
| Rural electricity contribution              |             | 293                       | 283                          |
| Various accruals and other account payables |             | 273                       | 96                           |
|                                             |             | <b>21,481</b>             | <b>16,417</b>                |

**14. Lease Liabilities**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <i>Note</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|-------------|---------------------------|------------------------------|
| Opening balance                     |             | 946                       | 93                           |
| Additions (a)                       | 9(e)        | 217                       | 1,192                        |
| Payments                            |             | (113)                     | (392)                        |
| Unwind of discount                  |             | 13                        | 53                           |
|                                     |             | <b>1,063</b>              | <b>946</b>                   |

(a) Correspond to a 4-year contract with a renting company for an operational leasing for the Group's vehicles signed in January 2020.

(b) The lease liability is distributed as follows:

| <i>In thousands of U.S. dollars</i> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|---------------------------|------------------------------|
| <b>Current portion</b>              |                           |                              |
| Lease liabilities                   | 422                       | 312                          |
| <b>Subtotal</b>                     | <b>422</b>                | <b>312</b>                   |
| <b>Non-current portion</b>          |                           |                              |
| Lease liabilities                   | 641                       | 634                          |
| <b>Subtotal</b>                     | <b>641</b>                | <b>634</b>                   |
| <b>Total</b>                        | <b>1,063</b>              | <b>946</b>                   |

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

**15. Debentures**

Comprises the following:

| <i>In thousands of U.S. dollars</i>                         | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------------------------------|---------------------------|------------------------------|
| <b>International bonds</b>                                  |                           |                              |
| Proceeds from issuance of Orazul Energy Perú 2027 notes (a) | 550,000                   | 550,000                      |
| Transaction costs                                           | (7,330)                   | (7,604)                      |
|                                                             | <b>542,670</b>            | <b>542,396</b>               |

- (a) In April 2017, the Company (originally Orazul Energy Egenor S. en C. por A., later merged into the Company, on August 16, 2017) issued, in the international capital market, US\$ 550,000 thousand under Rule 144A/Reg S. The notes obtained the risk rating "BB", assigned by the international risk-rating agencies Fitch Ratings and Standard & Poor's. Notes interests are payable biannually with final maturity in April 2027 with a coupon rate of 5.625%.

**A. Terms and debt repayment schedule**

The terms and conditions are as follows:

| <i>In thousands of U.S. dollars</i> | <b>Nominal annual<br/>interest rate</b> | <b>Currency</b> | <b>Maturity</b> | <b>Face value</b> |             | <b>Carrying amount</b> |             |
|-------------------------------------|-----------------------------------------|-----------------|-----------------|-------------------|-------------|------------------------|-------------|
|                                     |                                         |                 |                 | <b>2021</b>       | <b>2020</b> | <b>2021</b>            | <b>2020</b> |
| <b>Debentures</b>                   |                                         |                 |                 |                   |             |                        |             |
| OEP 2027 notes                      | 5.625%                                  | US\$            | April -2027     | 550,000           | 550,000     | 542,670                | 542,396     |

The table below presents the payment schedule of the non-current portion of the long-term debt as of March 31, 2021:

|                                     |                |
|-------------------------------------|----------------|
| <i>In thousands of U.S. dollars</i> |                |
| 2024 and thereafter                 | 541,621        |
|                                     | <b>541,621</b> |

**B. Financial obligations and covenants**

The conditions of the notes as of March 31, 2021 are the same disclosed in the annual consolidated financial statements of the Company as of December 31, 2020.

**16. Asset Retirement Obligation**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <b>Note</b> | <b>March 31,<br/>2021</b> | <b>December 31,<br/>2020</b> |
|-------------------------------------|-------------|---------------------------|------------------------------|
| Balance as of January 1, 2020       |             | 22,141                    | 17,224                       |
| Additions                           | 9, 10       | (381)                     | 4,578                        |
| Unwind of discount                  |             | 52                        | 342                          |
| Other                               |             | (13)                      | (3)                          |
| <b>Balance as of March 31, 2021</b> |             | <b>21,799</b>             | <b>22,141</b>                |

The provision for decommissioning liabilities corresponds to Aguaytia plant, electrical energy hydroelectric power plants Cañon del Pato and Carhuaquero (Orazul) and thermoelectric power plant in Ucayali (Termoselva), has been determined considering all costs necessary to dismantle and rehabilitate the land where the station is currently located. The future value, considering inflation amounts to US\$ 32,368 thousand and has been discounted using an annual risk-free rate ranging from 0.4% to 1.59%.

**Orazul Energy Perú S.A. and Subsidiaries**

Notes to the Condensed Consolidated Interim Financial Statements

**17. Financial Instruments**
**A. Carrying amounts and fair values**

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

|                                                         | Carrying amount |                             |                             | Total            | Fair value       |
|---------------------------------------------------------|-----------------|-----------------------------|-----------------------------|------------------|------------------|
|                                                         | Current         | Non-current                 |                             |                  |                  |
|                                                         | Amortized cost  | Other financial liabilities | Other financial liabilities |                  | Level 2          |
| <i>In thousands of U.S. dollars</i>                     |                 |                             |                             |                  |                  |
| <b>As of March 31, 2021</b>                             |                 |                             |                             |                  |                  |
| <b>Financial assets not measured at fair value</b>      |                 |                             |                             |                  |                  |
| Cash and cash equivalents                               | 170,983         | -                           | -                           | 170,983          | -                |
| Trade receivables                                       | 19,316          | -                           | -                           | 19,316           | -                |
| Other receivables (*)                                   | 1,419           | -                           | -                           | 1,419            | -                |
| <b>Financial liabilities not measured at fair value</b> |                 |                             |                             |                  |                  |
| Trade payable                                           | -               | (8,721)                     | -                           | (8,721)          | -                |
| Other payable (*)                                       | -               | (19,328)                    | -                           | (19,328)         | -                |
| Intercompany payables                                   | -               | (1)                         | (21,711)                    | (21,712)         | -                |
| Debentures                                              | -               | -                           | (542,670)                   | (542,670)        | (572,693)        |
| Lease liabilities                                       | -               | (422)                       | (641)                       | (1,063)          | -                |
|                                                         | <b>191,718</b>  | <b>(28,472)</b>             | <b>(565,022)</b>            | <b>(401,766)</b> | <b>(572,693)</b> |
| <b>As of December 31, 2020</b>                          |                 |                             |                             |                  |                  |
| <b>Financial assets not measured at fair value</b>      |                 |                             |                             |                  |                  |
| Cash and cash equivalents                               | 153,445         | -                           | -                           | 153,445          | -                |
| Trade receivables                                       | 24,642          | -                           | -                           | 24,642           | -                |
| Other receivables (*)                                   | 1,656           | -                           | -                           | 1,656            | -                |
| Intercompany receivables                                | 419             | -                           | -                           | 419              | -                |
| <b>Financial liabilities not measured at fair value</b> |                 |                             |                             |                  |                  |
| Trade payable                                           | -               | (9,095)                     | -                           | (9,095)          | -                |
| Other payable (*)                                       | -               | (13,953)                    | -                           | (13,953)         | -                |
| Intercompany payables                                   | -               | (766)                       | (22,710)                    | (23,476)         | -                |
| Debentures                                              | -               | -                           | (542,396)                   | (542,396)        | (579,568)        |
| Lease liabilities                                       | -               | (312)                       | (634)                       | (946)            | -                |
|                                                         | <b>180,162</b>  | <b>(24,126)</b>             | <b>(565,740)</b>            | <b>(409,704)</b> | <b>(579,568)</b> |

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

**Orazul Energy Perú S.A. and Subsidiaries**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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

The following table shows the valuation techniques used in the determination of fair values of financial instruments – Level 2 as at March 31, 2021 and December 31, 2020:

**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                                                   |

**18. Equity****Share capital**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | March 31, 2021 | December 31, 2020 |
|-------------------------------------|----------------|-------------------|
| Orazul Energia (UK) Holdings Ltd.   | 384,982        | 196,066           |
| Others                              | 54             | 20                |
|                                     | <b>385,036</b> | <b>196,086</b>    |

On February 24, 2021, the Company capitalized the retained earnings of the 2020 period for US\$ 188,950 thousand and issued additional shares for 690,801,200 with a nominal value of S/ 1.00 per share.

As of March 31, 2021, issued capital stock is represented by 1,342,025,489 common shares with a face value of S/ 1.00 per share, duly authorized, issued and paid.

| Shareholders                      | Number of shares     | %             |
|-----------------------------------|----------------------|---------------|
| Orazul Energia (UK) Holdings Ltd. | 1,341,835,923        | 99.99         |
| Others                            | 189,566              | 0.01          |
|                                   | <b>1,342,025,489</b> | <b>100.00</b> |

As of December 31, 2020, issued capital stock is represented by 651,224,289 common shares with a face value of S/ 1.00 per share, duly authorized, issued and paid.

| Shareholders                      | Number of shares   | %             |
|-----------------------------------|--------------------|---------------|
| Orazul Energia (UK) Holdings Ltd. | 651,132,301        | 99.99         |
| Others                            | 91,988             | 0.01          |
|                                   | <b>651,224,289</b> | <b>100.00</b> |

**Legal reserve**

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

There were no dividends declared and paid as of March 31, 2021 and December 31, 2020.

**Orazul Energy Perú S.A. and Subsidiaries**

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**19. Revenue**

Comprises the following:

| <i>In thousands of U.S. dollars</i> | <b>Three-month period<br/>ended March 31</b> |               |
|-------------------------------------|----------------------------------------------|---------------|
|                                     | <b>2021</b>                                  | <b>2020</b>   |
| <b>Sale of electrical energy</b>    |                                              |               |
| Sale of energy and capacity         |                                              |               |
| Energy                              | 22,302                                       | 22,880        |
| Capacity                            | 7,281                                        | 7,627         |
| COES (regulated clients)            |                                              |               |
| Energy                              | 2,332                                        | 1,504         |
| Capacity                            | 1,763                                        | 1,054         |
| Other                               | 481                                          | 429           |
|                                     | <b>34,159</b>                                | <b>33,494</b> |
| <b>Sale of hydrocarbons</b>         |                                              |               |
| Natural gasoline                    | 1,831                                        | 1,436         |
| LPG                                 | 541                                          | 751           |
|                                     | <b>2,372</b>                                 | <b>2,187</b>  |
|                                     | <b>36,531</b>                                | <b>35,681</b> |

The estimated revenues pending of invoicing for the three-month period ended March 31, 2021 amounts to US\$ 15,761 thousand (US\$ 13,900 thousand for the three-month period ended March 31, 2020).

**20. Tax Issues**

The income tax rate for legal entities domiciled in Peru shall be determined by applying the rate of 29.5% on their net income.

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.

The subsidiary Aguaytía due to its Legal Stability Agreement, has an income tax rate of 30%.

The estimated average effective annual tax rate used for the three-month period ended March 31, 2021 is 47.9% (25% for the three-month period ended March 31, 2020.). The change in the effective tax rate for the three-month period ended March 31, 2021 correspond mainly to the impact of exchange difference in local currency.

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).

On March 24, 2020, OEP amended its Income Tax Return 2018, changing its tax loss carryforward system from System A to System B.

## 21. Related Party Transactions

### A. Parent companies and ultimate parent Company

The Company's main shareholder is Orazul Energia (UK) Holdings Ltd, which belongs to the group of subsidiaries owned by ISQ Global Infrastructure Fund I & II (Delaware and Cayman exempted limited partnership), ultimate parent of the group.

### B. Transactions with key management

#### i. Loans to directors

As of March 31, 2021, there are no loans to directors (no loans to directors as of December 31, 2020).

#### ii. Key management compensation

As of March 31, 2021, there are no compensation to key management personnel (no compensation to key management as of March 31, 2020).

#### iii. Transactions with key management personnel

During the three-month period ended March 31, 2021, there were no transactions between the Company and key management, other than those in (ii) (no transactions between the Company and key management during the three-month period ended March 31, 2020, other than those in (ii)).

### C. Other related entities transactions

In 2021 and 2020, the Group performed the following significant transactions with related parties, during the normal course of operations

|                                     |                            | Transaction value         |                 |
|-------------------------------------|----------------------------|---------------------------|-----------------|
|                                     |                            | Three-month periods ended |                 |
|                                     |                            | March 31                  |                 |
| <i>In thousands of U.S. dollars</i> | Transaction type           | 2021                      | 2020            |
| Kallpa Generación S.A. (a)          | Management service and O&M | (3,551)                   | (2,940)         |
| Samay I S.A.                        | COES                       | (641)                     | (456)           |
| Kallpa Generación S.A.              | COES                       | 271                       | 940             |
| Orazul Energía Partners LLC (b)     | Fair value                 | (1)                       | (885)           |
|                                     |                            | <b>(3,922)</b>            | <b>(3,341)</b>  |
|                                     |                            | Outstanding balances      |                 |
|                                     |                            | March 31,                 | December 31,    |
| <i>In thousands of U.S. dollars</i> | Transaction type           | 2021                      | 2020            |
| Account receivables                 |                            |                           |                 |
| Kallpa Generación S.A.              | COES                       | 139                       | 532             |
| Kallpa Generación S.A.              | Management service and O&M | -                         | 360             |
| Eléctrica Cobee-Sucursal            | Services                   | 11                        | 59              |
|                                     |                            | <b>150</b>                | <b>951</b>      |
| Account payables                    |                            |                           |                 |
| Kallpa Generación S.A.              | COES                       | (29)                      | (55)            |
| Samay I S.A.                        | COES                       | (192)                     | (275)           |
| Kallpa Generación S.A.              | Management service and O&M | -                         | (766)           |
|                                     |                            | <b>(221)</b>              | <b>(1,096)</b>  |
| Other payables                      |                            |                           |                 |
| Orazul Energía Partners LLC (b)     | Loan                       | (21,711)                  | (22,710)        |
| Orazul energia (UK) Holdings Ltd.   | Dividends                  | (1)                       | -               |
|                                     |                            | <b>(21,712)</b>           | <b>(22,710)</b> |
|                                     |                            | <b>(21,782)</b>           | <b>(22,855)</b> |

## **Orazul Energy Perú S.A. and Subsidiaries**

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

- (a) The Group and Kallpa Generación S.A. entered into a Management Service and Operational Service Agreement, which can be renewed under the express consent of the parties each year.
- (b) On December 20, 2016, Orazul Energía Partners LLC, granted a subordinated loan in favor of the Company for an aggregate amount of US\$ 255,950 thousand to fund the acquisition of Orazul Energy Group Shares. The loan accrued annual interest rate of 6% until final maturity on December 20, 2026.

On July 4, 2017, Orazul Energía Partners LLC assigned a portion of the subordinated loan in the amount of US\$ 127,950 thousand to Orazul Energía (UK) Holdings Ltd. On the same date, Orazul Energía (UK) Holdings Ltd. approved the capitalization of such debt and increased the capital stock issued of the Company. As of December 31, 2018, the updated interest was US\$ 22,652 thousand.

On January 2019, Orazul Energy Partners LLC modified the subordinated loan rate from 6% to 0%, without modifying the terms of maturity and payment. As a result of this change, the liability was reduced, and equity increased by US\$ 9,132 thousand net of a deferred tax of US\$ 2,694 thousand, generating a net effect of US\$ 6,438 thousand. In 2020, the Company paid a total of US\$ 64,000 thousand that generated an increase in equity of US\$ 1,082 thousand, net of deferred tax of US\$ 319, generating a net effect of US\$ 763 thousand.

As mentioned, in May, September, November and December 2020, the Company paid US\$ 19,000 thousand, US\$ 20,000 thousand, US\$ 20,000 thousand and US\$ 5,000 thousand respectively. As a result of these payments, the fair value loan was adjusted (In July, September, October and December 2019, the Company paid US\$ 20,000 thousand, US\$ 885 thousand, US\$ 10,000 thousand and US\$ 33,000 thousand respectively). As a result of these payments, the fair value of the loan was adjusted.

In February 2021, the Company paid US\$ 1,000 thousand corresponding to the balance of interest accrued until December 2018. The balance for the interest accrued amounts to US\$ 21,652 thousand.

## **22. Contingencies**

As of March 31, 2021, the main contingencies of the Company are described as follow:

### ***Orazul Energy Perú***

#### ***(a) Labor claims***

The Company is involved in several labor claims, mostly related to vacations, job reinstatement, compensation for damages (including moral damages) and profit sharing, for which, after being evaluated individually, as of March 31, 2021, The Company recorded a provision equivalent to US\$ 427 thousand for labor claims considered probable of losing.

In Management's opinion, based on its external legal advisors, it has been estimated that the Company could have to pay up to an equivalent amount of US\$ 1,102 thousand for labor claims that are not more likely than not that the Company will pay.

**Orazul Energy Perú S.A. and Subsidiaries**

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**(b) Temporary Tax on Net Assets**

Temporary tax on net assets returns from 2013 was reviewed by the Tax Administration in 2014, which issued determination and fine resolutions for US\$ 228 thousand plus interests in May 2015. In July 2015, the Company filed a claim against the Tax Administration; and in April 2016, the Tax Administration declared the claim filed by the Company as groundless. In May 2016, the Company filed an appeal before the Tax Court, which has been resolved against Orazul on September 2019. In November 2019, the Company decided to pay the amount of US\$ 428 thousand (US\$ 285 as ITAN and US\$ 143 thousand as fine, included interests). In December 2019, the Company filed the corresponding judicial action which is currently ongoing.

In the opinion of Management and our legal advisors, there are legal and factual arguments that lead us to consider that the case is more likely than not to be successful.

**Termoselva****(a) Income Tax 2011**

In April 2014, as a result of the tax audit 2011, the Tax Administration issued its determination and fine resolutions, because it did not consider as a deductible expense for corporate income tax purposes, the payments made by the Company based on an extrajudicial agreement in favor of 88 Aguaytia Group workers, considering these payments as a Company's decision (and therefore considered as a non-deductible expense). During 2014 and 2015, the Company presented its corresponding claim and appeal. In July 2019, the Tax Court resolved to accept the deductibility of the payments made to 28 Termoselva workers. In November 2019, the Company decided to file an appeal for the payment of the remaining workers within the Judiciary, which is currently ongoing.

As of this date, the Tax Administration has not pronounced on the petition of the Tax Court. The updated contingency is US\$ 883 thousand.

In the opinion of Management and our legal advisors, there are legal and factual arguments to consider that is not more likely than not that Termoselva will pay.

**(b) Advanced Payments 2012**

In August 2015, Termoselva was notified of different resolutions related to the corporate income tax prepayments in 2012.

The mentioned resolutions were issued because of referential omissions in the prepayments from March to December 2012, considering the observations contained in resolutions of the corporate income tax 2011, although its being questioned by an appeal followed in the Judicial Court.

In September 2015, Termoselva filed its complaint before the Tax Administration which was rejected. In March 2016, the Company appealed before the Tax Court, who resolved revoke the rejected resolution, ordering the Tax Administration to be subject to the ruling of the Tax Court regarding the 2011 Income Tax, and based on this, to issue a new resolution.

The updated contingency is US\$ 163 thousand.

In the opinion of Management and our legal advisors, there are legal and factual arguments that lead us to consider that is not more likely than not that Termoselva will pay.

**(c) Labor claims**

Termoselva S.R.L. ("Termoselva") is involved in a labor claim related to vacations. This claim was initiated by an employee of Pic del Perú S.A.C., contractor of Termoselva, against both companies, which jointly and severally would have to pay up to an amount equivalent to US\$23 thousand.

## **Orazul Energy Perú S.A. and Subsidiaries**

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

#### **Aguaytía**

##### **(a) Judicial challenge filed against the OSINERGMIN**

On April 9, 2012, Aguaytía initiated a court proceeding seeking judicial review of the Resolution No. 175-2011-OS/TASTEM-S2 issued by the OSINERGMIN, which determined the administrative responsibility of Aguaytía for having infringed the regulatory framework related to the implementation of the Supervisory Control and Data Acquisition System ("SCADA") and to pay a fine of US\$ 7,156 thousand plus interests.

On July 14, 2016, the claim was dismissed because, in opinion of the judge, Aguaytía did not prove that the SCADA system had been installed. This decision was appealed on July 21, 2016 arguing that the decision: i) affected our due process right of defense; (ii) diverted from the criteria previously established by other judicial entity; (iii) was based on facts not invoked or proven by the parties; and (iv) was not duly motivated in violation of Aguaytía's right of due process.

On July 21, 2017, the first instance decision was revoked and on July 31, 2017 OSINERGMIN filed an extraordinary appeal which is currently under revision by the Supreme Court.

In the opinion of Aguaytía's Management and its external legal advisors, it is not more likely than not that Aguaytía will pay the fine.

#### **23. Subsequent Event**

Subsequent to March 31, 2021, there have been no events that may have an effect on the consolidated condensed interim financial statements of the Company.