

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”) (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE “SECURITIES ACT”)) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum and the information incorporated by reference therein (the “offering memorandum”) following this page, and you are advised to read this carefully before reading, accessing or making any other use of the offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES BY ANY PERSON IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS.

PROHIBITION OF SALES TO EEA AND UNITED KINGDOM RETAIL INVESTORS – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE “EEA”) OR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED THE “PROSPECTUS REGULATION”). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THE OFFERING MEMORANDUM HAS NOT BEEN APPROVED BY ANY AUTHORIZED PERSON IN THE UNITED KINGDOM AND IS FOR DISTRIBUTION ONLY TO PERSONS WHO ARE: (I) OUTSIDE THE UNITED KINGDOM; (II) INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”); (III) HIGH NET WORTH COMPANIES, AND OTHER PERSONS TO WHOM IT MAY BE LAWFULLY COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER; OR (IV) PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY NOTES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THE OFFERING MEMORANDUM IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY, TO WHICH THE OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT

PERSONS. THE NOTES ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE UNITED KINGDOM, EXCEPT IN CIRCUMSTANCES WHICH WILL NOT RESULT IN AN OFFER OF SECURITIES TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF PART VI OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"). NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act), and (2) that you consent to delivery of such offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the initial purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.



Kallpa Generación S.A.
(a Peruvian corporation)
U.S.\$500,000,000
5.875% Senior Notes due 2032

We are offering U.S.\$500,000,000 aggregate principal amount of 5.875% senior notes due 2032 (the “**notes**”). The notes will mature on January 30, 2032. Interest will accrue from January 30, 2025 and will be payable on January 30 and July 30 of each year, beginning on July 30, 2025.

We may redeem the notes, in whole or in part, at any time at the redemption prices set forth under “*Description of the Notes – Optional Redemption.*” We may also redeem the notes, in whole but not in part, at par, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date, in the event of certain changes in tax laws.

The notes will be our senior unsecured obligations and will be *pari passu* in right of payment to all of our existing and future unsecured and unsubordinated indebtedness, including the 2027 Notes (as defined herein), except those obligations preferred by operation of Peruvian law.

Issue Price: 98.985% plus accrued interest, if any, from January 30, 2025

See “Risk Factors” beginning on page 20 for a discussion of certain risks that you should consider in connection with an investment in the notes.

The notes have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any other jurisdiction. Unless they are registered, the notes may not be offered or sold within the United States or to U.S. persons, except to persons reasonably believed to be qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act (“**Rule 144A**”) and to certain non-U.S. persons in offshore transactions outside the United States in reliance on the exemption from registration provided by Regulation S of the Securities Act (“**Regulation S**”). Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the notes may be relying on the exemption from Section 5 of the Securities Act pursuant to Rule 144A. For a description of certain restrictions on transfer of the notes, see “*Transfer Restrictions.*”

The notes and the information contained in this offering memorandum have not been, and will not be, registered with or approved by the Peruvian Superintendency of Securities (*Superintendencia del Mercado de Valores*, or the “**SMV**”) or the Lima Stock Exchange (*Bolsa de Valores de Lima*, or the “**BVL**”). Accordingly, the notes cannot be offered or sold in the Republic of Peru (“**Peru**”), unless such offering is considered a private offering under the securities laws and regulations of Peru. The notes cannot be offered or sold in Peru or any other jurisdiction except in compliance with the securities laws thereof.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling

the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the UK, this offering memorandum and any other material in relation to the notes described herein are being distributed only to, and are directed only at, persons who are “qualified investors” (as defined in the UK Prospectus Regulation) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Order**”), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as “**Relevant Persons**.” In the UK, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, Relevant Persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this offering memorandum or its contents.

There is currently no public market for the notes. We will apply to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission for the listing and quotation of the notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle received for the listing and quotation of the notes on the SGX-ST is not to be taken as an indication of our merits or the merits of the notes.

None of the U.S. Securities and Exchange Commission (the “**Commission**”), any U.S. state securities commission or any securities regulatory authority has approved or disapproved of these securities or determined whether this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense. We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company (“**DTC**”) for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about January 30, 2025.

Joint Book-Running Managers

Deutsche Bank Securities

J.P. Morgan

Santander

The date of this offering memorandum is January 27, 2025.

TABLE OF CONTENTS

Notice to Residents of Peru	iii
Presentation of Financial and other Information	iv
Cautionary Statement Regarding Forward-Looking Statements	vi
Enforcement of Civil Liabilities	viii
Available Information	x
Certain Terms Used in this Offering Memorandum	xi
Exchange Rate Information	xvi
Summary	1
Risk Factors	20
Use of Proceeds	41
Capitalization	42
Industry	62
Business	67
Regulation	98
Management	109
Principal Shareholders	112
Description of Other Indebtedness	113
Related Party Transactions	114
Description of the Notes	114
Taxation	140
Plan of Distribution	144
Transfer Restrictions	152
Validity of the Notes	156
Independent Auditors	156
General Information	156
Index to Financial Statements	F-1

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to “**Kallpa**,” the “**Issuer**,” the “**Company**,” “**we**,” “**us**,” “**our**” and words of similar effect refer to Kallpa Generación S.A., unless the context otherwise requires.

For the sale of the notes in the United States, we are relying upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. By purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under “*Transfer Restrictions*.” We are not, and the initial purchasers are not, making an offer to sell, or a solicitation of an offer to buy, the notes in any jurisdiction except where such an offer or sale is permitted. The notes are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act, applicable state securities laws and applicable Peruvian law. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time. See “*Plan of Distribution*” and “*Transfer Restrictions*.”

We have prepared this offering memorandum for use solely in connection with the proposed offering of the notes described in this offering memorandum. We have submitted this offering memorandum solely to a limited number of persons reasonably believed to be qualified institutional buyers in the United States and in offshore transactions to persons other than U.S. persons so they can consider a purchase of the notes. We have not authorized the use of this offering memorandum for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the notes. Distribution of this offering memorandum to any person other than the offeree and any person retained to advise such offeree is unauthorized, and any disclosure of any of the contents hereof without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to these restrictions.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. We and the initial purchasers cannot assure you that such information provided to us is accurate or complete. This offering memorandum is intended solely for the purpose of soliciting indications of interest in the notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions relating to the terms of the notes contained in the indenture being entered into in connection with the issuance of the notes as described herein and other transaction documents described herein. This offering memorandum summarizes certain documents (including the indenture that will govern the notes) and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering and the notes, including the merits and risks involved.

We are not, and the initial purchasers are not, making any representation to you regarding the legality of an investment in the notes under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business, tax or other advice. You should consult your own counsel, accountant, business advisor and tax advisor for legal, tax, business and financial advice regarding any investment in the notes.

We have not, and the initial purchasers have not, authorized any person to provide you with different information or to make any representation not contained in this offering memorandum. You should assume that the information contained in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum. Our business, properties, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale of notes made hereunder shall, under any circumstances, imply that the information herein is correct as of any date subsequent to the date on the cover of this offering memorandum.

By purchasing any notes, you will be deemed to have acknowledged that: (1) you have received a copy of and have reviewed this offering memorandum; (2) you have had an opportunity to review all financial and other information considered by you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this offering memorandum and have been offered the opportunity to ask us questions, and received answers, as you deemed necessary in connection with your investment decision; (3) you have not

relied on the initial purchasers or any person or entity affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision; (4) the initial purchasers are not responsible for, and are not making any representation to you concerning, us, our future performance or the accuracy or completeness of this offering memorandum; and (5) no person has been authorized to give any information or to make any representation concerning us or the notes or the offer and sale of the notes, other than as contained in this offering memorandum. Any other information or representation provided should not be relied upon as having been authorized by us, the initial purchasers or their agents.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past, present or future.

We reserve the right to withdraw this offering of the notes at any time, and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and their respective affiliates may acquire for their own account a portion of the notes.

You must comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

Any notes to which this offering memorandum relates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (11) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a “qualified investor” as defined in the Prospectus. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Any notes to which this offering memorandum relates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a “qualified investor” as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by UK PRIIPs Regulation for offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in the United Kingdom will be made pursuant to an exemption from the requirement to publish a prospectus for offers of notes.

This offering memorandum contains some of our trademarks, trade names and service marks, including our logos. Each trademark, trade name or service mark of any company appearing in this offering memorandum belongs to its respective holder.

NOTICE TO RESIDENTS OF PERU

THE NOTES AND THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH OR APPROVED BY THE SMV OR THE BVL. ACCORDINGLY, THIS OFFERING WILL NOT BE SUBJECT TO A PUBLIC OFFERING IN PERU.

PERUVIAN SECURITIES LAWS AND REGULATIONS ON PUBLIC OFFERINGS WILL NOT BE APPLICABLE TO THE OFFERING OF THE NOTES AND, THEREFORE, THE DISCLOSURE OBLIGATIONS SET FORTH THEREIN WILL NOT BE APPLICABLE TO THE ISSUER OR TO THE SELLERS OF THE NOTES BEFORE OR AFTER THEIR ACQUISITION BY PROSPECTIVE INVESTORS. THIS OFFERING MEMORANDUM AND OTHER OFFERING MATERIALS RELATING TO THE OFFERING OF THE NOTES ARE BEING SUPPLIED TO THOSE PERUVIAN INVESTORS WHO HAVE EXPRESSLY REQUESTED THEM. SUCH MATERIALS MAY NOT BE DISTRIBUTED TO ANY PERSON OR ENTITY OTHER THAN THE INTENDED RECIPIENTS. ACCORDINGLY, THE NOTES CANNOT BE OFFERED OR SOLD IN PERU, EXCEPT IF (I) SUCH NOTES WERE PREVIOUSLY REGISTERED WITH THE SMV, OR (II) SUCH OFFERING IS CONSIDERED A PRIVATE OFFERING UNDER THE PERUVIAN SECURITIES LAWS AND REGULATIONS. THE PERUVIAN SECURITIES LAWS ESTABLISH, AMONG OTHER THINGS, THAT AN OFFER DIRECTED EXCLUSIVELY TO INSTITUTIONAL INVESTORS (AS DEFINED BY PERUVIAN LAW) QUALIFIES AS A PRIVATE OFFERING. IN MAKING AN INVESTMENT DECISION, INSTITUTIONAL INVESTORS (AS DEFINED BY PERUVIAN LAW) MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING OF THE NOTES TO DETERMINE THEIR ABILITY TO INVEST IN THE NOTES.

NO OFFER OR INVITATION TO SUBSCRIBE FOR OR SELL THE NOTES OR BENEFICIAL INTERESTS THEREIN CAN BE MADE IN THE REPUBLIC OF PERU EXCEPT IN COMPLIANCE WITH THE PERUVIAN SECURITIES LAWS AND REGULATIONS.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Kallpa presents financial statements in U.S. dollars in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board (“**IASB**”), for the annual financial statements and IAS 34 *Interim Financial Reporting* for the condensed interim financial statements, and all financial information included in this offering memorandum is derived from their respective financial statements, except as otherwise indicated.

The financial statements included in this offering memorandum consist of:

- audited financial statements of Kallpa as of and for the years ended December 31, 2023, 2022 and 2021 (our “**audited annual financial statements**”); and
- unaudited condensed interim financial statements of Kallpa as of September 30, 2024 and for the three and nine month periods ended September 30, 2023 and 2024 (our “**unaudited condensed interim financial statements**”).

We present these financial statements in U.S. dollars, which is also our functional currency. All references in this offering memorandum to (i) “**dollars**” or “**U.S.\$**” are to U.S. dollars and (ii) “**Peruvian soles**” or “**S/**” are to the legal currency of Peru. Amounts in Peruvian soles were translated to U.S. dollars at the Peruvian sol/U.S. dollar exchange rate in effect on the applicable transaction date. Peruvian sol/U.S. dollar translations included in this offering memorandum are solely illustrative and reflect only the Peruvian sol/U.S. dollar exchange rate in effect on the date of such translation, and you should not expect that any amount in Peruvian soles actually represent a stated U.S. dollar amount or that it could have been or could be converted or translated into U.S. dollars at the rate suggested.

We have made rounding adjustments to some of the figures included in this offering memorandum for ease of presentation. Consequently, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them. Percentage figures included in this offering memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our financial statements.

Non-IFRS Financial Information

In this offering memorandum, we disclose EBITDA, interest coverage ratio, net debt, total debt to EBITDA ratio and net debt to EBITDA ratio, which are non-IFRS financial measures, each as defined in “*Summary—Summary Financial and Other Information*” Each of these measures is an important measure used by our management to assess our financial and operating performance. We believe that the disclosure of EBITDA, interest coverage ratio, net debt, total debt to EBITDA ratio and net debt to EBITDA ratio provides useful supplemental information to investors and financial analysts in their review of our operating performance and in the comparison of such operating performance to the operating performance of other companies in the same industry or in other industries that have different capital structures, debt levels and/or income tax rates. Other companies may calculate EBITDA, interest coverage ratio, net debt, total debt to EBITDA ratio and net debt to EBITDA ratio differently, and therefore our presentation of EBITDA, interest coverage ratio, net debt, total debt to EBITDA ratio and net debt to EBITDA ratio may not be comparable to other similarly titled measures used by other companies. The presentation of non-IFRS financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with IFRS. We urge you to review the reconciliations of the non-IFRS financial measures presented herein to the comparable IFRS financial measures presented herein and not to rely on any single financial measure to evaluate our business.

Industry and Market Data

We obtained the market and industry data and other statistical information used throughout this offering memorandum from our own research, surveys or studies conducted by third parties, independent industry or general publications and other published independent sources. To the extent it relates to the Peruvian government or

Peruvian macroeconomic data, the information used throughout this offering memorandum has been extracted from official publications of the Peruvian government and has not been independently verified by us or the initial purchasers. While we believe that each of these sources is reliable, they are themselves subject to assumptions and involve judgments and estimates, and neither we nor the initial purchasers have independently verified such data, and neither we nor the initial purchasers make any representations as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

Capacity and Production Figures

Unless otherwise indicated, statistics provided throughout this offering memorandum with respect to power generation units are expressed in MW, in the case of the capacity of such power generation units, and in GWh, in the case of the electricity production of such power generation units.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements reflecting our current views about future events including but not limited to our expectations for conditions in Peru and in our industry, as well as our future performance, financial condition and results of operations, capital expenditures, liquidity and capital structure. Words such as “believe,” “could,” “may,” “would,” “will,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “potential,” “predict,” “forecast,” “guideline,” “should” and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Statements that are not historical facts, including statements about our strategy, plans, objectives, assumptions, prospects, beliefs and expectations are forward-looking statements. While we consider these expectations and assumptions to be reasonable, forward-looking statements are based on current plans, estimates and projections and, therefore, are not guarantees of future performance and are subject to various risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. Actual results could differ materially and adversely from those expressed or implied by the forward-looking statements, including but not limited to:

- our ability to source, enter into and/or renew long-term power purchase agreements (“PPAs”), consumption of energy by our customers under PPAs and the terms of such agreements;
- the ability of our customers to meet their obligations under our PPAs;
- our ability to renew and/or enter into supply, transmission and/or distribution agreements on competitive terms, as such agreements expire;
- our ability to develop new renewable energy generation projects to benefit from energy transition trends;
- our access to water for our hydroelectric plant;
- our ability to secure natural gas, and the prices of natural gas, to operate our power generation plants;
- the performance and reliability of our generation plants and our ability to manage our operation and maintenance costs;
- business interruptions or impairment of our assets;
- expected trends in the Peruvian power market, including trends relating to the growth in the energy market, consumer energy use, supply and demand imbalances, and investments in competing power generation facilities;
- reduction of or volatility in our margins when selling energy to the spot market;
- the nature and extent of future competition in the Peruvian energy industry;
- the legal and regulatory framework of the Peruvian energy industry, including at the national, regional and/or municipal levels;
- our goals and strategies, including with respect to the expansion of our business;
- the sufficiency of our liquidity and capital resources;
- our ability to finance or refinance our operations and the construction of Sunny (as defined herein);
- our compliance with the covenants contained in the instruments governing our indebtedness;
- climate conditions and changes in climate or other occurrences of natural phenomena;
- the impact of fuel price and foreign exchange fluctuations on our revenues, profit and EBITDA;
- the maintenance of relationships with customers;

- our ability to hire and retain qualified and competent management;
- the potential sale of us or our direct or indirect parent companies by our shareholders;
- interruption or failure of our information technology, communication and processing systems or external attacks and invasions of these systems;
- litigation, tax and/or regulatory proceedings or developments and our expectations with respect to such litigation, proceedings or developments, including the impact of our release of certain provisions;
- potential acts of terrorism, vandalism, weather, unforeseeable natural disaster or other similar events that may affect the integrity of our infrastructure or our capacity to generate or other generators in the system;
- the potential expropriation or nationalization of our generation plants including creeping expropriation, with or without adequate compensation;
- adequacy of our insurance coverage and our plans to seek coverage for the costs related to the repair and outage of our plants and our ability to recover such costs;
- the political and macroeconomic outlook for Peru, including exchange rate, inflation and interest rate fluctuations, and the impact on our business of such conditions;
- new types of taxes or increases or decreases in taxes applicable to us and/or our business;
- the effect of weather conditions on generation, consumer energy use, tariffs or our operating costs;
- potential changes in tariffs, which may impact our business, financial condition and results of operations;
- our ability to secure, or renew, appropriate licenses, including water rights for our existing operations or any acquisitions or greenfield projects;
- the effects on financial markets of current or anticipated military conflicts, including between Russia and Ukraine, the evolving events in Israel and Gaza, terrorism, sanctions or other geopolitical events globally;
- expiration or termination of the concessions granted in connection with our plants;
- changes in our regulatory environment, including the costs of complying with environmental and renewable energy regulations; and
- other factors identified or discussed under “**Risk Factors.**”

Some of these factors are discussed under “**Risk Factors,**” but there may be other risks and uncertainties not discussed under “**Risk Factors**” or elsewhere in this offering memorandum that may cause actual results to differ materially from those in forward-looking statements. You should read this offering memorandum completely and with the understanding that our actual future results may be materially different from what we expect.

Additionally, new risks and uncertainties can emerge from time to time, and it is not possible for us to predict all future risks and uncertainties, nor can we assess their potential impact. Accordingly, you should not place undue reliance on forward-looking statements as a prediction of actual results.

In any event, these statements speak only as of the date of this offering memorandum, and we do not undertake any obligation to update or revise any of them as a result of new information, future events or otherwise.

All written, oral and electronic forward-looking statements attributable to us or to the persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

ENFORCEMENT OF CIVIL LIABILITIES

We are a corporation (*sociedad anónima*) existing under the laws of Peru. The majority of our shares are directly owned by Inkia Americas S.A.C., a closely held corporation (*sociedad anónima cerrada*) existing under the laws of Peru. The remaining shares are directly owned by NIH, a limited partnership (*société en comandite simple*) existing under the laws of the Grand Duchy of Luxembourg.

Substantially all of our directors, officers and controlling persons named herein reside outside the United States, and all of our assets and a substantial portion of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, including with respect to matters arising under the federal securities laws of the United States, or to enforce against such persons or against us judgments of courts of the United States predicated upon the civil liability of the federal securities laws of the United States.

We have been advised by our Peruvian counsel, Miranda & Amado Abogados S. Civil de R.L., that any final and conclusive judgment for a fixed and definitive sum obtained against us in any foreign court having jurisdiction in respect of any suit, action or proceeding against us for the enforcement of any of our obligations under the notes, which are governed by New York law, will, upon request, be deemed valid and enforceable in Peru through an *exequatur* judiciary proceeding (which does not involve the reopening of the case), *provided that*: (i) there is a treaty in effect between the country where such foreign court sits and Peru regarding the recognition and enforcement of foreign judgments, or (ii) in the absence of such a treaty, the original judgment is recognized by the Peruvian courts (*Cortes de la República del Perú*), under such *exequatur* proceeding, subject to the provisions of the Peruvian Civil Code (*Código Civil*) and the Peruvian Civil Procedure Code (*Código Procesal Civil*), *provided, further, that* the following conditions and requirements are met:

- (a) the foreign judgment does not resolve matters under the exclusive jurisdiction of Peruvian courts (and the matters contemplated by the notes or in respect to this offering memorandum are not matters under the exclusive jurisdiction of Peruvian courts);
- (b) such foreign court had jurisdiction under its own private international conflict of law rules and under general principles of international procedural jurisdiction;
- (c) the defendant was served with service of process in accordance with the applicable laws of the place where the proceeding took place, was granted a reasonable opportunity to appear before such foreign court and was guaranteed due process rights;
- (d) the foreign judgment has the status of *res judicata* as defined in the jurisdiction of the court rendering such judgment;
- (e) there is no pending litigation in Peru between the same parties with respect to the same dispute, which pending litigation was initiated before the commencement of the proceeding that concluded with the foreign judgment;
- (f) the foreign judgment is not incompatible with another judgment that fulfills the requirements of recognition and enforceability established by Peruvian law, unless such foreign judgment was rendered first;
- (g) such foreign judgment is not contrary to Peruvian public policy (*orden público*) or good morals (*buenas costumbres*);
- (h) it is not proven that such foreign court denies enforcement of Peruvian judgments or engages in a review of the merits thereof;
- (i) such judgment has been (x) duly apostilled by the competent authority of the jurisdiction of the issuing court, in the case of jurisdictions that are parties to the Hague Convention for Abolishing the Requirement of Legalization for Foreign Public Documents dated October 5, 1961 (the “**Hague Apostille Convention**”), or (y) legalized before a notary public of such country, certified by the competent Peruvian consular authorities and the Peruvian Ministry of Foreign Affairs (*Ministerio de Relaciones Exteriores*), in case of

jurisdictions that are not parties to the Hague Apostille Convention or then being a signatory country, opposed Peru's accession thereto, and is accompanied by a certified and officially translated copy of such judgment into Spanish by a Peruvian certified translator; and

(j) the applicable court fees have been paid.

We have no reason to believe that any of our obligations subject to New York law relating to the notes would be contrary to Peruvian public policy (*orden público*), good morals (*buenas costumbres*) and international treaties binding upon Peru or generally accepted principles of international law.

Our properties have no immunity from a court's jurisdiction, except, to the extent applicable, immunities set forth in Article 616 of the Peruvian Civil Procedure Code (*Código Procesal Civil*) (Legislative Decree No. 768, which sole unified text was approved through Ministerial Resolution No. 010-93-JUS, as amended), pursuant to which any private property designated for the rendering of indispensable public services may not be subject to preliminary attachments (*medidas cautelares*) that could affect the normal rendering of such services.

The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters with Peru. Therefore, unless the above-mentioned requirements are satisfied, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Peru. However, if the party in whose favor such unenforced final judgment was rendered brings a new suit in a competent court in Peru, such party may submit to the Peruvian court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against us may be regarded by a Peruvian court only as evidence of the outcome of the dispute to which such judgment relates, and a Peruvian court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere are unenforceable in Peru. In the past, Peruvian courts have enforced judgments rendered in the United States based on legal principles of reciprocity and comity.

We will appoint Cogency Global, Inc., with offices currently located at 122 East 42nd Street, 18th Floor, New York, NY 10168, as agent to receive service of process under the indenture governing the notes, including with respect to any action brought against us in the Courts of the State of New York in the County of New York or the United States District Court for the Southern District of New York under the federal securities laws of the United States. With respect to such actions, we have submitted to the exclusive jurisdiction of the courts of the State of New York in the County of New York or the United States District Court for the Southern District of New York.

AVAILABLE INFORMATION

For so long as any notes are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser or subscriber of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser or subscriber the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto). Any such request should be directed to our Chief Financial Officer, at Calle Las Palmeras 435, Floor 7, district of San Isidro, province and department of Lima Peru.

CERTAIN TERMS USED IN THIS OFFERING MEMORANDUM

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. In this offering memorandum:

- “2026 Notes” refers to the U.S.\$350 million aggregate principal amount of our outstanding 4.875% Senior Notes due 2026 issued on May 24, 2016;
- “2027 Notes” refers to the U.S.\$650 million aggregate principal amount of our outstanding 4.125% Senior Notes due 2027 issued on August 16, 2017;
- “AC” means alternating current;
- “ANA” means the Peruvian National Water Authority (*Autoridad Nacional del Agua*);
- “availability factor” means the percentage of hours a power generation unit is available for generation of electricity in the relevant period, whether or not the unit is actually dispatched or used for generating electricity;
- “BESS” means battery energy storage system;
- “Bridge Loan Facility” means the senior unsecured term loan facility providing for up to U.S.\$130 million in term loans pursuant to that certain credit agreement, dated as of December 17, 2024, by and among Kallpa, as borrower, Deutsche Bank AG, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., as joint lead arrangers and book-runners, GLAS USA LLC, as administrative agent, and the lenders party thereto from time to time;
- “Btu” means British thermal units;
- “CAGR” means compound annual growth rate;
- “Calidda” means Gas Natural de Lima y Callao S.A.;
- “Camisea Consortium” means a consortium formed in 2004 currently composed of Pluspetrol Perú Corporation S.A.; Pluspetrol Camisea S.A.; Hunt Oil Company of Perú L.L.C., Sucursal del Perú; SK Corporation Sucursal Peruana; Sonatrach Perú Corporation S.A.C.; Tecpetrol del Perú S.A.C.; and Repsol Exploración Perú Sucursal del Perú;
- “CDA” means Cerro del Aguila;
- “CDA Campo Armiño Transmission Concession Agreement” means the transmission concession agreement No 438-2014 dated May 14, 2014, and formalized by public deed dated May 23, 2014, entered into by and between the MINEM and Cerro del Aguila S.A. (now Kallpa) as amended by its first amendment dated August 2, 2016, and formalized by public deed dated August 12, 2016, and by its second amendment dated January 10, 2017, and formalized by public deed dated January 2, 2017, which provides for the conditions, rights and obligations of each of the parties thereto under the CDA Campo Armiño Transmission Concession;
- “CDA Campo Armiño Transmission Concession” means the definitive transmission concession to conduct electricity transmission activities in connection with the project denominated “220 kV S.E. Cerro del Aguila – S.E. Campo Armiño Transmission Line” and located in the districts of Colcabamba and Surcubamba, province of Tayacaja, department of Huancavelica, Peru, granted by the MINEM to Cerro del Aguila S.A. (now Kallpa) by Ministerial Resolution No. 026-2014-EM, as amended by Ministerial Resolution No. 256-2016-MEM/DM and Ministerial Resolution No. 572-2016-MEM/DM;

- “CDA Cobriza Transmission Concession Agreement” means the transmission concession agreement No. 443-2014 dated May 9, 2014, and formalized by public deed dated May 23, 2014, entered into by and between the MINEM and Cerro del Aguila S.A., which provides for the conditions, rights and obligations of each of the parties thereto under the CDA Cobriza Transmission Concession;
- “CDA Cobriza Transmission Concession” means the definitive transmission concession to conduct electricity transmission activities in connection with the project denominated “22.9 kV S.E. Cobriza I – S.E. Cerro del Aguila Transmission Line” and located in the districts of Colcabamba and Surcubamba, province of Tayacaja, department of Huancavelica, Peru, granted by the MINEM to Cerro del Aguila S.A. by Ministerial Resolution No. 028-2014-EM;
- “CDA Generation Concession” means the definitive generation concession to develop electricity generation activities with renewable energy resources for CDA, granted by the MINEM to Kallpa by Supreme Resolution No. 064-2010-EM, as amended by Supreme Resolutions No. 023-2013-EM, 027-2014-EM, 467-2016-MEM/DM and 014-2018-MEM/DM. By Supreme Resolutions No. 059-2011-EM, the MINEM approved the transfer of the CDA Generation Concession to CDA (now Kallpa);
- “CDA Generation Concession Agreement” is the definitive generation concession agreement No. 358-2010 dated November 5, 2010, and formalized by public deed dated January 5, 2011, entered into by and between the MINEM and Kallpa, as amended by its first, second, third, fourth and fifth amendments dated June 24, 2011, June 4, 2013, May 8, 2014, December 15, 2016 and January 25, 2018, respectively, and formalized by the corresponding public deeds dated June 30, 2011, July 2, 2013, May 24, 2014, December 22, 2016 and March 19, 2018, respectively, which provides for the conditions, rights and obligations of each of the parties thereto under the CDA Generation Concession;
- “Cerro Verde” means Sociedad Minera Cerro Verde S.A.A., a Peruvian open stock corporation (*sociedad anónima abierta*);
- “COD” means the commercial operation date of a development project;
- “COES” means the Committee for the Economic Operation of the Interconnected National System (*Comité de Operación Económica del Sistema Interconectado Nacional*), an independent Peruvian entity, created by law and composed of qualified participants undertaking activities in the SEIN which is responsible for planning and coordinating the operation of the generation, transmission and distribution systems that form the SEIN;
- “DC” means direct current;
- “distribution” refers to the transfer of electricity from the transmission lines at grid supply points and its delivery to consumers at lower voltages through a distribution system;
- “ElectroPerú” means ElectroPerú S.A., a state-owned Peruvian corporation (*sociedad anónima*);
- “EPC” means engineering, procurement and construction;
- “firm capacity” means the capacity available for production that, pursuant to applicable regulations, must be guaranteed to be available at a given time for energy injection to a certain power grid;
- “firm energy” means the maximum expected energy production of an energy unit in a year considering dry conditions for hydroelectric units, and scheduled and unscheduled unavailability for thermoelectric units. For solar and wind units, firm energy is determined according to the average energy production of the previous five years. Firm energy is the maximum amount of energy that can be sold by a generation unit;
- “GDP” means gross domestic product;

- “generation capacity” means the intended full-load sustained output of capacity that a generation unit is designed to produce;
- “GWh” means gigawatt hour (one GWh is equal to 1,000 MWh);
- “Heat rate” means the number of Btu of energy contained in the fuel required to produce a kWh of energy (Btu/kWh) for thermal plants;
- “Hidro Chilia” means Hidro Chilia S.A.C., a Peruvian closed corporation (*sociedad anónima cerrada*) owned by Inkia;
- “I Squared Capital” means ISQ Global Infrastructure Fund L.P., ISQ Global Infrastructure Fund II, or any one or more other investment funds or managed accounts with respect to which one or more Affiliates of I Squared Capital Advisors (US) LLC acts as the general partner or the investment manager with similar management and investment capabilities to those of I Squared Capital Advisors (US) LLC;
- “INDECOPI” means the National Institute for the Defense of Competition and Intellectual Property Protection (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*), the Peruvian antitrust and intellectual property regulator;
- “INEI” means the Peruvian National Institute of Statistics and Information (*Instituto Nacional de Estadística e Informática*);
- “Inkia” means Nautilus Energy Holdings LLC, a limited liability company organized under the laws of the Cayman Islands;
- “Kallpa Generation Authorization” means the authorization to develop electricity generation activities in the facilities corresponding to the Kallpa thermal power plant granted by the MINEM to Globeleq Peru S.A. by Ministerial Resolution No. 125-2006-MEM/DM. Further, through Ministerial Resolution No. 017-2008-MEM/DM, the MINEM approved the transfer of the Kallpa Generation Authorization in favor of Kallpa;
- “KWh” means Kilowatts hour;
- “Las Flores Generation Authorization” is the authorization to develop electricity generation activities in the facilities corresponding to Las Flores thermal power plant granted by the MINEM to Duke Energy Egenor S. en C. por A. by Ministerial Resolution No. 011-2009-MEM/DM. Further, through Ministerial Resolution No. 160-2014-MEM/DM, the MINEM approved the transfer of the Las Flores Generation Authorization to Kallpa;
- “Las Flores Transmission Concession Agreement” means the transmission concession agreement No. 339-2009 dated August 6, 2009, and formalized by public deed dated September 15, 2009, entered into by and between the MINEM and Duke Energy Egenor S. en C. por A., as amended by its first amendment dated August 6, 2010, and formalized by public deed dated August 20, 2010, which provides for the conditions, rights and obligations of each of the parties thereto under the Las Flores Transmission Concession;
- “Las Flores Transmission Concession” means the definitive transmission concession to conduct electricity transmission activities in connection with the project denominated “220 kV S.E. Las Flores – S.E. Chilca Nueva Transmission Line” and located in the district of Chilca, province of Cañete, department of Lima, Peru, granted by the MINEM to Duke Energy Egenor S. en C. por A. by Ministerial Resolution No. 059-2009-EM, as amended by Supreme Resolution No. 047-2010-EM. Further through Ministerial Resolution No. 012-2014-EM, the MINEM approved the transfer of Las Flores Transmission Concession to Kallpa;
- “Luz del Sur” means Luz del Sur S.A.A., a Peruvian open stock corporation (*sociedad anónima abierta*);

- “MINEM” means the Ministry of Energy and Mines of Peru (*Ministerio de Energía y Minas*), which is responsible for, among other things, (a) setting national energy policy; (b) proposing and adopting laws and regulations to supervise the energy sector; (c) approving proposed transmission expansion plans by the COES; (d) promoting scientific research and investment in energy; and (e) granting concessions and authorizations to entities who wish to operate in power generation, transmission or distribution in Peru;
- “MMBtu” means one million Btus;
- “MME” means the Wholesale Electricity Market (*Mercado Mayorista de Electricidad*);
- “MW” means megawatts (one MW is equal to 1,000 Kilowatts or KW);
- “MWh” means megawatt hour (one MWh is equal to 1,000 kilowatts hour);
- “NIH” means Nautilus Inkia Holdings SCS (formerly known as Nautilus Inkia Holdings LLC) a *société en comandite simple* organized under the laws of the Grand Duchy of Luxembourg;
- “OEM” means original equipment manufacturer;
- “OEP” means Orazul Energy Perú S.A., a Peruvian corporation (*sociedad anónima*) owned by Inkia;
- “OSINERGMIN” means the Supervisory Body of Investment in Energy and Mining (*Organismo Supervisor de la Inversión en Energía y Minería*), a Peruvian governmental authority which is responsible for, among other things, ensuring that companies comply with the rules and regulations applicable to the energy industry in Peru and for setting the tariffs to be charged to regulated customers;
- “PPA” means a power purchase agreement;
- “Pluz Energía Perú” means Pluz Energía Perú S.A.A., a Peruvian open stock corporation (*sociedad anónima abierta*) (formerly known as Enel Distribución Perú S.A.A.);
- “SEIN” means the national interconnected electrical system of Peru (*Sistema Eléctrico Interconectado Nacional*);
- “Sunny” means the Sunny solar project, located in La Joya district, department of Arequipa, Peru;
- “Sunny Generation Concession” means the definitive generation concession to develop electricity generation activities with renewable energy resources for Sunny I, granted by the MINEM to Kallpa by Ministerial Resolution No. 054-2023-MINEM/DM;
- “Sunny Generation Concession Agreement” is the definitive generation concession agreement No. 591-2023 dated February 23, 2023, and formalized by public deed dated March 6, 2023, entered into by and between the MINEM and Kallpa, which provides for the conditions, rights and obligations of each of the parties thereto under the Sunny Generation Concession;
- “Sunny Transmission Concession Agreement” means the transmission concession agreement No. 594-2023 dated May 23, 2023, and formalized by public deed dated June 12, 2023, entered into by and between the MINEM and Kallpa, which provides for the conditions, rights and obligations of each of the parties thereto under the Sunny Transmission Concession;
- “Sunny Transmission Concession” means the definitive transmission concession to conduct electricity transmission activities in connection with the project denominated “220 kV S.E. Sunny – S.E. San José Transmission Line” and located in the district of La Joya, province and department of Arequipa, Peru, granted by the MINEM to Kallpa by Ministerial Resolution No. 186-2023-MINEM/DM;
- “TGP” means Transportadora de Gas del Perú S.A., a Peruvian corporation (*sociedad anónima*);

- “transmission” refers to the bulk transfer of electricity from generation facilities to the distribution system at load center station in which the electricity is stabilized by means of the transmission grid; and
- “weighted average availability” refers to the number of hours that a generation facility is available to produce electricity divided by the total number of hours in a year.

EXCHANGE RATE INFORMATION

The following tables set forth the historical period-end, average, high and low exchange rates calculated as the bid-ask midpoint as reported by the Banking, Insurance and Pension Funds Superintendency (*Superintendencia de Banca, Seguros y AFP – SBS*), expressed in Peruvian sol per one U.S. dollar for the periods indicated.

	Peruvian sol/U.S. dollar			
	Period End ⁽¹⁾	Average ⁽²⁾	High	Low
Year				
2019.....	3.317	3.339	3.405	3.285
2020.....	3.624	3.498	3.662	3.305
2021.....	3.998	3.886	4.136	3.599
2022.....	3.820	3.839	4.003	3.634
2023.....	3.713	3.748	3.900	3.557
2024.....	3.770	3.758	3.883	3.671

(1) Represents the exchange rate on the last business day of the applicable period.

(2) Represents the simple average of the daily exchange rates.

	Peruvian sol/U.S. dollar			
	Period End ⁽¹⁾	Average ⁽²⁾	High	Low
Month				
June 2024	3.837	3.790	3.837	3.736
July 2024.....	3.722	3.770	3.851	3.722
August 2024	3.750	3.746	3.760	3.731
September 2024.....	3.714	3.772	3.823	3.714
October 2024.....	3.775	3.758	3.776	3.718
November 2024.....	3.745	3.783	3.807	3.745
December 2024	3.770	3.740	3.770	3.718
January 2025 (through January 20, 2025)	3.742	3.767	3.785	3.742

(1) Represents the exchange rate on the last business day of the applicable period.

(2) Represents the simple average of the daily exchange rates.

On January 20, 2025, the exchange rate was S/3.742 per U.S. dollar.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum and does not contain all of the information that you should consider in making your investment decision. Before deciding whether to invest in our notes, you should carefully read this entire offering memorandum, especially the risks of investing in our notes discussed under the heading “Risk Factors.”

Overview

We are a leading Peruvian power company focused on electrical power generation. We own, develop and operate two combined cycle power plants, Kallpa and Las Flores, and one hydroelectric power plant, CDA, to generate and sell electricity to regulated customers (distribution companies) and non-regulated customers under short-term and long-term PPAs, as well as in the spot market. As of September 30, 2024, approximately 87% of our estimated firm energy for fiscal year 2024 was contracted under PPAs among high quality off-takers with 87% of our total revenues from investment grade customers, and an average remaining term of 7.4 years.

For the year ended December 31, 2023, we generated 11,387 GWh of energy accounting for 19% of the Peruvian market share based on gross energy generation. Our combined cycle plants, located in Chilca, have an aggregate generation capacity of 1,233 MW: (i) the Kallpa combined cycle generation plant, with three natural gas-fired turbines and one steam turbine, which has an aggregate generation capacity of 908 MW; and (ii) the Las Flores combined cycle generation plant, with one natural gas-fired turbine and one steam turbine, which has an aggregate generation capacity of 325 MW. The COD of the Kallpa combined cycle was granted in August 2012. We acquired the Las Flores plant in April 2014, and the COD of the Las Flores combined cycle was granted in June 2022. In 2022, we completed our asset optimization program that we began in 2019, which included: (i) an upgrade of the gas turbine and the conversion of Las Flores to a combined cycle plant, which increased its generation capacity by 128 MW and (ii) upgrades to gas turbines II and III of the Kallpa plant, which increased the Kallpa combined cycle plant’s aggregate generation capacity by 34 MW.

In November 2022, we began the construction of a 34 MW high-capacity BESS project, located next to our Kallpa combined cycle generation plant. This added BESS capacity now provides the Kallpa and Las Flores combined cycle generation plants’ primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN, and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and release more low-carbon efficient energy to the Peruvian electricity system. The BESS project was completed in May 2024 at a total cost of U.S.\$24 million.

Our hydroelectric power plant, CDA, which has a generation capacity of 593 MW, is the largest privately-owned hydroelectric power plant in Peru in terms of generation capacity. CDA’s COD was declared in August 2016. The CDA plant features a 5.7-kilometer headrace tunnel, a 17-kilometer transmission line, and three in-cavern turbines, with a generation capacity of 546 MW at COD. CDA’s generation capacity was increased in October 2017 when COES declared the COD of an additional 10 MW mini hydro, which was built to take advantage of the Mantaro River ecological water flow. COES approved an additional 12 MW in March 2019 and 7 MW in February 2021. In March 2023, following our upgrade to the CDA turbine II and the completion of design improvements to CDA turbines I and II, COES approved an additional 18 MW generation capacity increase, bringing CDA’s total generation capacity to 593 MW.

In May 2024, we began the construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. Sunny is our first large scale solar project and will be built in two stages: (i) Sunny I project, with an estimated COD in the fourth quarter of 2025 for 204 MW AC and (ii) Sunny II expansion project, with an estimated COD in the first quarter of 2026 for an additional 105 MW AC.

During the twelve-month period ended September 30, 2024 and years ended December 31, 2023, 2022 and 2021, Kallpa generated 11,482 GWh, 11,387 GWh, 10,305 GWh and 9,239 GWh, respectively.

The following table sets forth certain of our financial data for the periods set forth below:

	Nine Months Ended September 30,		Year Ended December 31,			Twelve Months Ended September 30 ⁽¹⁾
	2024	2023	2023	2022	2021	2024
	(U.S.\$ millions, except as otherwise indicated)					
Revenues	531	512	686	597	534	705
Profit for the period	112	57	84	85	119	139
EBITDA ⁽²⁾	262	190	266	265	267	338

- (1) Amounts for the twelve months ended September 30, 2024 are calculated as the corresponding amounts for the nine months ended September 30, 2024 plus the corresponding amounts for the year ended December 31, 2023 less the corresponding amounts for the nine months ended September 30, 2023.
- (2) EBITDA is a non IFRS measure. For a reconciliation of our profit for the period to our EBITDA, see “Summary—Summary Financial and Other Information.”

Our Plants

Our total generation capacity as of September 30, 2024 is 1,826 MW, making us the leading power producer in Peru in terms of energy generation since 2018. Upon completion of Sunny, we expect to add 309 MW of solar capacity, bringing our aggregate capacity to 2,135 MW. The map below shows the locations of our generation units and projects in Peru:



The following table sets forth certain information about our current operational facilities and facility under construction:

Plant/Turbine	Energy Used to Operate Power Station	Capacity	Gross Energy Generated ⁽²⁾	Weighted Average Availability Factor ⁽³⁾	Weighted Average Capacity Factor ⁽³⁾
		(MW)	(GWh)	(%)	(%)
Kallpa combined cycle	Natural gas and steam	908	5,943	95	80
Las Flores combined cycle	Natural gas and steam	325	2,149	89	81
CDA	Hydroelectric	593	3,390	95	57
Sunny	Solar	309 ⁽¹⁾	-		
Total		2,135⁽⁴⁾	11,482		

(1) Estimated capacity for our solar power plant which is under construction and not yet operational.

(2) Information presented is for the 12-month period ended September 30, 2024.

(3) Information presented is for the 24-month period ended September 30, 2024

(4) In addition, a BESS is located next to our Kallpa combined cycle plant that provides an additional 34 MW of capacity.

CDA Hydroelectric Power Plant

The CDA plant is located in the districts of Colcabamba and Surcubamba, within the Province of Tayacaja and Region of Huancavelica, 270 kilometers away from Lima. CDA, with a generation capacity of 593 MW, is the largest privately-owned hydroelectric power plant in Peru in terms of generation capacity. CDA's COD was declared in August 2016. The plant has a 5.7-kilometer headrace tunnel, a 17-kilometer transmission line and three in-cavern turbines, and had a 546 MW capacity at COD. In October 2017, COES declared the COD of a 10 MW mini hydro, built to take advantage of the Mantaro River ecological water flow and increasing CDA's total generation capacity to 556 MW. In March 2019 and February 2021, after running additional capacity tests, COES approved a generation capacity increase of 12 MW and 7 MW, respectively, taking CDA's total generation capacity to 575 MW. In March 2023, after the CDA turbine II upgrade and CDA turbines I and III design improvements were completed, COES approved a generation capacity increase of 18 MW, taking CDA's total generation capacity to 593 MW. The total cost of construction of CDA including its upgrades was U.S.\$983 million, at a cost of U.S.\$1.7 million per MW, making the CDA plant among the most efficiently constructed hydroelectric facilities in Latin America in terms of cost per MW.

The CDA plant is located 16 kilometers downstream from Peru's largest hydroelectric complex, formed by the state-owned Mantaro and Restitución hydroelectric power plants, with a combined capacity of 898 MW, and the Junin water reservoir, which is the largest water reservoir in Peru for energy sector use. The complex has an extensive track record of solid performance with approximately 50 years of operations and a constant generation above 6,800 GWh per year for the past ten years, according to COES. The Junin water reservoir provides a relatively constant water flow for the downstream power plants, benefiting the CDA plant's hydrology.

In order to ensure maintenance and operations continuity, we rely on our technical operations management staff with extensive experience in the hydroelectric field, as well as on our maintenance and reliability management system. For specialized services, we have entered into a long-term integrated maintenance and service agreement with Andritz Hydro, a leading multinational OEM, for the maintenance of the CDA plant.

The following table sets forth certain of CDA's key operative specifications:

Type.....	Run-of-river
COD.....	2016
Concession.....	Perpetual
Turbine type.....	Francis
Number of units	4
Manufacturer	Andritz
Substation	SEIN / SS Colcabamba
Transmission line.....	220 kV

Kallpa Combined Cycle Plant

The Kallpa combined cycle generation plant, located in Chilca, 45 km from Lima, is the largest thermoelectric power plant in Peru in terms of generation capacity. The Kallpa combined cycle plant has three natural gas-fired turbines and one steam turbine with an aggregate generation capacity of 908 MW. Kallpa’s first unit, Kallpa I, with a current generation capacity of 188 MW, reached COD in July 2007. Thereafter, gas turbines Kallpa II and Kallpa III reached COD in July 2009 and March 2010, respectively. Kallpa completed the conversion of its three natural gas-powered open-cycle generation turbines (Kallpa I, II, and III) into combined cycle by adding a 293 MW steam turbine (Kallpa IV) in August 2012. In 2022, Kallpa completed the asset optimization program that started in 2019, which included upgrades of gas turbines II and III, adding 34 MW to the Kallpa combined cycle plant capacity. For specialized services, Kallpa is a party to long term services agreements with Siemens Energy S.A.C. and to a supply and support agreement with Siemens Energy, Inc. for the maintenance of the Kallpa I, II and III turbines. The maintenance of the Kallpa IV turbine is generally performed by General Electric, and additional agreements to supplement such maintenance are entered into as may be necessary. Compared to other thermal plants, the Kallpa plant’s combined cycle is one of the most efficient in Peru in terms of heat rate as of September 2024, according to the COES.

The following table sets forth certain of Kallpa combined cycle plant key operative specifications:

COD.....	2007, 2009, 2010, 2012, 2022
Technology	Combined cycle gas turbine
Manufacturer	Siemens (gas turbine) and General Electric (steam turbine)
Configuration.....	3 gas x 1 steam
Fuel.....	Natural gas
Heat rate (Btu/kWh)	6,020
Thermal efficiency (%).....	57%
Cooling system	Air cooled
Combustion turbine	Siemens 501FD3/FDx
Steam turbine.....	General Electric D-11
Substation	SEIN / Chilca SS
Transmission line.....	220 kV

Las Flores Combined Cycle Plant

In April 2014, Kallpa acquired Las Flores, a 197 MW open-cycle natural gas-fired plant located in Chilca, near the Kallpa plant, from a former subsidiary of Duke Energy Corp. In June 2022, Kallpa completed the asset optimization program that began in 2019, which included an upgrade to the gas turbine and the conversion of the Las Flores thermal plant to a combined cycle, resulting in a 128 MW increase in generation capacity and bringing its total generation capacity to 325 MW. For specialized services, we have entered into long-term service agreements with Siemens Energy S.A.C. for the maintenance of the Las Flores plant. The Las Flores combined cycle plant is the most efficient combined cycle plant in Peru in terms of heat rate as of September 2024, according to the COES.

The following table sets forth certain of the Las Flores combined cycle plant key operative specifications:

COD.....	2010, 2022
Technology	Combined cycle gas turbine
Manufacturer	Siemens
Configuration.....	1x1
Fuel.....	Natural gas
Heat rate (Btu/kWh)	5,883
Thermal efficiency (%).....	58%
Cooling system	Air cooled
Combustion turbine	Siemens 501FDx
Steam turbine.....	Siemens ST700/900
Substation	SEIN / Chilca SS
Transmission line.....	220 kV

BESS

In November 2022, Kallpa began the construction of a 34 MW high-capacity lithium-ion BESS project, located next to our Kallpa combined cycle generation plant. The purpose of this new infrastructure is to provide the primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN. The BESS project was completed in May 2024 and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and deliver more low-carbon, efficient energy to the Peruvian electricity system. Our BESS is covered by a long-term agreement with NHOA Latam S.A.C., a subsidiary of NHOA Energy, a worldwide leader in the industry, to provide services and spare parts.

The following table sets forth certain of the BESS key operative specifications:

COD.....	May 2024
Energy storage.....	34 MW
Location.....	Kallpa combined cycle plant
Technology	Lithium ferrum phosphate
Contractor	NHOA
Cooling system	Liquid cooling
Manufacturers.....	Outdoor C1 battery racks – CATL
	MV switchgears – ABB
	Power conversion system
	management inverters – Power
	Electronics.

Business Development Projects

Sunny

In May 2024, we began the construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. We believe the site has favorable geotechnical, environmental and social conditions and solar resources, and is intended to improve the risk profile of our energy generation asset portfolio through further technological and geographical diversification.

The Sunny solar plant is expected to contribute to further diversifying the Peruvian energy matrix and to strengthen the generation capacity in the south of Peru (near mining demand and in the same substation as our customer Cerro Verde), increasing our electricity production with renewable energy by more than 980 GWh/year, equivalent to the energy consumption of more than 880,000 Peruvian households.

Moreover:

- Sunny will allow for the reduction of more than 200,000 tons of carbon dioxide per year.

- Sunny benefits the SEIN by decentralizing the generation matrix, reducing transmission losses, and mitigating nodal risks.
- Sunny will cover the demand for (i) renewable energy and (ii) renewable energy certificates for our customers, which play a significant role in tracking and assigning renewable electricity generation for sustainability purposes.

Sunny, our first large scale solar project, will be built in two stages: (i) Sunny I project and (ii) Sunny II expansion project.

Sunny I Project

Sunny I project is expected to provide 204 MW AC of solar capacity with a capacity factor of 36% (equivalent to 225 MW DC capacity with a capacity factor of 33%). The construction period for Sunny I is expected to be 20 months, with an estimated COD in the fourth quarter of 2025.

Kallpa signed the following agreements in connection with Sunny I construction:

- An EPC contract with Acciona Construcción S.A., for a total of U.S.\$126 million for the design, construction, and installation of the photovoltaic systems and all necessary ancillary systems.
- An EPC contract with Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C., for a total of U.S.\$20 million, for the construction of the interconnection facilities, including a substation and the corresponding transmission line.

The estimated costs for the Sunny I project are approximately U.S.\$170 million, of which we plan to finance approximately 75% with a portion of the proceeds from this offering.

Sunny II Expansion Project

Sunny II expansion project is expected to provide an additional 105 MW AC of solar capacity with a capacity factor of 36% (equivalent to 116 MW DC capacity with a capacity factor of 33%). We believe that construction of Sunny II will benefit from knowledge gained during the construction of Sunny I by reducing development time and construction cost, with an estimated construction cost of U.S.\$0.81 million per MW compared to an estimated construction cost of Sunny I of U.S.\$0.83 million per MW. The construction period for Sunny II is expected to be 16 months, with an estimated COD in the first quarter of 2026.

On December 12, 2024, Kallpa signed two agreements in connection with the Sunny II construction:

- An EPC contract with Acciona Construcción S.A., for U.S.\$65 million for the design, construction and installation of the photovoltaic systems; and
- An EPC contract with Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C. for U.S.\$7 million which includes the construction of the solar power interconnection facilities.

The estimated cost for the Sunny II expansion project is approximately U.S.\$85 million.

We cannot assure you that the Sunny I or Sunny II expansion projects will be completed on the timeframes or at the estimated costs described in this offering memorandum, or at all, and if completed, we cannot assure you of Sunny's success or profitability, including with respect to Sunny's expected solar capacity as described in this offering memorandum.

Long Term Energy Purchase Agreements

We entered into two long term agreements to purchase renewable energy from third parties specialized in the development, construction, and operation of renewable projects. By signing these agreements, Kallpa aims to

enhance its energy portfolio mix and cover customer demand by adding energy from renewable technologies. Our energy purchase agreements limit our exposure to increased spot energy prices and guarantee the availability and price of energy to complement our energy generation and allows Kallpa to offer renewable energy and certificates to customers.

Zelestra (formerly known as Solarpack) Agreement

In July 2023, we entered into an agreement with Joya Solar S.A.C., a special purpose vehicle of Zelestra, a global renewable energy company, for the purchase of energy from the San Martín solar plant, a 252 MW AC solar power plant located in La Joya – Arequipa, which is expected to reach COD in the second quarter of 2025. The term of the agreement is 15 years from COD and includes the purchase of all energy produced by the plant and injected into the system, estimated at approximately 795 GWh per year, as well as renewable energy certificates, among other provisions. Should the San Martín solar plant fail to reach COD by October 1, 2025, Joya Solar S.A.C. would be liable to pay a U.S.\$23 million penalty to Kallpa, which penalty is secured by a stand-by letter of credit for the same amount. Additionally, Joya Solar S.A.C. is required to produce a minimum amount of energy per quarter and is liable to compensate Kallpa for any shortfall in connection therewith in accordance with a formula set forth under the relevant agreement.

Enhol Agreement

In June 2024, we entered into an agreement with Energía Renovable La Joya S.A., a special purpose vehicle of Grupo Enhol (“**Enhol**”), a global renewable energy company, for the purchase of energy from the Illa solar plant, a 385 MW AC solar power plant located in La Joya and Mollendo – Arequipa, which is expected to reach COD in the first quarter of 2026. The term of the agreement is 10 years from COD and includes the purchase of 80% of the energy produced by the plant and injected into the system, estimated at approximately 950 GWh per year, as well as renewable energy certificates, among other provisions. Following financial closing, should the Illa solar plant fail to reach COD by March 1, 2027, Energía Renovable La Joya S.A.C. would be liable to pay a U.S.\$10 million penalty to Kallpa, which penalty will be secured by a stand-by letter of credit for the same amount. Finally, Energía Renovable La Joya S.A. is required to produce a minimum amount of energy per quarter and is liable to compensate Kallpa for any shortfall in connection therewith in accordance with a formula set forth under the relevant agreement.

Competitive Strengths

Leading market position in an attractive energy market— We operate in Peru, one of the fastest growing economies in Latin America, with an expected average GDP growth of approximately 3.4% per year from 2009 to 2024, according to the INEI. Peru also enjoys a stable energy regulatory framework, and a well-run power system. The Kallpa combined cycle plant is the largest thermoelectric power plant in Peru in terms of generation capacity. The CDA plant is the largest privately owned hydroelectric plant in Peru in terms of generation capacity. The Las Flores combined cycle plant is the most efficient combined cycle plant in Peru in terms of heat rate as of September 2024, according to the COES. During the twelve-month period ended September 30, 2024, we generated 11,482 GWh of the gross energy (in GWh) in Peru at our plants, representing 19% of the energy generation in Peru, placing us as the top generator in the Peruvian system.

We expect Peruvian energy demand and spot prices to increase over the next 10 years as a result of Peru’s growing middle class, the substantial investments made in connection with Peru’s energy-intensive mining industry and expected growth in its manufacturing industry. According to MINEM, the total energy demand in Peru is expected to increase at a CAGR of 5.2% for the period 2024 to 2030. Peru has a stable regulatory framework, with a focus on minimizing electricity costs for end users while ensuring an adequate return on investment for sector participants. Driven by solid macroeconomic fundamentals and a stable regulatory environment, we expect Peru to remain an attractive power market in Latin America over the coming decade.

Large, diversified and long-term competitive energy asset base—We own and operate a diversified asset portfolio with 1,826 MW of generation capacity, including significant hydro and thermal generation assets in Peru. In addition, we own a 34 MW high-capacity BESS, and we have begun construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. We own the largest

privately-owned hydroelectric plant in Peru in terms of generation capacity, which has a definitive concession to operate. We also own the largest thermal power plant in Peru in terms of generation capacity and the most efficient combined-cycle power plant in Peru in terms of heat rate as of September 2024.

Our balanced portfolio of hydro and thermal assets, as well as the expected energy generation from our Sunny solar plant and from our renewable energy purchase agreements, allows us to mitigate the effects of hydrology seasonality. During the dry season from May to October, the CDA hydroelectric plant, along with most other hydro facilities in Peru, is unable to operate at full capacity. When hydroelectric production in the country is low during the dry season, thermal generators are dispatched at higher levels than during the rainy season, helping us to mitigate the effects of seasonality. Additionally, PPAs mitigate such seasonality and allow us to stabilize cash flows. The combination of hydroelectric and combined cycle generation plants, together with the expected generation from our Sunny solar plant addition and from our renewable energy purchase agreements, provide us with the ability to benefit from the CDA plant's higher efficiency during the rainy season, while maintaining our combined cycle plants' constant ability to generate electricity, and operate as baseload during solar hours, added to the ability to offer additional renewable energy. We benefit from scale and diversification, permitting us to increase our leverage in PPAs and offer a wider range of services at different marginal costs and reliability levels.

As of September 30, 2024, the weighted average remaining life of our PPAs is approximately 7.4 years.

Stable and predictable cash flows with long term contractual agreements—We enter into long-term PPAs with credit worthy counterparties, primarily composed of investment grade customers, which generally limits our exposure to fluctuations in the Peruvian energy spot market prices, generates stable and predictable margins, and helps to create stability and predictability in our cash flows. During the year ended December 31, 2023, we made 98% of our aggregate energy sales (in GWh) pursuant to our long-term PPAs, with 36% of our contracted energy sales made to regulated customers and 64% to non-regulated customers. As of September 30, 2024, the weighted average remaining life of our PPAs was approximately 7.4 years. We have historically sought, and will continue to seek, to renew our PPAs before they approach their expiration date and to enter into new PPAs.

As of September 30, 2024, most PPAs were indexed to the price of natural gas in U.S. dollars and all of our PPAs were either in U.S. dollars or linked to the U.S. dollar, thereby limiting our exposure to exchange rate fluctuations and to fuel price fluctuations. With respect to our non-regulated customers, we typically invoice and collect payments in U.S. dollars. With respect to our distribution company customers, we invoice and collect payments in Peruvian soles, and the price is reset quarterly when the tariff resulting from applying the indexation formula fluctuates by more than 5%. We seek to enter into long-term PPAs with distribution companies or non-regulated customers that are mostly subsidiaries of multinational corporations, which we believe have strong credit profiles, to mitigate the risk of customer default. Some of our major customers within Peru include large distribution companies such as Pluz Energía Perú and Luz del Sur, as well as non-regulated customers such as Southern Copper Corporation and Cerro Verde, a subsidiary of Freeport-McMoRan Inc.

Driving operational excellence through partnerships with leading OEMs and reliance on efficient technologies—We seek to optimize our power generation capacity by using leading technologies (e.g., turbines manufactured by Andritz for CDA, Siemens and General Electric for Kallpa, and Siemens for Las Flores) and entering into a long-term service agreement with a leading, multinational OEM for the maintenance of our plants. Our technologies and long-term partnerships enable our power generation assets to perform more efficiently and at high levels of reliability. Additionally, our experienced staff is committed to increasing our operating performance and ensuring the disciplined maintenance of our power generation assets. We believe that Kallpa's generation units weighted average availability factor of 95% for the year ended December 31, 2023, was the result of its optimization efforts and commitment to improving its operating efficiency and performance.

Additionally, due to the use of efficient technologies, our power generation assets are very competitive in the dispatch merit order. The Las Flores and Kallpa facilities are base load combined cycle generation plants, and, according to the COES, are among the first thermal power plants to be dispatched due to their efficiency and competitiveness in the dispatch stack.

Experienced management team— Our management team has extensive experience in the power generation business. Our executive officers have an average of approximately 21 years of experience in the power generation industry and have previously held senior positions in leading power generation companies, financial institutions, and the Peruvian government. Our management team provides in depth market knowledge and power industry experience, with considerable experience in the Peruvian energy industry and in working with government regulators. We believe that this overall level of experience allows our management team to lead us in the effective operation and maintenance of our facilities.

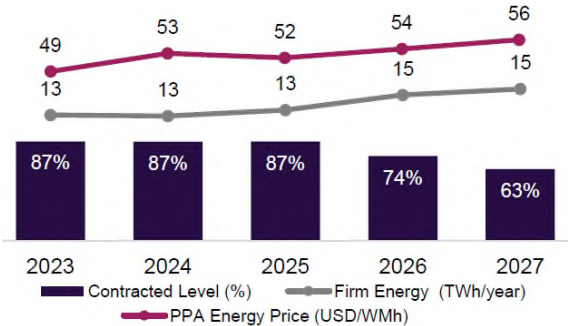
Business Strategy

Continue to optimize our commercial policies focusing on stable margins and high level of contracted capacity with creditworthy counterparties— During the year ended December 31, 2023, our aggregate energy and capacity sales pursuant to PPAs were 98% of our total revenues. All of these PPAs are either in U.S. dollars or linked to the U.S. dollar, and most are indexed to the price of natural gas in U.S. dollars and among high quality off-takers, with 87% of our total revenues from investment grade customers. We seek to enter into long-term PPAs with regulated customers or non-regulated customers that are mostly subsidiaries of multinational corporations, that have strong credit profiles, thereby mitigating the risk of customer default. Given our well-balanced portfolio composed of a hydro generating asset and a baseload capacity from our combined cycle generation plants, we have a successful track record of renewing our PPAs on favorable terms, with an average weighted life of 8 years of our PPAs over the five-year period ended September 30, 2024. We expect to be able to continue to recontract our energy and associated capacity as our current PPAs end.

The following graph sets forth our track-record of contracting capabilities from 2019 to 2023:



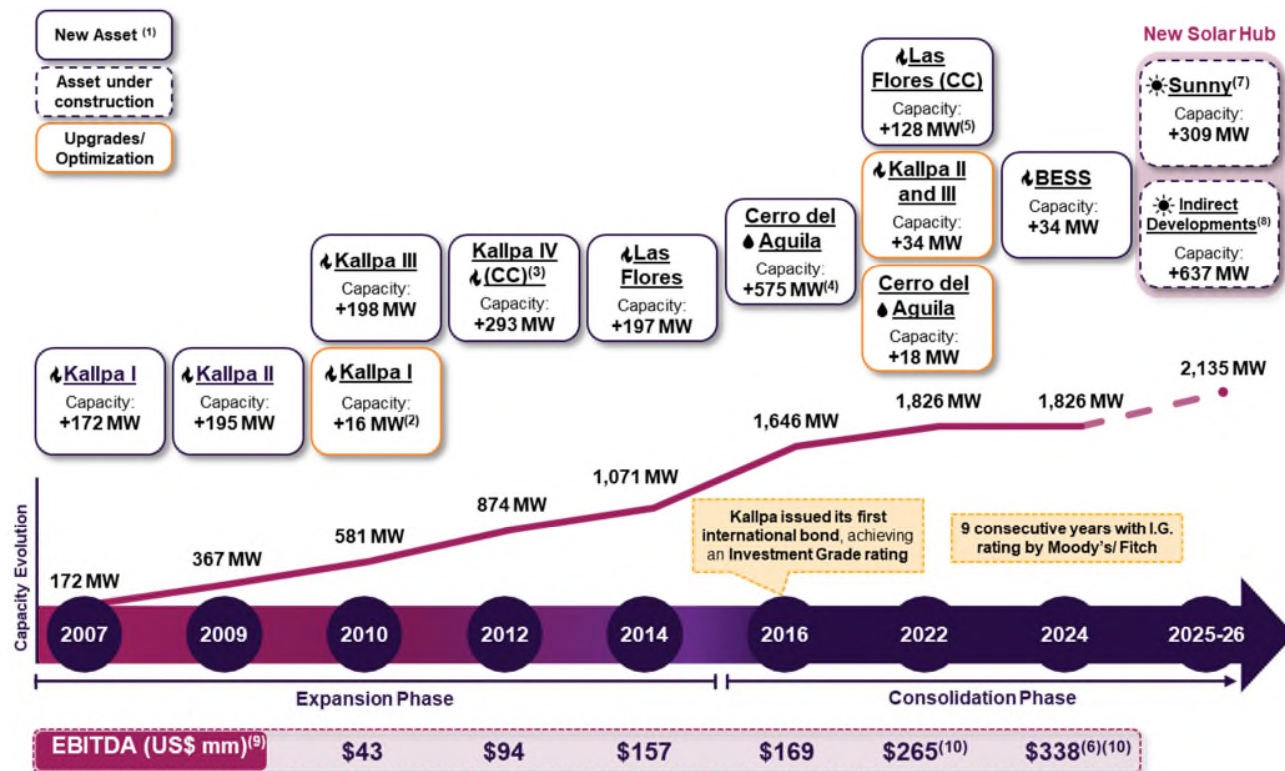
The following graph sets forth our contracted level from 2023 through 2027, with only signed PPAs as of September 30, 2024:



In addition to significantly improving our access to financing, our strategy of contracting our facility’s energy and capacity significantly reduces our exposure to changes in spot prices. We reduce exposure to changes in spot prices by covering CDA’s lower generation during the dry season with the Kallpa and the Las Flores combined cycle generation plants’ continuous ability to produce energy, thereby limiting CDA’s exposure to spot prices.

Optimize operations through developments and expansions— We have successfully developed our facilities in stages, and we will continue to evaluate expansion and acquisition opportunities to optimize our operations.

The following table presents the growth of our generation capacity from 2007 through September 30, 2024:



- (1) Includes Las Flores, which was acquired in April 2014.
- (2) Upgrade completed in 2011.
- (3) Kallpa IV is the steam turbine built to convert Kallpa plant to a combined cycle, which reached COD in August 2012.
- (4) Includes capacity increases from the addition of a mini hydro (2017), which added 10 MW, upgrade I (2019), which added 12 MW, and upgrade II (2021), which added 7 MW.
- (5) Includes upgrade of gas turbine.
- (6) Reflects EBITDA for the twelve months ended September 30, 2024.
- (7) Total investments in the Sunny project are expected to be approximately U.S.\$255 million.
- (8) Expected indirect developments do not require investment from Kallpa. Kallpa entered into two agreements to purchase energy from Zelestra (100% of the energy generated by a 252MW solar power plant) and from Enhol (80% of the energy generated by a 385MW solar power plant).
- (9) We define “EBITDA” for each period as profit for the period before depreciation and amortization, net finance cost and income tax expense. EBITDA is not recognized under IFRS or any other generally accepted accounting principles as a measure of financial performance and should not be considered as a substitute for profit for the period, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. EBITDA presents limitations that impair its use as a measure of our profitability since it does not take into consideration certain costs and expenses that result from our business that could have a significant effect on our profit for the period. Other companies may calculate EBITDA differently, and therefore this presentation of EBITDA may not be comparable to other similarly titled measures used by other companies.
- (10) Reconciliation of our EBITDA is included elsewhere in this offering memorandum. See “Summary—Summary Financial and Other Information—Key Financial Information.”

We assess opportunities to develop new projects and to grow our capacity, primarily in the renewable space, to increase our energy generation and further enhance our well-balanced portfolio.

Maintain financial policies in line with our objectives of maintaining investment grade ratings— We intend to use a portion of the proceeds of the offering of the notes to repay all of the 2026 Notes and to repay the Bridge Loan Facility, which will allow us to extend our debt maturity profile. Kallpa currently has a “Baa3” investment-grade

rating by Moody's and a "BBB-" investment-grade rating by Fitch. Our investment-grade ratings are an important part of our financial strategy, and we aim to maintain healthy financial policies, appropriate levels of indebtedness, and liquidity, consistent with such ratings. This will allow us to maintain an optimal cost of capital which will enhance our profitability.

Maintain our facilities to achieve long-term availability, reliability and asset integrity—We will continue to focus on ensuring long-term availability, reliability and asset integrity through preventive maintenance activities supported by a number of predictive techniques. We will consider critical equipment and economics in defining the best maintenance strategy for all of our equipment. We have implemented a computerized management system to control our maintenance strategy and keep a maintenance matrix for all equipment in accordance with manufacturer recommendations. Several levels of managers, supervisors, and technicians conduct continuous evaluation to carry out our maintenance strategy. In addition, Kallpa and Las Flores, and CDA's turbines are remotely monitored in real time by Siemens, in the United States, and Andritz, in Italy, respectively, providing an additional level of predictive maintenance. We expect to continue to follow a rigorous maintenance strategy and schedule to maintain stable and reliable operations.

Integrate corporate social responsibility with our business—We consider local communities as important stakeholders and seek to be good corporate citizens. We take action on our corporate social responsibility by performing studies to identify needs and opportunities in education, health and economic development in our communities, forming government alliances to co-finance development projects, and maintaining open communications with the local governments and communities. We will continue to seek to develop our business in a manner which complies with applicable legal and environmental regulations, minimizes negative environmental impacts and makes positive contributions to the communities in which we operate.

Provide high rates of availability while operating our facilities safely and efficiently—We strive to provide world-class quality of service while operating our facilities safely and efficiently. Our business adheres to global benchmarks for safety, environmental and operating standards in the industry, and we promote a culture of health, safety, accident prevention, security and environmental excellence by our employees, contractors, and local communities. Furthermore, we provide appropriate safety training and make written operating procedures available to all our employees and contractors. Inspections and audits are routinely conducted, and after any significant events we conduct a root-cause analysis to incorporate lessons learned into operating practices. We will continue to rigorously implement and follow the strictest industry safety standards to safeguard our employees, contractors, and the communities where our operations are located.

Recent Developments

On October 18, 2018, Kallpa and Pluz Energía Perú signed a PPA for up to 100 MW from January 1, 2021, to December 31, 2023, to supply its free customer market. On May 3, 2021, OSINERGMIN published a procedure that entered into effect on July 1, 2021, which established that the variable cost of natural gas power plants should be determined by reference to the total unitary natural gas price (supply, transportation, and distribution). Consequently, the system's average marginal cost increased approximately threefold. On August 3, 2021, Kallpa brought an arbitration claim against Pluz Energía Perú with the Lima Chamber of Commerce. Kallpa alleged hardship in the execution of the PPA due to material changes in regulations and claimed that the contractual economic balance should be reestablished, increasing the price from what was initially agreed by the parties. As an alternative claim, Kallpa requested the termination of the PPA.

On December 13, 2024, the Arbitration Tribunal upheld our claims and required Pluz Energía Perú to pay S/49.7 million (equivalent to approximately U.S.\$13.3 million) plus interest covering the period from July 1, 2021 to December 31, 2023. On January 8, 2025, Kallpa filed a recourse requesting the Arbitration Tribunal to rule on one of its claims that the tribunal did not completely resolve. On the same date, Pluz Energía Perú filed a recourse requesting the Arbitration Tribunal to interpret, rectify, integrate and exclude some sections of the award. The parties have a 10 business-day term to respond to the other parties' requests, while the Arbitration Tribunal will issue a supplementary decision on such requests within the following 10 business days (which may be unilaterally extended by the Arbitration Tribunal for five additional business days) from the date the responses of the parties are received. An "annulment procedure" (staying the enforcement of the award) can only void an arbitral award (in

whole or in part) and does not consist of a new analysis nor decision on the merits and evidence of the case. The claim for annulment must be filed within 20 business days following notification of the award or supplementary decision. The initiation of an “annulment procedure” does not stay the effects or enforceability of the award. Enforcement will only be suspended if the party filing the annulment procedure requests so and posts a guarantee.

Bridge Loan Facility

On December 17, 2024, we entered into a Credit Agreement, by and among Kallpa, as borrower, Deutsche Bank AG, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., as joint lead arrangers and book-runners, GLAS USA LLC, as administrative agent, and the lenders party thereto from time to time, providing for a senior unsecured term loan facility of up to U.S.\$130 million. On December 20, 2024 and January 9, 2025, we borrowed U.S.\$60 million and U.S.\$10 million, respectively, of term loans under the Bridge Loan Facility. The Bridge Loan Facility will mature on the 18-month anniversary of the effective date thereof. We intend to use part of the proceeds from this offering to repay all outstanding amounts owed under, or in connection with, the Bridge Loan Facility.

Tender Offer

Concurrently with this offering, we commenced an offer (the “**Tender Offer**”) to purchase any and all of our outstanding 2026 Notes. As of September 30, 2024, there was U.S.\$350 million in aggregate principal amount of the 2026 Notes outstanding.

We intend to use the net proceeds from this offering to fund the purchase of the 2026 Notes validly tendered and accepted for payment in the Tender Offer. We cannot assure you that the Tender Offer will be completed on the terms described in this offering memorandum, or at all. Nothing in this offering memorandum should be construed as an offer to purchase any of our outstanding notes. The Tender Offer is being made only upon the terms and conditions set forth in a separate offer to purchase that is being directed at the holders of the 2026 Notes. See “*Use of Proceeds*” and “*Capitalization*.”

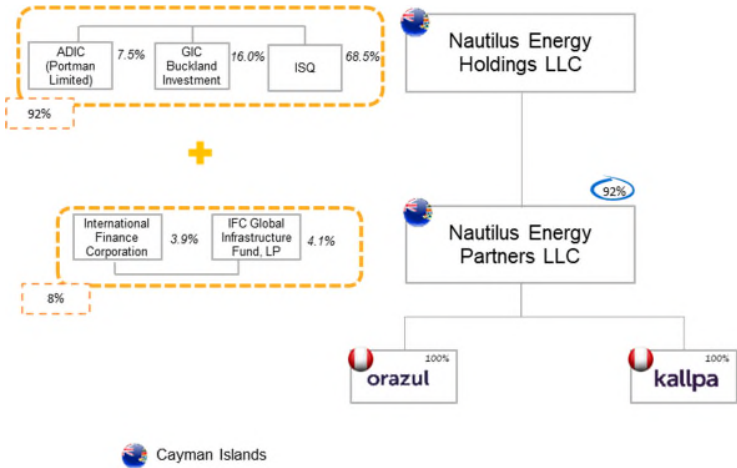
The Tender Offer is subject to the satisfaction of certain conditions, including, but not limited to, the consummation of this offering. This offering is not contingent on the consummation of the Tender Offer. The initial purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.

Redemption

On the date hereof, in connection with this offering and the Tender Offer, we issued a conditional notice of redemption to holders of the outstanding 2026 Notes to redeem any 2026 Notes that remain outstanding following the Tender Offer (the “**Redemption**”). The Redemption is conditioned upon completion of this offering. We intend to use the remaining net proceeds from this offering to fund the Redemption.

Corporate Structure

The following chart presents our simplified corporate structure and principal affiliates as of the date of this offering memorandum:



Corporate Information

Our principal executive offices are located at, and the address of our Board of Directors and principal executive officers is, Calle Las Palmeras 435, Floor 7, district of San Isidro, province and department of Lima Peru. Kallpa is registered in the electronic file No.12518858 of the Lima Office of the Peruvian Corporations Public Registry. As of the date of this offering memorandum, Kallpa has no direct or indirect subsidiaries. Kallpa’s telephone number is +511 706 7878.

THE OFFERING

The following is a brief summary of terms of the notes. For a more complete description of the terms of the notes, see “Description of the Notes.”

“ Issuer ”	Kallpa Generación S.A.
“ Securities Offered ”	U.S.\$500,000,000 aggregate principal amount of 5.875% Senior Notes due 2032
“ Issue Price ”	98.985% plus accrued interest, if any, from January 30, 2025
“ Maturity Date ”	January 30, 2032
“ Interest ”	The notes will accrue interest at a rate of 5.875% per year, payable semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2025.
“ Ranking ”	The notes will be our general, unsecured senior obligations and will, at all times, be <i>pari passu</i> in right of payment with all of our other existing and future unsecured and unsubordinated debt, including the 2027 Notes, except for those obligations preferred by operation of Peruvian law, including labor and tax claims. The notes will be effectively subordinated to our existing and future secured debt to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to all future unsecured and unsubordinated debt and other liabilities (including trade payables) of our subsidiaries, if any. As of September 30, 2024, as adjusted for this offering and the use of proceeds therefrom, our total outstanding indebtedness was U.S.\$1,250 million, U.S.\$95 million of which was secured.
“ Additional Amounts ”	All payments of principal, premium, if any, and interest in respect of the notes will be made without withholding or deduction for any taxes or other governmental charges imposed by or within Peru or any other jurisdiction in which we or any successor of us under the indenture is organized or incorporated or any paying agent is located or, in each case, any political subdivision or governmental authority therein or thereof having the power to tax, unless such withholding or deduction is required by law or by the interpretation or administration thereof. In that event, subject to certain exceptions, we will pay such additional amounts as are necessary to ensure that the holders of the notes receive the same amounts as they would have received in the absence of such withholding or deduction. See “ <i>Description of the Notes—Additional Amounts.</i> ”
“ Optional Redemption ”	The notes will not be redeemable by us or by the holders of the notes prior to maturity except as set forth below. Make-Whole Redemption. At any time prior to November 30, 2031 (the date that is two months prior to the maturity date) (the “Par Call Date”), we may redeem the notes, in whole or in part, by paying the greater of the outstanding principal amount of the notes and a “make-whole” amount, in each case plus accrued and unpaid interest to (but excluding) the date of the redemption. See “<i>Description of the Notes—Optional Redemption—Make-</i>

Whole Redemption.”

At Par Redemption. In addition, at any time on or after the Par Call Date, we may redeem the notes, in whole or in part, by paying 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest to (but excluding) the date of redemption.

Tax Redemption. We may also redeem the notes, in whole but not in part, at our option, at a redemption price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest to (but excluding) the date of redemption and any additional amounts then due and payable, in the event of certain changes in applicable laws, the interpretation of such laws or regulations affecting taxation. See “*Description of the Notes—Optional Redemption—Tax Redemption.*”

“Certain Covenants”

The indenture will contain certain covenants that restrict our ability to:

- create liens; or
- subject to compliance with certain conditions, merge or consolidate with another entity or sell substantially all of our assets to another entity.

However, these covenants are subject to significant exceptions. See “*Description of the Notes—Covenants.*”

“Change of Control”

If we experience a Change of Control that results in a Ratings Decline (each as defined in “*Description of the Notes*”), we must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. See “*Description of the Notes—Change of Control.*”

“Use of Proceeds”

We intend to use the net proceeds from the sale of the notes to (i) fund a portion of the construction of the Sunny project, including the repayment of outstanding borrowings under the Bridge Loan Facility and (ii) fund the Tender Offer and to pay related fees, premiums and expenses. If, following the consummation of the Tender Offer, any 2026 Notes remain outstanding, we will use remaining net proceeds to redeem such 2026 Notes. The remainder, if any, will be used for general corporate purposes. See “*Summary—Recent Developments—Tender Offer*” and “*Use of Proceeds.*”

“Form of notes, Clearing and Settlement”

The notes will be issued in book-entry form, without interest coupons, in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The notes will be delivered through the facilities of DTC, for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as the operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”). The notes will be represented by one or more global notes registered in the name of Cede & Co. a nominee of DTC. Owners of beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances.

“Transfer Restrictions”

The notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. As a result, the notes will be

subject to certain restrictions on transfer and resale. See “*Transfer Restrictions*.”

“Listing”

We will apply to the SGX-ST for permission for the listing and quotation of the notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. The notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 as long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require.

“Governing Law”

State of New York

“Trustee, Registrar, Transfer Agent and Paying Agent”

Citibank, N.A.

“Risk Factors”

Investing in the notes involves risks. You should carefully consider the risk factors discussed under the caption “Risk Factors” before purchasing any notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary financial and operating data. The summary financial data as of December 31, 2023, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021 and as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023 presented below have been derived from our financial statements included elsewhere in this offering memorandum. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

You should read the summary financial and operating information set forth below in conjunction with the sections entitled “Presentation of Financial and Other Information,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as in conjunction with the historical financial statements and notes thereto included elsewhere in this offering memorandum.

The following table presents our summary statement of profit or loss information for the periods indicated:

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2024	2023	2023	2022	2021
	(U.S.\$ millions)				
Revenues	531	512	686	597	534
Cost of sales	(262)	(315)	(411)	(325)	(265)
Depreciation and amortization	(60)	(58)	(75)	(71)	(52)
Administrative expenses.....	(18)	(15)	(22)	(17)	(17)
Other income.....	11	7	11	9	14
Other expenses	(1)	-	-	(1)	-
Operating profit.....	201	131	189	192	214
Finance income	2	2	2	2	2
Finance costs	(42)	(48)	(62)	(62)	(51)
Net foreign exchange difference.....	-	-	2	1	(5)
Net finance costs	(40)	(46)	(58)	(59)	(54)
Profit before income tax.....	161	85	131	133	160
Income tax expense	(49)	(28)	(47)	(48)	(41)
Profit for the period	112	57	84	85	119

The following table presents our summary statement of financial position information as of the dates indicated:

	As of September 30,	As of December 31,		
	2024	2023	2022	2021
	(U.S.\$ millions)			
Cash.....	40	42	36	32
Trade receivables.....	111	106	103	80
Other receivables.....	1	1	1	1
Account receivables from related parties	-	1	-	1
Income tax receivables	-	-	-	16
Other assets	8	8	-	-
Inventories.....	20	20	18	17
Prepaid expenses	1	3	1	1
Total current assets	181	181	159	148
Property, plant and equipment.....	1,505	1,442	1,489	1,477
Right-of-use assets	151	215	216	177
Intangible and other assets	94	101	110	111
Other receivables.....	12	12	12	13
Account receivables from related parties	4	4	4	4
Total non-current assets	1,766	1,774	1,831	1,782
Total assets	1,947	1,955	1,990	1,930
Short term loan.....	18	-	-	5
Lease liabilities from financial contracts.....	37	34	37	28
Lease liabilities from operating contracts.....	1	1	1	1
Trade payables	62	52	62	46
Other payables.....	33	32	24	32
Income tax payables	28	37	3	-

Account payables to related parties	-	-	1	1
Total current liabilities	179	156	128	113
Debentures	995	994	992	990
Lease liabilities from financial contracts	58	83	110	102
Lease liabilities from operating contracts	4	5	6	7
Trade payables	1	-	-	-
Deferred income tax liabilities	380	389	397	352
Asset retirement obligation	9	9	11	21
Total non-current liabilities	1,447	1,480	1,516	1,472
Total liabilities	1,626	1,636	1,644	1,585
Share capital	238	238	238	238
Additional capital	6	6	24	49
Legal reserve	48	48	48	48
Retained earnings	29	27	36	10
Total equity	321	319	346	345
Total liabilities and equity	1,947	1,955	1,990	1,930

The following table presents our key operating information as of and for the periods indicated:

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,		
	2024	2023	2023	2022	2021
Capacity at end of period (MW)	1,826	1,826	1,826	1,808	1,646
Weighted average availability during the period (%)	92%	95%	95%	92%	95%
Gross energy generated (GWh)	8,718	8,623	11,387	10,305	9,239
Own consumption of energy and losses (GWh)	139	149	198	175	148
Net energy generated (GWh)	8,579	8,474	11,189	10,130	9,090
Energy purchased on the spot market (GWh)	-	-	-	210	775
Energy sold on the spot market (GWh)	492	198	173	-	-
Energy sold under PPAs (GWh)	8,087	8,276	11,016	10,340	9,865
Average energy price (U.S.\$/MWh) ⁽¹⁾	52	49	49	45	41

(1) Average energy price is calculated by dividing the total amount of sales of energy in U.S. dollars by physical energy sales in MWh.

Key Financial Information

The following tables set forth certain key financial information for the periods presented:

	Nine Months Ended September 30,		Year Ended December 31,			Twelve Months Ended September 30,
	2024	2023	2023	2022	2021	2024
(U.S.\$ millions, except as otherwise indicated)						
EBITDA ⁽¹⁾	262	190	266	265	267	338 ⁽²⁾
Finance costs	42	48	62	62	51	56 ⁽²⁾
Interest coverage ratio ⁽³⁾	-	-	4.290	4.274	5.235	6.036
Total debt ⁽⁴⁾	1,108	1,119	1,111	1,139	1,125	1,108
Total debt / Shareholders' equity	-	-	3.483	3.292	3.261	3,452
Net debt ⁽⁵⁾	1,068	1,096	1,069	1,103	1,093	1,068
Total debt / EBITDA ⁽⁶⁾	-	-	4.177	4.298	4.213	3,278
Net debt/EBITDA ⁽⁶⁾	-	-	4.019	4.162	4.094	3,160

(1) We define "EBITDA" for each period as profit for the period before depreciation and amortization, net finance cost and income tax expense. EBITDA is not recognized under IFRS or any other generally accepted accounting principles as a measure of financial performance and should not be considered as a substitute for profit for the period, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. EBITDA presents limitations that impair its use as a measure of our profitability since it does not take into consideration certain costs and expenses that result from our business that could have a significant effect on our profit for the period. Other companies may calculate EBITDA differently, and therefore this presentation of EBITDA may not be comparable to other similarly titled measures used by other companies.

- (2) Amounts for the twelve months ended September 30, 2024 are calculated as the corresponding amounts for the nine months ended September 30, 2024 plus the corresponding amounts for the year ended December 31, 2023 less the corresponding amounts for the nine months ended September 30, 2023.
- (3) Our interest coverage ratio is defined as EBITDA divided by finance cost. This ratio is not a recognized financial measure under IFRS.
- (4) Total debt is calculated as short-term loans plus lease liabilities from financial contracts and debentures.
- (5) Net debt is calculated as total debt minus cash. Net debt is not a recognized financial measure under IFRS. The table below sets forth a reconciliation of our total debt to net debt.
- (6) Total debt / EBITDA and Net debt / EBITDA are not recognized financial measures under IFRS.

	Nine Months Ended September 30,		Year Ended December 31,			Twelve Months Ended September 30 ⁽¹⁾
	2024	2023	2023	2022	2021	2024
	(U.S.\$ millions)					
Profit for the period.....	112	57	84	85	119	139
Depreciation and amortization ⁽²⁾	61	59	77	73	53	79
Net finance costs	40	46	58	59	54	52
Income tax expense	49	28	47	48	41	68
EBITDA	262	190	266	265	267	338

- (1) Amounts for the twelve months ended September 30, 2024 are calculated as the corresponding amounts for the nine months ended September 30, 2024 plus the corresponding amounts for the year ended December 31, 2023 less the corresponding amounts for the nine months ended September 30, 2023.
- (2) Amounts include depreciation and amortization attributable to administrative expenses, which are classified as administrative expenses in our financial statements. See notes 9 and 10 to Kallpa's audited annual financial statements and notes 7 and 8 to Kallpa's unaudited condensed interim financial statements, in each case, included elsewhere in this offering memorandum.

	As of September 30,		As of December 31,		
	2024	2023	2023	2022	2021
	(U.S.\$ millions)				
Total debt ⁽¹⁾	1,108	1,119	1,111	1,139	1,125
Cash.....	40	23	42	36	32
Net debt	1,068	1,096	1,069	1,103	1,093

- (1) Total debt is calculated as short-term loans plus lease liabilities from financial contracts and debentures.

RISK FACTORS

Our business, financial condition, results of operations and liquidity can suffer materially as a result of any of the risks described below. You should carefully consider the risks described below with all of the other information included in this offering memorandum. If any of the following risks actually occurs, it may materially harm our business, financial condition, results of operations and liquidity. While we have described all of the risks we consider material, these risks are not the only ones we face. We are also subject to the same risks that affect many other companies, such as technological obsolescence, labor relations, geopolitical events and climate change. Additional risks not known to us or that we currently consider immaterial may also impair our business operations. Additionally, this offering memorandum also contains forward-looking statements that involve additional risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this offering memorandum.

Risks Related to Our Business

The success of our business depends on many factors, including factors beyond our control.

The success of our business depends on many factors, including factors beyond our control, such as the following:

- availability and competitiveness of alternative energy sources in the markets served by us;
- expiration or early termination of PPAs;
- changes in rainfall and in the water levels in the reservoirs used to run our power generation facilities;
- changes in the availability for natural gas and demand for electricity in Peru;
- changes in regulation and actions of regulatory bodies;
- adverse general economic conditions;
- future weather conditions and unforeseeable natural disasters;
- relations with the communities in the areas where we operate;
- transmission congestion in the SEIN;
- increases of capital costs;
- our ability to build or expand our energy infrastructure within anticipated costs;
- opposition to energy infrastructure development, particularly in environmentally sensitive areas or in populated areas; and
- our ability to obtain the necessary amendments, permits, licenses, rights of way and easements for expansion projects.

These and other factors could materially adversely affect our business, financial condition, results of operations and liquidity.

The Peruvian government has a high degree of influence in our market.

We operate a power generation business and, therefore, are subject to significant governmental regulation. The laws and regulations affecting our operations are complex, dynamic and subject to new interpretations or changes. Such regulations affect almost every aspect of our business, have broad application and, to a certain extent, limit management's ability to independently make and implement decisions regarding numerous operational matters. Historically, the Peruvian government has intervened at times in the economy and has occasionally made significant

changes in monetary, credit, industry and other policies and regulations. Actions by the Peruvian government to control inflation and other policies and regulations have involved, among other measures, price controls, currency devaluations, capital controls and limits on imports. We have no control over, and cannot predict, what measures or policies the Peruvian government may enact in the future. The results of operations and financial condition of our business may be adversely affected by changes in governmental policy or regulations in Peru if those changes impact, among other things:

- consumption and supply of electricity;
- availability and use of water;
- supply and consumption of natural gas;
- operation and maintenance of generation, transmission or distribution facilities, including the receipt of provisional and/or permanent operational licenses;
- energy policy, including with respect to renewable energy generation;
- rules governing the dispatch merit order;
- key permits or operating licenses (such as generation authorizations) that we currently hold;
- calculations of marginal costs or spot prices;
- subsidies and incentives, including tax benefits;
- tariffs, including under PPAs where tariffs are limited to regulated rates;
- natural gas prices;
- labor, environmental or other laws;
- mandatory salary increases and other labor matters;
- public consultations for new generation units;
- social responsibility obligations;
- economic growth;
- rules governing indexation formulas;
- currency fluctuations and inflation;
- fiscal policy and interest rates;
- capital control policies and liquidity of domestic capital and lending markets;
- tax laws and interpretations;
- import/export restrictions;
- acquisitions, construction, or dispositions of power assets;
- other political, social and economic developments in or affecting Peru;
- higher access to the wholesale market to non-regulated clients and distribution companies; and
- increase of participation of renewable generation.

Uncertainty over whether the current Peruvian government will implement changes in policy or regulations affecting these or other factors in the future may also contribute to economic uncertainty and heightened volatility in the securities markets.

On July 1, 2021, new regulations (COES Procedure No. 31) became applicable to determine the variable cost of generation units, including thermal generation units. COES Procedure No. 31 was subject to a new amendment in November 2024, as a result, the regulation now provides a specified calculation method for determining variable costs applicable to gas-fueled power plants. Any additional amendment may affect the order of dispatch of our thermal generation units and the marginal cost, which may have a material adverse effect on our margins or results of operations.

Existing or future legislation and regulation or future audits could require material expenditures by us or otherwise have a material adverse effect on our operations. For example, Peruvian regulators have increased their reviews of permitting, licensing and concession applications and have imposed time limits on newly-granted licenses and concessions.

Additionally, government agencies could take enforcement actions against us and impose sanctions or penalties on us for failure to comply with applicable regulations. Depending on the severity of the infraction, enforcement actions could include the closure or suspension of operations, the imposition of fines or other remedial measures, and the revocation of licenses. Compliance with enhanced regulations could force us to make capital expenditures and divert funds away from planned investments in a manner that could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our failure to comply with existing regulations and legislation, or reinterpretations of existing regulations and new legislation or regulations, such as those relating to the reduction of anti-competitive conduct, air and water quality, noise avoidance, electromagnetic radiation, fuel and other storage facilities, volatile materials, renewable portfolio standards, cybersecurity, emissions or air quality, social responsibility obligations or public consultations, performance standards, climate change, hazardous and solid waste transportation and disposal, protected species and other environmental matters, or changes in the nature of the energy regulatory process may have a significant adverse impact on our financial results.

We operate in a highly competitive market with remaining capacity oversupply.

The Peruvian power market is highly competitive in terms of pricing, quality, development and introduction time, customer service and financing terms. Until recently we have faced downward price pressure and we are or could be exposed to market downturns or slower growth, which may increase in times of declining investment activities, government incentives and/or consumer demand. We face strong current and potential competitors, some of which are larger and may have greater resources than we have.

During prior years, and as a result of government incentives, several generation plants reached COD. Increase in installed capacity outgrew demand growth, resulting in oversupply.

As we sell energy and capacity on the spot market in Peru and expect to enter into, and renegotiate, PPAs, any oversupply in the Peruvian market may adversely affect our business and results of operations.

Additionally, the power generation industry has been characterized by strong and increasing competition with respect to obtaining long-term and short-term PPAs, particularly with financially stable distribution companies and non-regulated consumers. These factors have caused reductions in the prices negotiated in PPAs. The evolution of a competitive electricity market and the continued development of highly efficient hydroelectric, gas-fired power plants and renewable technology generation have also caused, or are anticipated to cause, price pressure in the Peruvian power market where we sell or intend to sell power. Certain competitors might be more effective and faster in capturing available market opportunities, which in turn may negatively impact our market share.

Some economic groups operate as both generators and as distribution companies. The market structure allows these competitors to contact the ultimate clients directly and offer them flexible options to contract electricity supply.

Any of these factors alone, or in combination, may negatively impact our business and thereby have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our business requires substantial capital expenditures for ongoing maintenance and environmental compliance.

Responding to increases in competition, ongoing maintenance, meeting new customer demands and improving the capabilities of our energy generation facilities may require incremental capital expenditures in the future. Furthermore, we may need to invest significant capital to modernize our existing facilities in order to comply with new emissions standards and other regulatory requirements. See “*Regulation.*” If we are unable to finance any such capital expenditures, or if we are required to use funds for such capital expenditures that would otherwise have been used to grow our business, our business could be adversely affected.

We may not be able to enter into, or renew existing, long-term contracts for the sale of energy and capacity, contracts which reduce volatility in our results of operations, or some of our existing long-term contracts with non-regulated customers may be terminated.

We sell almost all of our energy under PPAs. We rely upon PPAs with a limited number of customers for the majority of our energy sales and revenues over the term of such PPAs. Depending on market conditions and regulatory regime, it may be difficult for us to secure long-term PPAs with new customers, renew existing long-term PPAs as they approach their expiration date, or enter into long-term PPAs to support our business. There is also a risk that some of our existing long-term PPAs with non-regulated customers may be terminated, at which point it may be difficult for us to secure new long-term PPAs to replace them.

Furthermore, the introduction of a more efficient energy generation technology could adversely affect the competitiveness of Kallpa’s gas-fired energy plants in the dispatch order. As such, we face potential displacement in dispatch merit order as new, more efficient and flexible technologies could become available in our market. Any displacement of dispatch merit order could affect our competitiveness in the short-term and thereby could impact our ability to enter into long-term PPAs. Some customers are also favoring renewable energy, which could further impact demand for our gas fired energy plants. If we are unable to enter into long-term PPAs, we may be required to sell electricity into the spot market at prices that may be below the prices established in our PPAs, particularly if Peru is at that point experiencing an oversupply in capacity. Given the volatile nature of power prices, if we are unable to secure long-term PPAs, we could face increased volatility in our earnings and cash flows and could experience substantial losses during certain periods, which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Competition in the energy generation industry is increasing and could adversely affect us.

The energy generation market in which we operate is characterized by numerous strong and capable competitors, many of which may have extensive and diversified developmental and operating experience (including both domestic and international), and financial resources similar to or greater than ours. Further, in recent years, the energy generation industry has been characterized by strong and increasing competition with respect to obtaining PPAs, developing new energy projects and acquiring existing energy generation assets. The evolution of the competitive energy markets that we serve and the development of renewable plants and highly efficient gas-fired power plants have also caused, or are anticipated to cause, price pressure in certain energy markets where we sell or intend to sell energy. With the growth of energy transition initiatives developing across various industries and sectors, we expect to face increased competition from electricity providers utilizing renewable and green sources. Continued and increasing competition in the energy generation industry may have a material adverse effect on our cash flows, financial condition and results of operations and, therefore, on our ability to make payments under the notes.

Customer concentration may expose us to significant counterparty risk.

In the nine months ended September 30, 2024, three customers concentrate 53% of our total revenues (47% as of December 31, 2023). All of them are regulated customers: two large distribution companies operating in Lima and one large generation company that sells that energy to other distribution companies outside of Lima. These

customers have an atomized base of clients that reduce customer concentration risk. Moreover, our regulated and non-regulated customers are mostly subsidiaries of multinational corporations, that have strong credit profiles, thereby mitigating the risk of customer default. As of September 30, 2024, approximately 87% of our estimated firm energy for fiscal year 2024 was contracted under PPAs among high quality off-takers with 87% of our total revenues from investment grade customers.

In addition, we operate in a highly competitive industry where our key customers are targeted by other energy generation companies in Peru. If we are unable to renew, extend or replace our PPAs with these customers, or if we renew them on less favorable terms, or if any of these customers fail to make payments under our PPAs or seek termination for any reason, we would be materially and adversely affected.

Our cash flows and results of operations are dependent upon the continued ability of our customers to meet their obligations under their relevant PPAs. The deterioration of creditworthiness or overall financial condition of a material customer could expose us to an increased risk of non-payment or other default under our long-term PPAs. Furthermore, if a material customer were to initiate bankruptcy or similar proceedings, we may be unable to recover payment under local laws. For example, under Peruvian laws, our claims with respect to payments due by a customer from the private sector would rank junior to, among others, its labor, social security, pension fund, secured and tax obligations. Any default by any of our material customers could materially and adversely affect us.

Supplier concentration may expose us to significant financial credit or performance risk, particularly with respect to those agreements which may expire during the life of our power plants.

We rely on natural gas to fuel certain of our power generation facilities. The delivery of natural gas to our facilities is dependent upon a number of factors, including the continuing financial viability of contractual counterparties and the infrastructure (such as natural gas pipelines) available to serve each generation facility. Any disruption in the fuel delivery infrastructure, extended maintenance or failure of a counterparty to perform may lead to delays, disruptions or curtailments in the production of power at our generation facilities.

This risk of disruption is compounded by supplier concentration that characterizes our generation units. Our gas suppliers are sole or monopolistic suppliers and may exercise monopolistic control over their supply of natural gas to us. Our thermal plants' generation facilities rely on the Camisea Consortium for the provision of natural gas and on a sole supplier, TGP and Calidda, for the transportation and distribution of such natural gas, respectively. If these suppliers cannot perform under their contracts, our thermal plants would be unable to generate electricity, and such a failure could prevent us from fulfilling our contractual obligations, which could have a material adverse effect on our business and financial results. For example, a decrease in natural gas supply from July 25, 2023 to August 6, 2023, due to an unexpected delay of maintenance projects at Camisea, curtailed generation from our and other companies' thermal plants, and triggered the dispatch of the system's non-efficient thermal liquid fuels units (mainly diesel) to cover demand, resulting in a significant increase in spot prices during that period. Continued supply of natural gas to our plants is dependent upon a number of factors, over which we have no control, including:

- levels of exploration, drilling, reserves and production of natural gas in the Camisea fields and other areas in Peru and the price of such natural gas;
- accessibility of the Camisea fields and other gas production areas in Peru, which may be affected by weather, natural disasters, geographic and geological conditions, environmental restrictions and regulations, activities of terrorist or criminal groups, extended maintenance or other impediments to access;
- the capacity of the facilities we use for natural gas transportation and distribution;
- the availability, price and quality of natural gas from alternative sources;
- market conditions for the renewal of such agreements before their expiration and our ability to renew such agreements and the terms and conditions of any renewal; and
- the regulatory environment in Peru.

Furthermore, as these suppliers are the principal suppliers of natural gas and natural gas transportation services to most generation facilities in Peru fueled by natural gas, a change in the terms of their agreements with us or other power generators, or a failure by any of these suppliers to meet their contractual obligations, could have a significant effect on Peru's entire electricity supply and, therefore, prompt the Peruvian governmental authorities to undertake certain remedial actions. Any such actions could adversely affect the operations of our plants.

A change in the commercial terms of the agreements could increase the generation costs of our natural gas fueled power plants, because, for instance, higher levels of take or pay in natural gas supply could force us to pay more for gas supply despite neither our Kallpa nor Las Flores plants generating electricity. This situation could occur, for example, during rainy seasons. During the rainy seasons, hydroelectric power plants dispatch more energy than they do in the dry seasons; conversely, thermal power plants tend to generate less energy. Because we generate less energy during the rainy season, we would pay for gas supply under a take or pay contract despite not generating as much energy.

Moreover, our contracts for natural gas supply and transportation are scheduled to expire prior to the end of the operational life of our plants. Some of these contracts have not yet been extended or replaced with one or more contracts on comparable terms. If we are unable to renew, or enter into supply contracts and, in particular, enter into long-term supply contracts, we may be required to purchase our natural gas on the spot market at prices that may be significantly greater than the prices we previously paid for gas, or may be unable to purchase gas on competitive prices at all. As a result, we could face increased volatility in our earnings and cash flows and could experience substantial losses during certain periods which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our plants are affected by climate conditions and changes in the climates or other occurrences of natural phenomena could have a material adverse effect on us.

The occurrence of natural phenomena, such as El Niño and La Niña, two climate phenomena that influence rainfall regularity in Peru, may result in droughts and excessive rainfall which affect our results of operations. Droughts and excessive rainfall affect the operation of our plants, in the following manner:

- During excessive rainfall periods, hydroelectric plants could increase their generation, which reduces the spot prices in the system, and also reduces the dispatch of thermal power plants. As a result, when selling energy to the spot market, we may face a reduction in our margins due to lower dispatch or due to sales occurring at lower spot prices, particularly with respect to our thermal power plants.
- Additionally, during excessive rainfall periods, higher levels of water flow and sediment in rivers can damage machinery and cause stoppages of generation. For example, in March 2023, the Yaku Cyclone, characterized by excessive rainfall along the northern and central coast of Peru, caused damage to the Quitarasca hydroelectric power plant due to a significant increase in water flow levels in the river.
- During periods of drought, hydroelectric plants decrease their generation and natural gas plants or diesel plants are used more frequently, which could increase marginal costs.

Climate changes that impact the level of water could have material adverse effect on our hydroelectric plant's power generation and, as a result, its business and results of operations. Additionally, this could affect other plants in the system, which affects overall marginal costs and therefore, us.

In addition, our plants require water for producing steam, and a drought not only reduces the availability of water, but also increases the concentration of chemicals, such as sulfates in the water that could be higher than the allowable limits set for our water treatment plant. The high concentration of chemicals in the water we use for cooling increases the risk of damaging the equipment at our thermal plants as well as the risk of violating relevant environmental regulations. As a result, we may have to purchase water from areas that are also experiencing shortages of water. These water purchases may increase our operating costs, as well as the costs relating to our social responsibility commitments.

Additionally, our facilities are also exposed to climate change risk and to the specific natural phenomena occurring in Peru, including earthquakes (due to high seismic activity), flooding, landslides, fire, and other natural disasters. For example, in 2007, Peru experienced a 7.9 magnitude earthquake that struck the central coast of Peru, and in 2018, the southern coast of Peru was hit by a 7.1 magnitude earthquake. In 2017, Peru experienced significant flooding, and in 2023, Peru faced the second driest year in the last 60 years, causing significant reductions in hydro generation in the system. Forest fires across Peru may also cause significant damage, interrupt our operations and the operations of certain of our large customers, and adversely affect us. In September 2024, the Peruvian government declared a state of emergency in three northern regions affected by forest fires: Amazonas, San Martín and Ucayali. The occurrence of any of the natural calamities listed above may cause significant damage to our power stations and facilities.

We could experience severe business disruptions, significant decreases in revenues based on lower demand arising from climate change or catastrophic events, or significant additional costs to us not otherwise covered by business interruption insurance policies. There may be an important time lag between a major climate change event, accident or catastrophic event and our recovery from any insurance policies, which typically carry non-recoverable deductible amounts, and, in any event, are subject to caps per event. Furthermore, many of our supply agreements, including our natural gas supply agreements and transportation services agreements, contain force majeure provisions that allow for the suspension of performance by our counterparties for the duration of certain force majeure events. If a force majeure event were to occur and our counterparties were to temporarily suspend performance under their contracts, we may be forced to find alternative suppliers in the market on short notice (which we may be unable to do) and incur additional costs. Additionally, any of these events could cause adverse effects on the energy demand of some of our customers and of consumers generally in the affected market, the occurrence of which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We are exposed to electricity spot market, fuel and other commodity price volatility.

Unlike most other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with use. As a result, power prices are subject to significant volatility from supply and demand imbalances, especially within the spot market, in which we may purchase and sell electricity. Typically, spot market prices for electricity are volatile and the demand for such electricity often reflects the fluctuating cost of natural gas and oil, rain volumes or the conditions of hydro reservoirs.

Although in recent years we have been a net energy seller, in the past we have been a net energy buyer in order to meet our obligations under our PPAs. We purchase and sell electricity in the wholesale spot market. In the nine months ended September 30, 2024, we sold 6% of the electricity that we sold (in GWh) on the spot market. Our position as a net energy buyer in the past has exposed us and may continue to expose us to increased energy prices in the spot market, which tend to fluctuate substantially.

The Peruvian electricity market is also indirectly affected by the price of precious and base metals, as a result of the electricity-intensive mining industry, which represents a significant source of the electricity demand. Therefore, a decline in such mining activity could adversely affect us.

Other changes in the supply and cost of natural gas and oil, rain volumes, the conditions of hydro reservoirs, the unexpected unavailability of other generation units, or the supply and cost of precious and base metals, may impact the volume of electricity demanded by the market. Volatility in market prices for fuel and electricity may result from many factors which are beyond our control and we do not generally engage in hedging transactions to minimize such risks.

A significant fluctuation in spot market prices could have an adverse effect on our cash flows, financial condition and results of operations and, as a result, impair our ability to make payments under the notes. Changes in the spot price may have an effect on PPA prices over time, which could negatively affect our operating margins and results of operations.

We rely on power transmission facilities that we do not own or control and that may be subject to transmission constraints. If these facilities fail to provide us with adequate transmission capacity, we may be restricted in our ability to deliver wholesale electric power and we may either incur additional costs or forego revenues.

We depend upon transmission facilities owned and operated by others to deliver the wholesale power we sell from our power generation units and to supply energy to our clients. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, our ability to sell and deliver wholesale power may be adversely impacted. If the power transmission infrastructure in the market that we serve is inadequate, our recovery of wholesale costs and profits may be limited. If restrictive transmission price regulation is imposed, the transmission companies may not have sufficient incentive to invest in expansion of transmission infrastructure. In addition, different spot prices may occur within the grid as a result of a transmission constraint. As a result, we may need to purchase energy in the spot market in order to fulfill a PPA obligation in one part of the grid, even if we are generating energy in another part of the grid, and such purchase may occur at a spot market price which is higher than our own generation cost. Also, the constraints of the transmission infrastructure located near our facilities could affect our ability to generate electricity. Such constraints could result from, maintenance, or failures, among other factors.

If any of our generation units are unable to generate energy as a result of a breakdown or other failure, we may be required to purchase energy on the spot market to meet our contractual obligations under the relevant PPAs.

The breakdown or failure of one of our generation facilities may require us to purchase energy in the spot market to meet our contractual obligations under our PPAs, while simultaneously resulting in an increase in the spot market price of energy, resulting in a contraction, or loss, of our margins. Additionally, if a material plant in the system is unavailable, we could be significantly affected due to the use of less efficient plants being dispatched, which increases the spot price in the system. Other operational hazards such as equipment failure, machinery breakdown, accidents, or other events causing limited availability of natural gas may impact our business, results of operation and financial condition.

We maintain insurance policies for property value and business interruptions intended to mitigate any losses due to customary risks. However, we cannot assure you that the scope of damages suffered in such an event would not exceed the policy limits, deductibles, losses, or loss of profits outlined in our insurance coverage. We may be materially and adversely affected if we incur losses that are not fully covered by our insurance policies and such losses could have a material adverse effect on our business, financial condition, results of operations or liquidity. For further information on the risks related to our insurance policies, see “—Our insurance policies may not fully cover damage, and we may not be able to obtain insurance against certain risks.”

We require qualified personnel to manage and operate our business.

We require qualified and competent management to direct day-to-day business activities, execute business and/or generation unit development plans, and service customers, suppliers and other stakeholders. The services offered by our business are highly technical in nature and require specialized training and/or physically demanding work. Therefore, we must be able to retain employees and professionals with the skills necessary to understand the continuously developing needs of our customers, to maximize the value of our business, and to ensure the timely and successful completion of any expansion or development of generation units. This includes developing talent and leadership capabilities in Peru, an emerging market, where the depth of skilled employees may be limited. Changes in demographics, training requirements and/or the unavailability of qualified personnel could negatively impact the ability of our business to meet these demands. Although we have adequate personnel for the current business environment, unpredictable increases in the demand for our services may exacerbate the risk of not having a sufficient number of trained personnel. In addition, we could be affected by strikes, industrial unrest or work stoppages by third parties.

If we fail to train and retain qualified personnel, or if they experience excessive turnover, strikes or work stoppages, we may experience declining production, maintenance delays or other inefficiencies, increased recruiting, training or relocation costs and other difficulties, any of which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our success will also be dependent upon the decision-making of our directors and executive officers. The loss of any or all of our directors and executive officers could affect the creation or implementation of our short-term plans or long-term strategies or divert our directors' and executive officers' attention from our operations, which could affect our ability to enter into PPAs or otherwise have a material adverse effect on our business, financial condition, results of operations or liquidity.

The interruption or failure of our information technology, communication and processing systems or external attacks and invasions of these systems could have an adverse effect on us.

We depend on information technology, communication and processing systems to operate our business. Such systems are vital to our ability to monitor our power plants' operations, maintain generation and network performance, adequately generate invoices to customers, achieve operating efficiencies and meet our service targets and standards. Damage to our networks and backup mechanisms may result in service delays or interruptions and limit our ability to provide customers with reliable service over our networks. Some of the risks to our networks and infrastructure include:

- physical damage to access lines, including theft, vandalism, terrorism or other similar events;
- energy surges or outages;
- software defects;
- scarcity of network capacity and equipment;
- disruptions beyond our control;
- breaches of security, including cyber-attacks and other external attacks; and
- natural disasters.

The occurrence of any such event could cause interruptions in service or impact our generation capacity, either of which could reduce our revenues or cause us to incur additional expenses. Although we have operational insurance with business interruption coverage that may protect us against specific insured events, we may not be insured for all events or for the full amount of the lost margin or additional expense. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by the applicable regulatory authorities. The occurrence of damages to our networks and systems could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We are exposed to material litigation and/or administrative proceedings.

Kallpa has been, and is, a party to several claims and legal actions arising in the ordinary course of business with respect to tax, labor and other legal matters, some of which could be material. We may in the future be subject to material litigation, including with respect to our material agreements, and/or administrative proceedings, that may be inherently unpredictable and could result in excessive verdicts against us, including with respect to indemnification payments, injunctive relief or otherwise.

For example, the Peruvian Tax Authority (*Superintendencia Nacional de Aduanas y de Administración Tributaria* - "SUNAT") has previously issued tax assessments to Kallpa and its then lenders (acting as lessors under our financial leases) for the payment of import taxes allegedly owed by Kallpa and its lenders in connection with the engineering services provided by the EPC contractors for Kallpa I, II, III and IV. These assessments were primarily based on the assertion that Kallpa and its lenders did not include the value of the engineering services rendered by the contractor of the relevant project in the tax base of the imported equipment for the import taxes. Kallpa disagreed with these tax assessments, arguing that the engineering services rendered to design and build the power plant are not part of the value of the imported goods but rather a separate service for which Kallpa paid the corresponding taxes. Consequently, Kallpa and its lenders disputed the tax assessments before SUNAT, the Peruvian Tax Administrative Court (the "**Tribunal Fiscal**") and the Peruvian judicial courts.

The assessment liability for Kallpa I, II, III and IV (including tax, fines and interest) is zero, as Kallpa has already paid the total amount under discussion, equivalent to S/94.2 million (U.S.\$24.5 million), and recognized these payments as long-term receivables. However, in 2022, we wrote off such receivables for Kallpa I, II and III for a total amount of S/48.2 million (U.S.\$12.1 million), and recovered S/3.1 million (U.S.\$0.8 million) for Kallpa I.

The case of Kallpa IV differs from the other cases due to the applicable statute of limitations and the non-application of Legislative Decree No. 1433, which has been challenged in a Constitutional Protective Action (*Acción de Amparo*). Kallpa's management and its external legal advisors believe that it is unlikely that the Constitutional Court will reject their grievance appeal. Therefore, if a favorable ruling is obtained, as anticipated by our legal advisors, we would receive a refund of the account receivable as of September 30, 2024 by S/42.9 million (U.S.\$11.5 million) plus interest accrued as at the effective payment refund. This refund would complete the total amount of S/94.2 million (U.S.\$24.5 million) already paid, as mentioned in the preceding paragraph.

For further information on these proceedings, see “*Business—Legal Proceedings.*”

Litigation and/or regulatory proceedings are inherently unpredictable, and excessive verdicts do occur. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect our ability to conduct our business and may have a material adverse effect on our financial condition and results of operations. In addition, such investigations, claims and lawsuits could involve significant expense and diversion of Kallpa's management's attention and resources from other matters, each of which could also have a material adverse effect on Kallpa's business, financial condition, results of operations or liquidity.

Our insurance policies may not fully cover damage, and we may not be able to obtain insurance against certain risks.

Our operations are subject to the inherent risks normally associated with hydroelectric and thermal power generation, including equipment failures and ruptures, explosions, fires, adverse weather conditions, geological risks, vandalism and other hazards, each of which could result in damage to or destruction of our facilities or injuries to persons and damage to property and cause disruption of our operations.

We maintain insurance policies intended to mitigate our losses due to customary risks. These policies cover our assets against loss for physical damage, loss of revenue from business interruptions and also third-party liability. However, we cannot assure you that the scope of damages suffered in the event of a natural disaster or catastrophic event would not exceed the policy limits of our insurance coverage. In addition, we may be required to pay insurance deductibles, which are not recoverable, in order to utilize our insurance policies. We maintain all-risk physical damage coverage for losses resulting from, but not limited to, earthquakes, fire, explosions, floods, windstorms, strikes, riots, vandalism, mechanical breakdowns and business interruption. Our level of insurance may not be sufficient to fully cover all losses that may arise in the course of our business or insurance covering our various risks may not continue to be available in the future. In addition, we may not be able to obtain insurance on comparable terms in the future. We may be materially and adversely affected if we incur losses that are not fully covered by our insurance policies and such losses could have a material adverse effect on our business, financial condition, results of operations or liquidity. For further information on our insurance policies, see “*Business—Insurance.*”

We have a significant amount of indebtedness, and we will be able to incur significantly more indebtedness after the issue date, which could materially and adversely affect us.

As of September 30, 2024, our total outstanding indebtedness was U.S.\$1,108 million, U.S.\$95 million of which was secured. Moreover, the indenture governing the notes will not restrict our ability to incur additional debt. We use a substantial portion of cash flow from operations to make debt service payments, reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities. This level of indebtedness could have other important consequences to us, including:

- increasing our vulnerability to general adverse economic and industry conditions;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged.

A change in our controlling shareholder may have a material adverse effect on us.

I Squared Capital, our ultimate controlling shareholder, as part of its continuing strategy of generating value through portfolio optimization, is contemplating engaging in future asset divestitures that may include a sale of Kallpa or one or more of our direct or indirect parent companies. Any such sale, if it occurred, may result in I Squared Capital no longer being our ultimate controlling shareholder, and another company becoming our controlling shareholder. We cannot assure you as to when any such sale would take place, or if it will take place at all, and we cannot assure you as to the effect that the consummation of any such sale would have on our strategy, business, financial condition, results of operations or liquidity.

Additionally, lenders and other creditors of I Squared Capital or our direct or indirect parent companies, including affiliates of the initial purchasers, could enforce their rights under financing and other arrangements, including pledges of our equity interests or equity interests of our direct or indirect parent companies, upon a default thereunder and auction or take ownership of the equity interests of Kallpa or of our direct or indirect parent companies, which could result in a new controlling shareholder.

Any such new controlling shareholder would have the indirect power to appoint a majority of our board members, thereby having significant influence on our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payments of dividends on our common stock, the incurrence of debt by us and the amendments to our organizational documents. The interests of such new controlling shareholder may not in all cases be aligned with your interests as a holder of the notes offered hereby. Any such new controlling shareholder may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to you. For example, any such new controlling shareholder could acquire or develop other generation companies in Peru that are more efficient than ours, cause us to pay higher dividends on our common stock including to service debt of our parent companies, or cause us to make acquisitions that increase our indebtedness or to sell revenue-generating assets.

In addition, any such change in our controlling shareholder could result in a change of control under the indentures governing the 2027 Notes and the notes offered hereby, although it may not result in the type of change of control that would require Kallpa to offer to purchase all of the notes issued thereunder. If the sale does constitute a change of control that results in a ratings decline, Kallpa could be required, pursuant to the terms of those indentures, to offer to purchase all of the notes issued thereunder at a price of 101%. Kallpa may not be able to repurchase such notes upon a change of control repurchase event, because Kallpa may not have sufficient financial resources to purchase all of such notes that are tendered upon a change of control repurchase event. See “—Risks Related to the Notes—The Issuer may not be able to repurchase the notes upon a change of control repurchase event.”

The interests of our controlling shareholder may conflict with those of the holders of the notes.

Our indirect controlling shareholder, Inkia, is a subsidiary of I Squared Capital. Pursuant to our organizational documents and share-ownership structure, I Squared Capital has indirect power, through its subsidiaries NIH and Inkia Americas S.A.C., to appoint a majority of our board members, thereby having significant influence on our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payments of dividends on our common stock, the incurrence of debt by us and the amendments to our organizational documents. I Squared Capital’s interests may not in all cases be aligned with your interests as a holder of the notes offered hereby. I Squared Capital may have an interest in pursuing acquisitions, divestitures, including the sale of our business, and/or other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to you and/or our business. For example, I Squared Capital could acquire or develop other generation companies in Peru that are more efficient than ours, cause us to pay higher dividends on our common stock including to service debt of our parent companies, or cause us to make

acquisitions that increase our indebtedness or to sell revenue-generating assets. Any of these factors alone, or in combination, may negatively impact one or more of our businesses and thereby have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our equipment, facilities, operations and new generation units are subject to numerous environmental, health and safety laws and regulations.

We are subject to a broad range of environmental, health and safety laws and regulations which require us to incur ongoing costs and capital expenditures and expose us to substantial liabilities in the event of non-compliance. These laws and regulations require us to, among other things, minimize risks to the natural and social environment while maintaining the quality, safety and efficiency of our facilities. Furthermore, as our operations are subject to various operational hazards, including personal injury and the loss of life, we are subject to laws and regulations that provide for the health and safety of our employees.

These laws and regulations also require us to obtain and maintain environmental permits, licenses and approvals for the construction of new facilities or the installation and operation of new equipment required for our business. Some of these permits, licenses and approvals are subject to periodic renewal. Government environmental agencies could take enforcement actions against us for any failure to comply with applicable laws and regulations. Such enforcement actions could include, among other things, the imposition of fines, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance. Environmental laws and regulations can also impose strict liability for the environmental remediation of spills and discharges of hazardous materials and waste and require us to indemnify or reimburse third parties for environmental damages. Although we have operating procedures in place to minimize this, and other environmental risks, there is no assurance that such procedures will prove successful in avoiding inadvertent spills or discharges.

We expect the enforcement of environmental, health and safety rules to become more stringent over time, making our ability to comply with the applicable requirements and obtain permits and licenses in a timely fashion more difficult. Additionally, compliance with changed or new environmental, health and safety regulations could require us to make significant capital investments in additional pollution controls or process modifications. These expenditures may not be recoverable and may consequently divert funds away from planned investments in a manner that could have a material adverse effect on our business, financial condition, results of operations or liquidity.

While we intend to adopt, and believe that our business has adopted, appropriate risk management and compliance programs, the nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time. No assurances can be made that we will be found to be operating in compliance with, or be able to detect violations of, any existing or future laws or regulations. A failure to comply with or properly anticipate applicable laws or regulations could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We operate our business pursuant to several concessions, approvals and permits granted by MINEM, the termination, revocation or forfeiture of which would have a material adverse effect on our business.

We are authorized to generate power in Peru pursuant to concessions and approvals granted to us by the MINEM. If we breach our obligations under the concessions or the approvals or we do not comply with the applicable rules and regulations in Peru, we may be subject to sanctions by the MINEM, including the termination or forfeiture of such concessions and approvals. In addition, our concessions and approvals are subject to expropriation if so declared in accordance with applicable law on the grounds of public interest. No assurance can be given that the amounts we are entitled to receive under the concession agreements or applicable law in connection with any termination, forfeiture or expropriation of the concessions or any governmental approval will be received, or if received, will be sufficient to compensate us for our loss. As a result, any of the sanctions described above, or the expropriation of our concessions by a governmental authority, may have a material adverse effect on our business, financial condition, results of operations, or liquidity.

In addition to the concessions and the approvals, we conduct our business pursuant to several permits granted by the MINEM. The MINEM may initiate a process to revoke our permits if, among other things:

- the information submitted by us to obtain our permits contained any untrue or inaccurate statements;
- we repeatedly fail to comply with our obligations regarding preservation of the environment and the cultural heritage of Peru; or
- we repeatedly fail to operate our power plants pursuant to applicable regulations.

The MINEM may initiate a permit revocation procedure by giving us notice that, in their view, one or more of these events has occurred and requesting that we establish our position with respect to the event(s) and, if applicable, indicate the steps we intend to take to remedy the situation. If we fail to timely respond to the request or fail to remedy the situation, the MINEM may revoke our permits.

We cannot assure you that we will be able to comply in full with the terms and conditions of our permits. We cannot guarantee that, if one or more of our permits are revoked, we will be able to obtain a new permit or will be able to continue operating our power plants without such permits. The revocation of our permits may have a severe negative impact on our ability to operate our business. If one or more of our permits are revoked, we would not be able to continue operating as a going concern. This could limit our revenues and materially adversely affect our financial condition, results of operations and our ability to perform our obligations under the notes.

We operate our business pursuant to several permits granted by ANA, the revocation of which would have a material adverse effect on our business.

Effective use of water resources for a permanent activity, for a specific purpose and at a specific place is authorized only upon issuance of a water use license granted by ANA. Water use licenses are especially important in hydroelectric projects since they allow to collect and to use water resources from the river to generate electricity. Compensation to the state as the holder of this kind of license will be calculated taking into account the power output of each month during a year and 1% of the energy price during off-peak hour. Failure to pay these fees may cause the imposition of a fine and the revocation of the water license if two consecutive yearly fees are unpaid.

Furthermore, the discharge of treated wastewater into rivers or other watercourses must also be authorized by ANA. Compensation to the state as the holder of this kind of authorization is approved annually by Supreme Decree. Failure to pay these fees may cause the imposition of a fine and the revocation of the water licenses if two consecutive yearly fees are unpaid.

We conduct our business pursuant to several permits granted by the ANA. The ANA may initiate a process to revoke our permits if, among other things:

- the information submitted by us to obtain our permits contained any untrue or inaccurate statements;
- we fail to pay two consecutive compensations as explained above;
- water is destined, without previous authorization, to a different purpose for which it was granted;
- we are sanctioned two times for serious violations of the law or the terms of the permits; and
- the ANA declares the scarcity of water or quality problems that prevent its use.

We cannot assure you that we comply in full with the regulation described above or will be able to comply in full with the terms and conditions of our permits. Infringements of applicable regulation may be sanctioned by the ANA with fines and corrective measures. We cannot guarantee that, if one or more of our permits are revoked, we will be able to obtain a new permit or will be able to continue operating our power plants. The revocation of our water use licenses may have a severe negative impact on our ability to operate our business. If such permit is revoked, we would not be able to continue operating as a going concern. This could limit our revenues and

materially adversely affect our financial condition, results of operations and our ability to perform our obligations under the notes.

Potential expansion or construction of generation units may not be completed or, if completed, may not be completed on time or perform as expected.

We may pursue opportunities to increase the capacity of our generation units through the construction of expansions or the conversion of our plants or to otherwise expand our operations in the future, which may require us to spend significant sums on engineering, permitting, legal, financial advisory and other expenses before we determine whether the construction and conversion of a generation unit is feasible, economically attractive or financially viable. For example, in May 2024, we began construction of our first large scale solar project, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. Sunny will be built in two stages: (i) Sunny I, with an estimated COD in the fourth quarter of 2025 for 204 MW AC with an estimated cost of U.S.\$170 million and (ii) Sunny II expansion project, with an estimated COD in the first quarter of 2026 for an additional 105 MW AC with an estimated cost of U.S.\$85 million. Additionally, we may enter into agreements relating to new renewable projects developed by third-parties to purchase all or substantially all of their energy output.

Furthermore, if we decide to proceed with the development or expansion of a generation unit, or should we decide to enter into agreements to purchase all or substantially all of the energy output of facilities developed by third-parties, the construction, conversion or operation of any such facility will involve numerous additional risks, including:

- unanticipated construction delays or cost overruns;
- claims from contractors;
- an inability to obtain financing at affordable rates or at all;
- delays in obtaining necessary approvals, permits and licenses, including environmental and operation permits;
- unforeseen engineering, environmental and geological problems;
- adverse changes in the political and regulatory environment;
- opposition by political, environmental and other local groups;
- shortages or increases in the price of equipment, materials or labor;
- work stoppages or other labor disputes;
- adverse weather conditions, natural disasters, accidents or other unforeseen events; and
- an inability to perform under PPAs as a result of any delays in the assets becoming operational.

Any of these risks could result in lower than expected financial returns on our generation units, could cause us to operate below expected capacity or availability levels or could ultimately cause us to fail to meet our commitments to our customers. This, in turn, could result in lost revenues and/or increased expenses. Although we maintain insurance to protect against some of these risks, such insurance may not be sufficient. As a result, generation units may cost more than anticipated and we may be unable to fund principal and interest payments underlying its construction financing obligations, if any. In addition, a default under such a financing obligation could result in us losing our interest in a power generation facility.

Certain of our plants have been, and we expect that plants under development will be, eligible for certain tax benefits in Peru, the revocation of which would adversely affect us.

An important part of our business strategy is the development of new plants, especially in the renewables space. Certain of our energy plants have been, and we expect that certain renewable energy plants under development will be, eligible for certain tax benefits in Peru that have a positive effect on our results of operations.

Pursuant to a Peruvian tax benefit that seeks to incentivize investments in renewable energy generation, our plants that had pre-operational stages of at least two years without any revenue could be eligible to obtain early recovery of the value-added tax paid in the acquisition of goods, services and construction activities. In the absence of this tax benefit, the value-added tax paid for those goods and services during the pre-operational phase would have been offset against the value-added tax levied on energy and capacity sales following commencement of operations. We refer to this tax benefit as early recovery of value-added tax.

Pursuant to another Peruvian tax benefit that seeks to incentivize investments in renewable energy generation, new renewable plants that comply with certain requirements may choose to depreciate by applying a tax accelerated rate over a minimum period of five years instead of a period of 10 to 20 years, depending on the asset. This tax accelerated rate depreciation generates significant tax savings once a plant begins operations and allows us to recover part of our investment in the plant in a shorter period. We refer to this tax benefit as accelerated depreciation.

The revocation of any of these tax benefits, or changes to the eligibility requirements, which we may not be able to comply with, would adversely affect expected returns from new plants, particularly in the first several years of operations, and potentially our cash reserves, and, consequently, us.

Risks Related to Peru

Economic, political and social developments in Peru could have a material adverse effect on our results of operations and financial condition.

All of our operations and customers are located in Peru. As a result, our results of operations and financial condition are dependent on economic, political and social developments in Peru, and are affected by the economic and other policies of the Peruvian government, including devaluation, currency exchange controls, inflation, economic downturns, political instability, regulatory uncertainty, social unrest and terrorism.

In the past, Peru has experienced political instability that has included a succession of regimes with differing economic policies. Previous governments have imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. We cannot assure you whether the Peruvian government, and future administrations, will continue to pursue business-friendly and open-market economic policies that stimulate economic growth and social stability, or that the Peruvian government will refrain from adopting new policies or laws that could have an adverse effect on the Peruvian economy or our company. Future government policies could include, among others, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation regimes. Any of these new policies or laws could materially adversely affect the Peruvian economy, our business, results of operations, financial condition and, as a result, impair our ability to make payments on the notes.

During the 1980s and the early 1990s, Peru experienced severe terrorist activity targeted against, among others, the government and the private sector. Despite the suppression of terrorist activity, we cannot assure you that a resurgence of terrorism or that the entrenchment of other forms of organized crime, including drug trade and illegal mining, will not occur in Peru, or that if there is such a resurgence or entrenchment, it will not disrupt the economy of Peru and our business. In addition, Peru has, from time to time, experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations, such as the ones in December 2022 and initial months of 2023. Despite Peru's ongoing economic growth and stabilization, the social and political tensions and high levels of poverty and unemployment continue. Future government policies to preempt or respond to social unrest could include, among other things, expropriation, nationalization, suspension of the enforcement of creditors' rights and new taxation policies. These policies could adversely and materially affect the Peruvian economy and our business. Any terrorist activities or other hostile actions in Peru could have a material adverse effect on our business, financial condition and results of operation.

Additionally, our revenue is derived primarily from the sale of electricity, and the demand for electricity is largely driven by the economic, political and regulatory conditions of Peru. Therefore, our results of operations and financial condition are, to a large extent, dependent upon the overall level of economic activity in Peru. Should economic or political conditions deteriorate in Peru, such an occurrence could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Political and economic uncertainty in Peru may adversely affect our business, financial condition and results of operations.

In April 2026, Peru will hold general elections to elect a new President, a Senate and a Chamber of Deputies for a five-year term. The newly elected authorities will be entitled to enact, amend or repeal laws and regulations that may apply to us. Most Peruvian administrations and members of Congress elected in the last 35 years have generally maintained economic policies based on free market and contractual liberty. All these principles are also set forth in the Peruvian Constitution. Nevertheless, a new administration may pursue policies that are detrimental to the Peruvian economy and/or that may negatively affect our business and industry in general, and our results of operations and/or financial condition, in particular.

It is anticipated that candidates from several political parties with different and opposite political views will participate in the elections to be held in 2026. Some of these political parties hold favorable views towards a controlled market and strong governmental intervention in the economy. Although a drastic change in the actual economic model would require the amendment of the economic chapter of the Constitution, we cannot assure that a change to the Constitution will not be promoted or that policies against free market and subsidiary intervention of the government in the economy will not be taken by the new authorities. Furthermore, we cannot assure that such new authorities will not enact, amend or repeal laws and regulations currently applicable to us and our business that could have an adverse effect on our financial condition and our results of operations or the trading price of the notes.

In the past, the possibility of a political outsider or a radical leftist candidate being elected President has been a source of political instability in Peru and has generated negative economic consequences. Increased political turmoil or an electoral victory by a Presidential candidate perceived to favor governmental intervention in the economy may have an adverse effect on investors' perception of the country's risk. Additionally, any newly elected President and the controlling party of the Senate or the Chamber of Deputies could be from different political parties, or there could even be no outright majority in either chamber, situations that could lead to fragmented forums which may adversely affect the Peruvian government's ability to pass legislation to implement economic policies or address economic challenges.

Any changes in the Peruvian economy, political stability or the Peruvian Government's economic policies may have a negative effect on our business, financial condition and results of operations.

Corruption and related ongoing high profile investigations may hinder the growth of the Peruvian economy and adversely affect us.

Over the past decade, investigations against former or current government officials relating to bribery payments have generated, and may continue to generate, political uncertainty in Peru, as some of these investigations remain ongoing. Each of the six Peruvian presidents elected since 1990 is either in jail, has been in jail, or has faced a detention order. For example, in July 2017, former President Ollanta Humala and his wife were detained in connection with a corruption probe, and, in February 2018, a Peruvian judge submitted a request to extradite former President Alejandro Toledo on allegations of bribery, in each case in connection with Brazilian construction company Odebrecht. This extradition was finalized in April 2023 with former President Toledo being imprisoned in Peru and convicted in 2024 to 20 years and six months in prison for bribery and money laundering. Further, former President Pedro Pablo Kuczynski has been the subject of several investigations on corruption and related charges and has been subject to several measures restricting his freedom. In the first quarter of 2024, the Peruvian prosecutor's office initiated preliminary investigations against President Dina Boluarte for her alleged irregular possession of a collection of luxury watches and jewelry. Several corruption scandals involving authorities at municipal, regional and national government levels are also ongoing, and former government officials have been detained. These investigations have resulted in suspension or delay of infrastructure projects and adversely affected economic growth in Peru. We cannot predict how these or future corruption scandals or investigations may affect the Peruvian economy, hinder the growth of the Peruvian economy and adversely affect us.

Increased inflation in Peru could have an adverse effect on the Peruvian economy generally and, therefore, on our results of operations.

In the past, Peru has suffered through periods of high and hyper-inflation, which has materially undermined the Peruvian economy and the government's ability to create conditions that would support economic growth. A return to a high inflation environment would undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment. Inflationary pressures may also impact our margins to the extent that cost increases driven by inflation are not accompanied by corresponding increases in the price of electricity or capacity sold, or limit our ability to trigger the minimum thresholds set forth in the price adjustment mechanisms in our PPAs or long-term supply agreements or access foreign financial markets, and may also prompt government intervention in the economy of Peru, including the introduction of government policies that may adversely affect the overall performance of the Peruvian economy. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or liquidity.

The reimplementation by the Peruvian government of restrictive exchange rate policies and other laws could have an adverse effect on our business, financial condition and results of operations.

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free-market economy. During this period, protectionist and interventionist laws and policies have been dismantled gradually to create a liberal economy dominated by the private sector. Exchange controls and restrictions on remittances of profits, dividends, and royalties have ceased. Prior to 1991, Peru exercised control over the foreign exchange markets by imposing multiple exchange rates and placing restrictions on the possession and use of foreign currencies. Currently, foreign exchange rates are determined by market conditions, with regular open-market operations by the Peruvian Central Reserve Bank in the foreign exchange market to reduce volatility in the value of Peru's currency against the U.S. Dollar.

We cannot assure you that the Peruvian government will not institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could have a material adverse effect on our business, financial condition and results of operations and adversely affect our ability to repay debt or other obligations and therefore restrict our access to international financing.

The Peruvian economy could be adversely affected by economic developments in regional or global markets.

Financial and securities markets in Peru are influenced, to varying degrees, by economic and market conditions in regional or global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may substantially affect capital flows into and securities from issuers in other countries, including Peru. The Peruvian economy was adversely affected by the political and economic events that occurred in several emerging economies in the 1990s, including in Mexico in 1994, which impacted the market value of securities in many markets throughout Latin America. The crisis in the Asian markets beginning in 1997 also negatively affected markets throughout Latin America. Similar adverse consequences resulted from the economic crisis in Russia in 1998, the Brazilian devaluation in 1999 and the Argentine crisis in 2001. In addition, Peru continues to be affected by events in the economies of its major regional partners. Furthermore, the Peruvian economy may be affected by events in developed economies that are trading partners or that affect the global economy.

The 2008 and 2009 global financial and economic crisis, principally driven by the subprime mortgage market in the United States, substantially affected the international financial system, including Peru's securities market and economy. Additionally, the 2015 crisis in Europe, which began with the financial crises in Greece, Spain, Italy and Portugal, reduced the confidence of foreign investors, which caused volatility in the securities markets and affected the ability of companies to obtain financing globally. Further, in 2015, the global economy was negatively affected by China's economic slowdown, a factor that has affected growth across emerging markets. While the United States and Europe have witnessed a slight economic recovery over the last year, any interruption to the recovery of these or other developed economies, the effects of the global crisis in 2008 and 2009, the impacts of the COVID-19 pandemic and economic stimulus, a new economic and/or financial crisis, or the projected reduced growth of

the Chinese economy and its shift away from infrastructure development growth could affect Peru's economy and, consequently, materially adversely affect our business, financial condition and results of operations.

Armed conflicts, including the current Russia and Ukraine conflict and the conflict in the Middle East, and terrorist attacks, have caused and may continue to cause instability in the world's financial and commercial markets and have contributed to high levels of volatility in oil and natural gas prices. Instability and unrest, as well as threats of war or other armed conflict, may lead to additional acts of war or terrorism, including in the United States, as well as further disruption and volatility in prices for natural gas. Armed conflicts and terrorism and their effects on us or our markets may significantly affect our business and results of operations. We may incur increased costs for security, including additional physical facility security and security personnel or additional capability following a terrorist incident.

The Peruvian economy and we may be adversely affected by downturns in the international financial markets and by global macroeconomic conditions, especially those in other emerging markets. The market for securities of Peruvian issuers is, to varying degrees, influenced by macroeconomic and market conditions in other emerging market countries, especially those in Latin America. Although macroeconomic conditions are different in each country, investors' reactions to developments in one country may affect the securities markets and the securities of issuers in other countries, including Peru.

In addition, developments relating to economic, political and regulatory conditions in the United States, or with respect to U.S. laws and policies governing foreign trade and foreign relations, could generate global economic uncertainty and adversely affect the Peruvian economy and us. In November 2024, the U.S. presidential election resulted in the election of a new president and administration, which assumed office on January 20, 2025. The potential impact of new policies that may be implemented by the new administration is uncertain. Any resulting changes in international trade relations, legislation and regulations (including those related to taxation and imports), economic and monetary policies, heightened diplomatic tensions or political and civil unrest, among other potential impacts, could adversely impact the global economy and our operating results. Additionally, increases by the U.S. Federal Reserve of the target range for the federal funds rate in the United States may adversely affect the value of securities issued by Peruvian companies, including as a result of any precipitous unwinding of investments in emerging markets, depreciations and increased volatility in the value of their currency and higher interest rates in respect of financings. These developments may adversely affect and lead to increased volatility in Peruvian capital markets and may adversely affect the trading price of the notes.

We cannot predict the effects that developments in other global markets, especially emerging markets and regional markets, could have on us.

Fluctuations in the exchange rate of the Peruvian sol or the imposition of exchange controls could adversely affect us.

Fluctuations in the exchange rate of the Peruvian *sol*, especially with respect to the U.S. dollar, could adversely affect the Peruvian economy and us. In addition, although Peruvian law currently imposes no restrictions on the ability to convert Peruvian *soles* to foreign currency and transfer foreign currency outside of the country, Peru imposed exchange controls in the 1980s and early 1990s, including controls affecting the remittance of dividends to foreign investors. Exchange controls in Peru may be implemented in the future. The imposition of exchange controls could have an adverse effect on the Peruvian economy and our business and operations, and may restrict our ability to make payments on the notes.

As of September 30, 2024, all of our PPAs were either denominated in U.S. dollars or, if denominated in another currency, linked to the U.S. dollar. As a result, we do not customarily hedge foreign exchange risk for our U.S. dollar-denominated debt, including the notes offered hereby. As a result, steep depreciation of the Peruvian *sol* may adversely affect us and our ability to make payments on the notes if the indexation formulas for U.S. inflation and natural gas prices on our PPAs that are denominated in Peruvian *soles* do not entirely offset such depreciation.

A downgrade in Peru's credit ratings may affect the perception of Peru and its economy and consequently adversely affect us.

In September 2021, in light of political developments in Peru, Moody's Investors Service downgraded Peru's credit rating from A3 to 'Baa1', in January 2023, changed the outlook from stable to negative and in September 2024, updated its outlook from negative to stable. In October 2021, Fitch Ratings downgraded Peru's credit rating from "BBB+" to "BBB", in October 2022, changed the outlook from stable to negative, and in November 2024, updated its outlook from negative to stable. In April 2024, Standard & Poor's downgraded Peru's credit rating in foreign currency from "BBB" to "BBB-" with a stable outlook. We cannot predict whether Peru's credit ratings will be further downgraded and what the effects of any such downgrades may be on Peru's economy, which could have a material adverse effect on our business, financial condition and results of operations, and on the trading price of the notes. If either or both of Moody's Investors Service or Fitch Ratings further downgrade Peru's credit ratings to below investment grade, it is likely that Kallpa's credit rating would also be downgraded. An increase in the perceived risks associated with investments in Peru may adversely affect the Peruvian economy in general and may discourage foreign investment in Peru and, in particular, in infrastructure, mining and other industrial sectors from which an important part of demand for our energy generation derives.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.

The Peruvian government regularly implements changes to its tax regulations and interpretations that may increase our tax burden. These changes may include modifications of the rate of assessments, the taxable basis or the tax rates, and, on occasion, enactment of temporary taxes, which in some cases have been changed into permanent taxes. The Peruvian government has introduced several changes related to, among others, thin capitalization rules (which prevents companies from deducting interest for tax purposes when certain thresholds are exceeded) and to the general anti-avoidance rule or "GAAR" (which entitles the tax and customs national superintendency to challenge the taxation of certain transactions with substance-over-form criteria).

The effects of any tax reform that could be proposed in the future and any other changes that could result from the enactment of additional tax reforms or changes in interpretation have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our tax liabilities and/or overall tax burden, which could negatively affect our business, financial condition and results of operations.

The laws of Peru related to anti-bribery and anti-corruption are still developing and could be less stringent than those of other jurisdictions, and our risk management and internal controls may not be successful in preventing or detecting all violations of law or of company-wide policies.

Our business is subject to a significant number of laws, rules and regulations, including those relating to antibribery and anti-corruption. However, the Peruvian regulatory regime related to anti-bribery and anti-corruption legislation is still developing and could be less stringent than anti-bribery and anti-corruption legislation which has been implemented in other jurisdictions.

In addition, our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Peruvian or foreign authorities (including the U.S. Department of Justice) or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Risks Related to the Notes

Your right to receive payment on the notes will be effectively subordinated to certain statutory liabilities, to our existing and future secured debt and future debt and liabilities of our subsidiaries, if any.

Under Peruvian bankruptcy law, our obligations under the notes are subordinated to certain statutory preferences. In the event of our liquidation, the notes will be subordinated to the following categories of obligations, which are granted preferential treatment under Peruvian law: (i) labor claims and pension and social security contributions, (ii) existing and future secured indebtedness, which seniority extends only to the value of the assets securing such indebtedness and (iii) tax claims.

The notes will rank equally in payment to all of our other existing and future unsecured indebtedness and will be effectively subordinated to all of our existing and future secured debt to the extent of the assets securing such debt. As of September 30, 2024 our total outstanding indebtedness was U.S.\$1,108 million, U.S.\$95 million of which was secured. As adjusted for this offering and the use of proceeds therefrom, our total outstanding indebtedness would be U.S.\$1,250 million, of which the U.S.\$95 million related to Las Flores and BESS leases is secured.

The indenture governing the notes will not limit the amount of additional indebtedness we are permitted to incur in the future. In addition, the limitation in the indenture on our incurrence of liens will contain significant exceptions.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of a Change of Control followed by a Ratings Decline (as defined in “*Description of the Notes - Change of Control*”), we may be required by the holders of the notes to offer to repurchase all of the outstanding notes at 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The source of funds for any such purchase of the notes will be our available cash or cash generated from our operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control event because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control event. Our failure to repurchase the notes upon a change of control event would cause a default under the indenture governing the notes. Our future debt agreements may contain similar provisions.

We may redeem the notes at our option, which may adversely affect your return.

As described under “*Description of the Notes—Optional Redemption*,” we have the right to redeem the notes in whole or in part at any time at the redemption prices described herein, plus accrued and unpaid interest. We may choose to exercise these redemption rights when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the notes.

The notes will be subject to transfer restrictions.

We have not registered, and will not register, the notes under the Securities Act or any other applicable securities laws. The offering of the notes will be made in reliance on exemptions from the registration requirements of the Securities Act and U.S. state securities laws, which limit who may own the notes. Accordingly, the notes are subject to certain restrictions on resale and other transfer thereof as further described under “*Transfer Restrictions*.” We retain the right to determine and extend the periods in which the transfer restrictions will apply to the notes. Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

An active trading market may not develop for the notes.

The notes are new securities that may not be widely distributed and for which there is currently no active trading market and we cannot assure you that in the future a market for the notes will develop. We intend to apply for the listing and quotation of the notes on the SGX-ST. We cannot assure you, however, that this application will be accepted, or if accepted, that the notes will remain so listed. We cannot provide you with any assurances regarding

the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price, depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Peru and the markets for similar securities. The initial purchasers have advised us that they currently intend to make a market in the notes but they are not under any obligation to do so, and any market-making with respect to the notes may be discontinued at any time without notice at the sole discretion of the initial purchasers. Accordingly, we cannot assure you as to the development or liquidity of any trading market for the notes.

It may be difficult to enforce civil liabilities against us or our directors and executive officers.

All of our assets and a substantial portion of those of our directors and executive officers, all of whom are non-residents of the United States, are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on these persons, including with respect to matters arising under the federal securities laws of the United States, or to enforce against such persons or against us judgments of courts of the United States predicated upon the civil liability of the federal securities laws of the United States. There is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. In addition, there may be doubt as to whether the courts of Peru would enforce in all respects, to the same extent and in as timely a manner as a U.S. court or foreign court, an action predicated solely upon the civil liability provisions of the U.S. federal securities laws or other foreign regulations. See “*Enforcement of Civil Liabilities.*”

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies depending on various factors, including the rating agencies’ assessments of our financial strength and Peru’s sovereign risk.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. The ratings of the notes address the likelihood of payment of principal at their maturity. The ratings also address the timely payment of interest on each scheduled payment date. The ratings of the notes are not recommendations to purchase, hold or sell the notes, and the ratings do not address market price or suitability for a particular investor. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by one or more of the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. An assigned rating may be raised or lowered depending, among other things, on the respective rating agency’s assessment of our financial strength, as well as its assessment of the Peruvian sovereign risk. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Developments in other emerging markets may adversely affect the market price of the notes.

The market price of the notes may be adversely affected by downturns in the international financial markets and world economic conditions. The market for securities of Peruvian issuers is, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially those in Latin America. Although economic conditions are different in each country, investors’ reactions to developments in one country may affect the securities markets and the securities of issuers in other countries, including Peru. We cannot predict the effect of developments in other securities markets on the market value of the notes.

USE OF PROCEEDS

The net proceeds from the issuance of the notes, after the deduction of estimated expenses and the initial purchasers' commissions associated with the offering, are estimated to be approximately U.S.\$490 million.

The Issuer intends to use the net proceeds from the offering to (i) fund a portion of the construction of the Sunny project, including the repayment of outstanding borrowings under the Bridge Loan Facility and (ii) fund the Tender Offer and to pay related fees, premiums and expenses. If, following the consummation of the Tender Offer, any 2026 Notes remain outstanding, we will use remaining net proceeds for the Redemption. The remainder will be used for general corporate purposes.

Certain of the initial purchasers and their affiliates may hold 2026 Notes. To the extent that 2026 Notes are repurchased, redeemed or repaid with the proceeds from the sale of the notes, such initial purchasers would receive a portion of the proceeds from the sale of the notes in respect of such 2026 Notes. Certain of the initial purchasers and/or their affiliates are lenders under the Bridge Loan Facility. Such lenders will receive a portion of the proceeds from this offering that will be used to repay the outstanding principal amount and accrued interest of the loans thereunder. The initial purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.

CAPITALIZATION

The following table shows our capitalization as of September 30, 2024 (i) on an actual basis and (ii) on an as adjusted basis after giving effect to the offering of the notes and the application of the proceeds thereof assuming that all of our 2026 Notes are tendered and accepted in the Tender Offer or redeemed pursuant to the Redemption.

You should read this table together with the information in “*Presentation of Financial and Other Information*,” “*Summary—Summary Financial and Other Information*,” “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and our financial statements and the related notes thereto included elsewhere in this offering memorandum.

	As of September 30, 2024	As Adjusted
	(U.S.\$ millions)	
Long-term debt, excluding current portion:		
Secured:		
Las Flores combined cycle lease.....	52	52
BESS lease	7	7
Unsecured:		
5.875% Senior Notes due 2032 offered hereby ⁽¹⁾	-	500
2026 Notes ⁽¹⁾	350	-
2027 Notes ⁽¹⁾	650	650
Total long-term debt ⁽¹⁾⁽²⁾	U.S.\$ 1,059	U.S.\$ 1,209
Equity:		
Total equity.....	321	321
Total capitalization⁽³⁾.....	U.S.\$ 1,380	U.S.\$ 1,530

- (1) Amounts reflect the full outstanding principal balance of notes outstanding without reductions for unamortized premiums, discounts and debt issuance costs.
- (2) On December 17, 2024, we entered into the Bridge Loan Facility, providing for a loan facility of up to U.S.\$130 million. We intend to use a portion of the proceeds from this offering to repay in full the outstanding loans under the Bridge Loan Facility. See “*Use of Proceeds*.”
- (3) Total capitalization is equal to total long-term debt, excluding current portion, plus total equity.

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

The information set forth in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section should be read in conjunction with our historical financial statements and related notes thereto included elsewhere in this offering memorandum. Those historical financial statements have been prepared in accordance with IFRS for the annual financial statements and IAS 34 Interim Financial Reporting for the condensed interim financial statements as issued by the IASB.

Certain information included in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section includes forward-looking statements that are subject to risks and uncertainties, and which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. For further information on important factors that could cause our actual results to differ materially from the results described in such forward-looking statements, see “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors.”

Overview

We are a leading Peruvian power company focused on electrical power generation. We own, develop and operate two combined cycle power plants, Kallpa and Las Flores, and one hydroelectric power plant, CDA, to generate and sell electricity to regulated customers (distribution companies) and non-regulated customers under short-term and long-term PPAs, as well as in the spot market. As of September 30, 2024, approximately 87% of our estimated generation capacity for fiscal year 2024 was contracted under PPAs among high quality off-takers with 87% of our total revenues from investment grade customers, and an average remaining term of 7.4 years. For the year ended December 31, 2023, we generated 11,387 GWh of energy accounting for 19% of the Peruvian market share based on gross energy generation. Our combined cycle plants, located in Chilca, have an aggregate generation capacity of 1,233 MW: (i) the Kallpa combined cycle generation plant, with three natural gas-fired turbines and one steam turbine, which has an aggregate generation capacity of 908 MW; and (ii) the Las Flores combined cycle generation plant, with one natural gas-fired turbine and one steam turbine, which has an aggregate generation capacity of 325 MW. The COD of the Kallpa combined cycle was granted in August 2012. We acquired the Las Flores plant in April 2014, and the COD of the Las Flores combined cycle was granted in June 2022. In 2022, we completed our asset optimization program that we began in 2019, which included: (i) an upgrade of the gas turbine and the conversion of Las Flores to a combined cycle plant, which increased its generation capacity by 128 MW and (ii) upgrades to gas turbines II and III of the Kallpa plant, which increased the Kallpa combined cycle plant’s aggregate generation capacity by 34 MW.

In November 2022, we began construction of a 34 MW high-capacity BESS project, located next to our combined cycle Kallpa plant. This added BESS capacity now provides the Kallpa and Las Flores combined cycle generation plants’ primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN, and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and release more low-carbon efficient energy to the Peruvian electricity system. The BESS project was completed in May 2024 at a total cost of U.S.\$24 million.

Our hydroelectric power plant, CDA, which has a generation capacity of 593 MW, is the largest privately-owned hydroelectric power plant in Peru in terms of generation capacity. CDA’s COD was declared in August 2016. The CDA plant features a 5.7-kilometer headrace tunnel, a 17-kilometer transmission line, and three in-cavern turbines, with a capacity of 546 MW at COD. CDA’s generation capacity was increased in October 2017 when COES declared the COD of an additional 10 MW mini hydro, which was built to take advantage of the Mantaro River ecological water flow. COES approved an additional 12 MW in March 2019 and 7 MW in February 2021. In March 2023, following our upgrade to the CDA turbine II and the completion of design improvements to CDA turbines I and II, COES approved an additional 18 MW generation capacity increase, bringing CDA’s total generation capacity to 593 MW.

Critical Accounting Policies and Significant Estimates

In preparing our financial statements, we make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are reviewed on an ongoing basis and are based upon historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

See notes 3 and 4 to Kallpa's audited annual financial statements as of December 31, 2023, 2022 and 2021 and for the years then ended for a description of Kallpa's critical accounting policies.

Material Factors Affecting Results of Operations

Capacity Growth

As set forth below, our generation capacity was 1,826 MW as of September 30, 2024, representing a 938% growth in capacity since December 31, 2007.

Plant	Capacity (MW)
CDA	593
Kallpa combined cycle	908
Las Flores combined cycle	325
Capacity as of September 30, 2024	1,826⁽¹⁾

(1) In addition, a 34 MW BESS is located next to the Kallpa combined cycle plant.

As a result of our capacity expansion, our revenues, profits and cash flows have substantially increased since the beginning of our operations. Capacity growth continues to be one of our strategies and in May 2024 we completed the construction of a BESS that is located next to the Kallpa combined cycle plant, which provides an additional 34 MW of renewable capacity and allows the Kallpa and Las Flores combined cycle plants to operate at full capacity. Likewise, in May 2024 we began the construction of Sunny, which is expected to add an additional 309 MW of renewable capacity to our portfolio.

In addition to our capacity, we entered into two agreements to purchase renewable energy from third parties specialized in the development, construction, and operation of renewable projects. By signing these agreements, we aim to enhance our portfolio mix of energy and cover the demand from customers, adding energy from renewable technologies: (i) in July 2023, we entered into an agreement with Joya Solar S.A.C., a special purpose vehicle of Zelestra, a global renewable energy company, for the purchase of energy from the San Martin solar plant, a 252 MW AC solar power plant located in La Joya – Arequipa, which is expected to reach COD in the second quarter of 2025. The term of the agreement is 15 years since COD and it sells to Kallpa all the energy produced by the plant and injected into the system, estimated at approximately 795 GWh per year, as well as the renewable energy certificates, among others; and (ii) in June 2024, we entered into an agreement with Energía Renovable La Joya S.A., a special purpose vehicle of Enhol, a global renewable energy company, for the purchase of energy from the Illa solar plant, a 385 MW AC solar power plant located in La Joya and Mollendo – Arequipa, which is expected to reach COD in the first quarter of 2026. The term of the agreement is 10 years since COD and it sells to Kallpa 80% of the energy produced by the plant and injected into the system, estimated at approximately 950 GWh per year, as well as the renewable energy certificates, among others.

Our energy purchase agreements limit our exposure to increased spot energy prices and guarantee the availability and the price of energy to complement our energy generation.

Macroeconomic Conditions in Peru

Macroeconomic conditions may impact the gross domestic production of Peru which may, in turn, affect the consumption of electricity by industrial and individual consumers. For instance, countries experiencing sustained economic growth generally experience an increase in their electricity consumption. Additionally, macroeconomic conditions are also likely to affect foreign exchange rates, domestic interest rates and inflation, which each has an

effect on our financial and operating costs. Fluctuations in the exchange rates between the Peruvian sol and the U.S. dollar, which is our functional currency, will generate either gains or losses on monetary assets and liabilities denominated in the Peruvian sol and can therefore affect our profitability. Increases in inflation rates may also increase labor costs and other local expenses of our operations, and we may be unable to pass such increases on to our customers (*e.g.*, to customers who purchase energy or capacity from us pursuant to long-term PPAs, which are not linked to Peruvian inflation rates).

The following table sets forth the annual inflation rate, the percentage growth in GDP and the currency appreciation/depreciation of the Peruvian sol (relative to the U.S. dollar) for the periods presented for Peru:

	Nine Months ended September 30,		Year Ended December 31,		
	2024	2023	2023	2022	2021
Inflation Rate.....	1.8% ⁽¹⁾	5.0 ⁽¹⁾	6.3%	7.9%	4.0%
GDP Growth (Contraction)	3.1%	0.9	(0.6)%	2.7%	13.3%
Currency Appreciation (Depreciation)	1.1%	(2.7%)	2.8%	4.5%	10.1%

Source: Banco Central de Reserva del Perú (Peruvian Central Reserve Bank) / The World Bank

(1) Inflation rate presented for prior twelve-month period then ended.

For further information on macroeconomic conditions in Peru, see “*Industry.*”

Availability and Dispatch

The regulatory framework in Peru establishes a marginal cost system, and the COES determines which generation units are to be dispatched according to each unit variable cost, to minimize the overall generation cost to meet the required electricity demand.

The availability of a power generation asset refers to the percentage of time that a plant is available to generate energy. Pursuant to Peruvian regulations, renewable energy power plants have dispatch priority because their variable cost is considered to be zero. Even though according to dispatch merit order, they are generally among the first units being dispatched due to their low generation costs, certain hydroelectric plants may not be dispatched or may be dispatched at a reduced level of capacity during certain periods in order to preserve water in the associated daily and/or annual reservoirs in order to optimize the system generation cost during a drought or the dry season, during maintenance, or when there are unscheduled outages. Thermal plants are, according to dispatch merit order, dispatched after renewables and hydroelectric plants and are unavailable for dispatch when they are removed from operation for maintenance or when there are unscheduled outages. Depending on the technology, the COES considers availability and hydrology statistics of generation plants to allocate firm capacity, which is the amount of capacity that, pursuant to applicable regulations, is recognized and remunerated to each power generation unit for being available to cover the demand in peak hours. This amount of availability is also the maximum amount of power that can be sold under a PPA. The Peruvian regulation recognizes a low firm capacity to renewable energy obtained from solar and wind farms. Currently, the market is developing new commercial strategies to supply renewable energy, such as allowing renewable energy generating companies to guarantee the provision of energy with their firm capacity derived from other power plants which do not supply renewable energy. Furthermore, new regulations recently enacted by the Peruvian Congress aim to promote the participation of renewable energy companies in the supply of energy to distribution companies, allowing them to offer energy only and in the hourly blocks that such units (such as solar units) are able to produce energy and creates a complementary services market for the provision of services required to guarantee the quality and reliability of the electricity supply from generation to demand which is expected to be available beginning in January 2026. The regulations of this new market will be approved and issued by the MINEM.

The CDA plant’s availability is subject to annual and seasonal hydrology variations, which depend on climate conditions. The Mantaro River, however, has upstream water reservoirs, such as Lake Junin, which store water during rainy seasons and discharge it to the river during dry seasons, allowing the CDA plant to have an average capacity factor of approximately 65%. Ensuring that the CDA plant is available to be dispatched is key to positioning us to capture the benefits of marginal cost dispatch and therefore to increase our margins. In addition,

the CDA plant's dam allows us to store water to be available for the COES's call to dispatch, which normally occurs during peak hours.

The following table sets forth the weighted average availability of our plants for the periods presented:

	Nine Months Ended September 30,		Year Ended December 31,		Twelve Months Ended September 30
	2024	2023	2023	2022	2024
CDA ⁽¹⁾	97%	94%	95%	92%	97%
Kallpa combined cycle ^{(2) (3)}	92%	97%	96%	92%	92%
Las Flores combined cycle ^{(4) (5) (6)}	83%	94%	92%	91%	84%
Total	92%	95%	95%	92%	92%

- (1) CDA underwent scheduled major maintenance for unit 1 from September 1, 2022 to September 17, 2022 (17 days). Upgrade of CDA unit 2 from November 19, 2022 to December 11, 2022 (23 days). CDA underwent scheduled dam purge from March 16, 2023 to March 28, 2023 (13 days).
- (2) Kallpa IV underwent scheduled outage for BESS interconnection from March 15, 2024 to March 23, 2024 (9 days). Kallpa II underwent scheduled corrective maintenance to replace components from March 24, 2024 to April 21, 2024 (28 days). Kallpa I underwent scheduled major inspection from April 29, 2024 to June 5, 2024 (38 days).
- (3) Kallpa I underwent scheduled combustor inspection from May 12, 2022 to May 20, 2024 (8 days). Upgrade of Kallpa II and Kallpa III from May 28, 2022 to June 23, 2022 (26 days).
- (4) Las Flores underwent scheduled maintenance from January 5, 2024 to February 6, 2024 (32 days).
- (5) Las Flores steam turbine underwent corrective maintenance from January 13, 2023 to January 26, 2023, from July 25, 2023 to August 1, 2023, from September 24, 2023 to October 1, 2023 and from December 15, 2023 to December 23, 2023 (36 days).
- (6) Las Flores underwent scheduled outage for Las Flores combined cycle implementation from February 17, 2022 to February 21, 2022, and from March 1, 2022 to April 3, 2022 (37 days).

When renewables and hydroelectric plants are unavailable or have been fully dispatched, other generation plants are then dispatched based on variable cost, with lower variable cost units, such as natural gas plants, generally dispatched first. The Kallpa and Las Flores combined cycle plants are among the first thermal plants to be dispatched in Peru after the renewables and hydroelectric plants, since the Las Flores and Kallpa plants are among the lowest-cost thermal generation units in Peru. As a result, a key factor for our financial performance is ensuring our plants are available for dispatch and not offline for maintenance. Scheduled maintenances for the allowed period is the only time that Kallpa's generation units should not be available for dispatch. In that regard, Kallpa has a disciplined maintenance strategy that has led to high availability of our units. In addition, pursuant to the COES rules, we are required to program our maintenance months in advance and even short-term, unanticipated maintenance requirements must be programmed with at least 15 days' anticipation.

If our generation units are available for dispatch and are not dispatched, or are partially dispatched, by the system operator and if our obligations to deliver energy under our PPAs exceed the energy dispatched from our own generation units at any particular time, we purchase energy in the spot market to satisfy these obligations. In such case, the price should be lower than our own generation cost, therefore increasing our commercial margin.

The spot price in the Peruvian electricity market was an average of U.S.\$30/MWh during the nine months ended September 30, 2024, as compared to an average of U.S.\$85/MWh during the same period in 2023. During 2023, spot prices were impacted by extreme drought conditions and exacerbated by an unusually and unexpected extended Camisea maintenance which triggered gas supply restrictions between July and August 2023, requiring the system operator to dispatch liquid fuel units, causing a sharp increase in spot prices. Since then, as hydrology trend converged to an average scenario and water availability in the system returned to normal conditions spot prices have normalized.

The following table sets forth the amount of energy sold under our PPAs and in the spot market, and the amount of energy generated and purchased during the years presented⁽¹⁾:

Period	Sales under PPAs	Net Energy Sales in Spot Market	Net Energy Generated ¹²	Net Energy Purchased in the Spot Market
	(GWh)			
Nine Months Ended September 30, 2024.....	8,087	492	8,579	-
Year Ended December 31, 2023.....	11,016	173	11,189	-
Year Ended December 31, 2022.....	10,340	-	10,130	210
Year Ended December 31, 2021.....	9,865	-	9,090	775

(1) The information included within the table reflects 100% of the energy sold under PPAs, sold in the spot market, generated, and purchased by us.

(2) Net energy generated is defined as energy delivered at the interconnection to the system.

Significant PPAs

The following table sets forth a summary of our significant PPAs as of the date of this offering memorandum⁽¹⁾:

Principal Customer	Commencement	Expiration	Contracted Capacity (MW)	Monomonic Price (U.S. Dollars)
Luz del Sur and Pluz Energía Perú (2011) ⁽²⁾⁽³⁾	January 2018	December 2030	259	71.2
ElectroPerú S.A.	August 2016	December 2030	200	74.7
Luz del Sur ⁽⁴⁾ and Pluz Energía Perú ⁽²⁾ (2010)	January 2014	December 2030	107	65.8
Luz del Sur and Pluz Energía Perú (2015) ⁽²⁾	January 2022	December 2031	81	50.0
Pluz Energía Perú (2012) ⁽²⁾	January 2016	December 2030	36	65.7
Hidrandina S.A. ⁽⁵⁾	January 2014	December 2032	13	70.5
Sociedad Eléctrica del Sur Oeste S.A. ⁽⁶⁾	January 2014	December 2028	10	81.1
Southern Copper Corporation Sucursal del Perú	April 2017	April 2027	120	54.8
Southern Copper Corporation (Toquepala) Sucursal del Perú	May 2017	April 2029	80	48.1
Atria Enegía S.A.C.	January 2022	December 2025	185	36.3
Quimpac S.A.	July 2020	December 2032	88	45.2
Corporación Aceros Arequipa S.A.A.	July 2021	August 2025	50	35.4
Minera Yanacocha S.R.L. ⁽⁷⁾	April 2021	December 2026	34	32.0
Luz del Sur	January 2025	December 2036	165	--
Pluz Energía Perú ⁽²⁾ , Electrocayalí S.A., Electrocentro S.A., Hidrandina S.A.	February 2027	December 2030	97	--
Cerro Verde ⁽⁸⁾	January 2026	December 2038	160	--
Others			645	40.4

(1) Most of our PPAs are indexed to the price of natural gas in U.S. dollars. With respect to our non-regulated customers, we invoice and collect payments in U.S. dollars. With respect to our customers that are distribution companies, for which we invoice and collect payments in Peruvian soles, the underlying tariff is linked to the U.S. dollar and is reset at each quarter when the tariff resulting from applying the indexation formula fluctuates by more than 5%.

(2) Regulated customer.

(3) We executed six PPAs, including three PPAs with each of the following entities: (i) Pluz Energía Perú, and (ii) Luz del Sur. The 259 MW capacity represents the aggregate contracted capacity among these six PPAs. From January 2028, the contracted capacity will change to 57 MW.

(4) We executed eight PPAs, including four PPAs with each of the following entities: (i) Pluz Energía Perú, and (ii) Luz del Sur. The 107 MW capacity represents the aggregate contracted capacity among these eight PPAs.

(5) From January 2026, the contracted capacity will change to 14MW.

(6) We executed four PPAs. The 10 MW capacity represents the aggregate contracted capacity between these four PPAs.

(7) A subsidiary of Newmont Corporation. The contracted capacity increases in several periods reaching a maximum value from October 2025 of 50 MW and from January 2026 it decreases to 24 MW until the end of the contract.

(8) A subsidiary of Freeport McMoRan, Inc. From January 2031, the contracted capacity will change to 150 MW.

Cost of Sales

Our principal costs of sales are purchases of capacity and energy on the spot market, transmission costs, personnel, third party services, maintenance costs and natural gas supply, including its transportation and distribution.

Our transmission costs vary primarily according to the quantity of energy that we generate and the locations of the specific nodes to which our generation units are connected in the Peruvian interconnected electrical system. According to our PPAs and the regulatory framework under which we sell energy in the spot market, most transmission costs related to supplying energy to our customers are passed on to our customers.

We incur personnel and third-party services costs in the operation of our generation units. These costs are usually independent of the volumes of energy produced by our generation units. We also incur maintenance costs in connection with the ongoing and periodic maintenance of our generation units. These costs are usually correlated to the volumes of energy produced and the number of running hours of our generation units.

Our costs for natural gas include gas supply, transportation and distribution costs. Our long-term gas supply contract with the Camisea Consortium, which is used to supply gas to Kallpa and Las Flores, enables us to hedge against fluctuations in the price of natural gas. In 2021, Kallpa renegotiated its natural gas supply contract, extending the original 2022 expiration date to January 2030. The gas volume we have contracted under take-or-pay condition varies by season, currently with 15% in the wet season and 60% in the dry season of the contractual daily quantity (180.96 million standard cubic feet per day). The current contract offers greater flexibility in gas procurement, leading to a less rigid cost structure. It differentiates the minimum take-or-pay commitment between the wet and dry seasons and allows for reviews based on actual utilization factors. Our natural gas transportation services are rendered by TGP, pursuant to a natural gas firm transportation agreement dated December 2007, as amended, and an interruptible gas transportation agreement dated December 6, 2005, as amended. Both agreements expire in December 2033.

Set forth below is a summary of the natural gas transportation services under these agreements (in cubic meters of gas per day):

Periods	Firm	Interruptible
December 1, 2024 to March 31, 2030	4,683,317	530,000
April 1, 2030 to April 1, 2033	3,912,148	1,301,169
April 2, 2033 to December 31, 2033	2,977,148	1,301,169

Our natural gas distribution services are provided by Calidda, under two (2) natural gas distribution agreements: (i) the first one dated October 5, 2010, regarding natural gas distribution services for Kallpa, and, (ii) the second one dated April 11, 2014, regarding natural gas distribution services for Las Flores. Under such agreements, which are set to expire on December 31, 2033, Calidda is obligated to distribute up to 3.710 million cubic meters of natural gas per day for Kallpa (starting on January 1, 2014) and 1.414 million cubic meters of natural gas per day for Las Flores (starting on January 1, 2025).

The price of natural gas has a significant effect on our costs. However, as prices in the spot market tend to reflect current fuel prices and, as most of our PPAs contain a fuel price adjustment mechanism to reflect increases or decreases in the price of fuel, changes in fuel prices generally result in corresponding changes in revenues as a result of these pass-through mechanisms and do not substantially affect our operating margins. In some cases, however, our PPAs' fuel price adjustment mechanisms may reflect such adjustments on a lagging basis as a result of the indexation mechanisms of our PPAs (which update only periodically and have minimum thresholds) and the indexations of our long-term supply agreements.

Effects of Outstanding Indebtedness, including Financial Leases

Our total outstanding indebtedness was U.S.\$1,108 million as of September 30, 2024, U.S.\$95 million of which was secured. 100% of that amount has fixed interest rates and, therefore, interest rate fluctuations will not impact our interest expenses. All of our outstanding indebtedness is denominated in U.S. dollars. For further information on our outstanding indebtedness, including the interest rate and currency applicable to the indebtedness, see "Description of other Indebtedness." We intend to use a portion of the net proceeds of this offering to purchase any and all of the 2026 Notes validly tendered and accepted for payment pursuant to the Tender Offer, and to pay related fees, premiums and expenses. If, following the consummation of the Tender Offer, any 2026 Notes remain

outstanding, we will use the remaining net proceeds of this offering to redeem such 2026 Notes. See “Use of Proceeds.”

Income Taxes

We are subject to income tax in Peru. The general corporate income tax rate in Peru was 29.5% as of September 30, 2024 and December 31, 2023, 2022 and 2021. For further information on our tax rates, including withholding tax rates, see note 23 of Kallpa’s audited annual financial statements included in this offering memorandum.

Seasonality and Weather Variations

Our generation business is affected by seasonal weather patterns throughout the year and, therefore, operating margins could vary by month during the year. Additionally, weather variations, including hydrological conditions, may also have an impact on generation output at our CDA plant and our combined cycle power plants. For example, hydrological conditions that result in a lower availability of water for our CDA plant could cause, among other effects, a reduction in our ability to generate energy and, accordingly, in our sales to the spot market. Lower water availability in the system triggers higher dispatch of combined cycle units, including Kallpa and Las Flores. Conversely, hydrological conditions that result in an oversupply of water near any of our facilities could cause flooding that significantly damages our plants, which would negatively affect our ability to generate energy and, accordingly, reduce our sales to the spot market.

Operating Results

The following discussion of Kallpa’s results of operations is based on Kallpa’s financial statements prepared in accordance with IFRS for the annual financial statements and IAS 34 *Interim Financial Reporting* for the condensed interim financial statements as issued by the IASB. In the following discussion, references to increases or declines in any period are made by comparison with the corresponding prior period, except as the context otherwise indicates.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Set forth below are Kallpa’s statements of profit or loss data for the nine months ended September 30, 2024 and 2023.

	For the Nine Months Ended September 30		% Change
	2024	2023 (U.S.\$ millions)	
Revenue.....	531	512	4%
Cost of sales	(262)	(315)	(17)%
Depreciation and amortization	(60)	(58)	3%
Administrative expenses.....	(18)	(15)	20%
Other income.....	11	7	57%
Other expenses	(1)	-	N/A
Operating profit.....	201	131	53%
Finance income	2	2	0%
Finance costs	(42)	(48)	(13)%
Net foreign exchange difference.....	-	-	0%
Net finance costs	(40)	(46)	(13)%
Profit before income tax.....	161	85	89%
Income tax expense	(49)	(28)	75%
Profit for the period	112	57	96%

Revenue

Revenue increased by U.S.\$19 million, or 4%, to U.S.\$531 million for the nine months ended September 30, 2024 as compared to U.S.\$512 million for the nine months ended September 30, 2023. This increase was primarily due to the following:

- a U.S.\$21 million increase in energy sales under PPAs due to a 6% increase in PPA energy prices to an average of U.S.\$52/MWh during the first nine months of 2024 from an average of U.S.\$49/MWh during the same period in 2023, explained by the indexation of certain PPAs and entry into new PPAs with higher energy prices. This increase was partially offset by a 2% decrease in energy volumes sold under PPAs to 8,087 GWh during the first nine months of 2024 from 8,276 GWh during the same period in 2023, primarily due to the expiration of certain PPAs; and
- a U.S.\$2 million increase in minimum load dispatch and secondary frequency regulation complementary services provided by our combined cycle plants to the system.

These increases were partially offset by the following:

- a U.S.\$3 million decrease in capacity sales under PPAs due to a 4% decrease in capacity sold under PPAs to a monthly average of 1,404 MW during the first nine months of 2024, from 1,461 MW during the same period in 2023, primarily due to the expiration of certain PPAs; and
- a U.S.\$1 million decrease in net energy sales in the spot market mainly due to a 65% decrease in the average spot price to U.S.\$30/MWh during the first nine months of 2024 from U.S.\$85/MWh during the same period in 2023, primarily due to increased water availability in the system during 2024 leading to increased hydro generation and thus increased supply of low-cost energy in the spot market. This was partially offset by a 148% increase in net energy volumes sold in the spot market to 492 GWh during the first nine months of 2024 from 198 GWh during the same period in 2023 due to an increase in our hydro generation related to higher availability of water.

Cost of Sales

Cost of sales decreased by U.S.\$53 million, or 17%, to U.S.\$262 million for the nine months ended September 30, 2024 as compared to U.S.\$315 million for the nine months ended September 30, 2023, primarily due to the following:

- a U.S.\$52 million decrease in net energy purchases in the spot market due to a 65% decrease in the average spot price to U.S.\$30/MWh during the first nine months of 2024 compared to U.S.\$85/MWh during the same period in 2023, primarily due to lower levels of supply during the first nine months of 2023 leading to increased spot prices mainly caused by the following:
 - (i) higher water availability during the first nine months of 2024 leading to a 13% increase in hydroelectric generation in the system to 23,173 GWh during the first nine months of 2024 from 20,498 GWh during the same period in 2023. In 2023, Peru experienced abnormally low rainfall levels in what was its second driest year in the last 60 years, which caused a decrease in hydroelectric generation and in turn an increase in average spot prices. However, since October 2023, rainfall levels have increased and water availability in the system has returned to normal levels;
 - (ii) a decrease in natural gas supply from July 25 to August 6, 2023, due to an unexpected delay of maintenance projects at Camisea, which triggered the dispatch of the system's non-efficient thermal liquid fuels units (mainly diesel) to cover demand, resulting in a significant increase in spot prices during that period; and
 - (iii) outages at two large hydroelectric power plants representing 12% of the total hydroelectric capacity of the system in the first nine months of 2023: Chaglla, with generation capacity of 476 MW, from July 24, 2023 to October 19, 2023 due to corrective maintenance work; and, Quitaracsa with generation capacity of 118 MW, from March 12, 2023 to December 17, 2023 (59 MW from unit 1) and on March 17, 2024 (59 MW from unit 2), due to damages in its infrastructure related to the Yaku Cyclone which caused unsafe conditions and excessive sedimentation in certain rivers; and

- a U.S.\$6 million decrease in capacity purchases mainly due to the expiration of certain PPAs;

These effects were partially offset by the following:

- a U.S.\$3 million increase in personnel expenses due to higher profit sharing related to higher taxable income; and
- a U.S.\$2 million increase in transmission tolls related to higher energy sales.

Depreciation and Amortization

Depreciation and amortization expense increased by U.S.\$2 million, or 3%, to U.S.\$60 million for the nine months ended September 30, 2024 as compared to U.S.\$58 million for the nine months ended September 30, 2023, primarily due to changes in the useful life of certain assets in October 2023.

Administrative Expenses

Administrative expenses increased by U.S.\$3 million, or 20%, to U.S.\$18 million for the nine months ended September 30, 2024 as compared to U.S.\$15 million for the nine months ended September 30, 2023, primarily due to higher personnel expenses due to higher profit sharing related to higher taxable income.

Other Income, Net

Other income, net increased by U.S.\$3 million, or 43%, to U.S.\$10 million for the nine months ended September 30, 2024 as compared to U.S.\$7 million for the nine months ended September 30, 2023, primarily due to an increase in income related to service agreements with OEP.

Net Finance Costs

Net finance costs decreased by U.S.\$6 million, or 13%, to U.S.\$40 million for the nine months ended September 30, 2024 as compared to U.S.\$46 million for the nine months ended September 30, 2023, primarily as a result of a U.S.\$6 million non-recurrent interests and fines in the first quarter of 2023 related to an import tax dispute for Kallpa II.

Income Tax Expense

Income tax expense increased by U.S.\$21 million, or 75%, to U.S.\$49 million for the nine months ended September 30, 2024 as compared to U.S.\$28 million for the nine months ended September 30, 2023, primarily as a result of higher taxable income. Our effective tax rate decreased to 30% for the nine months ended September 30, 2024 as compared to 33% for the nine months ended September 30, 2023.

Profit for the period

As a result of the factors discussed above, Kallpa's profit increased to U.S.\$112 million for the nine months ended September 30, 2024 as compared to U.S.\$57 million for the nine months ended September 30, 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Set forth below are Kallpa's statements of profit or loss data for the years ended December 31, 2023 and 2022.

	For the Year Ended December 31		% Change
	2023	2022 (U.S.\$ millions)	
Revenue.....	686	597	15%
Cost of sales	(411)	(325)	26%
Depreciation and amortization	(75)	(71)	6%
Administrative expenses.....	(22)	(17)	29%
Other income.....	11	9	22%
Other expenses	-	(1)	100%
Operating profit.....	189	192	(2)%
Finance income	2	2	0%
Finance costs	(62)	(62)	0%
Net foreign exchange difference.....	2	1	100%
Net finance costs	(58)	(59)	(2)%
Profit before income tax.....	131	133	(2)%
Income tax expense	(47)	(48)	(2)%
Profit for the period	84	85	(1)%

Revenue

Revenue increased by U.S.\$89 million or 15%, to U.S.\$686 million for the year ended December 31, 2023 from U.S.\$597 million during the year ended December 31, 2022, primarily due to the following:

- a U.S.\$73 million increase in energy sales under PPAs due to a 7% increase in energy volumes sold to 11,016 GWh for the year ended December 31, 2023 from 10,340 GWh for the year ended December 31, 2022, mostly due to the entry into new PPAs for approximately 220 MW in 2023. In addition, average energy prices under our PPAs increased by 9%, to an average of U.S.\$49/MWh during 2023 from an average of U.S.\$45/MWh during 2022 mainly explained by the indexation of certain existing PPAs;
- a U.S.\$11 million increase in capacity sales in connection with the completion of our asset optimization program that increased the generation capacity of our combined cycle power plants by approximately 162 MW and the CDA turbine II upgrade that increased our hydro power plant generation capacity by 18 MW; and
- a U.S.\$5 million increase in net energy sales in the spot market due to 173 GWh net energy sales for the year ended December 31, 2023 compared to 210 GWh net energy purchases for the year ended December 31, 2022, mainly due to a 15% increase in energy generation of our combined cycle plants, to 8,442 GWh for the year ended December 31, 2023 from 7,346 GWh for the year ended December 31, 2022.

Cost of Sales

Cost of sales increased by U.S.\$86 million, or 26%, to U.S.\$411 million for the year ended December 31, 2023 from U.S.\$325 million for the year ended December 31, 2022, primarily due to the following:

- a U.S.\$42 million increase in net energy purchases in the spot market mainly due to increased prices in the spot market, from an average spot price of U.S.\$72/MWh for the year ended December 31, 2023 compared to U.S.\$38/MWh for the year ended December 31, 2022, mainly caused by:
 - (i) a decrease in natural gas supply for thermal generators from July 25 to August 6, 2023, due to an unexpected delay of the maintenance work at Camisea, initially scheduled from July 25 to July 31, 2023 but extended until August 22, 2023, which resulted in our net energy purchases in the spot market increasing by U.S.\$25 million; and
 - (ii) the extraordinary rainfall shortfall in the Andean region, between July and September, resulting in droughts mainly in the southern and central mountains, and the outages at two large hydroelectric power plants representing 12% of the total hydroelectric capacity of the

system: Chaglla, with generation capacity of 476 MW, from July 24, 2023 to October 19, 2023 due to corrective maintenance work; and, Quitaracsca with generation capacity of 118 MW, from March 12, 2023 to December 17, 2023 (59 MW from Unit 1) and on March 17, 2024 (59 MW from Unit 2), due to damages in its infrastructure related to the Yaku Cyclone which caused unsafe conditions and excessive sedimentation in certain rivers, resulting in our net energy purchases in the spot market increasing by U.S.\$24 million.

Both (i) and (ii) triggered the dispatch of the system's non-efficient thermal liquid fuels (mainly diesel) plants to 870 GWh for the year ended December 31, 2023 from 294 GWh for the year ended December 31, 2022, to cover the system's energy demand, raising the average spot price significantly. These effects were partially offset by a U.S.\$7 million decrease in net energy purchases in the spot market during the first six months of 2023 compared to the same period in 2022, primarily due to the higher dispatch of our combined cycle plants following the completion of our asset optimization program that increased our generation capacity by approximately 162 MW;

- a U.S.\$33 million increase in natural gas costs (including supply, transportation and distribution), due to the 15% increase in our energy generation of our combined cycle plants following the completion of our asset optimization program that increased our generation capacity;
- a U.S.\$4 million increase in insurance costs primarily due to international market conditions causing insurance premiums to increase;
- a U.S.\$3 million increase in main and secondary transmission tolls related to higher energy sales and higher prices; and
- a U.S.\$3 million increase in personnel expenses primarily due to higher profit sharing related to higher taxable income.

Depreciation and Amortization

Depreciation and amortization expenses increased by U.S.\$4 million, or 6%, to U.S.\$75 million for the year ended December 31, 2023 from U.S.\$71 million for the year ended December 31, 2022, mainly due to increased asset values following a U.S.\$40 million PP&E revaluation of the Las Flores thermal power plant performed in June 2022 and U.S.\$19 million invested in upgrades of the Kallpa gas turbines II and III during the second quarter of 2022.

Administrative Expenses

Administrative expenses increased by U.S.\$5 million, or 29%, to U.S.\$22 million for the year ended December 31, 2023 from U.S.\$17 million for the year ended December 31, 2022, primarily due to (i) a U.S.\$3 million increase in personnel expenses due to higher profit sharing related to higher taxable income and (ii) a U.S.\$2 million increase in third party services and social responsibility expenses related to social programs for the communities in our areas of influence.

Other Income, Net

Other income, net increased by U.S.\$3 million, or 38%, to U.S.\$11 million for the year ended December 31, 2023 from U.S.\$8 million for the year ended December 31, 2022, primarily due to higher income from management and service agreements with OEP.

Net Finance Costs

Net finance costs decreased by U.S.\$1 million, or 2%, to U.S.\$58 million for the year ended December 31, 2023 from U.S.\$59 million for the year ended December 31, 2022. This result corresponds to a U.S.\$1 million increase in foreign exchange gains due to a 2.8% average revaluation of the Peruvian sol against the U.S. dollar in 2023.

Income Tax Expense

Income tax expense decreased by U.S.\$1 million, or 2%, to U.S.\$47 million for the year ended December 31, 2023 from U.S.\$48 million for the year ended December 31, 2022. Our effective tax rate for both the year ended December 31, 2023 and the year ended December 31, 2022 was 36%, mainly due to the effect of exchange rate variations in each year.

Profit for the period

As a result of the factors discussed above, Kallpa's profit decreased to U.S.\$84 million for the year ended December 31, 2023 as compared to U.S.\$85 million for the year ended December 31, 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Set forth below are Kallpa's statements of profit or loss data for the years ended December 31, 2022 and 2021.

	For the Year Ended December 31		% Change
	2022	2021	
		(U.S.\$ millions)	
Revenue.....	597	534	12%
Cost of sales	(325)	(265)	23%
Depreciation and amortization	(71)	(52)	37%
Administrative expenses.....	(17)	(17)	0%
Other income.....	9	14	(36)%
Other expenses	(1)	-	N/A
Operating profit.....	192	214	(10)%
Finance income	2	2	0%
Finance costs	(62)	(51)	22%
Net foreign exchange difference.....	1	(5)	(120)%
Net finance costs	(59)	(54)	9%
Profit before income tax.....	133	160	(17)%
Income tax expense	(48)	(41)	17%
Profit for the period	85	119	(29)

Revenue

Revenue increased by U.S.\$63 million, or 12%, to U.S.\$597 million for the year ended December 31, 2022 as compared to U.S.\$534 million for the year ended December 31, 2021. This increase was primarily due to a 5% increase in energy volumes sold under PPAs, to 10,340 GWh for the year ended December 31, 2022 from 9,865 GWh for the year ended December 31, 2021, mostly in connection with the entry into new PPAs with non-regulated clients. In addition, energy prices under our PPAs increased 10% to an average of U.S.\$45/MWh for the year ended December 31, 2022 from an average of U.S.\$41/MWh for the year ended December 31, 2021 mainly due to the indexation of certain existing PPAs and new PPAs with higher prices.

Cost of Sales

Cost of sales increased by U.S.\$60 million, or 23%, to U.S.\$325 million for the year ended December 31, 2022 as compared to U.S.\$265 million for the year ended December 31, 2021, primarily as a result of:

- a U.S.\$49 million increase in natural gas cost due to an 11% increase in average price, to U.S.\$4.2/MMBTU during the year ended December 31, 2022 from an average price of U.S.\$3.8/MMBTU during the year ended December 31, 2021, mainly as a result of the annual indexation of the regulated tariff. In addition, the volume of natural gas we purchased increased due to our increasing generation capacity following the COD of the Las Flores combined cycle plant and the upgrades of gas turbines II and III in the Kallpa combined cycle plant during 2022, which increased thermal energy generation by 23%, to 7,346 GWh during the year ended December 31, 2022 from 5,975 GWh during the year ended December 31, 2021;

- a U.S.\$7 million increase in net energy purchases in the spot market mainly due to a 124% increase in average spot price to U.S.\$38/MWh during the year ended December 31, 2022 compared to U.S.\$17/MWh during the year ended December 31, 2021, due to regulatory changes in the gas price declaration that came into effect in July 2021 and lower water availability in the fourth quarter of 2022 due to a delay in the start of the rainy season;
- a U.S.\$5 million increase in secondary transmission tolls due to a regulatory change that allocates the cost of the total secondary transmission tolls in the Peruvian system among all generators, rather than only by its use;
- a U.S.\$3 million increase in maintenance and other expenses in our combined cycle plants mainly due to the commencement of operations of the Las Flores combined cycle;
- a U.S.\$1 million increase in maintenance and housekeeping expenses due to major maintenance at the CDA plant, which required an increase in personnel; and
- a U.S.\$1 million increase in system cost in connection with higher revenues.

These effects were partially offset by:

- a U.S.\$3 million decrease in capacity purchases in the spot market due to higher capacity availability of our plants as a result of our asset optimization program; and
- a U.S.\$3 million decrease in personnel expenses due to the termination of certain service agreements with related parties.

Depreciation and Amortization

Depreciation and amortization expense increased by U.S.\$19 million, or 37%, to U.S.\$71 million for the year ended December 31, 2022 as compared to U.S.\$52 million for the year ended December 31, 2021, primarily as a result of a U.S.\$40 million PP&E revaluation of the Las Flores combined cycle conducted in June 2022 and a U.S.\$223 million PP&E revaluations of the Kallpa and CDA power plants conducted in September 2021.

Administrative Expenses

Administrative expenses remained flat at U.S.\$17 million for the year ended December 31, 2022, unchanged as compared to the year ended December 31, 2021.

Other Income, Net

Other income, net decreased by U.S.\$6 million, or 43%, to U.S.\$8 million for the year ended December 31, 2022 from U.S.\$14 million for the year ended December 31, 2021, primarily due to the termination of certain service agreements with related parties.

Net Finance Costs

Net finance costs increased by U.S.\$5 million, or 9%, to U.S.\$59 million for the year ended December 31, 2022 as compared to U.S.\$54 million for the year ended December 31, 2021, primarily due to (i) a U.S.\$8 million increase in non-cash finance cost mainly related to the write-off of long-term receivables in connection with an import tax dispute for Kallpa I, II, and III; and (ii) a U.S.\$3 million increase in interest expense related to the Las Flores combined cycle financial lease. These effects were partially offset by a U.S.\$6 million decrease in foreign exchange losses due to a 4% average revaluation of the Peruvian sol against the U.S. dollar in 2022.

Income Tax Expense

Income tax expense increased by U.S.\$7 million, or 17%, to U.S.\$48 million for the year ended December 31, 2022 as compared to U.S.\$41 million for the year ended December 31, 2021. Our effective tax rate in 2022 was 36%, as

compared to 26% in 2021. Changes in the effective tax rate correspond primarily to the effect of exchange rate variations each year. In 2022, the exchange rate variation resulted in local currency exchange gains increasing our taxable income and our effective tax rate. In 2021, exchange rate variation resulted in local currency exchange losses reducing our taxable income and our effective tax rate.

Profit for the period

As a result of the factors discussed above, Kallpa's profit decreased to U.S.\$85 million for the year ended December 31, 2022 as compared to U.S.\$119 million for the year ended December 31, 2021.

Liquidity and Capital Resources

As of September 30, 2024, Kallpa had cash of U.S.\$40 million and trade payables of U.S.\$62 million. Kallpa's trade payables mostly related to the purchase of natural gas, energy, transmission tolls and services related to major maintenance for the Kallpa plants.

Our principal sources of liquidity have traditionally consisted of cash flows from operating activities, short-term and long-term borrowings including leases and bonds. In 2016, we issued U.S.\$350 million aggregate principal amount of the 2026 Notes and in 2017 we issued U.S.\$650 million aggregate principal amount of the 2027 Notes. We do not have funds designated for, or subject to, permanent reinvestment.

Our principal needs for liquidity generally consist of capital expenditures related to our plants and working capital requirements (e.g., maintenance costs that extend the useful life of our generation units), investment activities, debt and interest service and distributions to our shareholders. We believe that, based on our current business plan and considering the use of proceeds from this offering, our cash on hand and our cash generated by operations will be adequate to meet all of our capital expenditure requirements related to Sunny, ongoing maintenance and environmental improvements and our working capital needs in the ordinary course of our business in the near term.

Cash Flows

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table sets forth a summary of Kallpa's cash flow information for the nine months ended September 30, 2024 and 2023:

	For the Nine Months Ended September 30,		% Change
	2024	2023	
	(U.S.\$ millions)		
Net cash provided by operating activities.....	204	162	26%
Net cash used in investing activities.....	(50)	(26)	92%
Net cash used in financing activities	(156)	(149)	5%
Net decrease in cash	(2)	(13)	(85)%
Cash as of January 1.....	42	36	17%
Effect of exchange rate variations on cash held	-	-	0%
Cash as of September 30	40	23	74%

Cash Flows provided by Operating Activities

Net cash provided by operating activities increased by U.S.\$42 million, or 26%, to U.S.\$204 million for the nine months ended September 30, 2024 from U.S.\$162 million for the nine months ended September 30, 2023. The increase was primarily due to the following:

- a U.S.\$73 million decrease in payments to suppliers primarily related to (i) a U.S.\$63 million decrease in payments for purchases of energy and capacity primarily due to lower spot prices, and (ii) a U.S.\$10 million decrease in payments related to insurance due to a change in the timing of the payment from June for 2023 to October for 2024; and

- a U.S.\$28 million increase in collections from our customers primarily due to higher energy sales.

These effects were partially offset by the following:

- a U.S.\$53 million increase in income tax paid for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily related to (i) U.S.\$34 million from our 2023 annual tax return paid in April 2024 mainly explained by the accelerated tax depreciation of CDA assets in the year ended December 31, 2022, which increased our 2023 taxable income and (ii) U.S.\$19 million in higher 2024 income tax advance payments following our increased tax obligations in 2023.
- a U.S.\$6 million increase in payments to employees primarily due to higher profit sharing related to higher income.

Cash Flows Used in Investing Activities

Net cash flows used in our investing activities increased by U.S.\$24 million, or 92%, to U.S.\$50 million for the nine months ended September 30, 2024 from U.S.\$26 million for the nine months ended September 30, 2023, primarily due to increases in payments related to the Sunny and BESS projects.

During the first nine months of 2024, cash used in investing activities was mainly for (i) U.S.\$22 million in payments of construction and development costs related to Sunny; (ii) U.S.\$11 million in payments related to the long-term service agreements with Andritz and Siemens; (iii) U.S.\$8 million related to Kallpa's combined cycle plant major maintenance; (iv) U.S.\$5 million in other minor maintenance; and (v) U.S.\$4 million in payments related to the BESS project.

During the first nine months of 2023, cash used in investing activities was mainly for (i) U.S.\$10 million in payments related to the long-term service agreements with Siemens and Andritz; (ii) U.S.\$9 million in payments related to the upgrade of gas turbines II and III in the Kallpa plant and the upgrade of turbine II in the CDA plant during 2022; and (iii) U.S.\$7 million in other maintenance.

Cash Flows Used in Financing Activities

Net cash flows used in financing activities increased by U.S.\$7 million, or 5%, to U.S.\$156 million for the nine months ended September 30, 2024 from U.S.\$149 million during the nine months ended September 30, 2023, primarily due to increased distributions to shareholders, which was partially offset by short-term borrowings related to the Sunny project.

During the first nine months of 2024, cash used in financing activities was mainly for (i) U.S.\$109 million of distributions to shareholders; (ii) U.S.\$41 million for interest service of our debt obligations; and (iii) U.S.\$24 million of debt amortization; partially offset by (iv) U.S.\$18 million provided by short-term borrowings related to Sunny.

During the first nine months of 2023, cash used in financing activities was mainly for (i) U.S.\$79 million of distributions to shareholders; (ii) U.S.\$41 million for interest service of our debt obligations; (iii) U.S.\$27 million of debt amortization; among others.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table sets forth a summary of Kallpa's cash flow information for the years ended December 31, 2023 and 2022:

	For the Year Ended December 31,		% Change
	2023	2022	
	(U.S.\$ millions)		
Net cash provided by operating activities.....	235	239	(2)%
Net cash used in investing activities.....	(31)	(36)	(14)%
Net cash used in financing activities	(199)	(200)	(1)%
Net increase in cash	5	3	67%
Cash as of January 1.....	36	32	13%
Effect of exchange rate variations on cash held	1	1	0%
Cash as of December 31	42	36	17%

Cash Flows provided by Operating Activities

Net cash provided by operating activities decreased by U.S.\$4 million, or 2%, to U.S.\$235 million for the year ended December 31, 2023 from U.S.\$239 million for the year ended December 31, 2022, primarily due to the following:

- a U.S.\$116 million increase in payments to suppliers primarily related to higher purchases of energy, gas cost and transmission tolls, primarily related to an increase in spot prices and thermal generation;
- a U.S.\$15 million increase in income tax paid in 2023, primarily related to (i) U.S.\$5 million from our 2022 annual tax return paid during 2023 due to the higher taxable income and (ii) U.S.\$10 million in higher 2023 income tax advance payments following our increased tax obligations in 2022; and
- U.S.\$10 million in tax refunds received during 2022, consisting of (i) U.S.\$6 million of income tax refunds for 2016 and 2017 from the SUNAT related to our Legal Stability Agreement; and, (ii) a U.S.\$4 million refund related to 2021 taxes on net assets.

These effects were partially offset by a U.S.\$137 million increase in collections from our customers primarily due to increased energy and capacity sales.

Cash Flows Used in Investing Activities

Net cash flows used in our investing activities decreased by U.S.\$5 million, or 14%, to U.S.\$31 million for the year ended December 31, 2023 from U.S.\$36 million for the year ended December 31, 2022, primarily due to major maintenance in 2022.

During 2023, cash used in investing activities was mainly for (i) U.S.\$13 million in payments related to the long-term service agreements with Siemens and Andritz; (ii) U.S.\$9 million in payments related to the upgrades of gas turbines II and III in the Kallpa plant and the upgrade of CDA turbine II; (iii) U.S.\$6 million in other maintenance; and (iv) U.S.\$3 million due to maintenance in the CDA plant.

During 2022, cash used in investing activities was mainly for (i) U.S.\$11 million in payments related to the long-term service agreements with Siemens and Andritz; (ii) U.S.\$8 million in payments related to the upgrades of gas turbines II and III in the Kallpa plant and the upgrade of CDA turbine II; (iii) U.S.\$7 million due to major maintenance of the Kallpa combined cycle plant; (iv) U.S.\$5 million in other maintenances; (v) U.S.\$4 million in payments related to owner costs of the Las Flores combined cycle; and (vi) U.S.\$1 million in payments related to development projects.

Cash Flows Used in Financing Activities

Net cash flows used in financing activities decreased by U.S.\$1 million, or 1%, to U.S.\$199 million for the year ended December 31, 2023 from U.S.\$200 million for the year ended December 31, 2022, primarily due to short-term borrowings in 2022 and a decrease in dividends to shareholders in 2023, which was partially offset by an increase in debt amortization in 2023.

During 2023, cash used in financing activities was mainly for (i) U.S.\$109 million of dividends to shareholders; (ii) U.S.\$51 million for interest service of our debt obligations; and (iii) U.S.\$38 million of debt amortization.

During 2022, cash used in financing activities was mainly for (i) U.S.\$111 million of dividends to shareholders; (ii) U.S.\$51 million for interest service of our debt obligations; (iii) U.S.\$31 million of debt amortization, and (iv) U.S.\$5 million net payment of short-term borrowings.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following table sets forth a summary of Kallpa's cash flows information for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31,		% Change
	2022	2021	
	(U.S.\$ millions)		
Net cash provided by operating activities.....	239	236	1%
Net cash used in investing activities.....	(36)	(96)	(63)%
Net cash used in financing activities	(200)	(135)	48%
Net increase in cash	3	5	(40)%
Cash as of January 1.....	32	29	10%
Effect of exchange rate variations on cash held	1	(2)	(150)%
Cash as of December 31	36	32	13%

Cash Flows provided by Operating Activities

Net cash provided by operating activities increased by U.S.\$3 million, or 1%, to U.S.\$239 million for the year ended December 31, 2022 from U.S.\$236 million for the year ended December 31, 2021, primarily due to the following:

- a U.S.\$62 million increase in collections from our customers due to increased energy sales;
- a U.S.\$13 million decrease in payments related to option agreements signed with distribution companies to extend the contract terms of certain PPAs, recorded as intangibles;
- U.S.\$10 million in tax refunds received during 2022, consisting of (i) U.S.\$6 million of income tax refunds for 2016 and 2017 from the SUNAT related to our Legal Stability Agreement; and (ii) a U.S.\$4 million refund related to 2021 taxes on net assets;
- a U.S.\$5 million decrease in payments to employees mainly related to the termination of certain service agreements with related parties; and
- a U.S.\$2 million decrease in income tax paid in 2022 due to 2021 tax credits.

These effects were partially offset by:

- a U.S.\$73 million increase in payments to suppliers primarily related to higher purchases of energy in the spot market due to an increase in spot prices; and higher transmission tolls and gas costs, related to higher thermal generation due to the COD of the Las Flores combined cycle plant and the upgrades of gas turbines II and III in the Kallpa combined cycle plant during 2022.
- U.S.\$12 million related to a tax assessment related to the SUNAT collection resolutions issued in February 2022. This tax assessment relates to the long-term ongoing dispute between the Company

and the SUNAT in conjunction with the import tax from the equipment imported for the installation and construction of Kallpa IV. The amount was recorded as a long-term account receivable as we believe that Kallpa's position is more likely than not to be successful. A favorable result of the legal process would result in a refund of U.S.\$12 million from the SUNAT.

- a U.S.\$4 million decrease in collections from management services due to the termination of certain service agreements with related parties.

Cash Flows Used in Investing Activities

Net cash flows used in our investing activities decreased by U.S.\$60 million, or 63%, to U.S.\$36 million for the year ended December 31, 2022 from U.S.\$96 million for the year ended December 31, 2021, primarily due to loans to shareholders made in 2021, which were partially offset by increased maintenance costs in 2022.

During 2022, cash used in investing activities was mainly for (i) U.S.\$11 million in payments related to the long-term service agreements with Siemens and Andritz; (ii) U.S.\$8 million in payments related to the upgrades of gas turbines II and III in the Kallpa plant and the upgrade of CDA turbine II; (iii) U.S.\$7 million due to major maintenance of the Kallpa combined cycle plant; (iv) U.S.\$5 million in other minor maintenances; (v) U.S.\$4 million in payments related to owner costs of the Las Flores combined cycle; and (vi) U.S.\$1 million in payments related to development projects.

During 2021, cash used in investing activities was mainly for (i) U.S.\$75 million in loans to shareholders (ii) U.S.\$12 million in payments related to the long-term service agreements with Siemens and Andritz; (iii) U.S.\$5 million mainly related to owner costs of the Las Flores combined cycle; (iv) U.S.\$3 million in payments related to the upgrade of CDA turbine II; and (v) U.S.\$1 million in payments related to development projects.

Cash Flows Used in Financing Activities

Net cash flows used in financing activities increased by U.S.\$65 million, or 48%, to U.S.\$200 million for the year ended December 31, 2022 from U.S.\$135 million for the year ended December 31, 2021, primarily due to increased dividends to shareholders in 2022.

During 2022, cash used in financing activities was mainly for (i) U.S.\$111 million of dividends to shareholders; (ii) U.S.\$51 million for interest service of our debt obligations; (iii) U.S.\$31 million of debt amortization, and (iv) U.S.\$5 million net payment of short-term borrowings; among others.

During 2021, cash used in financing activities was mainly for (i) U.S.\$64 million of dividends to shareholders; (ii) U.S.\$48 million for interest service of our debt obligations; (iii) U.S.\$15 million of debt amortization; and (iv) U.S.\$5 million of net payment of short-term borrowings; (v) U.S.\$2 million of transaction costs related to our financial leases; among others.

Trend Information

Peru Power Market

Peru has continued to experience growth in demand from residential customers, which purchase their energy through distribution companies, and from the industrial sector, primarily from mining companies. We expect demand from mining companies to continue increasing in the near term due to large infrastructure projects and growing international demand for minerals such as copper. Supply has also been steadily increasing as various plant construction projects have been undertaken to meet the increased demand. Additionally, there have been various renewable energy projects under construction in recent years, increasing the supply of green energy.

Fluctuations in Oil Prices and Currency Exchange Rates

As fuel is a significant cost for our business, the price of natural gas utilized by our generation units has a significant effect on our results of operations. Prices of oil and natural gas have traditionally fluctuated as a result of a variety of factors. For this reason, most of our agreements are indexed to the cost of natural gas. Additionally, as of

September 30, 2024, all of our PPAs were either in U.S. dollars or linked to the U.S. dollar, thereby limiting our exposure to fuel price and exchange rate fluctuations. With respect to our non-regulated customers, we invoice and collect payments in U.S. dollars. With respect to our customers that are distribution companies, for which we invoice and collect payments in Peruvian soles, the underlying tariff is linked to the U.S. dollar and is readjusted at each quarter when the tariff resulting from applying the indexation formula fluctuates by more than 5%.

Accordingly, although changes in natural gas prices, inflation rates and foreign exchange rates can affect our revenues, there is generally not a corresponding effect on our margins.

However, these adjustments do not fully hedge our margins against exchange rate fluctuations, changes in natural gas prices or other factors. In addition, we remain subject to variations in natural gas prices, inflation and currency exchange rates in the short-to medium-term until such adjustments are made and to the extent of variations below the threshold. Further, while a significant portion of our sales are made pursuant to PPAs, we do also make sales in the spot market and are subject to spot market prices (which are influenced by changes in oil, or other fuel, prices, inflation and exchange rates, as well as the supply/demand balance). We are also subject to changes in market rates (which are influenced by fuel prices and inflation and exchange rates) when we renew PPAs. A significant change (even where both fuel costs and PPAs are fully indexed) in the above mentioned factors can result in an increase or decrease in our margins.

Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative information on our market risk, refer to notes 5 and 27 of our audited annual financial statements included in this offering memorandum.

Dividend Policy

Our board of directors proposes dividend distributions at shareholders' meetings. Once approved, each determination governs dividend distributions based on available cash and expected cash needs for the applicable year. Each dividend distribution is subject to approval by the board of directors.

We have made the following cash dividend distributions in each of the periods indicated:

Period	Cash Dividend Distributions (U.S.\$ millions)
Nine Months Ended September 30, 2024	110
Nine Months Ended September 30, 2023	80
Year Ended December 31, 2023.....	110
Year Ended December 31, 2022.....	112
Year Ended December 31, 2021.....	67

Off-Balance Sheet Arrangements

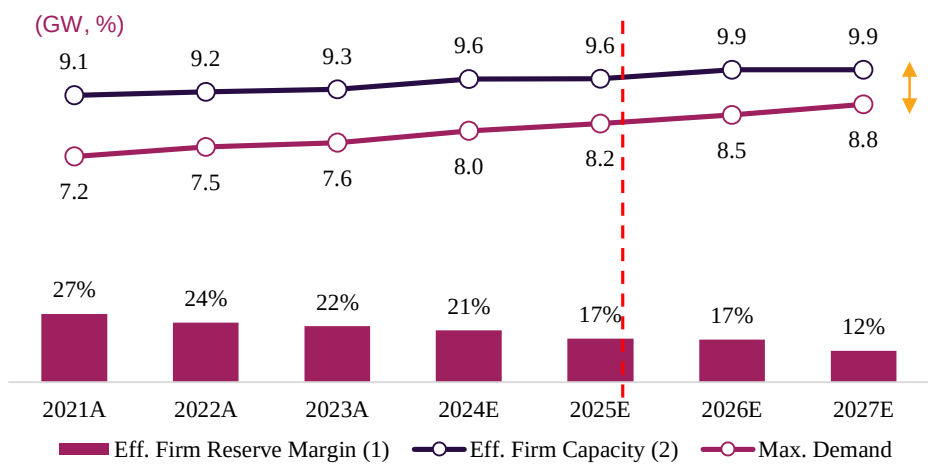
We are not party to any off-balance sheet arrangements.

INDUSTRY

The power market in Peru is currently our sole market and, driven by the growth in GDP and the expansion of energy coverage, Peruvian energy consumption has grown in recent years. According to the INEI, Peru had a population of approximately 33.7 million as of December 31, 2023. According to the Peruvian Central Reserve Bank, Peruvian GDP grew by 3.0% between January and September 2024, and 13.4%, 2.7% and (0.6)% in 2021, 2022 and 2023, respectively. An increase in domestic demand, resulting from growth in the overall economic activity of Peru, an increase in the population's income, consumption and access to electricity, and an increase in investment in infrastructure, has also led to an increase in investments in value-added manufacturing processes to create products to serve the domestic market and for export. In addition, the availability and extraction of natural resources, in particular metals, has led to increased energy-intensive mining activity, which, according to MINEM, has supported the increase in Peru's energy consumption from 31,820 GWh in 2011 to 52,739 GWh in 2023, representing a compound average growth rate of 4.3%. According to the COES, the energy demand in Peru is expected to continue to increase, driven by sizeable mining sector projects such as the Antamina extension, Tia Maria, Zafranil, Shougang extension, San Gabriel, Chalcobamba, Toromocho extension, Inmaculada extension, among others; and infrastructure projects such as Lima Metro Line 2, Chancay port terminal, the new Central Highway connecting Lima and the Junin regions, among others. As stated by MINEM, the total energy demand in Peru is expected to increase by CAGR of 5.2% for the period 2024-2030.

Despite the mining and industrial sectors largely driving demand growth in the past, overly aggressive demand estimated by the government, led to significant capacity additions between 2010 and 2016, resulting in a temporary oversupply. A moderate demand growth, coupled with intensive expansions of generation capacity supply, contributed to increase the efficient reserve margin that peaked above 30% in 2016, normalizing to 22% in 2023 considered a reasonable efficient reserve margin. As indicated by COES, with the market's oversupply period over and upcoming demand growth and needs of new renewable energy sources, the total effective energy generation capacity is expected to increase by 1,116 MW from 2024 to 2027, which represents an 8.5% growth over the system's installed capacity of 13.1 GW as of 2023, and close to 90% of the capacity additions are expected to come from renewable sources (solar, hydro and wind). In addition, according to COES, energy demand is expected to increase in aggregate by 1,123 MW by 2027 compared to 2022, and, coupled with generation capacity additions, are expected to reduce efficient reserve margins to 12% by 2027 (excluding the capacity of cold reserve units). These factors may have implications for spot and PPA prices in the mid-term could lead to an increase.

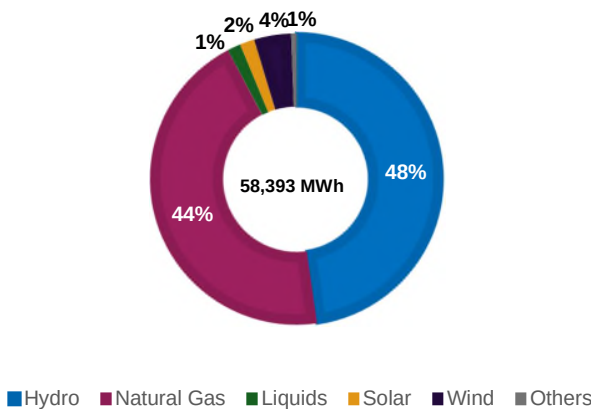
The following chart sets forth the historical and expected evolution of firm capacity, demand and the efficient firm reserve margin in Peru:



(1) Efficient firm reserve margin is calculated as (efficient firm capacity minus maximum demand) divided by maximum demand.

(2) Calculated as efficient firm capacity excluding liquid-fuel power plants, which usually provide security capacity to the system.

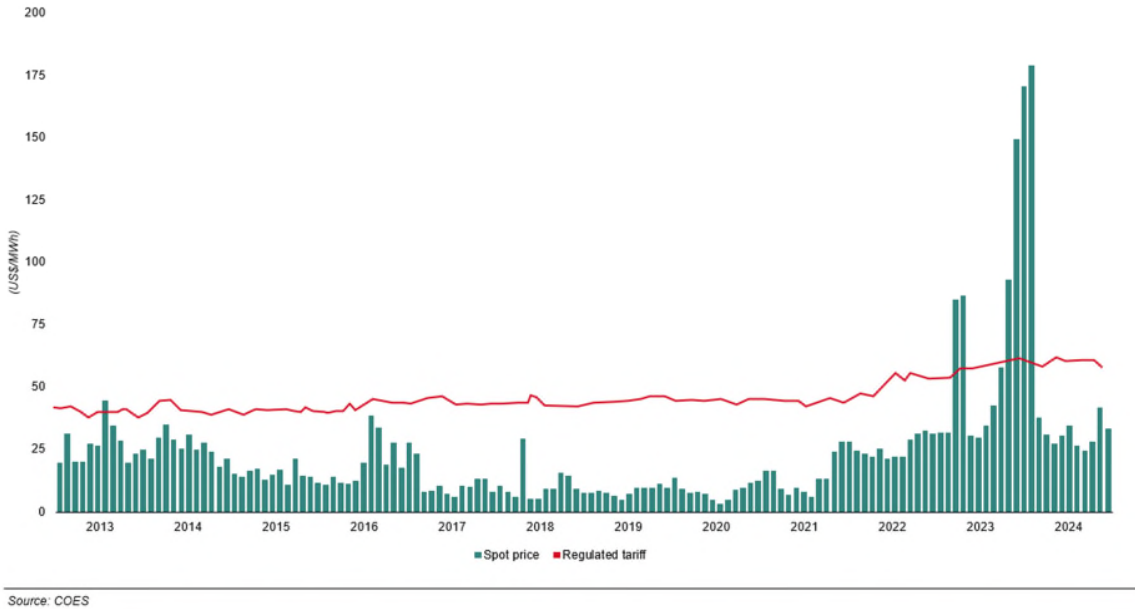
The following chart presents a breakdown of energy generation in Peru based on generation technology and fuel source, as of December 31, 2023:



Due to a sustained increase in installed capacity, boosted by hydroelectric power plants reaching COD and combined cycle power plants fueled by natural gas at low costs, spot prices significantly decreased to an average of U.S.\$12/MWh from 2015 to June 2021, according to data from COES. Since July 2021, a regulation change was implemented establishing that the variable cost of thermal plants fueled by natural gas would be calculated considering the sum of total unitary gas supply prices, transportation, and distribution tariffs, independent of contract type, firm or interruptible, resulting in a significant increase in spot prices to an average of U.S.\$25/MWh from July to December 2021. During 2023, extreme drought conditions, exacerbated by an unusually and unexpected extended Camisea maintenance which triggered gas supply restrictions between July and August, required the system operator to dispatch liquid fuel units, causing a sharp increase in spot prices, which peaked to an average of U.S.\$179/MWh in September 2023. Since then, as the hydrology trend converged to an average

scenario and water availability in the system returned to normal conditions spot prices have normalized to an average of U.S.\$30/MWh as of September 2024.

The following chart sets forth monthly spot prices and regulated tariffs in Peru as of the dates presented:



The power market in Peru has experienced significant changes in the past 30 years, as a result of privatizations following structural reforms initiated in 1992. In that context, the Peruvian power industry underwent a structural reform characterized by: (1) the enactment of a new regulatory model under the Power Concessions Law (*Ley de Concesiones Eléctricas*), or Law 25844 (the “PCL”) and its regulation, approved by Supreme Decree No. 009-93-EM (the “PCL Regulation”); (2) the restructuring and reorganization of the vertically integrated state owned power utilities into non vertically integrated generation, transmission and distribution companies; (3) the privatization of a relevant portion of the state owned utilities; (4) the promotion of private investment; (5) the regulation of the remuneration model for distribution and transmission activities based on cost-efficient standards; (6) the creation of an “open access” principle for the use of transmission and distribution grids; (7) the creation of a compensation system between generators that operates independently from contractual arrangements; (8) the segmentation of power consumers as “regulated” and “non-regulated”, the latter being entitled to directly contract the supply of electricity from generators; and (9) the centralized generation dispatch ordered by COES. From a regulatory perspective, the Peruvian system has split the regulatory roles among a policy body, the MINEM, an independent regulator, OSINERGMIN, and a market operator that is a private entity, COES. This structure has remained since the start of the reforms in 1992 and the economic model (i.e., marginal cost system) upon which the reform has been built is effectively embedded in the general electricity laws of Peru, providing long-term economic stability for investment.

The Law to Ensure Effective Development of Power Generation (*Ley para Asegurar el Desarrollo Eficiente de la Generación Eléctrica*), or Law 28832 published on July 23, 2006 (the “LGE”) introduced further changes to the power utility market and strengthened the model, mainly aiming to: (1) maintain the economic principles used in the PCL and add new measures to facilitate competition in the wholesale market; (2) reduce government intervention in establishing power generation tariffs; (3) allow power generation tariffs for regulated power consumers to reflect a competitive market, facilitating the construction of new generation plants when required; and (4) ensure a sufficient supply of power by reducing the power system’s exposure to the risks of high prices and rationing inherent to situations of undersupply of natural gas or transportation congestion. The LGE was approved as a consequence of a severe crisis in the Peruvian electricity market that resulted from, among other causes, OSINERGMIN defining the tariff at which distribution companies purchased electricity to supply to regulated

customers at levels that did not reflect market conditions and were not attractive for generators to sell to distribution companies.

The reforms of 1992, together with the Peruvian Constitution of 1993, liberalized ownership across the Peruvian electricity sector and opened it to private investment, effectively eliminating any ownership restriction based upon nationality (except within 50 km of Peru's international land borders, where certain restrictions apply) or otherwise. The privatization and concession award processes were structured based upon the need to attract foreign investment and expertise that the country lacked. As a result of such ownership rules, the majority shareholders of most private companies acting in the Peruvian electricity market are controlled by foreign investors.

Since 1992, the Peruvian market has been based on a "marginal generation cost" system. As mentioned before, such system is embedded in the general electricity laws of Peru and is administrated by COES. In such capacity the COES has as its main mandate the satisfaction of all the demand for electricity at any given time (i.e., periods of 15 minutes each) with the most efficient generation assets available at such time, independently of contractual arrangements between generators and their customers. For this purpose, the COES determines which generation facilities will be in operation at any given time with the objective of minimizing the overall system energy cost while ensuring operational security. Energy units are dispatched (i.e., ordered by the COES to inject energy into the system) on a real-time basis; units with lower variable generation costs are dispatched first and then other less efficient generation units will be dispatched, until the electricity demand is satisfied. For such purposes, the COES regulates technical procedures including provisions to regulate programs for economic dispatch.

The variable cost for the most expensive generation unit dispatched in each 15-minute time period determines the price of electricity in such time period for those generation companies that sell or buy power on the spot market price during such time period. The COES determines, for each such 15-minute period, the spot market at which such transactions among generators take place and acts as a clearinghouse of all such transactions.

Generation companies in the Peruvian electricity market sell their capacity and energy under PPAs or in the spot market. The principal consumers under PPAs are regulated customers (distribution companies) and non-regulated customers. Under regulations governing the Peruvian power sector, customers with a capacity demand above 2,500 kW participate in the non-regulated power market and can enter into PPAs directly with generation or distribution companies at freely-negotiated prices and commercial conditions for the supply of energy. Transmission tolls and other regulatory charges are based on a *pass-through* scheme. Customers with a capacity demand greater than 200 kW and up to 2,500 kW may choose to participate as a regulated customer, at regulated prices with a distribution company or as a non-regulated customer freely negotiating PPAs with generation or distribution companies. Customers with a capacity demand of 200 kW or less are regulated customers and are mandatorily required to acquire their energy supply from a distribution company serving the area where the customer is located. Generally, PPAs to sell energy and capacity to distribution companies for resale to regulated customers must be made at fixed prices based on public bids received by the distribution companies from generation companies or at the applicable bus bar tariff set by the OSINERGMIN, considering that the bus bar tariff that cannot differ in more than 10% of the average prices of PPAs resulting from public tender processes. Pursuant to an amendment to the LGE that came into effect on January 20, 2025, the benchmark for the bus bar tariff shall not differ by more than 10% of the weighted average price of: (i) PPAs resulting from public tender processes; and (ii) PPAs entered into with non-regulated customers; that in each case are in effect as of March 31 of each calendar year. This change does not apply to PPAs with distribution companies that were already in effect prior to the aforesaid amendment to the LGE.

In the Peruvian energy market, generation companies compete with distribution companies to provide energy to non-regulated customers. Generation companies are authorized to buy and sell energy and capacity in the spot market to cover their needs and their commitments under their PPAs. Customers with a capacity demand of more than 10 MW must enter into PPAs with generation or distribution companies to cover at least 90% of their electricity demand as they are allowed to purchase up to 10% of their energy or capacity needs directly in the spot market. Customers with a capacity demand below 10 MW, that are entitled to participate in the non-regulated power market, must enter into PPAs with generation or distribution companies covering all their electricity demand as they are not allowed to purchase energy or capacity directly in the spot market.

For further information on Peru’s regulatory environment, see “*Regulation—Regulation of the Peruvian Electricity Sector*”

The following table sets forth a summary of energy sales in the Peruvian market for the periods presented:

Year Ended December 31,	Energy Sales Under PPAs	
	Distribution	Unregulated
	(GWh)	
2019.....	19,138	28,283
2020.....	17,894	25,857
2021.....	18,372	29,682
2022.....	18,638	31,795
2023.....	19,481	33,011

Source: Anuario Estadístico de Electricidad, MINEM and OSINERGMIN.

The demand for energy and capacity in Peru is served by a variety of generation companies. The following table sets forth a summary of the principal generation companies in Peru, indicating their production by type of generation, as of December 31, 2023:

Energy Production by Source (GWh)

	Hydro	Natural Gas	Liquid fuels	Solar	Wind	Others	Total	%
Kallpa	2,769	8,618	-	-	-	-	11,387	19%
Orygen ⁽¹⁾	4,207	4,545	39	597	486	-	9,874	17%
State-owned ⁽²⁾	8,937	119	-	-	-	-	9,056	16%
Engie	948	6,624	429	107	708	-	8,816	15%
Fenix	-	3,362	22	-	-	-	3,384	6%
OEP ⁽³⁾	2,072	-	-	-	-	-	2,072	4%
Others	8,932	2,760	360	252	1,160	341	13,805	24%
Total	27,864	26,029	850	956	2,353	341	58,393	100%

(1) Includes Orygen Perú S.A.A. (formerly known as Enel Generación Perú S.A.A.) and Chinango S.A.C.

(2) State-owned includes Electroperú, EGASA, EGEMSA, EGESUR and San Gabán.

(3) OEP is our affiliate.

For information on the availability and dispatch of Peru’s electricity generators, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Factors Affecting Results of Operations - Availability and Dispatch.*”

BUSINESS

Overview

We are a leading Peruvian power company focused on electrical power generation. We own, develop and operate two combined cycle power plants, Kallpa and Las Flores, and one hydroelectric power plant, CDA, to generate and sell electricity to regulated customers (distribution companies) and non-regulated customers under short-term and long-term PPAs, as well as in the spot market. As of September 30, 2024, approximately 87% of our estimated firm energy for fiscal year 2024 was contracted under PPAs among high quality off-takers with 87% of our total revenues from investment grade customers, and an average remaining term of 7.4 years. For the year ended December 31, 2023, we generated 11,387 GWh of energy accounting for 19% of the Peruvian market share based on gross energy generation. Our combined cycle plants, located in Chilca, have an aggregate generation capacity of 1,233 MW: (i) the Kallpa combined cycle generation plant, with three natural gas-fired turbines and one steam turbine, which has an aggregate generation capacity of 908 MW; and (ii) the Las Flores combined cycle generation plant, with one natural gas-fired turbine and one steam turbine, which has an aggregate generation capacity of 325 MW. The COD of the Kallpa combined cycle was granted in August 2012. We acquired the Las Flores plant in April 2014, and the COD of the Las Flores combined cycle was granted in June 2022. In 2022, we completed our asset optimization program that we began in 2019, which included: (i) an upgrade of the gas turbine and the conversion of Las Flores to a combined cycle plant, which increased its generation capacity by 128 MW and (ii) upgrades to gas turbines II and III of the Kallpa plant, which increased the Kallpa combined cycle plant's aggregate generation capacity by 34 MW.

In November 2022, we began the construction of a 34 MW high-capacity BESS project, located next to our Kallpa combined cycle generation plant. This added BESS capacity now provides the Kallpa and Las Flores combined cycle generation plants' primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN, and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and release more low-carbon efficient energy to the Peruvian electricity system. The BESS project was completed in May 2024 at a total cost of U.S.\$24 million.

Our hydroelectric power plant, CDA, which has a generation capacity of 593 MW, is the largest privately-owned hydroelectric power plant in Peru in terms of generation capacity. CDA's COD was declared in August 2016. The CDA plant features a 5.7-kilometer headrace tunnel, a 17-kilometer transmission line, and three in-cavern turbines, with a generation capacity of 546 MW at COD. CDA's generation capacity was increased in October 2017 when COES declared the COD of an additional 10 MW mini hydro, which was built to take advantage of the Mantaro River ecological water flow. COES approved an additional 12 MW in March 2019 and 7 MW in February 2021. In March 2023, following our upgrade to the CDA turbine II and the completion of design improvements to CDA turbines I and II, COES approved an additional 18 MW generation capacity increase, bringing CDA's total generation capacity to 593 MW.

In May 2024, we began the construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. Sunny is our first large scale solar project and will be built in two stages: (i) Sunny I project, with an estimated COD in the fourth quarter of 2025 for 204 MW AC and (ii) Sunny II expansion project, with an estimated COD in the first quarter of 2026 for an additional 105 MW AC.

During the twelve-month period ended September 30, 2024 and years ended December 31, 2023, 2022 and 2021, Kallpa generated 11,482 GWh, 11,387 GWh, 10,305 GWh and 9,239 GWh, respectively.

The following table sets forth certain of our financial data for the periods set forth below:

	Nine Months Ended September 30,		Year Ended December 31,			Twelve Months Ended September 30 ⁽¹⁾
	2024	2023	2023	2022	2021	2024
	(U.S.\$ millions, except as otherwise indicated)					
Revenues	531	512	686	597	534	705
Profit for the period	112	57	84	85	119	139
EBITDA ⁽²⁾	262	190	266	265	267	338

(1) Amounts for the twelve months ended September 30, 2024 are calculated as the corresponding amounts for the nine months ended September 30, 2024 plus the corresponding amounts for the year ended December 31, 2023 less the corresponding amounts for the nine months ended September 30, 2023.

(2) EBITDA is a non IFRS measure. For a reconciliation of our profit for the period to our EBITDA, see “Summary—Summary Financial and Other Information.”

Our Plants

Our total generation capacity as of September 30, 2024 is 1,826 MW, making us the leading power producer in Peru in terms of energy generation since 2018. Upon completion of Sunny, we expect to add 309 MW of solar capacity, bringing our aggregate capacity to 2,135 MW. The map below shows the locations of our generation units in Peru:



The following table sets forth certain information about our current operational facilities and facility under construction:

Plant/Turbine	Energy Used to Operate Power Station	Capacity	Gross Energy Generated ⁽²⁾	Weighted Average Availability Factor ⁽³⁾	Weighted Average Capacity Factor ⁽³⁾
		(MW)	(GWh)	(%)	(%)
Kallpa combined cycle	Natural gas and steam	908	5,943	95	80
Las Flores combined cycle	Natural gas and steam	325	2,149	89	81
CDA	Hydroelectric	593	3,390	95	57
Sunny	Solar	309 ⁽¹⁾	-		
Total		2,135⁽⁴⁾	11,482		

(1) Estimated capacity for our solar power plant which is under construction and not yet operational.

(2) Information presented is for the 12-month period ended September 30, 2024.

(3) Information presented is for the 24-month period ended September 30, 2024

(4) In addition, a BESS is located next to our Kallpa combined cycle plant that provides an additional 34 MW of capacity.

CDA Hydroelectric Power Plant

The CDA plant is located in the districts of Colcabamba and Surcubamba, within the Province of Tayacaja and Region of Huancavelica, 270 kilometers away from Lima. CDA, with a generation capacity of 593 MW, is the largest privately-owned hydroelectric power plant in Peru in terms of generation capacity. CDA's COD was declared in August 2016. The plant has a 5.7-kilometer headrace tunnel, a 17-kilometer transmission line and three in-cavern turbines, and had a 546 MW capacity at COD. In October 2017, COES declared the COD of a 10 MW mini hydro, built to take advantage of the Mantaro River ecological water flow and increasing CDA's total capacity to 556 MW. In March 2019 and February 2021, after running additional capacity tests, COES approved a generation capacity increase of 12 MW and 7 MW, respectively, taking CDA's total generation capacity to 575 MW. In March 2023, after the CDA turbine II upgrade and CDA turbines I and III design improvements were completed, COES approved a generation capacity increase of 18 MW, taking CDA's total generation capacity to 593 MW. The total cost of construction of CDA including its upgrades was U.S.\$983 million, at a cost of U.S.\$1.7 million per MW, making the CDA plant among the most efficiently constructed hydroelectric facilities in Latin America in terms of cost per MW.

The CDA plant is located 16 kilometers downstream from Peru's largest hydroelectric complex, formed by the state-owned Mantaro and the Restitución hydroelectric power plants, with a combined capacity of 898 MW, and the Junin water reservoir, which is the largest in Peru for the energy sector. The complex has an extensive track record of solid performance with approximately 50 years of operations and a constant generation above 6,800 GWh per year for the past ten years, according to COES. The Junin water reservoir provides a relatively constant water flow for the downstream power plants, benefiting the CDA plant's hydrology.

In order to ensure maintenance and operations continuity, we rely on our technical operations management staff with extensive experience in the hydroelectric field, as well as on our maintenance and reliability management system. For specialized services, we have entered into a long-term integrated maintenance and service agreement with Andritz Hydro, a leading multinational OEM for the maintenance of the CDA plant.

The following table sets forth certain of CDA's key operative specifications:

Type.....	Run-of-river
COD.....	2016
Concession.....	Perpetual
Turbine type.....	Francis
Number of units.....	4
Manufacturer	Andritz
Substation	SEIN / SS Colcabamba
Transmission line.....	220 kV

Kallpa Combined Cycle Plant

The Kallpa combined cycle generation plant, located in Chilca, 45 km from Lima, is the largest thermoelectric power plant in Peru in terms of generation capacity. The Kallpa combined cycle plant has three natural gas-fired turbines and one steam turbine with an aggregate generation capacity of 908 MW. Kallpa's first unit, Kallpa I, with a current capacity of 188 MW, reached COD in July 2007. Thereafter, gas turbines Kallpa II and Kallpa III reached COD in July 2009 and March 2010, respectively. Kallpa completed the conversion of its three natural gas-powered open-cycle generation turbines (Kallpa I, II, and III) into combined cycle by adding a 293 MW steam turbine (Kallpa IV) in August 2012. In 2022, Kallpa completed the asset optimization program that started in 2019, which included upgrades of gas turbines II and III, adding 34 MW to the Kallpa combined cycle plant capacity. For specialized services, Kallpa is a party to long term services agreements with Siemens Energy S.A.C. and to a supply and support agreement with Siemens Energy, Inc. for the maintenance of the Kallpa I, II and III turbines. The maintenance of the Kallpa IV turbine is generally performed by General Electric, and additional agreements to supplement such maintenance are entered into as may be necessary. Compared to other thermal plants, the Kallpa plant's combined cycle is one of the most efficient in Peru in terms of heat rate as of September 2024, according to the COES.

The following table sets forth certain of Kallpa combined cycle plant key operative specifications:

COD.....	2007, 2009, 2010, 2012, 2022
Technology	Combined cycle gas turbine
Manufacturer	Siemens (gas turbine) and General Electric (steam turbine)
Configuration.....	3 gas x 1 steam
Fuel.....	Natural gas
Heat rate (Btu/kWh)	6,020
Thermal efficiency (%).....	57%
Cooling system	Air cooled
Combustion turbine	Siemens 501FD3/FDx
Steam turbine.....	General Electric D-11
Substation	SEIN / Chilca SS
Transmission line.....	220 kV

Las Flores Combined Cycle Plant

In April 2014, Kallpa acquired Las Flores, a 197 MW open-cycle natural gas-fired plant located in Chilca, near the Kallpa plant, from a former subsidiary of Duke Energy Corp. In June 2022, Kallpa completed the asset optimization program that began in 2019, which included an upgrade to the gas turbine and the conversion of the Las Flores thermal plant to a combined cycle, resulting in a 128 MW increase in capacity and bringing its total generation capacity to 325 MW. For specialized services, we have entered into long-term service agreements with Siemens Energy S.A.C. for the maintenance of the Las Flores plant. The Las Flores combined cycle plant is the most efficient combined cycle plant in Peru in terms of heat rate as of September 2024, according to the COES.

The following table sets forth certain of the Las Flores combined cycle plant key operative specifications:

COD.....	2010, 2022
Technology	Combined cycle gas turbine
Manufacturer	Siemens
Configuration.....	1x1
Fuel.....	Natural gas
Heat Rate (Btu/kWh)	5,883
Thermal efficiency (%).....	58%
Cooling system	Air cooled
Combustion turbine	Siemens 501FDx
Steam turbine.....	Siemens ST700/900
Substation	SEIN / Chilca SS
Transmission line.....	220 kV

BESS

In November 2022, Kallpa began the construction of a 34 MW high-capacity lithium-ion BESS project, located next to our Kallpa combined cycle generation plant. The purpose of this new infrastructure is to provide the primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN. The BESS project was completed in May 2024 and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and deliver more low-carbon, efficient energy to the Peruvian electricity system. Our BESS is covered by a long-term agreement with NHOA Latam S.A.C., a subsidiary of NHOA Energy, a worldwide leader in the industry, to provide services and spare parts.

The following table sets forth certain of the BESS key operative specifications:

COD.....	May 2024
Energy storage.....	34 MW
Location.....	Kallpa combined cycle plant
Technology	Lithium ferrum phosphate
Contractor	NHOA
Cooling system	Liquid cooling
Manufacturers.....	Outdoor C1 battery racks – CATL
	MV switchgears – ABB
	Power conversion system
	management inverters – Power
	Electronics.

Business Development Projects

Sunny

In May 2024, we began the construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. We believe the site has favorable geotechnical, environmental and social conditions and solar resources, and is intended to improve the risk profile of our energy generation asset portfolio through further technological and geographical diversification.

The Sunny solar plant is expected to contribute to further diversifying the Peruvian energy matrix and to strengthen the generation capacity in the south of Peru (near mining demand and in the same substation as our customer Cerro Verde), increasing our electricity production with renewable energy by more than 980 GWh/year, equivalent to the energy consumption of more than 880,000 Peruvian households.

Moreover:

- Sunny will allow for the reduction of more than 200,000 tons of carbon dioxide per year.
- Sunny benefits the SEIN by decentralizing the generation matrix, reducing transmission losses, and mitigating nodal risks.
- Sunny will cover the demand for (i) renewable energy and (ii) renewable energy certificates for our customers, which play a significant role in tracking and assigning renewable electricity generation for sustainability purposes.

Sunny, our first large scale solar project, will be built in two stages: (i) Sunny I project and (ii) Sunny II expansion project.

Sunny I Project

Sunny I project is expected to provide 204 MW AC of solar capacity with a capacity factor of 36% (equivalent to 225 MW DC capacity with a capacity factor of 33%). The construction period for Sunny I is expected to be 20 months, with an estimated COD in the fourth quarter of 2025.

Kallpa signed the following agreements in connection with Sunny I construction:

- (i) An EPC contract with Acciona Construcción S.A., for a total of U.S.\$126 million for the design, construction, and installation of the photovoltaic systems and all necessary ancillary systems.
- (ii) An EPC contract with Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C., for a total of U.S.\$20 million, for the construction of the interconnection facilities, including a substation and the corresponding transmission line.

The estimated costs for the Sunny I project are approximately U.S.\$170 million, of which we plan to finance approximately 75% with a portion of the proceeds from this offering.

Sunny II Expansion Project

Sunny II expansion project is expected to provide an additional 105 MW AC of solar capacity with a capacity factor of 36% (equivalent to 116 MW DC capacity with a capacity factor of 33%). We believe that construction of Sunny II will benefit from knowledge gained during the construction of Sunny I by reducing development time and construction cost, with an estimated construction cost of U.S.\$0.81 million per MW compared to an estimated construction cost of Sunny I of U.S.\$0.83 million per MW. The construction period for Sunny II is expected to be 16 months, with an estimated COD in the first quarter of 2026.

On December 12, 2024, Kallpa signed two agreements in connection with the Sunny II construction:

- (i) An EPC contract with Acciona Construcción S.A., for U.S.\$65 million for the design, construction and installation of the photovoltaic systems; and
- (ii) An EPC contract with Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C. for U.S.\$7 million which includes the construction of the solar power interconnection facilities.

The estimated cost for the Sunny II expansion project is approximately U.S.\$85 million.

We cannot assure you that the Sunny I or Sunny II expansion projects will be completed on the timeframes or at the estimated costs described in this offering memorandum, or at all, and if completed, we cannot assure you of Sunny's success or profitability, including with respect to Sunny's expected solar capacity as described in this offering memorandum.

Long Term Energy Purchase Agreements

We entered into two long term agreements to purchase renewable energy from third parties specialized in the development, construction, and operation of renewable projects. By signing these agreements, Kallpa aims to enhance its energy portfolio mix and cover customer demand by adding energy from renewable technologies. Our energy purchase agreements limit our exposure to increased spot energy prices and guarantee the availability and price of energy to complement our energy generation and allows Kallpa to offer renewable energy and certificates to customers.

Zelestia (formerly known as Solarpack) Agreement

In July 2023, we entered into an agreement with Joya Solar S.A.C., a special purpose vehicle of Zelestia, a global renewable energy company, for the purchase of energy from the San Martin solar plant, a 252 MW AC solar power plant located in La Joya – Arequipa, which is expected to reach COD in the second quarter of 2025. The term of

the agreement is 15 years from COD and includes the purchase of all energy produced by the plant and injected into the system, estimated at approximately 795 GWh per year, as well as renewable energy certificates, among other provisions. Should the San Martín solar plant fail to reach COD by October 1, 2025, Joya Solar S.A.C. would be liable to pay a U.S.\$23 million penalty to Kallpa, which penalty is secured by a stand-by letter of credit for the same amount. Additionally, Joya Solar S.A.C. is required to produce a minimum amount of energy per quarter and is liable to compensate Kallpa for any shortfall in connection therewith in accordance with a formula set forth under the relevant agreement.

Enhol Agreement

In June 2024, we entered into an agreement with Energía Renovable La Joya S.A., a special purpose vehicle of Enhol, a global renewable energy company, for the purchase of energy from the Illa solar plant, a 385 MW AC solar power plant located in La Joya and Mollendo – Arequipa, which is expected to reach COD in the first quarter of 2026. The term of the agreement is 10 years from COD and includes the purchase of 80% of the energy produced by the plant and injected into the system, estimated at approximately 950 GWh per year, as well as renewable energy certificates, among other provisions. Following financial closing, should the Illa solar plant fail to reach COD by March 1, 2027, Energía Renovable La Joya S.A.C. would be liable to pay a U.S.\$10 million penalty to Kallpa, which penalty will be secured by a stand-by letter of credit for the same amount. Additionally, Energía Renovable La Joya S.A. is required to produce a minimum amount of energy per quarter and is liable to compensate Kallpa for any shortfall in connection therewith in accordance with a formula set forth under the relevant agreement.

Competitive Strengths

Leading market position in an attractive energy market— We operate in Peru, one of the fastest growing economies in Latin America, with an expected average GDP growth of approximately 3.4% per year from 2009 to 2024, according to the INEI. Peru also enjoys a stable energy regulatory framework, and a well-run power system. The Kallpa combined cycle plant is the largest thermoelectric power plant in Peru in terms of generation capacity. The CDA plant is the largest privately owned hydroelectric plant in Peru in terms of generation capacity. The Las Flores combined cycle plant is the most efficient combined cycle plant in Peru in terms of heat rate as of September 2024, according to the COES. During the twelve-month period ended September 30, 2024, we generated 11,482 GWh of the gross energy (in GWh) in Peru at our plants, representing 19% of the energy generation in Peru, placing us as the top generator in the Peruvian system.

We expect Peruvian energy demand and spot prices to increase over the next 10 years as a result of Peru's growing middle class, the substantial investments made in connection with Peru's energy-intensive mining industry and expected growth in its manufacturing industry. According to MINEM, the total energy demand in Peru is expected to increase at a CAGR of 5.2% for the period 2024 to 2030. Peru has a stable regulatory framework, with a focus on minimizing electricity costs for end users while ensuring an adequate return on investment for sector participants. Driven by solid macroeconomic fundamentals and a stable regulatory environment, we expect Peru to remain an attractive power market in Latin America over the coming decade.

Large, diversified and long-term competitive energy asset base—We own and operate a diversified asset portfolio with 1,826 MW of generation capacity, including significant hydro and thermal generation assets in Peru. In addition, we own a 34 MW high-capacity BESS, and we have begun construction of a new solar power plant, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. We own the largest privately-owned hydroelectric plant in Peru in terms of generation capacity, which has a definitive concession to operate. We also own the largest thermal power plant in Peru in terms of generation capacity and the most efficient combined-cycle power plant in Peru in terms of heat rate as of September 2024.

Our balanced portfolio of hydro and thermal assets, as well as the expected energy generation from our Sunny solar plant and from our renewable energy purchase agreements, allows us to mitigate the effects of hydrology seasonality. During the dry season from May to October, the CDA hydroelectric plant, along with most other hydro facilities in Peru, is unable to operate at full capacity. When hydroelectric production in the country is low during the dry season, thermal generators are dispatched at higher levels than during the rainy season, helping us to mitigate the effects of seasonality. Additionally, PPAs mitigate such seasonality and allow us to stabilize cash flows. The

combination of hydroelectric and combined cycle generation plants, together with the expected generation from our Sunny solar plant addition and from our renewable energy purchase agreements, provide us with the ability to benefit from the CDA plant's higher efficiency during the rainy season, while maintaining our combined cycle plants' constant ability to generate electricity, and operate as baseload during solar hours, added to the ability to offer additional renewable energy. We benefit from scale and diversification, permitting us to increase our leverage in PPAs and offer a wider range of services at different marginal costs and reliability levels.

As of September 30, 2024, the weighted average remaining life of our PPAs is approximately 7.4 years.

Stable and predictable cash flows with long term contractual agreements—We enter into long-term PPAs with credit worthy counterparties, primarily composed of investment grade customers, which generally limits our exposure to fluctuations in the Peruvian energy spot market prices, generates stable and predictable margins, and helps to create stability and predictability in our cash flows. During the year ended December 31, 2023, we made 98% of our aggregate energy sales (in GWh) pursuant to our long-term PPAs, with 36% of our contracted energy sales made to regulated customers and 64% to non-regulated customers. As of September 30, 2024, the weighted average remaining life of our PPAs was approximately 7.4 years. We have historically sought, and will continue to seek, to renew our PPAs before they approach their expiration date and to enter into new PPAs.

As of September 30, 2024, most PPAs were indexed to the price of natural gas in U.S. dollars and all of our PPAs were either in U.S. dollars or linked to the U.S. dollar, thereby limiting our exposure to exchange rate fluctuations and to fuel price fluctuations. With respect to our non-regulated customers, we typically invoice and collect payments in U.S. dollars. With respect to our distribution company customers, we invoice and collect payments in Peruvian soles, and the price is reset quarterly when the tariff resulting from applying the indexation formula fluctuates by more than 5%. We seek to enter into long-term PPAs with distribution companies or non-regulated customers that are mostly subsidiaries of multinational corporations, which we believe have strong credit profiles, to mitigate the risk of customer default. Some of our major customers within Peru include large distribution companies such as Pluz Energía Perú and Luz del Sur, as well as non-regulated customers such as Southern Copper Corporation and Cerro Verde, a subsidiary of Freeport-McMoRan Inc.

Driving operational excellence through partnerships with leading OEMs and reliance on efficient technologies—We seek to optimize our power generation capacity by using leading technologies (e.g., turbines manufactured by Andritz for CDA, Siemens and General Electric for Kallpa, and Siemens for Las Flores) and entering into a long-term service agreement with a leading, multinational OEM for the maintenance of our plants. Our technologies and long-term partnerships enable our power generation assets to perform more efficiently and at high levels of reliability. Additionally, our experienced staff is committed to increasing our operating performance and ensuring the disciplined maintenance of our power generation assets. We believe that Kallpa's generation units weighted average availability factor of 95% for the year ended December 31, 2023, was the result of its optimization efforts and commitment to improving its operating efficiency and performance.

Additionally, due to the use of efficient technologies, our power generation assets are very competitive in the dispatch merit order. The Las Flores and Kallpa facilities are base load combined cycle generation plants, and, according to the COES, are among the first thermal power plants to be dispatched due to their efficiency and competitiveness in the dispatch stack.

Experienced management team— Our management team has extensive experience in the power generation business. Our executive officers have an average of approximately 21 years of experience in the power generation industry and have previously held senior positions in leading power generation companies, financial institutions, and the Peruvian government. Our management team provides in depth market knowledge and power industry experience, with considerable experience in the Peruvian energy industry and in working with government regulators. We believe that this overall level of experience allows our management team to lead us in the effective operation and maintenance of our facilities.

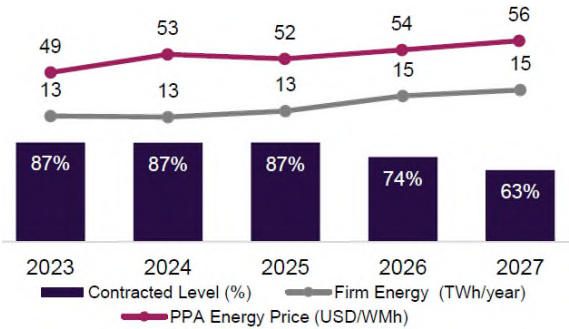
Business Strategy

Continue to optimize our commercial policies focusing on stable margins and high level of contracted capacity with creditworthy counterparties— During the year ended December 31, 2023, our aggregate energy and capacity sales pursuant to PPAs were 98% of our total revenues. All of these PPAs are either in U.S. dollars or linked to the U.S. dollar, and most are indexed to the price of natural gas in U.S. dollars and among high quality off-takers, with 87% of our total revenues from investment grade customers. We seek to enter into long-term PPAs with regulated customers or non-regulated customers that are mostly subsidiaries of multinational corporations, that have strong credit profiles, thereby mitigating the risk of customer default. Given our well-balanced portfolio composed of a hydro generating asset and a baseload capacity from our combined cycle generation plants, we have a successful track record of renewing our PPAs on favorable terms, with an average weighted life of 8 years of our PPAs over the five-year period ended September 30, 2024. We expect to be able to continue to recontract our energy and associated capacity as our current PPAs end.

The following graph sets forth our track-record of contracting capabilities from 2019 to 2023:



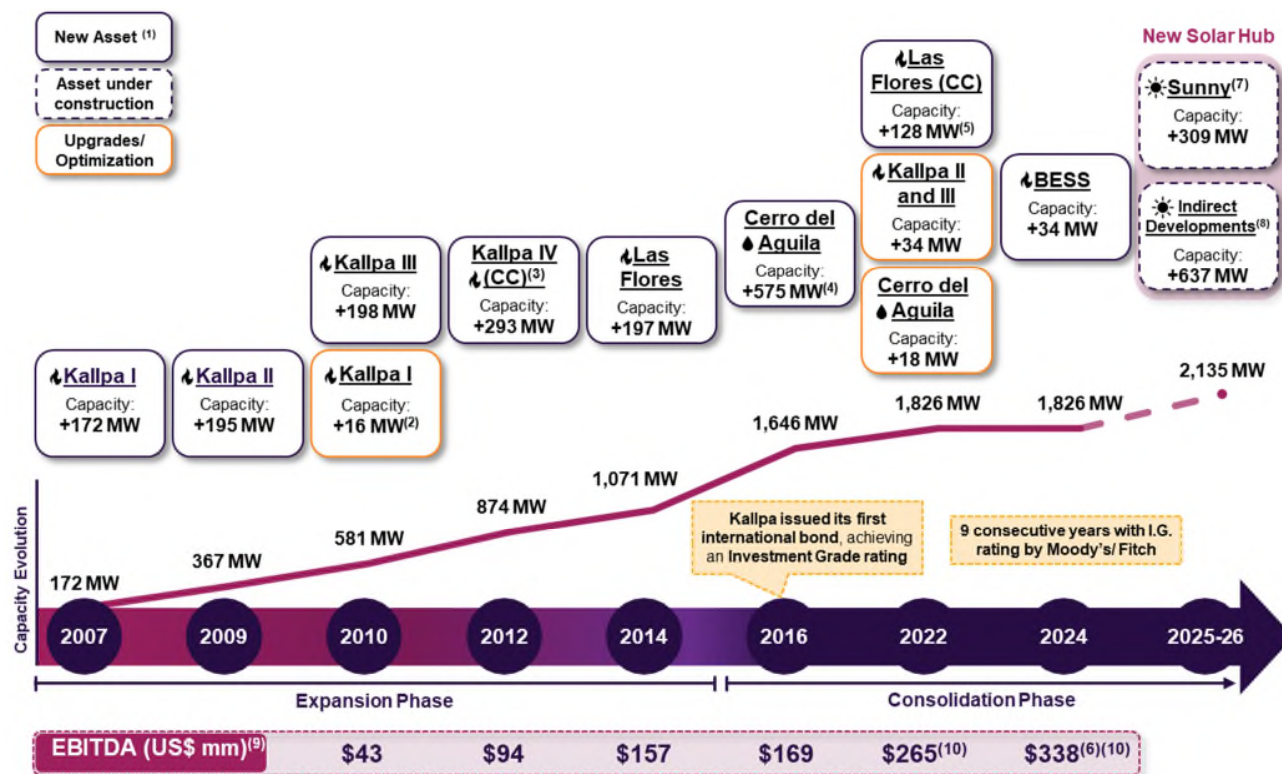
The following graph sets forth our contracted level from 2023 through 2027, with only signed PPAs as of September 30, 2024:



In addition to significantly improving our access to financing, our strategy of contracting our facility’s energy and capacity significantly reduces our exposure to changes in spot prices. We reduce exposure to changes in spot prices by covering CDA’s lower generation during the dry season with the Kallpa and the Las Flores combined cycle generation plants’ continuous ability to produce energy, thereby limiting CDA’s exposure to spot prices.

Optimize operations through developments and expansions— We have successfully developed our facilities in stages, and we will continue to evaluate expansion and acquisition opportunities to optimize our operations.

The following table presents the growth of our generation capacity from 2007 through September 30, 2024:



- (1) Includes Las Flores, which was acquired in April 2014.
- (2) Upgrade completed in 2011.
- (3) Kallpa IV is the steam turbine built to convert Kallpa plant to a combined cycle, which reached COD in August 2012.
- (4) (Includes capacity increases from the addition of a mini hydro (2017), which added 10 MW, upgrade I (2019), which added 12 MW, and upgrade II (2021), which added 7 MW.
- (5) Includes upgrade of gas turbine.
- (6) Reflects EBITDA for the twelve months ended September 30, 2024.
- (7) Total investments in the Sunny project are expected to be approximately U.S.\$255 million.
- (8) Expected indirect developments do not require investment from Kallpa. Kallpa entered into two agreements to purchase energy from Zelestra (100% of the energy generated by a 252MW solar power plant) and from Enhol (80% of the energy generated by a 385MW solar power plant).
- (9) We define "EBITDA" for each period as profit for the period before depreciation and amortization, net finance cost and income tax expense. EBITDA is not recognized under IFRS or any other generally accepted accounting principles as a measure of financial performance and should not be considered as a substitute for profit for the period, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. EBITDA presents limitations that impair its use as a measure of our profitability since it does not take into consideration certain costs and expenses that result from our business that could have a significant effect on our profit for the period. Other companies may calculate EBITDA differently, and therefore this representation of EBITDA may not be comparable to other similarly titled measures used by other companies.
- (10) Reconciliation of our EBITDA is included elsewhere in this offering memorandum. See "Summary—Summary Financial and Other Information—Key Financial Information."

We assess opportunities to develop new projects and to grow our capacity, primarily in the renewable space, to increase our energy generation and further enhance our well-balanced portfolio.

Maintain financial policies in line with our objectives of maintaining investment grade ratings— We intend to use a portion of the proceeds of the offering of the notes to repay all of the 2026 Notes and to repay the Bridge Loan Facility, which will allow us to extend our debt maturity profile. Kallpa currently has a "Baa3" investment-grade rating by Moody's and a "BBB-" investment-grade rating by Fitch. Our investment-grade ratings are an important part of our financial strategy, and we aim to maintain healthy financial policies, appropriate levels of indebtedness, and liquidity, consistent with such ratings. This will allow us to maintain an optimal cost of capital which will enhance our profitability.

Maintain our facilities to achieve long-term availability, reliability and asset integrity—We will continue to focus on ensuring long-term availability, reliability and asset integrity through preventive maintenance activities supported by a number of predictive techniques. We will consider critical equipment and economics in defining the best maintenance strategy for all of our equipment. We have implemented a computerized management system to control our maintenance strategy and keep a maintenance matrix for all equipment in accordance with manufacturer recommendations. Several levels of managers, supervisors, and technicians conduct continuous evaluation to carry out our maintenance strategy. In addition, Kallpa and Las Flores, and CDA's turbines are remotely monitored in real time by Siemens, in the United States, and Andritz, in Italy, respectively, providing an additional level of predictive maintenance. We expect to continue to follow a rigorous maintenance strategy and schedule to maintain stable and reliable operations.

Integrate corporate social responsibility with our business—We consider local communities as important stakeholders and seek to be good corporate citizens. We take action on our corporate social responsibility by performing studies to identify needs and opportunities in education, health and economic development in our communities, forming government alliances to co-finance development projects, and maintaining open communications with the local governments and communities. We will continue to seek to develop our business in a manner which complies with applicable legal and environmental regulations, minimizes negative environmental impacts and makes positive contributions to the communities in which we operate.

Provide high rates of availability while operating our facilities safely and efficiently—We strive to provide world-class quality of service while operating our facilities safely and efficiently. Our business adheres to global benchmarks for safety, environmental and operating standards in the industry, and we promote a culture of health, safety, accident prevention, security and environmental excellence by our employees, contractors, and local communities. Furthermore, we provide appropriate safety training and make written operating procedures available to all our employees and contractors. Inspections and audits are routinely conducted, and after any significant events we conduct a root-cause analysis to incorporate lessons learned into operating practices. We will continue to rigorously implement and follow the strictest industry safety standards to safeguard our employees, contractors, and the communities where our operations are located.

Background and History

The Company's origin can be traced to the founding of Globeleq Peru S.A., a Peruvian corporation, in 2005. Such entity belonged to Globeleq Ltd, a subsidiary of CDC Group PLC (United Kingdom). In June 2007, Inkia Energy Ltd., a Bermudian corporation, acquired the assets of Globeleq Ltd in Latin America and the Caribbean. Following the acquisition, the name of Globeleq Peru S.A. was changed to Kallpa Generación S.A. ("Pre-merger Kallpa").

In November 2009, Quimpac S.A., or Quimpac, a Peruvian chemical products company and then one of the five largest producers of chlorine and caustic soda in South America, acquired a 25.1% ownership interest in Pre-merger Kallpa by making a capital contribution to the latter. In January 2012, Quimpac transferred all its shares in Pre-merger Kallpa to Energía del Pacífico S.A., a member of the Quimpac group, a Peruvian company focused on the investments of the group in the energy sector.

Cerro del Águila S.A. was founded in 2010 as a Peruvian corporation, originally under the name of Samay II S.A. In June 2011, Pre-merger Kallpa transferred to Cerro del Águila S.A. a concession granted by the MINEM to generate up to 402 MW in the CDA plant, which was further amended in 2013 to increase the generation capacity up to 525 MW.

On June 26, 2017, as part of a strategy to optimize and diversify our operations and considering that both companies shared a common management team and shareholders, the Board of Directors and shareholders of each of Pre-merger Kallpa and Cerro del Águila S.A. unanimously approved a merger of the two companies, with Cerro del Águila S.A. being the surviving entity. On August 16, 2017, the merger was consummated, and the combined entity was renamed Kallpa Generación S.A. on September 28, 2017. Such surviving entity is referred under this offering memorandum as Kallpa or the Company.

On November 24, 2017, our former indirect parent company, Inkia Energy Ltd. and one of its subsidiaries, entered into a share purchase agreement pursuant to which they sold, effective on December 31, 2017, substantially all of their Latin American and Caribbean businesses to NIH, a subsidiary of Inkia, and other newly formed holding companies that are indirectly controlled by certain funds managed by I Squared Capital and minority co-investors. On April 30, 2018, the INDECOPI, the Peruvian antitrust authority, approved the acquisition by I Squared Capital of 74.9% of the Company, becoming our indirect controlling shareholder.

On October 16, 2018, NIH entered into a share purchase agreement with Energía del Pacífico S.A., owner of the remaining 25.1%, to acquire all the shares held by the latter in the Company. The transaction closed on October 19, 2018. Through this acquisition, NIH became Kallpa's sole shareholder holding 25.1% of the Company's stock directly and the remaining 74.9% indirectly through its subsidiary Inkia Americas S.A.C.

After INDECOPI approved the December 2017 acquisition by I Squared Capital, our related parties also included OEP. Since January 1, 2019, as part of a strategy to optimize operations and maximize benefits from having the same shareholders, Kallpa and OEP have integrated and streamlined their teams, implementing a single management organization, with no legal mergers between the companies.

Our Facilities

The following table sets forth certain information regarding each of our plants for each of the periods presented:

Plant	Twelve months ended September 30, 2024		2023		2022		2021	
	Gross Energy Generated (GWh)	Availability factor (%)	Gross Energy Generated (GWh)	Availability factor (%)	Gross Energy Generated (GWh)	Availability Factor (%)	Gross Energy Generated (GWh)	Availability factor (%)
CDA	3,390	97	2,769	95	2,806	92	3,138	93
Kallpa combined cycle	5,943	92	6,317	96	5,701	92	5,628	99
Las Flores combined cycle	2,149	84	2,301	92	1,798	91	473	84
Total	11,482	92	11,387	95	10,305	92	9,239	95

Hydroelectric Power Plant

The CDA plant is the largest privately-owned hydroelectric power plant in Peru in terms of capacity with a capacity of 593 MW, which has three generating units that reached COD in August 2016. The CDA plant consists of a dam, a powerhouse for the three turbines, a 5.7-kilometer headrace tunnel and a 17-kilometer transmission line, and operates on the Mantaro River, located in Huancaavelica in central Peru.

Construction of the CDA plant cost approximately U.S.\$983 million. The CDA plant is fully operational at a cost of U.S.\$1.7 million per MW, making it one of the most efficiently constructed hydroelectric facilities in Latin America in terms of cost per MW. Development of the CDA plant was financed with a U.S.\$591 million credit facility, with export credit agencies, development banks and private banks. The remaining portion of the cost of the CDA plant was financed principally through equity contributions and loans from our shareholders. These financings were paid in full with proceeds from the 2027 Notes.

Combined Cycle Power Plants

We own and operate two combined cycle power plants, both utilizing natural gas for their operations. Kallpa's first unit, Kallpa I, reached COD in July 2007, with Kallpa II and III being completed in June 2009 and March 2010 respectively. Kallpa thereafter completed the conversion of its three natural gas- powered open-cycle generation turbines (Kallpa I, II, and III) into combined cycle by adding a 293 MW steam turbine (Kallpa IV) in August 2012. Compared to other thermal plants, the Kallpa plant's combined cycle is among the most efficient in Peru in terms of heat rate as of September 2024, according to the COES. As of December 31, 2023, the Kallpa combined cycle plant had an effective capacity of 896 MW, representing approximately 7% of the total effective capacity in Peru and a generation capacity of 908 MW. Additionally, in April 2014, Kallpa acquired Las Flores, a 197 MW open

cycle natural gas-fired plant that is located near the Kallpa plant, from a then subsidiary of Duke Energy Corp. In 2022, we completed our asset optimization program that began in 2019, which included: (i) an upgrade of the gas turbine and the conversion of Las Flores to a combined cycle plant, which increased its generation capacity by 128 MW and (ii) upgrades to gas turbines II and III of the Kallpa plant, which increased its aggregate generation capacity by 34 MW. The Las Flores combined cycle plant is the most efficient combined cycle plant in Peru in terms of heat rate as of September 2024, according to the COES. As of September 30, 2024, our combined cycle plants had an aggregate generation capacity of 1,233 MW. As a result of the efficiency and low cost of operations at the Kallpa and Las Flores plants, we have a strong competitive position in the Peruvian market with respect to our thermoelectric power plants in Peru, which accounted for approximately 15% of market share in terms of energy dispatched during 2023.

In November 2022, we began the construction of a 34 MW high-capacity BESS project, located next to our combined cycle Kallpa plant. This added BESS capacity now provides the Kallpa and Las Flores combined cycle generation plants' primary frequency regulation service to the system, which is essential for maintaining the stability and reliability of the SEIN, and allows the Kallpa and Las Flores combined cycle generation plants to operate at full capacity and release more low-carbon efficient energy to the Peruvian electricity system. The BESS project was completed in May 2024 at a total cost of U.S.\$24 million.

Business Development

Peru represents an attractive geography for further expansion, especially in the renewable generation segment. Peru has one of the fastest growing economies in Latin America, with a strong outlook for power demand coupled with a stable regulatory framework and a well-run power system. We believe our strong presence in the Peruvian market gives us a competitive advantage at the time of materializing opportunities, helping to identify and assess new developments in advance of other market participants.

We apply a disciplined approach to evaluating and pursuing any development of generation units. We endeavor to construct generation units by entering into turnkey EPC agreements that define the total project cost and transfer significant part of the risks of construction delays and cost overruns to our EPC contractors. We leverage our EPC contracts and PPAs to secure long-term financing agreements which are generally stand-alone, secured, project-specific and with no or limited recourse.

In May 2024, we began construction of our first large scale solar project, Sunny, which will be a 309 MW AC solar power plant located in the La Joya desert in Arequipa. Sunny will be built in two stages: (i) Sunny I, with an estimated COD in the fourth quarter of 2025 for 204 MW AC with an estimated cost of U.S.\$170 million and (ii) Sunny II expansion project, with an estimated COD in the first quarter of 2026 for an additional 105 MW AC with an estimated cost of U.S.\$85 million. The Sunny solar plant is expected to contribute to diversifying the Peruvian energy matrix and to strengthen the generation capacity in the south of Peru (near mining demand and in the same substation as our customer Cerro Verde), increasing electricity production using renewable energy by more than 980 GWh/year, equivalent to the energy consumption of more than 880,000 Peruvian households.

We have entered into EPC agreements and the Bridge Loan Facility in connection with Sunny I, and have entered into EPC agreements in connection with Sunny II expansion project.

Generation Concessions and Authorizations and Transmission Concessions

CDA Generation Concession Agreement

The CDA Generation Concession was granted by the MINEM without a term expiration date. The CDA Generation Concession Agreement provides for the conditions, rights and obligations of each of the parties thereto under the CDA Generation Concession.

Our rights

The terms and conditions of the CDA Generation Concession Agreement give us rights to, among others: (i) use on a reasonable basis the natural water to which it is a titleholder for the production of electric energy, paying the

Peruvian state for such use the amounts provided for in article No. 107 of PCL and articles 213, 214 and 215 and its regulations; (ii) use the transmission and/or distribution systems of other concessionaires to which we are interconnected for the commercialization of electricity with their users; (iii) request the MINEM to grant easements; (iv) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided in the applicable Peruvian regulations; (v) enforce our rights granted under the CDA Generation Concession Agreement against third parties, especially the right to collect the compensation for use; (vi) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances, for the protection of the concession works and facilities in order to ensure the continuity of our operations; (vii) acquire capacity and electricity from other generating company; (viii) participate in the COES; (ix) assign our contractual position in the CDA Generation Concession Agreement and transfer the CDA Generation Concession; and (x) any other rights granted under the applicable Peruvian laws.

Conditions

The CDA Generation Concession is subject to, among others, the following conditions: (i) the sale of the electricity produced by CDA will be made under a free market price regime except for: (a) transfers of electricity with other generators belonging to the COES; and (b) the sales of electricity to distribution companies to serve the electricity public service; (ii) the supplies subject to price regulation must be attended promptly, continuously and sufficiently in accordance with the technical standards for quality and other conditions contractually agreed, either with own energy and firm capacity or the one acquired from third parties; (iii) the use of naturales resources with purposes of producing energy is subject to the payment of a one-time retribution to the Peruvian state; (iv) we, according to the applicable Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (v) OSINERGMIN oversees, controls and supervises the enforcement of the terms of the CDA Generation Concession Agreement, to which the parties thereto have recognized its condition of administrative contract; (vi) that we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder; (vii) the parties may submit to arbitration disputes arising exclusively from technical aspects of the CDA Generation Concession Agreement; and (viii) the controversy that may arise regarding the amount of compensation to be paid by the Peruvian state as a consequence of article 105 of the PCL shall be submitted to arbitration at the request of any of the parties.

Our Obligations

Under the CDA Generation Concession Agreement we have assumed, among others, the following obligations: (i) supply electricity in accordance with the CDA Generation Concession Agreement, either our owned or acquired from third parties, recognizing the compensations for the use of the corresponding transmission and distribution systems; (ii) preserve and maintain the works and facilities of the CDA Generation Concession in adequate conditions for its efficient operation according to the technical standards set forth in the CDA Generation Concession Agreement and to compensate for quality deficiencies of the service according to technical standards; (iii) apply as a maximum the regulated prices set by the relevant governmental agency in accordance with the provision of the PCL; (iv) pay for their use to the owners of secondary transmission systems or secondary distribution facility systems; (v) compensate distribution companies for the energy that has not been supplied for rationing to our clients of the public electricity service; (vi) comply with the provisions of the national electricity code and other technical standards; (vii) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (viii) according to the applicable regulations, be a member of COES, contributing to its maintenance and strictly respecting its regulations and proceedings; (ix) operate our facilities in accordance with the provisions issued by COES; (x) submit the corresponding information to the Electricity General Directorate of the MINEM (“DGE”) and OSINERGMIN; (xi) develop our activities in accordance with the free competition and antitrust regulations currently in effect or to be effective in the future; and (xii) carry out our activities, construction of the works and assembly of the facilities to which we are obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the CDA Generation Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the CDA Generation Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the OSINERGMIN or the entity that the latter will designate for such purposes.

Termination and Termination Events

The CDA Generation Concession may be terminated due to (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the CDA Generation Concession Agreement in the Concessions Public Registry; (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our CDA Generation Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing Law and Dispute Resolution Mechanism

The CDA Generation Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

Sunny Transmission Concession Agreement

The Sunny Transmission Concession was granted by the MINEM to us without a term expiration date. The Sunny Transmission Concession Agreement provides for the conditions, rights and obligations of each of the parties thereto under the Sunny Transmission Concession.

Our rights

The terms and conditions of the Sunny Transmission Concession Agreement give us rights to, among others: (i) conduct electricity transmission activities with the concession's facilities; (ii) request the MINEM to grant easements; (iii) free use of lands, subsoil and air of public roads, streets, squares and other infrastructure of public domain, as well to cross rivers, bridges, railway tracks, electricity and telecommunication lines, and any other allowed under the applicable Peruvian regulations; (iv) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided in the applicable Peruvian regulations; (v) enforce our rights under the Sunny Transmission Concession Agreement against third parties, especially the right to collect the compensation for the use of the transmission line; (vi) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances for the protection of the concession works and facilities in order to ensure the continuity of its operation; (vii) participate in the COES; (viii) assign our contractual position in the Sunny Transmission Concession Agreement and transfer the Sunny Transmission Concession; and (ix) any other rights granted under the applicable Peruvian laws.

Conditions

The Sunny Transmission Concession is subject to, among others, the following conditions: (i) the classification of the transmission facilities will be made in accordance with the Peruvian regulations in force; (ii) the use of the electricity transmission facilities of the Sunny Transmission Concession will be subject to the payment of compensations in accordance with the applicable Peruvian regulations in force; (iii) we, according to the applicable

Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (iv) OSINERGMIN oversees, controls and supervises the enforcement of the Sunny Transmission Concession Agreement, which the parties thereto have recognized the condition of administrative contract; (v) the parties may submit to arbitration disputes arising exclusively from technical aspects of the Sunny Transmission Concession Agreement; (vi) the disputes that may arise regarding the amount of compensation to be paid by the Peruvian state as a consequence of Article 105 of the PCL shall be submitted to arbitration at the request of any of the parties; and (vii) we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder.

Our obligations

Under the Sunny Transmission Concession Agreement we have assumed, among others, the following obligations: (i) efficiently transmit electricity as set forth in such agreement; (ii) preserve and maintain the works and facilities of the Sunny Transmission Concession in adequate conditions for its efficient operation according to the technical standards set forth in the Sunny Transmission Concession Agreement and to compensate for quality deficiencies of the service according to the applicable technical standards; (iii) allow the use of its systems by third parties, who must assume the costs of the expansions to be made if necessary, and the compensations for its use; (iv) apply the regulated prices or compensations for use set by OSINERGMIN for the corresponding supplies; (v) comply with the provisions of the national electricity code and the applicable technical standards; (vi) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (vii) according to the applicable regulations, be a member of COES; (viii) operate its facilities in accordance with the provisions issued by the COES; (ix) submit the corresponding information to the DGE and OSINERGMIN; (x) develop our activities in accordance with the free competition and/or antitrust regulations currently in effect or to be effective in the future; and (xi) carry out our activities, construction of works and assembly of the facilities to which it is obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the Sunny Transmission Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the Sunny Transmission Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the MINEM or the entity that the latter has designated for such purposes, with the previous opinion of OSINERGMIN, in accordance with numeral 23 of Annex I of the Supreme Decree No. 088-2013-PCM.

Termination and Termination Events

The Sunny Transmission Concession may be terminated due to: (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the Sunny Transmission Concession Agreement in the Concessions Public Registry (*Registro de Concesiones para la Explotación de Servicios Públicos*); (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our Sunny Transmission Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing law and dispute resolution mechanism

The Sunny Transmission Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

Las Flores Transmission Concession Agreement

The Las Flores Transmission Concession was granted by the MINEM to Duke Energy Egenor S. en C. por A. (which assigned the transmission concession right to us) without a term expiration date. The Las Flores Transmission Concession provides for the conditions, rights and obligations of each of the parties thereto under the Las Flores Transmission Concession.

Our rights

The terms and conditions of the Las Flores Transmission Concession Agreement give us rights to, among others: (i) conduct electricity transmission activities with the concession's facilities; (ii) request the MINEM to grant easements; (iii) free use of lands, subsoil and air of public roads, streets, squares and other infrastructure of public domain, as well to cross rivers, bridges, railway tracks, electricity and telecommunication lines, and any other allowed under the applicable Peruvian regulations; (iv) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided for in the applicable Peruvian regulations; (v) split up to 36 monthly installments of the ad valorem cost, insurance and freight value; (vi) enforce its rights granted under the Las Flores Transmission Concession Agreement against third parties, especially the right to collect the compensation for the use of the transmission line; (vii) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances for the protection of the concession works and facilities in order to ensure the continuity of its operation; (viii) participate in the COES; (ix) assign our contractual position in the Las Flores Transmission Concession Agreement and transfer the Las Flores Transmission Concession; and (x) any other rights granted under the applicable Peruvian laws.

Conditions

The Las Flores Transmission Concession is subject to, among others, the following conditions: (i) the classification of the transmission facilities will be made in accordance with the Peruvian regulations in force; (ii) the use of the electricity transmission facilities of the Las Flores Transmission Concession will be subject to the payment of compensations in accordance with the applicable Peruvian regulations in force; (iii) we, according to the applicable Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (iv) OSINERGMIN oversees, controls and supervises the enforcement of the Las Flores Transmission Concession Agreement, which has been recognized by the parties thereto as an administrative contract; (v) the parties thereto may submit to arbitration disputes arising exclusively from technical aspects of the Las Flores Transmission Concession Agreement; and (vi) we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder.

Our obligations

Under the Las Flores Transmission Concession Agreement we have assumed, among others, the following obligations: (i) efficiently transmit electricity as set in such agreement; (ii) preserve and maintain the works and facilities of the Las Flores Transmission Concession in adequate conditions for its efficient operation according to the technical standards set forth in the Las Flores Concession Agreement and to compensate for quality deficiencies of the service according to the applicable technical standards; (iii) allow the use of its systems by third parties, who must assume the costs of the expansions to be made if necessary, and the compensations for its use; (iv) apply the regulated prices or compensations for use set by OSINERGMIN for the corresponding supplies; (v) comply with the provisions of the national electricity code and the applicable technical standards; (vi) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (vii) according to the applicable regulations, be a member of COES; (viii) operate its facilities in accordance with the provisions issued by the COES; (ix) submit the corresponding information to the DGE and

OSINERGMIN; (x) develop our activities in accordance with the free competition and/or antitrust regulations currently in effect or to be effective in the future; and (xi) carry out our activities, construction of works and assembly of the facilities to which it is obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the Las Flores Transmission Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the Las Flores Transmission Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the OSINERGMIN or the entity that the latter has designated for such purposes.

Termination and Termination Events

The Las Flores Transmission Concession may be terminated due to: (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the Sunny Transmission Concession Agreement in the Concessions Public Registry; (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our Las Flores Transmission Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing law and dispute resolution mechanism

The Las Flores Transmission Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

CDA Campo Armiño Transmission Concession Agreement

The CDA Campo Armiño Transmission Concession was granted by the MINEM to CDA (which was subsequently absorbed by us) without a term expiration date. The CDA Campo Armiño Transmission Concession provides for the conditions, rights and obligations of each of the parties thereto under the CDA Campo Armiño Transmission Concession.

Our rights

The terms and conditions of the CDA Campo Armiño Transmission Concession Agreement give us rights to, among others: (i) conduct electricity transmission activities with the concession's facilities; (ii) request the MINEM to grant easements; (iii) free use of lands, subsoil and air of public roads, streets, squares and other infrastructure of public domain, as well to cross rivers, bridges, railway tracks, electricity and telecommunication lines, and any other allowed under the applicable Peruvian regulations; (iv) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided for in the applicable Peruvian regulations; (v) enforce its rights granted under the CDA Campo Armiño Transmission Concession Agreement against third parties, especially the right to collect the compensation for the use of the transmission line; (vi) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances for the protection of the concession works and facilities in order to ensure the continuity of its operation; (vii) participate in the COES; (viii) assign our contractual position in the CDA Campo Armiño Transmission Concession Agreement and transfer the CDA Campo Armiño Transmission Concession; and (ix) any other rights granted under the applicable Peruvian laws.

Conditions

The CDA Campo Armiño Transmission Concession is subject to, among others, the following conditions: (i) the classification of the transmission facilities will be made in accordance with the Peruvian regulations in force; (ii) the use of the electricity transmission facilities of the CDA Campo Armiño Transmission Concession will be subject to the payment of compensations in accordance with the applicable Peruvian regulations in force; (iii) we, according to the applicable Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (iv) OSINERGMIN oversees, controls and supervises the enforcement of the CDA Campo Armiño Transmission Concession Agreement, which has been recognized by the parties thereto as an administrative contract; (v) the parties thereto may submit to arbitration disputes arising exclusively from technical aspects of the CDA Campo Armiño Transmission Concession Agreement; and (vi) we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder.

Our obligations

Under the CDA Campo Armiño Transmission Concession Agreement we have assumed, among others, the following obligations: (i) efficiently transmit electricity as set in such document; (ii) preserve and maintain the works and facilities of the CDA Campo Armiño Transmission Concession in adequate conditions for its efficient operation according to the technical standards set forth in the CDA Campo Armiño Concession Agreement and to compensate for quality deficiencies of the service according to technical standards; (iii) allow the use of its systems by third parties, who must assume the costs of the expansions to be made if necessary, and the compensations for its use; (iv) apply the regulated prices or compensations for use set by OSINERGMIN for the corresponding supplies; (v) comply with the provisions of the national electricity code and the applicable technical standards; (vi) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (vii) according to the applicable regulations, be a member of COES; (viii) operate its facilities in accordance with the provisions issued by the COES; (ix) submit the corresponding information to the DGE and OSINERGMIN; (x) develop our activities in accordance with the free competition and/or antitrust regulations currently in effect or to be effective in the future; and (xi) carry out our activities, construction of works and assembly of the facilities to which it is obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the CDA Campo Armiño Transmission Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the CDA Campo Armiño Transmission Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the OSINERGMIN or the entity that the latter has designated for such purposes.

Termination and Termination Events

The CDA Campo Armiño Transmission Concession may be terminated due to: (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the CDA Campo Armiño Transmission Concession Agreement in the Concessions Public Registry; (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our CDA Campo Armiño Transmission Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing law and dispute resolution mechanism

The CDA Campo Armiño Transmission Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

CDA Cobriza Transmission Concession Agreement

The CDA Cobriza Transmission Concession was granted by the MINEM to CDA (which was subsequently absorbed by us) without a term expiration date. The CDA Cobriza Transmission Concession provides for the conditions, rights and obligations of each of the parties thereto under the CDA Cobriza Transmission Concession.

Our rights

The terms and conditions of the CDA Cobriza Transmission Concession Agreement give us rights to, among others: (i) conduct electricity transmission activities with the concession's facilities; (ii) request the MINEM to grant easements; (iii) free use of lands, subsoil and air of public roads, streets, squares and other infrastructure of public domain, as well to cross rivers, bridges, railway tracks, electricity and telecommunication lines, and any other allowed under the applicable Peruvian regulations; (iv) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided for in the applicable Peruvian regulations; (v) enforce its rights granted under the CDA Cobriza Transmission Concession Agreement against third parties, especially the right to collect the compensation for the use of the transmission line; (vi) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances for the protection of the concession works and facilities in order to ensure the continuity of its operation; (vii) participate in the COES; (viii) assign our contractual position in the CDA Cobriza Transmission Concession Agreement and transfer the CDA Cobriza Transmission Concession; and (ix) any other rights granted under the applicable Peruvian laws.

Conditions

The CDA Cobriza Transmission Concession is subject to, among others, the following conditions: (i) the classification of the transmission facilities will be made in accordance with the Peruvian regulations in force; (ii) the use of the electricity transmission facilities of the CDA Cobriza Transmission Concession will be subject to the payment of compensations in accordance with the applicable Peruvian regulations in force; (iii) we, according to the applicable Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (iv) OSINERGMIN oversees, controls and supervises the enforcement of the CDA Cobriza Transmission Concession Agreement, which has been recognized by the parties thereto as an administrative contract; (v) the parties thereto may submit to arbitration disputes arising exclusively from technical aspects of the CDA Cobriza Transmission Concession Agreement; (vi) the disputes that may arise regarding the amount of compensation to be paid by the Peruvian state as a consequence of article 105 of the PCL shall be submitted to arbitration at the request of any of the parties; and (vii) we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder.

Our obligations

Under the CDA Cobriza Transmission Concession Agreement we have assumed, among others, the following obligations: (i) efficiently transmit electricity as set in such document; (ii) preserve and maintain the works and facilities of the CDA Cobriza Transmission Concession in adequate conditions for its efficient operation according to the technical standards set forth in the CDA Cobriza Concession Agreement and to compensate for quality deficiencies of the service according to technical standards; (iii) allow the use of its systems by third parties, who must assume the costs of the expansions to be made if necessary, and the compensations for its use; (iv) apply the regulated prices or compensations for use set by OSINERGMIN for the corresponding supplies; (v) comply with the provisions of the national electricity code and the applicable technical standards; (vi) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (vii) according to the applicable regulations, be a member of COES; (viii) operate its facilities in accordance with the provisions issued by the COES; (ix) submit the corresponding information to the DGE and

OSINERGMIN; (x) develop our activities in accordance with the free competition and/or antitrust regulations currently in effect or to be effective in the future; and (xi) carry out our activities, construction of works and assembly of the facilities to which it is obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the CDA Cobriza Transmission Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the CDA Cobriza Transmission Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the OSINERGMIN or the entity that the latter has designated for such purposes.

Termination and Termination Events

The CDA Cobriza Transmission Concession may be terminated due to: (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the CDA Cobriza Transmission Concession Agreement in the Concessions Public Registry; (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our CDA Cobriza Transmission Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing law and dispute resolution mechanism

The CDA Cobriza Transmission Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

Kallpa Transmission Line

The power line that permits the injection of energy from the Kallpa plant into the SEIN does not require a concession as it is located within Kallpa's property.

Kallpa Generation Authorization

The MINEM granted to Globeleq Perú S.A. an authorization to develop electricity generation activities in the facilities corresponding to the Kallpa thermal power plant with an installed capacity of 190.4 MW located in the district of Chilca, province of Cañete and department of Lima, Peru. By Ministerial Resolution No. 017-2008-MEM/DM, the MINEM approved the transfer of the Kallpa Generation Authorization to Kallpa.

Furthermore, by Ministerial Resolutions No. 017-2008-MEM/DM, 451-2008-MEM/DM and 463-2009-MEM/DM, the MINEM approved increases in the installed capacity of Kallpa's thermal power plant to 369.75MW, 562.19MW and 854.99MW, respectively. Moreover, by Ministerial Resolution No. 308-2024-MINEM/DM, the MINEM approved a change in the Kallpa Generation Authorization in order to incorporate the BESS system.

Las Flores Generation Authorization

The MINEM granted to Duke Energy Egenor S. en C. por A. an authorization to develop electricity generation activities in the facilities corresponding to Las Flores power plant with an installed capacity of 183.6MW located in the district of Chilca, province of Cañete and department of Lima, Peru. By Ministerial Resolution No. 160-2014-MEM/DM, the MINEM approved the transfer of the Las Flores Generation Authorization to Kallpa.

Furthermore, by Ministerial Resolutions No. 177-2021-MINEM/DM and 450-2021-MINEM/DM, the MINEM approved increases in Las Flores' thermal power plant to 282.35MW and 324MW, respectively.

Sunny Generation Concession Agreement

The Sunny Concession Agreement was granted by the MINEM without a term expiration date. The Sunny Generation Concession Agreement provides for the conditions, rights and obligations of each of the parties thereto under the Sunny Generation Concession.

Our rights

The terms and conditions of the Sunny Generation Concession Agreement give us rights to, among others: (i) use the transmission and/or distribution systems of other concessionaires to which we are interconnected for the commercialization of electricity with their users; (ii) request the MINEM to grant easements; (iii) execute legal stability agreements, tax stability agreements and agreements for the free disposition of foreign currency, as provided in the applicable Peruvian regulations; (iv) enforce our rights granted under the Sunny Generation Concession Agreement against third parties, especially the right to collect the compensation for use; (v) request from the Peruvian government its support in case of public calamity, internal conflicts and/or disturbances, for the protection of the concession works and facilities in order to ensure the continuity of our operations; (vi) acquire capacity and electricity from other generating company; (vii) participate in the COES; (viii) assign our contractual position in the Sunny Generation Concession Agreement and transfer the Sunny Generation Concession; and (ix) any other rights granted under the applicable Peruvian laws.

Conditions

The Sunny Generation Concession is subject to, among others, the following conditions: (i) the sale of the electricity produced by Sunny will be made under a free market price regime except for: (a) transfers of electricity with other generators belonging to the COES; (ii) the sales of electricity to distribution companies to serve the electricity public service; (b) it has priority of daily load dispatch by the COES, for which it will be considered with a variable production cost equal to zero (0); (iii) the supplies subject to price regulation must be attended promptly, continuously and sufficiently in accordance with the technical standards for quality and other conditions contractually agreed, either with own energy and firm capacity or the one acquired from third parties; (iv) we, according to the applicable Peruvian laws and regulations, must preserve the environment and the national cultural heritage while performing our activities; (v) OSINERGMIN oversees, controls and supervises the enforcement of the terms of the Sunny Generation Concession Agreement, to which the parties thereto have recognized its condition of administrative contract; (vi) that we may directly serve customers which do not hold the condition of electricity public service, and must contractually establish the conditions for the provision of our services thereunder; (vii) we may participate in the auction processes with the purpose to assign the awarding tariff to the energy and firm capacity that will be commercialized within the terms provided by the applicable Peruvian laws and regulations; (viii) the parties may submit to arbitration disputes arising exclusively from technical aspects of the Sunny Generation Concession Agreement; and (ix) the disputes that may arise regarding the amount of compensation to be paid by the Peruvian state as a consequence of article 105 of the PCL shall be submitted to arbitration at the request of any of the parties.

Our Obligations

Under the Sunny Generation Concession Agreement we have assumed, among others, the following obligations: (i) supply electricity in accordance with the Sunny Generation Concession Agreement, either our owned or acquired from third parties, recognizing the compensations for the use of the corresponding transmission and/distribution systems; (ii) preserve and maintain the works and facilities of the Sunny Generation Concession in adequate conditions for its efficient operation according to the technical standards set forth in the Sunny Generation Concession Agreement and to compensate for quality deficiencies of the service according to technical standards; (iii) apply as a maximum the regulated prices set by the relevant governmental agency in accordance with the provision of the PCL or as regulated in the applicable PPA; (iv) pay to the titleholders of transmission or distribution systems the compensations for the use of their systems; (v) compensate distribution companies for the energy that

has not been supplied for rationing to our clients of the public electricity service; (vi) comply with the provisions of the national electricity code and other technical standards; (vii) contribute to the support of the regulatory and legislative bodies through contributions that, in any case, shall not exceed 1% of its annual revenues; (viii) according to the applicable regulations, be a member of COES; (ix) operate our facilities in accordance with the provisions issued by COES and the applicable laws and regulations; (x) submit the corresponding information to the DGE and OSINERGMIN; (xi) develop our activities in accordance with the free competition and/or antitrust regulations currently in effect or to be effective in the future; and (xii) carry out our activities, construction of the works and assembly of the facilities to which we are obligated in accordance with the corresponding works schedule.

Penalties

If we fail to comply with any of our obligations provided by applicable Peruvian laws, regulations or the Sunny Generation Concession Agreement, we will be subject to the penalties provided for in the applicable regulations, notwithstanding the liability that we may have against third parties.

Force Majeure

Our compliance with the conditions and obligations under the Sunny Generation Concession Agreement is mandatory, unless in case of a duly proven force majeure event, as provided for in articles 1315 and 1317 of the Peruvian Civil Code, and qualified as such by the MINEM or the entity that the latter will designate for such purposes, with the previous opinion of OSINERGMIN, in accordance with numeral 23 of Annex I of the Supreme Decree No. 088-2013-PCM.

Termination and Termination Events

The Sunny Generation Concession may be terminated due to (a) termination declared by the MINEM in the following cases specified in article 36 of the PCL: (i) our failure to inform the MINEM of the registration of the Sunny Generation Concession Agreement in the Concessions Public Registry; (ii) our failure to comply with the works related to the project in accordance with the schedule for construction of the works, except in cases of force majeure duly qualified by the MINEM; (iii) our failure to operate the facilities for at least 876 hours during a calendar year without justified cause; or (iv) our failure to comply with the COES's coordination regulations after the imposition of any fines, except in the event we obtain a specific consent from the MINEM for a duly justified cause; or (b) relinquishment by us to our Sunny Generation Concession upon prior notice to the MINEM of one (1) year in anticipation of the date of termination.

Governing Law and Dispute Resolution Mechanism

The Sunny Generation Concession Agreement is governed by the laws of Peru and is subject to the exclusive jurisdiction of the judges and courts of the city of Lima, Peru.

Commercial Strategy

Our commercial strategy involves entering into PPAs with high-quality off-takers in different economic sectors throughout Peru. In the year ended December 31, 2023, 98% of our aggregate energy sales (in GWh) were made pursuant to PPAs. With respect to our non-regulated customers, we typically invoice and collect payments in U.S. dollars. With respect to our regulated customers that are distribution companies, for which we invoice and collect payments in Peruvian soles, the underlying tariff is linked to the U.S. dollar and is readjusted each quarter when the tariff resulting from applying the indexation formula fluctuates by more than 5%.

As of September 30, 2024, the weighted average remaining life of our PPAs was approximately 7.4 years. We have committed to sell approximately 75% of our firm energy (in MWh) from 2025 to 2027. Most of our PPAs are indexed to the underlying cost of natural gas in U.S. dollars, and all of our PPAs are either in U.S. dollars or linked to the U.S. dollar, which generally limits our exposure to exchange rate fluctuations and natural gas price fluctuations. Further, we have a long-term contract for the supply of natural gas with take-or-pay conditions which vary by season, currently with 15% in the wet season and 60% in the dry season of the contractual daily quantity, which covers the natural gas requirements for the Kallpa and the Las Flores combined cycle plants. The price that

we pay for the supply of natural gas is based on a base price in U.S. dollars set on the date of the supply agreement, indexed each year based on two U.S. producer price indexes.

Our Customers and PPAs

Most of our capacity has been contracted for sale under long-term agreements. As of September 30, 2024, we had 27 PPAs with various distribution companies and 146 with non-regulated customers. Kallpa's current portfolio is well-balanced among non-regulated customers from different industrial sectors (mainly from the mining sector), and distribution companies. In the years ended December 31, 2023, 2022 and 2021, 38% of our contracted energy sales were to distribution companies and 62% to non-regulated customers on average for these periods.

The following table sets forth certain commercial metrics in the periods presented:

	Nine Months Ended September 30,		Year Ended December 31,		
	2024	2023	2023	2022	2021
Energy Sales (GWh)					
Distribution companies.....	3,156	2,984	3,972	3,779	4,159
Non-regulated customers.....	4,931	5,292	7,044	6,561	5,706
Spot sales.....	492	198	173	-	-
Total energy sales	8,579	8,474	11,189	10,340	9,865

Under Peruvian law, we cannot contract to sell more than our firm capacity, including firm capacity we may contract from other generators. Utilizing PPAs allows us to lock in prices and increase our cash flow stability.

We seek to enter into long-term PPAs with distribution companies or non-regulated customers that are mostly subsidiaries of multinational corporations, that we believe have strong credit profiles and thus mitigate the risk of customer default. In attempting to limit the effects of counterparty risks, we analyze the creditworthiness and financial strengths of our various counterparties during the PPA negotiations as well as during the life of the agreement. Where the creditworthiness of the power purchaser is deemed to be below standard, various contractual agreements and structures are negotiated (such as letters of credit and liquidity facilities) to provide credit support.

Under the terms of Kallpa's PPAs, clients are contractually obligated to purchase its energy requirements, and sometimes capacity and/or ancillary services, from Kallpa based upon a base price that is generally adjusted for a combination of some of the following, as applicable: (1) fluctuations in exchange rates, (2) the U.S. inflation index, (3) a local inflation index, (4) fluctuations in the cost of operating fuel, (5) supply costs of natural gas, and (6) transmission costs. Additionally, certain Kallpa's PPAs include provisions that change the contractual unitary energy prices in the case of an interruption of the supply or transportation of natural gas based on spot prices existing on the dates in which the interruption event occurred. Many of the prices in our PPAs differentiate between peak and off-peak periods.

The following table sets forth a summary of our significant PPAs as of September 30, 2024⁽¹⁾:

Principal Customer	Commencement	Expiration	Contracted Capacity (MW)	Monomic Price (U.S. dollars)
Luz del Sur and Pluz Energía Perú (2011) ⁽²⁾⁽³⁾	January 2018	December 2030	259	71.2
ElectroPerú S.A.	August 2016	December 2030	200	74.7
Luz del Sur ⁽⁴⁾ and Pluz Energía Perú ⁽²⁾ (2010)	January 2014	December 2030	107	65.8
Luz del Sur and Pluz Energía Perú (2015) ⁽²⁾	January 2022	December 2031	81	50.0
Pluz Energía Perú (2012) ⁽²⁾	January 2016	December 2030	36	65.7
Hidrandina S.A. ⁽⁵⁾	January 2014	December 2032	13	70.5
Sociedad Eléctrica del Sur Oeste S.A. ⁽⁶⁾	January 2014	December 2028	10	81.1
Southern Copper Corporation Sucursal del Perú	April 2017	April 2027	120	54.8
Southern Copper Corporation (Toquepala) Sucursal del Perú	May 2017	April 2029	80	48.1
Atria Enegía S.A.C.	January 2022	December 2025	185	36.3
Quimpac S.A.	July 2020	December 2032	88	45.2
Corporación Aceros Arequipa S.A.A.	July 2021	August 2025	50	35.4
Minera Yanacocha S.R.L. ⁽⁷⁾	April 2021	December 2026	34	32.0
Luz del Sur	January 2025	December 2036	165	--
Pluz Energía Perú ⁽²⁾ , Electroucayali S.A., Electrocentro S.A., Hidrandina S.A.	February 2027	December 2030	97	--
Cerro Verde ⁽⁸⁾	January 2026	December 2038	160	--
Others			645	40.4

- (1) Most of our PPAs are indexed to the price of natural gas in U.S. dollars. With respect to our non-regulated customers, we invoice and collect payments in U.S. dollars. With respect to our customers that are large distribution companies, for which we invoice and collect payments in Peruvian soles, the underlying tariff is linked to the U.S. dollar and is reset at each quarter when the tariff resulting from applying the indexation formula fluctuates by more than 5%.
- (2) Regulated customer.
- (3) We executed six PPAs, including three PPAs with each of the following entities: (i) Pluz Energía Perú, (ii) Luz del Sur. The 259 MW capacity represents the aggregate contracted capacity among these six PPAs. From January 2028, the contracted capacity will change to 57 MW.
- (4) We executed eight PPAs, including four PPAs with each of the following entities: (i) Pluz Energía Perú, (ii) Luz del Sur. The 107 MW capacity represents the aggregate contracted capacity among these eight PPAs.
- (5) From January 2026, the contracted capacity will change to 14MW.
- (6) We executed four PPAs. The 10 MW capacity represents the aggregate contracted capacity between these four PPAs.
- (7) A subsidiary of Newmont Corporation. The contracted capacity increases in several periods reaching a maximum value from October 2025 of 50 MW and from January 2026 it decreases to 24 MW until the end of the contract.
- (8) A subsidiary of Freeport McMoRan, Inc. From January 2031, the contracted capacity will change to 150 MW.

The following table shows the contracted and actual demand of certain of our contract customers as of September 30, 2024:

Principal Customer	Contracted Demand (MW)	Actual Demand (MW)	Load Factor (MW)	Expiration Date
Luz del Sur and Pluz Energía Perú (2011)	259	222	63%	2030
ElectroPerú S.A.	200	200	70%	2030
Pluz Energía Perú, Luz del Sur (2010)	107	100	68%	2030
Luz del Sur and Pluz Energía Perú (2015)	81	73	64%	2031
Pluz Energía Perú (2012)	36	33	66%	2030
Hidrandina S.A.	13	12	66%	2032
Sociedad Eléctrica del Sur Oeste S.A.	10	9	63%	2028
Southern Copper Corporation Sucursal del Perú	120	108	86%	2027
Southern Copper Corporation (Toquepala) Sucursal del Perú	80	72	86%	2029
Minera Yanacocha S.R.L.	34	29	84%	2026

Resources and Distribution

Resources

Our power facilities utilize water sources and natural gas.

Water

The availability of water is the main factor determining our capacity to generate energy at the CDA plant. Water availability at the CDA plant is determined by the rainy season and rainfall patterns each year. In Peru, the rainy season is between November and April, when greater amounts of hydroelectric power plants are dispatched. Between May and October, the volumes of rainfall decline. We hold a definitive generation concession granted by the MINEM without a term expiration date to generate electricity and a water use license granted by the ANA under which we have the right to use, for an indefinite term, the waters of the Mantaro River for hydroelectric power generation. The CDA plant is located 16 kilometers downstream from Peru's largest hydroelectric complex, formed by the Mantaro and the Restitución hydroelectric power plants, with a combined installed capacity of 898 MW, and the Junin water reservoir, which is the largest in Peru for the energy sector. The complex has an extensive track record of solid performance with approximately 50 years of operations and a constant generation above 6,800 GWh per year for the past 10 years, according to the COES. The Junin water reservoir provides a relatively constant water flow for the downstream power plants, benefiting the CDA plant's hydrology. For the last twelve months ended September 30, 2024, the CDA plant produced 3,390 GWh of energy with a capacity factor of 65%.

Natural Gas

The price, availability and other purchase conditions of natural gas depends upon the specific market in which the fuel is purchased. We are party to several long-term supply agreements, including natural gas supply agreements, transportation and distribution services agreements that are material to our operations. We purchase our natural gas requirements for our generation facilities from the Camisea Consortium, pursuant to a natural gas supply agreement dated September 1, 2021, as amended. Under this agreement, the Camisea Consortium has agreed to supply Kallpa's natural gas requirements, subject to a daily maximum amount. The Camisea Consortium is obligated to provide 180.96 million standard cubic feet per day until January 2030. The gas volume we have contracted under take-or-pay condition varies by season, currently with 15% in the wet season and 60% in the dry season of the contractual daily quantity. Our long-term gas supply contract with the Camisea Consortium, which is used to supply gas to Kallpa and Las Flores combined cycle plants, enables us to hedge against fluctuations in the price of natural gas. In 2021, Kallpa renegotiated its natural gas supply contract, extending the original 2022 expiration date to January 2030. The current contract offers greater flexibility in gas procurement, leading to a less rigid cost structure. It differentiates the minimum take-or-pay commitment between the wet and dry seasons and allows for reviews based on actual utilization factors. The contract also establishes the optionality to sell any excess natural gas to third parties in the secondary market. The price that we pay the Camisea Consortium for the natural gas supplied is based upon a base price in U.S. dollars set on the date of the agreement, indexed each year based on two U.S. producer price indices: Fuels and Related Products Power Index and Oil Field and Gas Field Machinery Index, with discounts available based on the volume of natural gas consumed. This price, before discounts, is the same for all generation companies purchasing gas from the Camisea Consortium. The average natural gas price at wellhead as of September 30, 2024, was U.S.\$2.12/MMBtu. Any terms negotiated in a renewal, extension or replacement of this agreement will be passed through to our customers. For information on the risks related to Kallpa's inability to renew, extend or replace this agreement prior to its expiration, see *"Risk Factors—Risks Related to Our Business—Supplier concentration may expose us to significant financial credit or performance risk, particularly with respect to those agreements which may expire during the life of our power plants."*

Our natural gas transportation services are rendered by TGP, pursuant to a natural gas firm transportation agreement dated December 2007, as amended, and an interruptible gas transportation agreement dated December 6, 2005, as amended. Both agreements expire in December 2033. In April 2014, in connection with our acquisition of Las Flores, the natural gas firm transportation agreement was further modified to include the transportation agreement between Duke Energy and TGP for Las Flores. Additionally, on April 1, 2014, we entered into an agreement with TGP to cover the period up to the completion of the expansion of TGP's pipeline facilities. Pursuant to the terms

of our firm agreements, we pay a regulated tariff approved by the OSINERGMIN, which was U.S.\$1.35 MMBtu as of September 30, 2024. For more information on the regulated tariff, see “*Regulation*.”

Set forth below is a summary of the natural gas transportation services under these agreements (in cubic meters of gas per day):

Periods	Firm	Interruptible
December 1, 2024 to March 31, 2030	4,683,317	530,000
April 1, 2030 to April 1, 2033	3,912,148	1,301,169
April 2, 2033 to December 31, 2033	2,977,148	1,301,169

Distribution

Our natural gas distribution services are provided by Calidda, under two (2) natural gas distribution agreements: (i) the first one dated October 5, 2010, regarding natural gas distribution services for Kallpa, and, (ii) the second one dated April 11, 2014, regarding natural gas distribution services for Las Flores. Under such agreements, which are set to expire on December 31, 2033, Calidda is obligated to distribute up to 3.710 million cubic meters of natural gas per day for Kallpa (starting on January 1, 2014) and 1.414 million cubic meters of natural gas per day for Las Flores (starting on January 1, 2025). As consideration, we pay Calidda a distribution tariff in U.S. dollars, which was U.S.\$0.60/MMBtu as of September 30, 2024. This tariff is periodically updated by OSINERGMIN on an annual basis.

The average natural gas price (which includes gas at wellhead, firm transportation, and distribution) for the total natural gas we delivered in the nine months ended September 30, 2024 was U.S.\$4.07/MMBtu.

Our Competition

Our major competitors are generally large international power generation corporations operating in Peru, in addition to some local competitors. In Peru, power generation companies compete to (1) source and enter into long-term PPAs, (2) source and secure land for the development or expansion of additional power generation units, (3) source and secure natural gas to fuel power generation stations, (4) source and secure interconnection with the SEIN, and (5) maintain or increase market share in the growing Peruvian electricity market, particularly in connection with the balance of energy supply and demand within Peru. We compete with large international and domestic generators as well as with state-owned electricity generators, although their relative weight in the market has been diminishing over time since the privatization initiatives in Peru began in the 1990s.

The following table sets forth the quantity of energy generated by each of the principal generation companies in Peru for the periods presented:

Company	Gross Energy Generation ⁽⁴⁾					
	For the year ended December 31,					
	2023		2022		2021	
	(GWh)	Market Share (%)	(GWh)	Market Share (%)	(GWh)	Market Share (%)
Kallpa	11,387	19	10,305	18	9,239	17
Orygen Perú S.A.A. ⁽¹⁾	9,874	17	9,086	16	9,004	17
ENGIE Energía Perú S.A. (a subsidiary of Engie)	8,816	15	7,103	13	6,710	12
ElectroPerú S.A. (a state-owned generation company)	6,191	11	6,755	12	7,050	13
Fenix Power Peru S.A.	3,384	6	4,321	8	3,426	6
Celepsa/ Termochilca S.A.C. ⁽²⁾	2,847	5	2,896	5	2,248	4
OEP ⁽³⁾	2,072	4	2,021	4	2,203	4
Other generation companies	13,824	23	13,597	24	14,109	26
Total	58,393	100	56,084	100	53,990	100

- (1) Includes Orygen Perú S.A.A. (formerly known as Enel Generación Perú S.A.A.) and Chinango S.A.C.
- (2) Celepsa and Termochilca are affiliates since 2024.
- (3) OEP is our affiliate.
- (4) Information from the annual statistical reports of the COES <https://www.coes.org.pe/Portal/Publicaciones/Estadisticas/>

Property, Plants and Equipment

The following table provides certain information regarding our plants that were owned or leased as of September 30, 2024:

Plant	Location	Capacity (MW)	Fuel Type
CDA	Huancavelica, Peru	593	Hydroelectric
Kallpa combined cycle	Chilca district, Peru	908	Natural gas/steam
Las Flores combined cycle	Chilca district, Peru	325	Natural gas/steam
Total		1,826	

In November 2022, we began the construction of a 34 MW high-capacity BESS project at the Kallpa plant, which was completed in May 2024. In May 2024, we began construction on the 309 MW Sunny solar project, which is our first large scale, two-stage solar project, with estimated CODs in the fourth quarter of 2025 for 204 MW AC (Sunny I), and in the first quarter of 2026 for an additional 105 MW AC (Sunny II expansion project).

We believe that all of our production facilities are in good operating condition. We believe that we have satisfactory title to our generation units and facilities in accordance with standards generally accepted in the electric power industry. As of December 31, 2023, the net book value of our property, plant and equipment, and right-of-use assets was U.S.\$1,657 million.

We lease our principal executive offices in Lima, Peru. We own the CDA plant, the Kallpa combined cycle plant, and the Las Flores gas turbine, and we lease the Las Flores steam turbine and the BESS, under capital leases as described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Material Indebtedness.*”

Maintenance and Spare Parts

We regularly perform comprehensive maintenance on our facilities, including maintenance to turbines, engines, generators, transformers, the balance of plant and substations, as well as civil works maintenance. Maintenance is performed according to a predefined schedule at fixed intervals, based on running hours or otherwise according to manufacturer or engineering specifications. Maintenance is either performed by our trained employees or is outsourced to third party contractors. In some cases, we have entered into long-term service agreements for maintenance. Our turbines are maintained according to a predefined schedule based upon the running hours of each turbine and the manufacturer specifications particular to it. Our maintenance schedule is coordinated with, and approved by, the COES.

Kallpa is a party to a services contract with Siemens Energy S.A.C. and to a supply and support agreement with Siemens Energy, Inc. This business relationship with Siemens has been maintained on good terms since March 2006. The Kallpa I, II and III turbines, as well as the Las Flores gas turbine, are covered by an agreement with Siemens which was renegotiated improving conditions in August 2019. The Las Flores gas turbine is covered by both agreements with Siemens until its third major maintenance, while the Kallpa turbines are covered until their second major maintenance. Each major maintenance is due after 33,332 hours of operation. The maintenance of the Kallpa IV turbine is generally performed by General Electric, and agreements to perform such maintenance are entered into as necessary. In addition, the OEMs periodically perform onsite analyses and make annual recommendations regarding line maintenance. For the Las Flores steam turbine, we recently entered into a long-term contract for services and parts with Siemens Energy S.A.C., effective from April 1, 2024, and which remain effective until the earlier of (i) the expiration of a 10-year term or (ii) the completion of the first major maintenance.

We have arrangements to obtain spare parts, as necessary. We generally purchase our spare parts from the OEMs, as well as from other suppliers. In some cases, we have entered into long-term supply contracts for spare parts. Spare parts for the Kallpa IV turbine are generally available and can be obtained from the OEM, as well as from other suppliers.

Our BESS is covered by a long-term agreement with NHOA Latam S.A.C., a subsidiary of NHOA Energy, a worldwide leader in the industry that built this equipment in Kallpa, to provide services and spare parts for a duration of 11 years effective from November 29, 2024.

The turbines of the CDA plant are covered by a long-term integrated maintenance and service agreement with Andritz Hydro, which is effective until October 2028. This agreement provides for: (i) six major maintenance services for the three Francis turbines with supply of new parts and components; (ii) one major maintenance service for the three turbine inlet butterfly valves (MIVs) that includes the change of components; (iii) generator inspection; (iv) inspection of cooling systems and electrohydraulic equipment (every 2 years); (v) permanent remote assistance; (vi) assistance from supervisors and personal specialists in case of other needs; among other services.

Insurance

We maintain insurance for each of our plants against material damage and consequent business interruption through comprehensive “all-risks” insurance policies that are renewed annually. We are currently covered by insurance policies which provide for total replacement values of up to U.S.\$1,759 million for property damages per year and U.S.\$911 million for business interruption damages for a 24-month period for our hydroelectric plant, 18-month period for our combined cycle plants and 8-month period for our BESS. In some cases, we rely on our insurance policies in the event that any of our generation units sustain damages or experience business interruptions as a result of the actions of, or a breach under the relevant agreement by, suppliers, customers or other third parties whose liability obligations are contractually limited.

Our insurance coverage is underwritten by some of the largest international reinsurance companies, including Starr Specialty Lines Insurance Agency LLC., Zurich Insurance Company Ltd. UK Branch, Liberty Mutual Insurance Company, National Union Fire Insurance Company of Pittsburgh, XL Insurance Company SL., Everest Insurance DAC., Mapfre Re Compañía de Seguros y Reaseguros S.A., Hannover Rück SE, among others.

The material damage insurance for our operations provides insurance coverage for losses due to accidents resulting from natural catastrophes, fire, explosion, and machinery breakdown, among others. This coverage has a maximum indemnification limit of U.S.\$500 million per event (combined single limit material damage and business interruption coverage). This policy has deductibles of 2% of the declared value of affected site or a minimum U.S.\$0.5 million for natural catastrophe, and U.S.\$1.5 million for any other losses.

In addition, we have third party liability and terrorism insurance policies, covering (1) third-party liability with limits of up to U.S.\$50 million, and (2) terrorism with an aggregate limit of U.S.\$250 million.

We maintain a contractors' all risks insurance policy for the Sunny I construction against material damage and consequent delay in start-up, which provides for total replacement values of up to U.S.\$146 million for property damages and U.S.\$38 million for delay in start-up for an 18-month period. We also have third-party liability and marine cargo insurance policies, with coverage limits of up to U.S.\$20 million and U.S.\$65 million, respectively. The policies remain in effect until the Sunny I project COD.

We do not anticipate having any difficulties in renewing any of our insurance policies and believe that our insurance coverage is reasonable in amount and consistent with industry standards applicable to energy generation companies operating in our market.

Environment

We currently have all required environmental permits and authorizations to conduct our business. For further information on environmental regulations, permits and approvals, see “*Risk Factors—Risks Related to Peru—Our equipment, facilities, operations and new generation units are subject to numerous environmental, health and*

safety laws and regulations” and “Regulation—Regulation of the Peruvian Electricity Sector—Environmental Matters.”

Our energy generation plants are subject to various laws and regulations, such as Supreme Decree No. 030-2021-MINAM, that mandate stricter emissions limits by governmental action and require that we assume a series of commitments to ensure that our controls and emissions measurement mechanisms are efficient and reliable, as well as to their corresponding environmental management instruments. Since the approval of this decree, we have been evaluating our compliance with the new “*Maximum Permissible Limits for atmospheric emissions from thermoelectric generation activities*,” which compliance was attained in October 2024.

Safety

As our operations are subject to various hazards, our management places a high priority on and closely monitors the health and safety of our employees and contractors. We have installed policies, procedures and training programs to reduce workplace accidents, including, among others, training, safety committees, an annual improvement plan and regular inspections and audits.

Employees

As of September 30, 2024, we had a total of 335 employees, of which 16 employees were under fixed-term contracts and 319 employees were under indefinite term contracts. All our employees are employed on a full-time basis and are usually divided into one of the following functions: operations, finance, commercial, social responsibility, environmental, health and safety, business development and others.

The table below sets forth our breakdown of employees under indefinite term contracts by main category of activity and by segment as of September 30, 2024:

	As of September 30, 2024
Number of employees by category of activity:	
Operations	174
Finance	54
Commercial	25
Social responsibility	17
Environmental, Health & Safety	11
Business development	6
Other	32
Total	319

We do not employ a material number of temporary employees. As of September 30, 2024, 57 of our employees were unionized.

Additionally, we have a competitive compensation structure for our employees and managers. Compensation for managers consists of an annual compensation package, which typically includes a base salary, mandatory profit sharing as well as a year-end bonus, which is based on the personal performance of the manager and the performance of our company.

Kallpa and OEP entered into a Management Service Agreement and an Operation and Maintenance Service Agreement which started in January 2019 and July 2019, respectively. Those agreements are related to the services that Kallpa provides for OEP operations. As of September 2024, 79 employees from the 319 Kallpa’s employees are fully dedicated to OEPs operations.

Legal Proceedings

We are involved in several claims and legal actions arising in the ordinary course of business. These proceedings are not likely to have a material adverse effect on our operations or financial condition individually or in the aggregate, except for the proceeding described below.

For detailed information regarding the matters below, see Note 27 to Kallpa's audited annual financial statements included in this offering memorandum.

REGULATION

Overview

In Peru, the electricity market allows for sale and delivery of power from power generators (private or government owned) to distribution companies (private or government owned) and to non-regulated clients (industrial and commercial consumers). Distribution companies are also allowed to sell power to non-regulated clients. Further, power grid and transmission services are provided on open access basis, *i.e.* the transmission company must transmit power through the grid up to its capacity and in exchange, charges a transmission rate set by the supervisory authority or based on a competitive proceeding or regulated tariff. Whereas private and government-owned entities compete in the power generation and trading activities, transmission and distribution are conducted subject to exclusive concessions; therefore, the transmission and distribution operations are regulated in the market in which we operate.

Delivery and sale of power is subject to a regulatory regime (typical of privatized electricity markets) which includes supervision by an independent supervisory entity for the electricity market. For further information on the regulatory risks related our operations, see *“Risk Factors—Risks Related to Peru—Our equipment, facilities, operations and new generation units are subject to numerous environmental, health and safety laws and regulations.”*

Regulation of the Peruvian Electricity Sector

In Peru, electricity is generated by companies which primarily operate hydroelectric and natural gas fired power stations, and non-conventional renewable energy is progressively entering into the market. The general electricity laws in Peru form the statutory framework governing the electricity market in Peru and cover, among other things:

- generation, transmission, and distribution and trading of electricity;
- operation of the energy market; and
- generation prices, capacity prices and other tariffs.

All entities that generate, transmit, distribute or sell electricity to third parties in Peru operate subject to the general electricity laws within the country. Power generating companies in Peru, such as us, are impacted by, among other things, the regulation applicable to transmission and distribution companies.

Although significant private investment has been made in the electricity market in Peru and independent supervisory entities have been created to supervise and regulate the electricity market, the Republic of Peru has remained in the role of supervisor and regulator. In addition, the Republic of Peru owns multiple power generation and distribution companies in Peru, although their market participation has diminished over time and face significant legal restrictions to engage in new generation units or investments.

Regulatory Entities

There are multiple entities in charge of regulation, operation and supervision of the electricity market (and related activities to electricity market) in Peru in general, and therefore of our operations, in particular:

MINEM—The Ministry of Energy and Mines of Peru, responsible, among others, for:

(a) setting the national energy policy; (b) proposing and adopting laws and regulations to supervise the energy sector; (c) controlling transmission expansion plans for the SEIN; (d) approving transmission expansion plans proposed by the COES; (e) promoting scientific research and investment in energy; (f) granting concessions or authorizations, as applicable, to participate in power generation, transmission or distribution activities in Peru; and (g) evaluating and approving the environmental implications of projects that are not otherwise within the jurisdiction of SENACE (as defined below).

OSINERGMIN—the Supervisory Body of Investment in Energy and Mining is an independent governmental regulatory agency responsible, among other things, for:

(a) supervising compliance of different entities with laws and regulations concerning power generation, transmission, distribution and trading; (b) setting transmission or transportation (electricity and natural gas) and distribution (electricity and natural gas) tariffs; (c) setting and enforcing price levels in the electricity market in Peru and setting tariffs for customers subject to regulated tariffs; (d) imposing fines and compensations for violations of the laws and regulations; (e) handling claims made by, against or between consumers and agents in the electricity market, in matters under OSINERGMIN supervision; (f) supervising public tenders with regard to PPAs between generation companies and distribution companies for the supply to regulated consumers; (g) granting interconnection mandates to transmission and distribution grid, when involved parties cannot reach an agreement; and (h) supervising operations of the COES.

Generation tariffs for the sale of energy by generation companies to distribution companies for customers subject to regulated tariffs are generally determined based on tenders where OSINERGMIN sets a cap price that is not disclosed to participants except when the respective bid is unsuccessful because no party has made an offer below such price cap. In addition, OSINERGMIN annually specifies energy prices, known as the regulated or bus bar tariff, which is used by market participants only in exceptional situations, as most of the PPAs with distribution companies are based on the results of the tenders. Bus bar tariffs determined by OSINERGMIN shall not differ by more than 10% of the weighted average energy prices of the referred tender process. Pursuant to an amendment to the LGE that came into effect on January 20, 2025, the benchmark for the bus bar tariff shall not differ by more than 10% of the weighted average price of: (i) PPAs resulting from public tender processes; and (ii) PPAs entered into with non-regulated costumers; that in each case are in effect as of March 31 of each calendar year. This change does not apply to PPAs with distribution companies that were already in effect prior to the aforesaid amendment to the LGE. OSINERGMIN also determines the annual capacity tariff used in agreements between generation companies and distribution companies, as well as in the spot market.

COES—the Committee for the Economic Operation of the System is an independent private entity composed of qualified participants undertaking activities in the SEIN (*i.e.*, electric power generators, transmission companies, distributors and major non-regulated users) which is responsible, among others, for:

(a) planning and coordination the dispatch of the power generation system for all power generation and transmission units, in order to ensure reliable generation at minimum cost; (b) setting spot market prices based on marginal cost; (c) managing the clearing house of the spot market transactions between generation companies (excess and shortage of actual generation vs. demand pursuant to PPAs); (d) allocating firm capacity and firm energy to generation units; (e) submitting proposals to OSINERGMIN for issuing regulatory standards, including technical standards and procedures used as guidelines for carrying out the COES directives; (f) determining on a monthly basis the amounts owed between generators as consideration for energy injected into the grid and for ancillary services; (g) evaluating and approving pre-operative and operative studies for every new generation unit that desires to connect to the system; and (h) proposing to MINEM for its approval expansion plans for the transmission grid.

INDECOPI—the National Institute for the Defense of Competition and Protection of Intellectual Property Authority in Peru is a public autonomous entity which is responsible for, among others: (a) consumers' rights protection; (b) encourage fair competition; (c) protect intellectual property; and (d) control of corporate concentration operations, including the ones of the electricity sector.

ANA—The National Water Authority was created in 2008 pursuant to Legislative Decree 997. As the governing body and technical-regulatory authority of the National Management System of Water Resources, the ANA is responsible for exercising exclusive jurisdiction over natural water resources, and managing, monitoring, controlling and regulating the industry aimed to ensure the preservation and conservation of natural water sources, natural assets associated with such sources and hydraulic infrastructure. The ANA has sanctioning and enforcement authority.

SENACE—the National Service for Environmental Certification of Sustainable Investments (*Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles*) is a specialized technical governmental agency,

dependent of the Ministry of Environment, in charge of evaluating and approving detailed Environmental Impact Assessments, their amendments and Technical Reports of Viability (*Informes Técnicos Sustentatorios*), related to projects involving activities, works or services that may cause significant impacts to the environment.

Ministry of Culture—The Peruvian Ministry of Culture was created in 2010 pursuant to Law 29565, and is the main authority in terms of the management and surveillance of property under the scope of the Nation’s Cultural Heritage. The Ministry of Culture is the competent authority responsible for the issuance of the Certificates of Inexistence of Archaeological Remains (*Certificado de Inexistencia de Restos Arqueológicos*, or “CIRA”), prior to the development of investment projects, as well as other permits in order to protect the Nation’s Cultural Heritage.

OEFA—the Agency for Environmental Assessment and Enforcement (*Organismo de Evaluación y Fiscalización Ambiental*) is a specialized technical governmental body responsible for enforcing, overseeing, controlling and sanctioning in environmental matters. On March 4, 2011, OEFA became the competent authority in verifying compliance by companies operating in the energy sector (electricity and hydrocarbon activities) - among other sectors - with environmental regulations.

SERFOR—The National Service for Forest and Wildlife (*Servicio Nacional Forestal y de Fauna Silvestre*) was created by Law 29763, enacted on July 22, 2011. SERFOR is a specialized technical governmental agency, dependent of the Ministry of Agriculture, in charge of regulating forest and wildlife matters and proposing policies, strategies, plans and other instruments to promote the sustainable use of forest and wildlife resources. SERFOR is the entity in charge of granting permits in order to perform activities such as forest clearing, among others.

Generation Companies

Since 1992, the Peruvian market has been operating based upon a “marginal generation cost” system. As mentioned before, such system is embedded in the general electricity laws of Peru and is administrated by the COES. In such capacity, the COES has as its main mandate to satisfy all the demand of electricity at any given time with the most efficient generation assets available at such time, independently of contractual arrangements between generators and their clients. For such purpose, the COES determines which generation facilities will be in operation at any given time with the objective of minimizing the overall system energy cost. Generation units are dispatched (*i.e.*, ordered by the COES to inject energy into the system) on a real-time basis; units with lower variable generation costs are dispatched first and other less efficient generation units will be ordered to dispatch until the electricity demand is satisfied.

The variable cost for the most expensive generation unit dispatching in each 15-minute time period determines the short-term marginal cost (spot price) of electricity in said time period. Generally, the variable cost used for dispatch is audited by the COES, based on actual fuel costs, the plant efficiency, and variable maintenance costs. For such purposes, generators with power plants utilizing natural gas or other fuels are required to submit to the COES information on fuel prices and quality that must be accompanied by a supporting report including: (i) unit price per fuel supplied; (ii) unit price per fuel transported; and (iii) unit price per fuel distributed. The COES reviews and evaluates the consistency of such calculations. In the past, natural gas fired plants were able to declare their natural gas prices on an annual basis. More recently, the Peruvian market has evolved to regulation based on the cost audited by the COES, considering all-in supply, transportation and distribution costs of natural gas with no consideration if all or part of such costs are on a take or pay / ship or pay condition.

The spot market price is determined by the COES and is the price at which generation companies sell or buy energy on the spot market during each 15-minute period. All injections and withdrawals of electricity are valued at the spot market price of the 15-minute period when they are made. Any generation companies with excess generation over energy sold pursuant to PPAs in each 15-minute interval, sell their excess energy at spot prices to generation companies with lower generation than their contractual obligations under PPAs for that time period. The COES defines, on a monthly basis, the amounts that are owed by each generator with a net “buyer” position to generators with a net “seller” position. Generators with a net seller position directly invoice and collect from generators with a net buyer position the amounts liquidated by the COES, respectively, not being the COES involved in the payment procedure or providing any form of payment guarantee. As of the date of this offering memorandum, distribution companies, except as described under (b) of the following paragraph, and regulated consumers cannot purchase

power off the grid at spot prices, but rather must contract agreements with power generation companies or - for smaller consumers - with distribution companies, which means that spot transactions are a zero-sum between generators.

In 2016, under Supreme Decree No. 026-2016-EM, the MINEM implemented the MME, where: (i) the following participants of the energy market may buy energy and capacity: (a) generating companies owning generation units in commercial operation in order to meet their supply contracts; (b) distribution companies in order to meet the demand of their non-regulated clients for up to 10% of the total demand of such non-regulated clients taking into consideration the maximum demand of the last 12 months; and (c) non-regulated clients with contracted power of or greater to 10 MW (*grandes usuarios libres*) or a group of non-regulated clients with an aggregate contracted power of at least 10 MW (*conglomerados de usuarios no regulados*) in order to meet their demand for up to 10% of their maximum demand taking into consideration the maximum demand of the last 12 months; and (ii) generation companies that are members of the COES may sell energy and capacity. Additionally, the MME allows the authorized market participants to provide ancillary operational services. Buyers in the MME must pay fees for transmission, distribution and the other services and/or charges provided in the applicable regulations. The COES oversees the MME and authorizes COES members to participate in the MME.

Power generation companies are also paid capacity fees by the SEIN, based on their firm capacity and other variables. Capacity transactions are subject to the PCL. This law stipulates a methodology for calculating the capacity payments for each generation unit. Firm capacity calculation varies by type of technology but is principally based upon the unit's effective capacity and its ability to supply energy reliably and continuously during the peak hours of the dry season, and also taking into consideration the historic availability statistics of the unit. Capacity payments are based primarily upon the unit's firm capacity and the regulated capacity price, but it is also affected by other variables, such as the expected supply-demand balance, the approved reserve margin, and the merit order of the generation unit.

PPAs are commercial agreements, independent of actual allocation of generation or actual provision of availability to the system. Generation companies that generate over any 15-minute period insufficient energy to satisfy the supply obligations under their PPAs in any such periods purchase in the spot market the energy required to satisfy such supply obligations, based on COES procedures, from other generation companies with excess generation or availability during any such period. The energy price for those transactions is the spot price (marginal cost), and the capacity price is regulated and defined annually by OSINERGMIN.

Sales of electricity under PPAs are not regulated unless they involve sales to distribution companies for the supply to regulated customers. The latter PPAs are subject to price caps set by OSINERGMIN prior to the corresponding public bidding process where generators submit their bids. Such price caps are applicable during the bidding process. Generation and distribution companies may also enter into contracts resulting from a direct negotiation and not a bidding process, but the price in such PPAs cannot be higher than the regulated tariff approved by OSINERGMIN. As with capacity transactions under PPAs, the financial settlement of energy transactions under PPAs is independent of the actual dispatch of energy by any particular generation unit. Generators accrue receivables from the counterparties to their PPAs based on the contract price in their PPAs and the amount of energy delivered from the SEIN, irrespective of the amount of energy that was produced by the generator counterparty to the particular PPA. The COES's dispatch of generation units in the SEIN is designed to satisfy the demand of electricity of the SEIN at any given time in the most efficient manner possible and the COES is not under any obligation to dispatch a particular generation unit to fulfill a generator's PPA commitments.

The general electricity laws of Peru require generators with an installed capacity in excess of 500 kW that use renewable energy sources to obtain a definitive generation concession, and generators with an installed capacity in excess of 500 kW that use thermal energy sources to obtain a generation authorization. A concession for electricity generation is granted by the Republic of Peru acting through the MINEM and embedded in an agreement between the generator and the MINEM, while an authorization is merely a unilateral permit granted by the MINEM. Authorizations and concessions are granted by the MINEM for an unlimited period of time and their termination, respectively, is subject to the same considerations and requirements under the procedures set forth in the PCL and

the PCL Regulations. However, according to Legislative Decree 1221, the concessions granted as a result of an investment promotion process will have a term of up to 30 years.

The definitive concession allows its titleholder to use public lands and infrastructure, and obtain easements imposed by the MINEM (in lieu of easements agreed with the owner of the affected land plots) for the construction and operation of generation plants, substations or transmission lines and distribution networks, as applicable. The definitive concession is granted by a ministerial resolution issued by the MINEM. Also, definitive concessions for generation with renewable energy sources, with an installed capacity of less than 10 MW are granted by resolution of the Energy and Mines Regional Directorate (*Dirección Regional de Energía y Minas*) of the corresponding regional government. In all cases a definitive concession involves the execution of a concession agreement under the form of a public deed. The concession agreement is based on a standard form and is recorded in the public registries.

Under the general electricity laws in Peru, the titleholders of authorizations have most of the rights and benefits of concessionaires, other than the right to make a request to the MINEM to impose definitive easements, and have basically the same obligations as concessionaires.

Definitive concessions and authorizations may be terminated by relinquishment or breach upon the occurrence of certain termination events set forth in the PCL and upon completion of a procedure regulated by the general electricity laws in Peru. Termination events include: (i) failure to provide evidence of registration of the concession agreement in the public registry within the term of twenty business days following such registration; (ii) non-compliance with the schedule for completion of the project included in the concession agreement, unless otherwise authorized by the MINEM due to force majeure; (iii) failure to be available to operate for at least 876 hours during a calendar year, without justified cause; and (iv) failure by the concessionaire, after being penalized, to operate the facilities in accordance with the COES's operative regulations, unless otherwise authorized by the MINEM by justified reasons. Additionally, authorizations may be revoked in the following circumstances: (i) for repeated violations of environment conservation requirements or the cultural heritage preservation requirements; (ii) if the owner of a generating plant that is a party to an interconnected system, after having received the corresponding sanctions, does not operate its facilities in accordance with the coordination rules set forth by the COES; and (iii) if the owner of a generating plant does not carry out the required works or installations within the term provided for in the corresponding work schedule, unless in case of force majeure events, fortuitous events, or technical-economic reasons duly accredited and approved by the MINEM. The technical-economic reasons may be invoked only once and will be approved when they are beyond the control of the owner and/or the economic group to which it belongs to, and are a direct cause of default.

The termination procedure for breach of the project schedule may be suspended by the concessionaire upon delivery of a new project schedule that is guaranteed with a performance bond, thereby providing a mechanism that in practice substantially reduces the risk of termination for such cause. According to Legislative Decree 1221, this guaranteed schedule will be approved only once.

Notwithstanding the above, the PCL provides that if the Republic of Peru declares the termination of a definitive concession for a reason different from those mentioned above (*i.e.*, termination at will), the concessionaire shall be indemnified at the present value of the net cash flow of future funds generated by the concession's activities, using the discount rate set forth in article 79 of such law (12% on an annual basis). As of the date of this offering memorandum, we believe no concession has been terminated by the Peruvian government invoking its authority to terminate at will.

Termination of a definitive concession is declared by a ministerial resolution issued by the MINEM. In such case, the MINEM shall ensure the continuity of the operation of the generation plant by appointing a temporary administrator of the assets (*intervención*), until the concession is transferred to a new concessionaire. The MINEM shall appoint a consultant to make a valuation of the concession and its assets, elaborate the corresponding bidding rules and organize a tender procedure. The MINEM shall award the definitive concession to the best bid offered. The product of the tender shall be used to pay the costs of the temporary administration, the costs of the tender procedure, and any balance shall be allocated in favor of the former concessionaire. The procedure for termination of an authorization is similar to that of a concession.

Transmission Companies

Transmission in the SEIN grid is operated by the individual companies that conform the transmission system and is centrally coordinated by the COES. Expansion plans for the transmission grid are proposed by the COES to the MINEM for final approval; prior to executing the COES expansion plan, the Peruvian government prepares the transmission plan. Transmission companies who wish to participate in construction of the transmission system specified in the expansion plan are required to submit their bid for a tender organized by the Peruvian Agency for the Promotion of Private Investments (*ProInversión*). The transmission company awarded the tender may operate the line over the term of its concession (usually 30 years) and would be eligible to receive tariff payments paid by all the final users in the SEIN, as specified in the tender document and incorporated into its concession contract. The development of any transmission activity requires a definitive concession if the installation of the transmission lines will be within Peruvian state properties or if an easement from the MINEM will be required.

The group of transmission lines created pursuant to such tenders after 2006 are known as “guaranteed transmission lines.” Transmission lines not included in plans such as the aforementioned, independently constructed by transmission companies after 2006, are known as “complementary transmission lines”; tariffs for use of these lines are determined by OSINERGMIN and are paid based upon actual use. In some specific cases, the concession of “complementary transmission lines” may be subject to a tender promoted by the Peruvian government.

Transmission lines created prior to 2006 are categorized into two groups. Transmission lines available for use by all generation companies and are categorized as principal transmission lines; transmission lines only used by specific generation or distribution companies and only available to these generation companies are categorized as secondary transmission lines. Principal transmission lines tariffs are determined by OSINERGMIN and are paid by all end users, and secondary transmission lines tariffs are also determined by OSINERGMIN but are paid based upon actual use even by generation companies or customers.

On July 2, 2016, OSINERGMIN issued Resolution 164-2016-OS/CD, or the Transmission Toll Resolution, which sets forth the methodology currently in effect, for the calculation of the transmission tolls payable by generation companies to transmission companies for a generator’s use of the secondary and complementary transmission lines within the grid. Pursuant to the current methodology, each generation company must pay a transmission toll to be determined by OSINERGMIN for each of the secondary and complementary transmission systems within the grid, based on, among others, the year of construction of the transmission lines and the use and economic benefit obtained. The transmission tolls for the period between May 2021 and April 2025 were approved by Resolution No. 070-2021-OS/CD, as amended by Resolution No. 145-2021-OS/CD.

Although primary transmission tolls paid by the Company are typically passed through to the Company’s customers pursuant to its PPAs, it is unclear whether transmission tolls paid in respect of those secondary and complementary transmission lines that are not utilized by the Company for the transmission of their energy (as required by the Transmission Toll Resolution) can be passed through to the Company’s customers under its PPAs.

Distribution Companies

According to the general electricity laws in Peru, distribution companies are required to provide energy to regulated customers at regulated prices. Distribution companies may also provide energy to non-regulated customers—pursuant to PPAs competing with generation companies for such non-regulated customers, but they are also required to permit generation companies access to the distribution grid in order for the latter to be able to service their non-regulated customers connected to such grid. As of the date of this offering memorandum, there are more than ten distribution companies holding a distribution concession, including, among others, Luz del Sur, Pluz Energía Perú, Electro Dunas and Coelvisac.

Prior to the enactment of the LGE, pricing in all contracts between generation companies and distribution companies with respect to sale of electricity to end customers was defined at regulated prices, composed of payment for capacity, energy and transmission, as determined by OSINERGMIN. Distribution companies sell energy on the regulated market at cost plus an additional distribution charge known as VAD. After to the enactment of the LGE,

most of the agreements result from tenders in which generation companies bid prices. Bid prices include payment for capacity and energy.

Since July 2006, pursuant to the LGE, contracts to sell capacity and energy to distribution companies for resale to regulated customers may be made at fixed prices based on public bids of generation companies or at regulated prices set by the OSINERGMIN. After the bidding process is concluded, a distribution company will be entitled to purchase energy from the winning bidder at the bid price for the life of the relevant PPA. The prices obtained through the public bid process are subject to a maximum energy price set by the OSINERGMIN prior to bidding. If all the bids are higher than the price set by the OSINERGMIN, the public bids are disregarded and no PPA will be awarded. The process may be repeated until the prices that are offered are below the cap set by the OSINERGMIN for each process.

By Law No. 32249, Law which modifies Law 28832, Law to Ensure Effective Development of Power Generation to guarantee the safe, reliable and efficient supply of electricity supply and to promote the diversification of the energy matrix (*Ley que modifica la Ley 28832, Ley para Asegurar el Desarrollo Eficiente de la Generación Eléctrica, a fin de garantizar el abastecimiento seguro, confiable y eficiente del suministro eléctrico y promover la diversificación de la matriz energética*), or Law No. 32249 (“Law 32249”), which came into effect on January 20, 2025, the Peruvian Congress amended the LGE, providing for, among others:

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

Certain provisions contained in Law 32249 will require supplemental regulations and amendments to the regulations currently in place. The MINEM and OSINERGMIN have 120 calendar days from January 20, 2025, to issue and amend such applicable regulations.

Regulated tariffs are annually set by OSINERGMIN through a public procedure conducted by the Office for Tariff Regulation (*Gerencia de Regulación Tarifaria*) and are effective from the month of May of each year. During this process, the OSINERGMIN will take into account a proposal delivered by the COES.

The price components of the regulated tariffs are: (i) the regulated price of energy; (ii) the capacity price in peak hours; and, (iii) the transmission toll, and are calculated considering the following:

- a projection of demand for the next 24 months, considering generation and transmission facilities scheduled to start operations during such period. The projection assumes, as a constant, the cross-border (*i.e.*, Ecuador) supply and demand based on historical data of transactions in the last year;
- an operations program that minimizes the operation and rationing costs for the period taking into account the hydrology, reservoirs, fuel costs and a rate of return (*Tasa de Actualización*) of 12% annual. The evaluation period includes a projection of the next 24 months and the 12 months precedent to March 31 of each year considering historic data;
- a forecast of the short-term marginal costs of the expected operations program, adapted to the hourly blocks (*bloques horarios*) established by OSINERGMIN;
- determination of the basic price of energy (*precio básico de la energía*) for the hourly blocks of the evaluation period, as a weighted average of the marginal costs previously calculated and the electricity demand, updated to March 31 of the corresponding year;
- determination of the most efficient type of generation unit to supply additional power to the system during the hour of maximum peak demand during the year (*demanda máxima anual*) and the annual investment costs, considering a rate of return of 12% on an annual basis;
- the base price of capacity in peak hours (*precio básico de la potencia de punta*) is determined following the procedure established in the general electric laws of Peru, considering as a cap the annual investment costs (which include connection and operation and maintenance costs). An additional margin to the basic price shall be included if the reserve of the system is insufficient;
- calculation of the nodal factors of energy (*factores nodales de energía*) for each bar of the system. The factor shall be equal to 1.00 for the bar where the basic price is set;
- the capacity price in peak hours (*precio de la potencia de punta en barra*) is calculated for each bar of the system, adding to the basic price of capacity in peak hours the unit values of the transmission toll and the connection toll referred to in Article 60 of the PCL; and
- the bus bar price of energy (*precio de energía en barra*) is calculated for each bar of the system, multiplying the nodal basic price of energy (*precio básico de la energía nodal*) of each hourly block by the respective nodal factor of energy.

Peruvian Energy Policy 2010 - 2040

The Peruvian Energy Policy 2010 - 2040 was approved by Supreme Decree 064-2010-EM. By this document, the Peruvian government set forth the following objectives in order to improve the energy market:

- Develop a diversified energy matrix, based on renewable energy resources and efficiency. The government, among other measures, will prioritize the development of efficient hydroelectric projects for electricity generation.
- Competitive energy supply. One of the main guidelines is to promote private investment in energy projects. The Peruvian government has a subsidiary role in the economy as mandated by the Peruvian Constitution.
- Universal access to energy supply. Among other guidelines, the Peruvian government shall develop plans to ensure the supply of power and hydrocarbons.
- Promote a more efficient supply chain and efficient energy use. Comprises promoting the automation of the energy market through technological repowering.

- Achieve energy self-sufficiency. For such purpose, the Peruvian government will promote the use of energy resources located in the country.
- Develop an energy sector with minimal environmental impact and low carbon in a sustainable development framework. Promote the use of renewable energy and eco-friendly technologies that avoid environmental damage and promote obtaining Certified Emission Reductions by the energy projects developed.
- Strengthen the institutional framework of the energy sector. Maintain a legal stability intended to promote development of the sector in the long term. Likewise, simplification and optimization of administrative and institutional structure of the sector will be promoted.
- Regional market integration for a long-term development. Regional interconnection agreements will permit the development of infrastructure for energy uses.
- Developing the natural gas industry and its use in household activities, transportation, commerce and industry as well as efficient power generation.

It is expected that the MINEM will update the Peruvian Energy Policy in order to set objectives as of 2050.

Environmental Matters

The environmental legal framework is primarily based on the General Environmental Law, enacted by Law 28611, and the Environmental Impact Assessment National System Law, enacted by Law 27446 and regulations thereto enacted by Supreme Decree 019-2009-MINAM. The Ministry of Environment and other administrative entities have the authority to enact implementing regulations related to environmental matters.

The environmental aspects of the electric power industry are specifically governed by the Regulations of the Environmental Protection for Electric Activities or “REPEA,” enacted by Supreme Decree 014-2019-EM. These environmental laws and regulations govern, among other matters, the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of hazardous materials into the ground, air or water; and the protection of migratory birds and endangered and threatened species and plants. They also set environmental quality standards for noise, water, air and soil.

According with current Peruvian Environmental Regulation, companies that carry out activities in the electricity sector (whether generation, transmission or distribution) are obliged to perform their activities in a manner that ensures the protection of the environment by controlling and mitigating the environmental impact of their activities. Consequently, and according to applicable laws and regulations, the execution of electric activities requires the prior approval of an environmental management instrument (*i.e.*, Environmental Impact Study (“EIA”), semi-detailed Environmental Impact Study (“EIAsd”) or Environmental Impact Declaration (“DIA”), as the case may be). The applicable environmental management instrument depends on the level of impact that the specific activity may have on the environment, as explained below:

	<u>Level of impact</u>	<u>Applicable Management Instrument</u>
I	Non-significant negative environmental impacts	DIA
II	Moderate negative environmental impacts	EIAsd
III	Significant negative environmental impacts	EIA

Before undertaking any kind of activity in the electricity sector, the applicable environmental management instrument must be submitted to the General Directorate of Environmental Affairs relating to the Power Industry (or “DGAAE” for its acronym in Spanish) of MINEM (or its Regional Bureaus) or SENACE for its approval, as the case may be.

SENACE was created by means of Law No. 29968 enacted on December 20, 2012. SENACE is a specialized technical governmental agency, dependent of the Ministry of Environment, in charge of reviewing and approving EIAs related to projects involving activities, works or services that may cause significant impacts to the environment. Pursuant to Ministerial Resolution No. 328-2015-MINAM dated November 25, 2015, the transfer of jurisdiction from the MINEM in favor of SENACE has been completed. Therefore, as of December 28, 2015,

SENACE reviews and approves detailed EIAs submitted by titleholders of electricity sector activities. However, other environmental management instruments that are not detailed EIAs (DIAs and EIAs, among others) will continue to be approved by the DGAAE of the MINEM or its Regional Bureaus (specifically, in case of regional transmission lines and distribution activities).

Pursuant to the REPEA, an applicant for definitive concessions or authorizations for carrying out generation activities must prepare and submit an environmental management instrument to the DGAAE or SENACE, as applicable, for its corresponding approval, prior to the commencement of construction activities. An environmental management instrument includes a description of the activities to be performed in an electric power project, detailing (i) information about its location, including main and ancillary components; and (ii) the environmental baseline study (i.e. geographic, social, cultural and economic aspects within the areas of influence of the project), among other items. Additionally, it identifies and classifies the potential or existing environmental impacts throughout the lifespan of the project and proposes mitigating actions for avoiding, reducing, and/or compensating for those impacts. The corresponding environmental management instrument- in more or less detail, as the case may be- includes an environmental management plan detailing the measures to be implemented to comply with environmental quality standards and other obligations, a contingency plan, a compensation plan, a community participation plan and a closure plan. The titleholder must strictly comply with its environmental commitments included in the corresponding environmental management instrument (whether DIA, EIA_s or EIA) throughout the life-cycle of the project. Once the corresponding environmental management instrument is approved, the titleholder is allowed to initiate its project

Based on the particular characteristics of each project and the activities to be undertaken, the REPEA includes additional obligations and permits.

The most relevant permits necessary for the performance of activities in the electricity sector, depending on the particular type of activity include the following:

- Certificate of non-existence of archaeological remains (*Certificado de Inexistencia de Restos Arqueológicos*) granted on request by the Ministry of Culture;
- Archeological Monitoring Plan (*Plan de Monitoreo Arqueológico*), approved by the Ministry of Culture;
- Rights for water use, including licenses, permits or authorizations, granted on request by the ANA;
- Registry as a direct consumer of liquid fuels, which is an authorization for the operation of hydrocarbon storage tanks, before OSINERGMIN;
- Registry in the Registry for Regulated Assets (*Registro para el Control de Bienes Fiscalizados*) before SUNAT for the acquisition, use and warehousing of regulated assets;
- Authorization for the discharge and/or re-use of wastewaters, granted on request by the ANA;
- Authorization for forest clearing activities, granted on request by the National Forest and Forest Wildlife Service (*Servicio Nacional Forestal y de Fauna Silvestre*) of Peru; and
- Authorization for the use of explosives, granted on request by the National Superintendency of Control of Security Services, Arms, Ammunition and Explosives for Civil Use (*Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil*).

OEFA is the competent authority in charge of regulating, supervising and imposing sanctions on companies in the electric industry with respect to their non-compliance with the applicable environmental legislation. In addition, there are other competent governmental agencies or authorities on specific environmental matters such as water, forestry resources, and aquatic environment that regulate and supervise environmental compliance and liability.

Pursuant to Law 30230 published on July 12, 2014, OEFA was instructed to prioritize preventive and corrective actions for a period of three years. This period expired on July 12, 2017. During such period, if OEFA had declared

the existence of an infringement in the context of an administrative sanctioning proceeding, this authority should order the execution of corrective measures that seek to reverse the alleged infringement. If the investigated company failed to comply with these administrative measures, OEFA would impose pecuniary sanctions (which should not exceed 50% of the penalty that would otherwise be applicable to such infringement).

The described benefits of Law 30230 did not apply to: (i) severe infringements that cause a real and/or severe damage to an individual's health or life; (ii) activities carried out in prohibited areas or without the appropriate environmental management instrument or the authorization to start operations; and (iii) titleholders considered reoffenders.

Currently, to the extent Law 30230 is no longer in force, if OEFA declares the existence of an infringement in the context of an administrative sanctioning proceeding, it may, at the same time or alternatively, impose pecuniary sanctions (without considering the 50% reduction) and order the execution of corrective measures.

Notwithstanding the above, by means of Resolution 006-2019-OEFA/CD, dated February 3, 2017, the Board (*Consejo Directivo*) of OEFA issued the new Regulations for Direct Supervision, which establish that the role of direct supervision aims to prevent environmental damage and promote voluntary correction of alleged breaches of environmental obligations. Thus, such regulations promote the implementation of corrective measures and the correction of infringements in order to avoid initiating unnecessary administrative sanctioning proceedings.

In any case, in accordance with the Peruvian Civil Code (*Código Procesal Civil*), a civil claim may be filed against the titleholder of a project in the electricity sector on the grounds of environmental damage. Therefore, any third party, under the principles of tort liability, could file a civil claim against the titleholder of a project for causing environmental damage due to the use or exploitation of an asset or activity that implies a risk or danger.

In addition, the Peruvian Criminal Code (*Código Penal*) contains a section that typifies different kinds of environmental crimes and their corresponding sanctions (i.e., environmental contamination). They generally require a severe breach of applicable laws and regulations and causing damages that harm the environment.

The sanctions for committing environmental crimes vary from two to twelve years of imprisonment, depending on the specific crime, and may include the imposition of community service hours and fines. Criminal liability shall apply to the individuals within the company's business structure (including managers) who had decision-making power over environmental matters at the time in which the infringement was committed. That is, the decision-making officers of the companies that carry out activities in the electricity sector are the ones exposed to criminal investigation, prosecution and, eventually, liability if there is a gross infraction that is typified as a crime.

The most relevant environmental permit obtained for the construction and operation of the CDA plant, the Kallpa plant and Las Flores are its EIA and its amendments.

Other permits obtained for the operation of the CDA plant, the Kallpa plant, Las Flores plant and Sunny plant include:

- generation concession of the CDA plant and Sunny I granted by the MINEM;
- generation authorizations for the Kallpa plant and Las Flores granted by the MINEM;
- transmission concession of the transmission lines granted by the MINEM;
- water use license for the CDA plant granted by the ANA; and
- operative studies granted by the COES.

MANAGEMENT

Directors and Senior Management

The following table sets forth information regarding our directors as of the date of this offering memorandum.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Current Position Held Since</u>	<u>Term Expires</u>
Willem Van Twembeke	59	Chairman of the Board	March 28, 2022	December 9, 2026
Marco Cardenas	45	Director	January 10, 2024	December 9, 2026
Maria Soledad Haro	52	Director	August 16, 2024	December 9, 2026

The following table sets forth information regarding our senior management as of the date of this offering memorandum.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Rosa María Flores-Araoz	51	Chief Executive Officer
Arturo Silva-Santisteban	48	Chief Financial Officer
Irwin Frisancho	53	Chief Commercial Officer
Victor Tejada	62	Chief Operations Officer
Carlos León	50	General Counsel & Regulatory
Jose Manuel Tierno	47	Chief Energy and Customer Solutions Officer

Our business address is the business address of all of our directors and senior management.

Biographies of our Directors and Senior Management

Willem Van Twembeke. Mr. Van Twembeke has served as chairman of our Board of Directors since March 2022 and as Chief Executive Officer of Inkia since January 2018, following the acquisition of the Inkia portfolio by I Squared Capital. He joined Inkia after following a 25-year tenure at Tractebel and various companies within the ENGIE Group. He also served as Executive Vice President of ENGIE's Energy International Business Line managing international operations in several regions and leading business development. During his tenure at Engie, he played a key role in developing the company's global footprint, including substantial work in Latin America. As CEO of EnerSur and Calidda, he reengineered both Peruvian companies, transforming them into significant players in the local energy market. As COO of ENGIE Energy Latin America, he contributed to building the company into a first-tier competitor in the region. Among other degrees, Mr. Van Twembeke holds a Master of Business Administration (1992 to 1994) from the Catholic University of Louvain, Belgium; a Master of Engineering (1988 to 1990) in Nuclear Science from the Rensselaer Polytechnic Institute, New York, USA; and a Master of Science in Electromechanical Engineering (1983 to 1988) in Power Electricity from the Catholic University of Louvain.

Marco Cardenas. Mr. Cardenas has been the Vice-president of Treasury and Controlling of Inkia since January 2008 and our director since January 2024. Mr. Cardenas has over 16 years of experience in the power industry. He has been involved in several international mergers and acquisitions, including the acquisition and divestiture of power generation and distribution companies and assets in Latin America and the Caribbean. Before joining Inkia in January 2008, Mr. Cardenas worked seven years as audit manager at E&Y Peru. Mr. Cardenas holds a bachelor's degree in accounting from Pontificia Universidad Católica del Peru and a master's in business administration from the University of Chicago.

Maria Soledad Haro. Mrs. Haro has been General Counsel of Inkia since August 2024. She previously held the role of Deputy General Counsel of Inkia between December 2016 and August 2024. Prior to Inkia, Mrs. Haro was General Counsel at Real Plaza SRL, an affiliate of Intercorp, from April 2015 to December 2016. Mrs. Haro was also a counsel at Miranda & Amado Abogados, a leading Peruvian law firm, between April 2001 and April 2015. She holds a law degree from Universidad de Lima and a master's in law (LL.M) from New York University.

Rosa María Flores-Araoz. Ms. Flores-Araoz has been the Chief Executive Officer of Kallpa since July 2015. She has over 25 years of experience in the electricity sector, and was previously Deputy CEO of Kallpa from 2011 to 2015, Commercial Manager of Edegel S.A. from 2007 to 2010 and Regulation Director of Endesa Perú S.A. during the same period. She worked at the National Association of Mining, Oil, and Energy as Electricity Sector Manager from 2002 to 2006. Ms. Flores-Araoz has a degree in economics from Universidad de Lima (Peru) and a master's degree in applied economic sciences, with a minor in business economics, from the Pontificia Universidad Católica in Chile.

Arturo Silva-Santisteban. Mr. Silva-Santisteban has been the Chief Financial Officer of Kallpa, since June 2016. Mr. Silva-Santisteban has over 13 years of experience in the power industry plus over 12 years experience in the financial industry. He was previously Finance Vice President in Engie Energía Peru from 2013 to 2016 and Senior Manager of Acquisitions, Investments & Financial Advisory at Engie Latin America from 2011 to 2013. He also worked in mergers & acquisitions, strategy and business development at Barclays Bank from 2008 to 2011 and held different management positions at Scotiabank from 2003 to 2007 and Citibank from 1999 to 2003. Mr. Silva-Santisteban holds a bachelor's degree in economics from Universidad del Pacífico and a master in business administration from London Business School.

Irwin Frisancho. Mr. Frisancho has been the Chief Commercial Officer of Kallpa since March 2010. He has over 25 years of experience in the Peruvian electricity sector and has held positions in different companies in the sector such as Engie Energía Peru, where he was the Head of Energy Studies and Markets; COES SUR; and EGEMSA. Mr. Frisancho has a degree in electrical engineering from Universidad Nacional San Antonio Abad in Cusco (Peru), with a specialization in regulatory and energy market matters.

Victor Tejada. Mr. Tejada has been the Chief Operations Officer of Kallpa since August 2017 and previously served as Operations Officer of CDA from February 2017 to August 2017. He has over 30 years in the electricity sector. He previously worked at Engie Energía Peru, where he was Head of Operations. Mr. Tejada has a degree in mechanical engineering from Universidad Nacional de Ingeniería (Peru) and a master's degree in business administration from Universidad Privada de Tacna (Peru).

Carlos León. Mr. Leon has been our General Counsel & Regulatory Manager since April 2019 and prior to that he was VP of Commercial & Regulatory Affairs at Inkia from October 2013 to April 2019. He has also served as General Counsel and Deputy Sales Manager at Engie Energía Perú from June 2004 to September 2013. Mr. León holds a law degree from Universidad de Lima and has completed studies for a master's degree in regulated markets from Universidad Peruana de Ciencias Aplicadas. He has been shortlisted in the GC Powerlist for Peru by Legal 500 both in 2023 and 2024.

Jose Manuel Tierno. Mr. Tierno has been our Chief Energy and Customer Solutions Officer since January 2021. He has over 20 years of experience in the power industry, from which more than 15 years were in his capacity as Commercial and Business Development Director of Orazul Energy Argentina and Duke Energy Argentina and Chile. Additionally, he served as Director for CAMMESA, Termoeléctrica San José de San Martín, Termoeléctrica Belgrano and Fundación Energía Renovable Patagónica. Mr. Tierno holds a degree in accounting from Universidad de Belgrano and has completed postgraduate studies in electricity and natural gas markets at Instituto Tecnológico Buenos Aires and a specialization program in executive leadership by Kellogg School of Management.

Board Practices

The members of our Board of Directors are elected by the general meeting of shareholders for two-year terms, with the possibility of reelection. Our Board of Directors is currently comprised of three members.

Our Board of Directors conducts annual ordinary meetings and extraordinary meetings whenever considered convenient or necessary, as called by the president of our Board of Directors. Resolutions of the Board of Directors are passed by a majority of its members, and in case of a deadlock, the chairman's vote determines the result.

Compensation of Directors

Pursuant to our by-laws, our Board of Directors does not receive compensation. During the year ended December 31, 2023, our Board of Directors did not receive any remuneration or stipend for any additional duties or expenses.

Code of Ethics and Ethical Guidelines

Our Board of Directors has adopted a code of ethics that describes our commitment to, and requirements in connection with, ethical issues relevant to business practices and personal conduct.

PRINCIPAL SHAREHOLDERS

We are a Peruvian corporation (*sociedad anónima*) organized under the laws of Peru, and we are an indirectly owned subsidiary of certain investment funds managed by I Squared Capital and minority co-investors.

As of December 31, 2023, I Squared Capital and minority co-investors, through Inkia and its subsidiaries, Inkia Americas S.A.C. and NIH, indirectly held 100% of our shares. The table below sets forth our principal shareholders as of December 31, 2023:

Shareholder	Shares	%
Inkia Americas S.A.C.	498,686,827	74.9
NIH	167,116,679	25.1
Total shareholders.....	665,803,506	100.0

Our Controlling Shareholder

Our controlling shareholder is I Squared Capital which, through a set of independently managed private equity funds which are jointly referred to as “ISQ Global Infrastructure Fund I and II”, is focused on making infrastructure investments in developed and developing countries.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of certain of our indebtedness and the material provisions relating thereto. The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the corresponding agreements, including the definitions of certain terms therein that are not otherwise defined in this offering memorandum.

2026 Notes

On May 24, 2016, we issued U.S.\$350 million aggregate principal amount of the 2026 Notes. The 2026 Notes accrue interest at the rate of 4.875% per year, payable semi-annually in arrears. The 2026 Notes are our senior unsecured obligations, ranking equally in right of payment with all of our existing and future unsubordinated indebtedness and senior to our existing and future subordinated indebtedness. The indenture governing the 2026 Notes contains restrictive covenants that are substantially similar to the covenants in the indenture that will govern the notes. We may redeem all or a portion of the 2026 Notes at the redemption price applicable to the 2026 Notes as set forth in the applicable indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2024, U.S.\$350 million aggregate principal amount of the 2026 Notes was outstanding.

We intend to use a portion of the net proceeds of this offering to purchase any and all of the 2026 Notes validly tendered and accepted for payment pursuant to the Tender Offer, and to pay related fees, premiums and expenses. If, following the consummation of the Tender Offer, any 2026 Notes remain outstanding, we will use the remaining net proceeds of this offering to redeem such 2026 Notes. See “*Summary—Recent Developments—Notes Redemption*” and “*—Tender Offer.*”

2027 Notes

On August 16, 2017, we issued U.S.\$650 million aggregate principal amount of the 2027 Notes. The 2027 Notes accrue interest at the rate of 4.125% per year, payable semi-annually in arrears. The 2027 Notes are our senior unsecured obligations, ranking equally in right of payment with all of our existing and future unsubordinated indebtedness and senior to our existing and future subordinated indebtedness. The indenture governing the 2027 Notes contains restrictive covenants that are substantially similar to the covenants in the indenture that will govern the notes. We may redeem all or a portion of the 2027 Notes at the redemption price applicable to the 2027 Notes as set forth in the applicable indenture, plus accrued and unpaid interest to the date of redemption. As of September 30, 2024, U.S.\$650 million aggregate principal amount of the 2027 Notes was outstanding.

Las Flores Combined Cycle Lease

On August 13, 2019, we entered into a financial lease agreement with Banco de Crédito del Perú for up to U.S.\$148 million to finance the construction of the Las Flores combined cycle plant. Under the lease agreement, Kallpa had up to 36 months disbursement period and a 5-year repayment period with quarterly payments until the maturity of the lease in June 2027. The lease bears a fixed interest rate of 3.65%.

The combined cycle reached COD date on June 9, 2022, which led to the execution of an amendment to the relevant financial lease agreement on June 30, 2022, to set the definitive payment schedule thereunder. Total disbursements under the financial lease for the Las Flores combined cycle amounted to U.S.\$141 million. The Las Flores combined cycle lease is a senior secured obligation, ranking senior to our existing and future senior unsecured indebtedness. As of September 30, 2024, U.S.\$80 million aggregate principal amount of the Las Flores combined cycle lease was outstanding.

RELATED PARTY TRANSACTIONS

Kallpa is a party to numerous related party transactions with certain of their affiliates. Each such related party transaction is approved by the board of directions of Kallpa, as applicable.

We believe that we have complied and are in compliance in all material respects with the requirements of the relevant provisions of the Peruvian law governing related party transaction with respect to all of our transactions with related parties.

Below is a summary of accounts receivables or payables, with our affiliates as of September 30, 2024 and December 31, 2023, 2022 and 2021:

	As of September 30		As of December 31,	
	2024	2023	2022	2021
	<i>(in millions of U.S. dollars)</i>			
OEP	-	1	(1)	-
Hidro Chilia S.A.C.	4	4	4	4
Total	4	5	3	4

The table below presents the net effect on income of transactions with our affiliates for the nine months ended September 30, 2024 and the years ended December 31, 2023, 2022 and 2021:

	Nine-month period ended September 30		For the year ended December 31,	
	2024	2023	2022	2021
	<i>(in millions of U.S. dollars)</i>			
OEP	4	6	5	4
Samay I S.A. ⁽¹⁾	-	(1)	(14)	(9)
Aguaytía Energy del Perú S.R.L. ⁽²⁾	-	-	-	4
Termoselva SRL ⁽²⁾	-	-	-	1
NIH	-	-	-	2
Total	4	5	(9)	2

- (1) On February 3, 2023, our indirect parent companies completed the sale of 74.9% of their interest in Samay I S.A. On May 26, 2023, our indirect parent companies completed the sale of the remaining 25.1% interest in Samay I S.A. As such, Samay I S.A. is no longer an affiliate of Kallpa.
- (2) On March 6, 2023, our indirect parent companies completed the sale of their interests in Aguaytía Energy del Perú S.R.L. and Termoselva SRL. As such, Aguaytía Energy del Perú S.R.L. and Termoselva SRL are no longer affiliates of Kallpa.

For more information on our related party transactions, see note 26 to Kallpa's unaudited condensed interim financial statements included elsewhere in this offering memorandum.

DESCRIPTION OF THE NOTES

The notes will be issued under an indenture to be entered into between Kallpa Generación S.A., as issuer, and Citibank, N.A., as trustee, registrar, transfer agent and paying agent. The following description of certain provisions of the notes and the indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the terms and conditions of the notes and the indenture. Copies of the indenture are available at our principal executive offices, as well as at the offices of the trustee in The City of New York.

In this section of the offering memorandum, the term “Issuer” refers only to Kallpa Generación S.A., excluding any of its Subsidiaries (as defined below). As used herein, the term “Holder” or “Noteholder” means the person in whose name a note is registered in the register for the notes. You will find definitions of certain other capitalized terms used in this section under “— *Certain Definitions.*”

General

The notes will:

- be senior unsecured obligations of the Issuer;
- initially be limited to an aggregate principal amount of U.S.\$500 million;
- mature on January 30, 2032;
- not be redeemable by the Issuer or by the holders of the notes prior to maturity except as described under “—Optional Redemption”;
- be issued in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof; and
- be represented by registered notes in global form and may be exchanged for certificated notes only in certain limited circumstances.

Interest on the notes will:

- accrue on their outstanding principal amount at a rate of 5.875% per year;
- be payable semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2025; and
- be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Issuer may, without notice to or the consent of the Holders, issue additional notes of the same series under the indenture on substantially the same terms and conditions (except for the issue date, issue price, date from which interest accrues and first interest payment date) as the notes being offered hereby in an unlimited aggregate principal amount. The notes and the additional notes, if any, will be treated as a single series for all purposes under the indenture, including waivers and amendments; *provided that*, if the additional notes are not fungible with the notes for U.S. federal income tax purposes, the additional notes will be issued with a separate CUSIP or other identifying number.

Ranking of the Notes

The notes will be senior unsecured obligations of the Issuer and will, at all times, be *pari passu* in right of payment with all other existing and future unsecured and unsubordinated debt of the Issuer, except for those obligations preferred by operation of Peruvian law, including labor claims, pension and social security contributions, and tax claims. The notes will be effectively subordinated to the existing and future secured debt of the Issuer to the extent of the assets securing such debt. In addition, the notes will be structurally subordinated to future unsecured and unsubordinated debt and other liabilities (including trade payables) of the Subsidiaries of the Issuer, if any.

As of September 30, 2024, as adjusted for this offering and the use of proceeds therefrom, our total outstanding debt, on a *pro forma* basis, was U.S.\$1,250 million, of which U.S.\$95 million was secured debt.

Payments on the Notes

Payments on the certificated, non-global notes may be made at the corporate trust office of the trustee. Alternatively, the Issuer may choose to pay such amounts in respect of certificated, non-global notes by (i) check mailed or delivered to the address of the person entitled thereto at the address appearing in the register or (ii) wire transfer to an account located in the United States as specified by the person entitled thereto. All payments on global notes will be made to the relevant depository or its nominee by wire transfer.

At least one Business Day prior to each due date of principal or interest on a note, the Issuer will deposit with the trustee or a paying agent, as applicable, a sum sufficient to pay such principal or interest. If any payment in respect of the notes is due on a date that is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding day that is a Business Day, with the same force and effect as if made on the date for such payment, and no interest will accrue for the period from and after such date. “Business Day” means a day other than a Saturday, Sunday or any day on which banking institutions are authorized or required by law to close in New York, New York or Lima, Peru.

Payments of interest will be made to the person in whose name a note is registered at the close of business on January 15 or July 15, as the case may be, immediately preceding an interest payment date (whether or not a Business Day). Notwithstanding the foregoing, any interest which is payable, but which is not punctually paid or duly provided for, on any interest payment date will cease to be payable to the Holder registered on such date, and will be payable to the person in whose name such note is registered at the close of business on a special record date to be fixed by the trustee not more than 15 nor less than 10 days prior to the date fixed by the Issuer for payment thereof.

Registrar, Paying Agent and Transfer Agent for the Notes

The trustee will initially act as registrar and New York paying agent and transfer agent. Upon any issuance of individual certificated notes in exchange for global notes the Issuer will appoint and maintain a paying agent in Singapore, for so long as the notes are listed on the SGX-ST and the rules of such exchange so require, where the notes may be presented or surrendered for payment or redemption. In such event, an announcement shall be made through the SGX-ST and will include all material information with respect to the delivery of the definitive notes, including details of the paying agent in Singapore. The Issuer may change the registrar, paying agents or transfer agents without prior notice to the Holders of the notes, and the Issuer or any of its Affiliates may act as registrar, paying agent or transfer agent.

Additional Amounts

All payments by the Issuer of principal, premium, if any, and interest in respect of the notes will be made free and clear of, and without any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (collectively, “*Taxes*”) imposed, levied, collected, withheld or assessed by or within Peru or any other jurisdiction in which the Issuer or any successor of the Issuer under the indenture is organized or incorporated or any paying agent is located or, in each case, any political subdivision thereof or any authority therein or thereof having power to tax (each, a “*Relevant Jurisdiction*”), unless such withholding or deduction for such Taxes is required by law or by the interpretation or administration thereof. In the event of any such withholding or deduction of Taxes by a Relevant Jurisdiction, the Issuer will pay to Holders such additional amounts as will result in the payment to each Holder of the net amount that would otherwise have been receivable by such Holder in the absence of such withholding or deduction (“*Additional Amounts*”), except that no such Additional Amounts will be payable in respect of:

- (a) any Taxes that would not have been so withheld or deducted but for the existence of any present or former connection (including, without limitation, a permanent establishment) between the Holder, applicable recipient of payment or beneficial owner of the notes or any payment in respect of such notes (or, if the

Holder, applicable recipient of payment or beneficial owner is an estate, nominee, trust, partnership, corporation or other business entity, between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, the Holder, applicable recipient of payment or beneficial owner) and the Relevant Jurisdiction, other than connections arising solely from the receipt of such payment or the holding or ownership of such notes or beneficial interest therein or the enforcement of rights thereunder;

- (b) any Taxes that would not have been so withheld or deducted if the notes had been presented for payment within 30 days after the Relevant Date (as defined below) to the extent presentation is required (except to the extent that the Holder would have been entitled to Additional Amounts had such notes been presented for payment on the last day of such 30-day period);
- (c) any Taxes that would not have been so withheld or deducted but for the failure by the Holder or the beneficial owner of the notes or any payment in respect of such notes to (i) make a declaration of non-residence, or any other claim or filing for exemption from, or reduction in, the deduction or withholding to which it is entitled or (ii) comply with any certification, identification, information, documentation or other reporting requirement concerning its nationality, residence, identity or connection with the Relevant Jurisdiction; *provided that* such declaration or compliance is required as a precondition to exemption from all or part of such Taxes and the Issuer has given the Holders at least 30 days prior notice that they will be required to comply with such requirements;
- (d) any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar taxes, duties, assessments or other governmental charges;
- (e) any Taxes that are payable otherwise than by deduction or withholding from payments on the notes;
- (f) any Taxes that would not have been so imposed if the Holder had presented the notes for payment (where presentation is required) to or otherwise had accepted payment from another paying agent;
- (g) any payment to a Holder of the notes that is a fiduciary or partnership (including an entity or arrangement treated as a partnership for tax purposes) or any Person other than the sole beneficial owner of such payment or notes, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or notes would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual Holder of such notes;
- (h) any Taxes imposed under sections 1471-1474 of the Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations thereunder or interpretations thereof, any agreements entered into pursuant to section 1471(b) of the Code, any intergovernmental agreement entered into (or treated as being in effect) in connection with the implementation of such sections of the Code, and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement; or
- (i) any combination of clauses (a) through (h) above.

“*Relevant Date*” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in The City of New York by the trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect has been given to the Holders in accordance with the indenture.

All references to principal, premium, if any, and interest in respect of the notes will be deemed also to refer to any Additional Amounts which may be payable as set forth in the indenture or in the notes.

Notwithstanding the foregoing, the limitations on the Issuer’s obligation to pay Additional Amounts set forth in clause (c) will not apply if compliance with any declaration, certification, identification, information, documentation or other reporting requirement described in such clause (c) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of notes than

comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as IRS Forms W-8 and W-9).

At least 10 Business Days prior to the first interest payment date (and at least 10 Business Days prior to each succeeding interest payment date if there has been any change with respect to the matters set forth in the below-mentioned officer's certificate), the Issuer will furnish to the trustee and each paying agent an officer's certificate instructing the trustee and the paying agents whether payments of principal, premium, if any, and interest in respect of the notes due on such interest payment date will be without deduction or withholding for or on account of any Taxes. If any such deduction or withholding will be required, the Issuer will furnish the trustee and the paying agents with an officer's certificate which specifies the amount, if any, required to be deducted or withheld on such payment to Holders and certifies that the Issuer will make such deduction or withholding and remit the full amount deducted or withheld to the applicable taxing authority.

Upon written request, the Issuer will furnish to the trustee documentation reasonably satisfactory to the trustee evidencing payment of any Taxes deducted or withheld from payments on the notes. Copies of such receipts will be made available to Holders upon written request.

The Issuer will promptly pay when due any present or future stamp, issue, registration, court or documentary taxes or any excise or property taxes, charges or similar levies (including any penalties, interest and other liabilities relating thereto) which arise in any jurisdiction in connection with the execution, delivery or registration of the notes or any other document or instrument referred to herein or therein (other than, in each case, such taxes, charges or similar levies imposed on or in connection with a transfer of the notes that is not part of the initial resale of the notes by the initial purchasers of the notes), excluding any such taxes, charges or similar levies imposed by any jurisdiction other than a Relevant Jurisdiction, except those resulting from, or required to be paid in connection with, the enforcement of the notes after the occurrence and during the continuance of a default or Event of Default with respect to the notes.

Change of Control

Upon the occurrence of a Change of Control that results in a Ratings Decline, each Holder will have the right to require that the Issuer purchase all or a portion (in integral multiples of U.S.\$1,000; *provided that* the remaining principal amount of such Holder's note will not be less than U.S.\$200,000) of the Holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to, but excluding, the date of purchase (the "*Change of Control Payment*").

Within 30 days following the date upon which a Change of Control that results in a Ratings Decline occurred, the Issuer must send, (i) if Global Notes, to the relevant depositary in accordance with its applicable procedures, a notice and (ii) if non-global certificated notes, by first-class mail, a notice to each Holder, in each case, with a copy to the trustee, offering to purchase the notes as described above (a "*Change of Control Offer*"). The Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date the notice is mailed, except as may be required by law (the "*Change of Control Payment Date*").

If only a portion of a note is purchased pursuant to a Change of Control Offer, a new note in a principal amount equal to the portion thereof not purchased will be issued in the name of the Holder thereof upon cancellation of the original note (or appropriate adjustments to the amount and beneficial interests in a global note will be made, as appropriate); *provided that* the remaining principal amount of such Holder's note will not be less than U.S.\$200,000 and will be in integral multiples of U.S.\$1,000 in excess thereof.

The Issuer is only required to make a Change of Control Offer in the event that a Change of Control results in a Ratings Decline. Consequently, if a Change of Control were to occur which does not result in a Ratings Decline, the Issuer would not be required to offer to repurchase the notes. In addition, the Issuer will not be required to make a Change of Control Offer if (1) a third party makes the Change of Control Offer in a manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes validly tendered and not withdrawn under such Change of Control Offer,

or (2) notice of redemption for all outstanding notes has been given pursuant to the indenture as described above under the caption “—*Optional Redemption*,” unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control and/or a Ratings Decline, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Issuer (or a third party making the Change of Control Offer as provided above) purchases all of the Notes held by such Holders, the Issuer will have the right, upon not less than 10 nor more than 60 days’ notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to, but excluding, the date of redemption.

Other existing and future indebtedness of the Issuer may contain prohibitions on the occurrence of events that would constitute a Change of Control or require that such indebtedness be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the notes upon a Change of Control could cause a default under such indebtedness even if the Change of Control itself does not.

If a Change of Control that results in a Ratings Decline occurs, the Issuer may not have available funds sufficient to make the Change of Control Payment for all the notes that might be delivered by Holders seeking to accept a Change of Control Offer. In the event the Issuer is required to purchase outstanding notes pursuant to a Change of Control Offer, the Issuer expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations. However, the Issuer may not be able to obtain necessary financing.

Holders will not be entitled to require the Issuer to purchase their notes in the event of a takeover, recapitalization, leveraged buyout or similar transaction which is not a Change of Control that results in a Ratings Decline. One of the events that constitutes a Change of Control under the indenture is the disposition of “all or substantially all” of the Issuer’s assets under certain circumstances. This term varies based upon the facts and circumstances of the subject transaction and has not been interpreted under New York State law (which is the governing law of the indenture) to represent a specific quantitative test. As a consequence, in certain circumstances there may be uncertainty in ascertaining whether a particular transaction involved a disposition of “all or substantially all” of the property or assets of a Person. In the event that Holders elect to require the Issuer to purchase the notes and the Issuer contests such election, we cannot assure you as to how a court interpreting New York law would interpret the phrase under certain circumstances.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations in connection with the purchase of notes in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the “Change of Control” provisions of the indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the indenture by doing so. If it would be unlawful in any jurisdiction to make a Change of Control Offer, the Issuer will not be obligated to make such offer in such jurisdiction and will not be deemed to have breached its obligations under the indenture because of its failure to make such offer.

The obligation of the Issuer to make a Change of Control Offer may be waived or modified at any time prior to the occurrence of such Change of Control with the written consent of Holders of a majority in principal amount of the notes.

Optional Redemption

Make-Whole Redemption

Prior to November 30, 2031 (two months prior to their maturity date) (the “*Par Call Date*”), the Issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes matured on the *Par Call Date*) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date. The redemption price shall be calculated by the Issuer in accordance with the terms of the Indenture, and the Trustee shall have no responsibility to verify such amount.

“*Treasury Rate*” means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities–Treasury constant maturities–Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the *Par Call Date* (the “*Remaining Life*”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the *Remaining Life*, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the *Remaining Life* – and shall interpolate to the *Par Call Date* on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the *Remaining Life*, the yield for the single Treasury constant maturity on H.15 closest to the *Remaining Life*. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the *Par Call Date*, as applicable. If there is no United States Treasury security maturing on the *Par Call Date* but there are two or more United States Treasury securities with a maturity date equally distant from the *Par Call Date*, one with a maturity date preceding the *Par Call Date* and one with a maturity date following the *Par Call Date*, the Issuer shall select the United States Treasury security with a maturity date preceding the *Par Call Date*. If there are two or more United States Treasury securities maturing on the *Par Call Date* or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall

be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

At Par Redemption

At any time on or after the Par Call Date, the Issuer may redeem the notes, in whole or in part, at its option, at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest on the principal amount to, but excluding, the date of redemption.

Tax Redemption

The notes may be redeemed, in whole but not in part, at the Issuer's option, at a redemption price equal to 100% of the outstanding principal amount of the notes, plus accrued and unpaid interest to, but excluding, the redemption date and any Additional Amounts, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction) in a Relevant Jurisdiction, the Issuer has or will become obligated to pay Additional Amounts in respect of interest received on the notes at a rate of withholding or deduction in excess of 4.99% ("Excess Additional Amounts"); provided such change or amendment occurs on or after the later of the Issue Date and the date such jurisdiction becomes a Relevant Jurisdiction and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; *provided, further, that* for this purpose, reasonable measures shall not include any change in the jurisdiction of organization or location of the principal executive office of the Issuer or any successor to the Issuer under the indenture; and *provided, further, that* no notice of redemption pursuant to the foregoing may be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of notes pursuant to the indenture, the Issuer will deliver to the trustee an officer's certificate and a written opinion of recognized counsel in the Relevant Jurisdiction that is independent of the Issuer to the effect that the Issuer is or at the time of the redemption will be entitled to effect such a redemption pursuant to the indenture, and setting forth in reasonable detail the circumstances giving rise to such right of redemption.

General

Notice of a redemption must be given to each holder of notes and published in accordance with the provisions set out under "*—Notices*" not less than 10 days nor more than 60 days prior to the redemption date.

Notice of any redemption of the notes may, at the Issuer's discretion, be subject to one or more conditions precedent. If such redemption is so subject to the satisfaction of one or more conditions precedent, such notice shall describe each such condition and, if applicable, shall state that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date.

On and after any redemption date, interest will cease to accrue on the notes unless the Issuer defaults in the payment of the redemption price. The Issuer or any of its Affiliates may at any time purchase the notes in the open market or otherwise at any price.

In the case of a partial redemption, selection of the notes for redemption will be made pro rata, by lot or by such other method as the Trustee in its sole discretion deems appropriate and fair. No notes of a principal amount of U.S.\$200,000 or less will be redeemed in part. If any note is to be redeemed in part only, the notice of redemption that relates to the note will state the portion of the principal amount of the note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. For so long as the notes are held by DTC (or another depositary), the redemption of the notes shall be done in accordance with the policies and procedures of the depositary.

Covenants

Limitation on Liens

The Issuer covenants and agrees that it will not, and will not permit any of its Subsidiaries (other than a Project Finance Subsidiary) to, directly or indirectly, incur, assume or suffer to exist any Liens to secure any Indebtedness (except for Permitted Liens) against or upon any of their respective properties or assets, whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, unless contemporaneously therewith effective provision is made to secure the notes (together with, if the Issuer so determines, any other Indebtedness or obligation then existing or thereafter created ranking equally with the notes) and all other amounts due under the indenture in each case, equally and ratably with such Indebtedness (or, in the event that such Indebtedness is subordinated in right of payment to the notes, as the case may be, prior to such Indebtedness) with a Lien on the same properties and assets securing such Indebtedness for so long as such Indebtedness is secured by such Lien.

Consolidation, Merger, Sale or Conveyance

The Issuer will not consolidate with or merge into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all, in one or more related transactions, of its properties and assets to any Person, unless (1)(a) the Issuer is the successor Person, or (b) the successor Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or other disposition the properties and assets of the Issuer (the “*Surviving Entity*”) will be a Person existing under the laws of (i) Peru, (ii) the United States of America (or any state thereof or the District of Columbia), (iii) any member country of the European Union, or (iv) any other member country of the Organization for Economic Co-Operation and Development and will assume, by a supplemental indenture, the due and punctual payment of the principal, premium, if any, and interest (and Additional Amounts, if any) in respect of all the outstanding notes and the performance of every covenant in the indenture on the part of the Issuer to be performed or observed; (2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, will have happened and be continuing; and (3) the Issuer or the Surviving Entity will have delivered to the trustee an officer’s certificate and opinion of counsel stating that such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition and such supplemental indenture, if any, comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger, sale, assignment, conveyance, transfer, lease or disposition (other than a lease), such successor entity will succeed to and be substituted for the Issuer as obligor on the notes, with the same effect as if it had been named in the indenture as such obligor.

The provisions of this covenant above will not apply to any consolidation or merger, or any sale, assignment, conveyance, transfer, lease or other disposition of properties and assets, of any Subsidiary to the Issuer.

Reporting Requirements

If at any time the Issuer is not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or is not exempt from such requirements pursuant to Rule 12g3-2(b) under the Exchange Act (as amended from time to time and including any successor provision), the Issuer will furnish to Holders and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In addition, the Issuer will furnish (or in lieu of furnishing, make accessible electronically by written notice to the trustee, who will forward such notice to the Holders upon written request of the Issuer) to the trustee and Holders:

- (1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Issuer, copies of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a profit and loss account, balance sheet and cash flow statement), in English, prepared in accordance with IFRS and audited by a member firm of an internationally recognized firm of independent accountants, together with a summary form management’s discussion and analysis of the results of operations and financial condition for such fiscal year; and

- (2) as soon as they are available, but in any event within 60 calendar days after the end of each of the first, second and third fiscal quarters of the Issuer, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a profit and loss account, balance sheet and cash flow statement), in English, prepared on a basis consistent with the audited financial statements of the Issuer and in accordance with IFRS, together with a certificate signed by the chief financial officer or a person acting on his or her behalf to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period.

Any default or Event of Default arising from a failure to comply with the provisions of this covenant will be deemed cured (and the Issuer will be deemed to be in compliance with this covenant) upon furnishing such statements or information as contemplated by this covenant if in accordance with the applicable grace periods provided in clause (iv) under “—*Events of Default*.”

The trustee shall have no duty to review or analyze reports delivered to it. Delivery of such reports, information and documents to the trustee shall be for informational purposes only and the trustee’s receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer’s compliance with any of the covenants contained in the indenture (as to which the trustee will be entitled to conclusively rely upon an officer’s certificate). The trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Issuers’ compliance with the covenants or with respect to any reports or other documents filed with the SEC or EDGAR or any website under the indenture or participate in any conference calls.

Events of Default

The indenture will provide that the following events constitute “Events of Default”:

- (i) default in the payment when due of the principal or premium, if any, in respect of any note, at maturity, upon redemption or otherwise;
- (ii) default in the payment of interest or Additional Amounts in respect of the notes if such default continues for 30 days after any such interest or Additional Amount becomes due;
- (iii) failure by the Issuer to comply with its obligations under “—*Change of Control*” or “— *Covenants—Consolidation, Merger, Sale or Conveyance*”;
- (iv) failure to observe or perform any covenant or agreement contained in the notes or the indenture (other than a default referred to in clause (i), (ii) or (iii) above), and such failure continues for 60 days after notice to the Issuer by the trustee or to the Issuer and the trustee by the Holders of at least 25% in aggregate principal amount of the outstanding notes, specifying such failure and requiring it to be remedied and stating that such notice constitutes a notice of default under the indenture;
- (v) the Issuer or any of its Subsidiaries fails to pay when due (whether at maturity, upon redemption or acceleration or otherwise) the principal of any Indebtedness in excess, individually or in the aggregate, of U.S.\$60 million (or the equivalent thereof in other currencies), if such failure continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended; *provided that* this clause (v) shall not apply to the Indebtedness of any Project Finance Subsidiary except to the extent that such Indebtedness also constitutes Indebtedness of the Issuer or any Subsidiary (other than a Project Finance Subsidiary);
- (vi) one or more final and non-appealable judgments or decrees for the payment of money in excess of U.S.\$60 million (or the equivalent thereof in other currencies) in the aggregate are rendered against the Issuer or any Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged, bonded in full, fully escrowed for or covered by insurance and unconditionally assumed by the relevant insurer in writing within 60 days, and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such

judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 90 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed; *provided that* this clause (vi) shall not apply to judgments or decrees against any Project Finance Subsidiary except to the extent that the Issuer or any Subsidiary (other than a Project Finance Subsidiary) is liable thereunder;

- (vii) any Peruvian government or governmental authority condemns, nationalizes, seizes, or otherwise expropriates all or substantially all of the Issuer's consolidated assets or property or the Issuer's Capital Stock or the Capital Stock of any Significant Subsidiary holding all or substantially all of the Issuer's consolidated assets or property, or assumes custody or control of such consolidated assets or property or of the Issuer's or any such Significant Subsidiary's business or operations or Capital Stock or takes any action that would prevent the Issuer or any such Significant Subsidiary or their respective officers from carrying on a substantial portion of the Issuer's or such Significant Subsidiary's business or operations for a period longer than 90 days and the result of any such action materially prejudices the Issuer's ability to perform its obligations under the notes and the indenture;
- (viii) a decree or order by a court or competent governmental authority having jurisdiction has been entered adjudging the Issuer or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of or by the Issuer or any of its Significant Subsidiaries and such decree or order continues undischarged or unstayed for a period of 90 days; or a decree or order of a court or competent governmental authority having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Issuer or any of its Significant Subsidiaries, has been entered, and such decree or order continues undischarged and unstayed for a period of 90 days; *provided that* any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Issuer or another Significant Subsidiary of the Issuer, as applicable; or
- (ix) the Issuer or any of its Significant Subsidiaries institutes any proceeding to be adjudicated as voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it, or files a petition or answer or consent seeking reorganization, or consents to the filing of any such petition, or consents to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property.

If an Event of Default specified in clause (viii) or (ix) above occurs, the maturity of all outstanding notes will automatically be accelerated and the principal amount of the notes, together with accrued interest thereon, will be immediately due and payable. If any other Event of Default occurs and is continuing, the trustee or the Holders of not less than 25% of the aggregate principal amount of the notes then outstanding may, by written notice to the Issuer (and to the trustee if given by Holders), declare the principal amount of the notes, together with accrued interest thereon, immediately due and payable. The right of the trustee and the Holders to give such acceleration notice will terminate if the Event of Default giving rise to such right has been cured before such right is exercised. Any such declaration may be annulled and rescinded by written notice from the Holders of a majority of the aggregate principal amount of the notes then outstanding to the Issuer and the trustee if all amounts then due with respect to the applicable notes are paid (other than any amount due solely because of such declaration) and all other defaults with respect to the notes are cured and all amounts owed to the trustee are paid.

The trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the Holders, unless such Holders have offered to the trustee indemnity reasonably satisfactory to it. The Holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, to the extent such action does not conflict with the provisions of the indenture or applicable law.

No Holder of any note will have any right to institute any proceeding with respect to the indenture or the notes or for any remedy thereunder, unless such Holder has previously given to the trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding notes have made a written request to the trustee to institute proceedings in respect of such Event of Default in its own

name as trustee, such Holder or Holders have offered to the trustee indemnity reasonably satisfactory to it, the trustee for 60 days after receipt of such notice has failed to institute any such proceeding and no direction inconsistent with such request has been given to the trustee during such 60-day period by the Holders of a majority in principal amount of the outstanding notes. However, such limitations do not apply to a suit individually instituted by a Holder of notes for enforcement of payment of principal, premium, if any, and interest in respect of such notes on or after the respective due dates expressed in such note.

So long as certain conditions are met, the Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee and the Issuer may waive an existing Event of Default and its consequences except (i) an Event of Default in the payment of the principal of or interest on the notes or (ii) an Event of Default in respect of a provision that cannot be amended without the consent of each Holder affected. When an Event of Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Event of Default or impair any consequent right.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have certain of its obligations with respect to outstanding notes discharged (“Legal Defeasance”). If the Issuer exercises its Legal Defeasance option, payment of the notes may not be accelerated because of the occurrence of an Event of Default. Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire indebtedness represented by the outstanding notes after the deposit specified in clause (1) of the second following paragraph, except for:

- (i) the rights of Holders to receive payments of the principal, premium, if any, and interest in respect of the notes when such payments are due;
- (ii) the Issuer’s obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;
- (iii) the rights, powers, trusts, duties, indemnities and immunities of the trustee and the Issuer’s obligations in connection therewith; and
- (iv) the Legal Defeasance provisions of the indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations released with respect to the covenants described under “—*Change of Control*,” “—*Covenants—Limitation on Liens*” and “—*Covenants—Reporting Requirements*” and the covenant default and cross-default events described in clauses (iv) and (v) under “*Events of Default*” shall no longer constitute Events of Default (“Covenant Defeasance”) and thereafter any omission to comply with such obligations will not constitute a default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, expropriation, bankruptcy, receivership, reorganization and insolvency events) described under “*Events of Default*” will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the Holders cash in U.S. dollars, certain direct non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants expressed in a written opinion delivered to the trustee, to pay the principal, premium, if any, and interest (including Additional Amounts) in respect of the notes on the stated date for payment thereof;

- (2) in the case of Legal Defeasance, the Issuer will have delivered to the trustee an opinion of counsel from counsel in the United States reasonably acceptable to the trustee and independent of the Issuer (subject to customary exceptions and exclusions) to the effect that:
- (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or
 - (b) since the date of issuance of the notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such opinion of counsel will state that, the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

- (3) in the case of Covenant Defeasance, the Issuer will have delivered to the trustee an opinion of counsel from counsel in the United States reasonably acceptable to the trustee and independent of the Issuer (subject to customary exceptions and exclusions) to the effect that the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) in the case of Legal Defeasance or Covenant Defeasance, the Issuer will have delivered to the trustee an opinion of counsel from counsel in Peru reasonably acceptable to the trustee and independent of the Issuer (subject to customary exceptions and exclusions) to the effect that, based upon Peruvian law then in effect, Holders and beneficial owners of the notes will not recognize income, gain or loss for Peruvian tax purposes, including withholding tax except for withholding tax then payable on interest payments due, as a result of such Legal Defeasance or Covenant Defeasance, as the case may be, and will be subject to Peruvian taxes on the same amounts and in the same manner and at the same time as would have been the case if such Legal Defeasance or Covenant Defeasance, as the case may be, had not occurred;
- (5) no default or Event of Default has occurred and be continuing on the date of the deposit pursuant to clause (1) of this paragraph (other than a default or Event of Default arising in connection with the grant of any Lien securing a borrowing of funds to be applicable to such deposit);
- (6) the Issuer has delivered to the trustee an officer's certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over any other creditors of the Issuer or any Subsidiary of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others;
- (7) the Issuer has delivered to the trustee an officer's certificate and an opinion of counsel from counsel reasonably acceptable to the trustee and independent of the Issuer (subject to customary exceptions and exclusions), each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and
- (8) the Issuer has delivered to the trustee opinions of counsel from U.S. and Peruvian counsel reasonably acceptable to the trustee and independent of the Issuer (subject to customary exceptions and exclusions and to assumptions as to factual matters, including the absence of an intervening bankruptcy, insolvency or reorganization during the applicable preference period following the date of such deposit and that no Holder or the trustee is deemed to be an "insider" of the Issuer under the U.S. Bankruptcy Code and any equivalent law of Peru) to the effect that the transfer of trust funds pursuant to such deposit will not be subject to avoidance as a preferential transfer pursuant to the applicable provisions of the U.S. Bankruptcy Code or any successor statute and any equivalent law of Peru.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes and the indemnities of the trustee and the Issuer's obligations in connection therewith, as expressly provided for in the indenture) as to all outstanding notes when:

- (1) either:
 - (a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the trustee for cancellation; or
 - (b) all notes not theretofore delivered to the trustee for cancellation have become due and payable by reason of the giving of one or more notices of redemption or otherwise (in the case that such notes have become due and payable as a result of the giving of a notice of redemption, after any conditions precedent to redemption have been satisfied or waived in writing by the Issuer), will become due and payable within one year or may be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Issuer, and the Issuer has irrevocably deposited or caused to be deposited with the trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States, or a combination thereof, in such amounts as will be sufficient without reinvestment to pay and discharge the entire indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal, premium, if any, and interest in respect of the notes to the date of payment, together with irrevocable instructions from the Issuer directing the trustee to apply such funds to the payment;
- (2) the Issuer has paid all other sums payable under the indenture and the notes by it; and
- (3) the Issuer has delivered to the trustee an officer's certificate and an opinion of counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Notices

All notices will be deemed to have been given (i) if to Holders of non-global certificated notes, upon the mailing by first class mail, postage prepaid, of such notices to Holders of the notes at their registered addresses as recorded in the register and (ii) if to Holders of Global Notes, upon delivery of such notices to the relevant depositary in accordance with its applicable procedures.

Amendments and Waivers

The indenture and the notes may be amended by the trustee and the Issuer without the consent of any Holder for the following purposes:

- (1) to cure any ambiguity, omission, defect or inconsistency (including, without limitation, any inconsistency between the text of the notes, or the indenture, and the description of the indenture and the notes contained in this offering memorandum);
- (2) to comply with the covenant described under "*—Covenants—Limitation on Consolidation, Merger or Transfer of Assets*";
- (3) to add guarantors with respect to the notes;
- (4) to add a co-issuer with respect to the notes;
- (5) to add collateral with respect to the notes;

- (6) to add to the covenants of the Issuer for the benefit of Holders of the notes;
- (7) to surrender any right conferred by the indenture upon the Issuer;
- (8) to evidence and provide for the acceptance of an appointment by a successor trustee;
- (9) to provide for the issuance of additional notes; or
- (10) to make any other change that does not materially and adversely affect the rights of any holder of the notes.

Modification and amendments to the indenture or to the terms and conditions of the notes may also be made, and future compliance therewith or past default by the Issuer (other than a default in the payment of any amount, including in connection with a redemption, due on the notes or in respect of any covenant or provision which cannot be modified and amended without the consent of the Holders of all notes so affected) may be waived, either:

- with the written consent (including consents obtained in connection with a tender offer or exchange offer for the notes) of the Holders of at least a majority in aggregate principal amount of outstanding notes; or
- by the adoption of resolutions at a meeting of Holders of the notes by the Holders of at least a majority in aggregate principal amount of the outstanding notes;

provided that, no such modification or amendment to the indenture or to the terms and conditions of the notes may, without the consent or the affirmative vote of each Holder of each note so affected:

- (1) change the interest rate with respect to any note or reduce the principal amount of any notes, or change the time for such payments;
- (2) modify the obligation to pay Additional Amounts;
- (3) change the prices at which the notes may be redeemed or must be repurchased by the Issuer, or change the time at which any notes may be redeemed or must be repurchased (provided that changes to the time for notice of redemption of notes shall not be subject to this clause);
- (4) change the currency in which, or change the required place at which, payment on principal, premium, if any, and interest with respect to the notes is payable;
- (5) impair the right to institute suit for the enforcement of any payment obligation on or with respect to any notes; or
- (6) reduce the above-stated percentages of principal amount of outstanding notes whose Holders are required to consent to modify or amend the indenture or the terms or conditions of the notes or to waive any future compliance or past default;

provided, further, that, in connection with any modification, amendment or supplement, the Issuer has delivered to the trustee an opinion of counsel and an officer's certificate, each stating that such modification, amendment or supplement is authorized or permitted by the indenture and complies with the applicable provisions of the indenture.

Prescription

Claims for the payment of principal, interest, if any, or other amounts due on the notes will be prescribed unless made within five years from the date on which such payment first became due, unless a shorter period is required by applicable law.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the complete definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

“*Affiliate*” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“*Board of Directors*” means, as to any Person, the board of directors or equivalent governing body of such Person serving a similar function, or any duly authorized committee thereof.

“*Capital Stock*” means: (1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of common stock and preferred stock of such Person; (2) with respect to any Person that is not a corporation, any and all partnership or other equity or ownership interests of such Person; and (3) any warrants, rights or options to purchase or acquire any of the instruments or interests referred to in clause (1) or (2) above, but excluding indebtedness convertible into equity.

“*Capitalized Lease Obligations*” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS. The amount of indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Change of Control*” means the occurrence of one or more of the following events:

(1) the Permitted Holders or a Qualified Transferee cease to be the beneficial owners (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that the Permitted Holders or a Qualified Transferee shall be deemed to have beneficial ownership of all shares that they have the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of a majority of the total voting power of the Voting Stock of the Issuer (including a Surviving Entity, if applicable);

(2) the Issuer consolidates with or merges into any Person, or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its properties and assets to any Person other than the Permitted Holders or a Qualified Transferee, whether or not otherwise in compliance with the provisions of the indenture; or

(3) the approval by the holders of Capital Stock of the Issuer of any plan or proposal for the liquidation or dissolution of the Issuer, whether or not otherwise in compliance with the provisions of the indenture.

“*Consolidated Net Tangible Assets*” means the total of all assets appearing on a consolidated balance sheet of the Issuer and its Subsidiaries, net of all applicable reserves and deductions, less (i) goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets and (ii) the aggregate of the current liabilities of the Issuer and its Subsidiaries, appearing on such balance sheet (excluding the current portion of long-term Indebtedness and any intercompany Indebtedness among the Issuer and its Subsidiaries), as determined in accordance with IFRS.

“*Designated Jurisdiction*” means any country or territory to the extent that such country or territory itself is the subject of Sanctions that broadly prohibit dealings with that country or territory (as of the Issue Date, the Designated Jurisdictions are the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, the non-controlled areas of Kherson and Zaporizhzhia of Ukraine, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria).

“*Fitch*” means Fitch Ratings Ltd. and its successors.

"Group" has the meaning as such term is used in Section 13(d)(3) of the Exchange Act as in effect on the Issue Date.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided that* the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as in effect from time to time.

"Indebtedness" means, with respect to any Person, without duplication, any obligation of such Person (1) for borrowed money, (2) evidenced by bonds, debentures, notes or other similar instruments, (3) under any reimbursement obligation relating to a letter of credit or similar credit transactions (other than letters of credit or similar credit transactions arising in the ordinary course of business to the extent not drawn upon or, if drawn upon, to the extent repaid within 20 Business Days), (4) for the payment of money relating to Capitalized Lease Obligations, (5) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction, (6) to pay the deferred and unpaid purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), which purchase price is due more than 180 days after the date of placing such property in service or taking delivery and title thereto or the completion of such services, (7) a Guarantee of such Person of Indebtedness of any other Person, or (8) all Indebtedness of any other Person which is secured by any Lien on any property or asset of such Person, the amount of such indebtedness being deemed to be the lesser of the fair market value of such property or asset, as determined in good faith by the Board of Directors of the Issuer, or the amount of the indebtedness so secured.

"Investment Grade Rating" means BBB- or higher by S&P, Baa3 or higher by Moody's or BBB- or higher by Fitch, or the equivalent of such global ratings by S&P, Moody's or Fitch.

"Issue Date" means the first date of issuance of notes under the indenture.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest); *provided that* the lessee in respect of a Capitalized Lease Obligation or Sale and Leaseback Transaction will be deemed to have incurred a Lien on the property leased thereunder.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Permitted Holders" means ISQ Global Infrastructure Fund L.P., ISQ Global Infrastructure Fund II, or any one or more other investment funds or managed accounts with respect to which one or more Affiliates of I Squared Capital Advisors (US) LLC acts as the general partner or the investment manager with similar management and investment capabilities to those of I Squared Capital Advisors (US) LLC or is otherwise able to control such fund's or managed account's investment decisions, or any Affiliates of such entities; *provided that* upon any Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or in respect of which no Change of Control Offer is required to be made in accordance with the requirements of the Indenture, the applicable Person or Group associated with such Change of Control (including any Qualified Transferee and any member thereof (or, in each case, the equivalent thereof)), will, in each case, thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"Permitted Liens" means any of the following:

- (1) Liens imposed by law, including Liens of carriers, warehousemen, mechanics, suppliers, material-men and repairmen incurred in the ordinary course of business;

(2) Liens Incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation laws, unemployment insurance laws and other types of social security and pension contribution (including private pension funds) laws (including any Lien securing letters of credit issued in the ordinary course of business) or (ii) to secure the performance of tenders, statutory, regulatory, contractual or warranty obligations, performance, surety and appeal bonds, commercial letters of credit, bids, leases, government performance or other process for the award of a power purchase agreement and other similar obligations, exclusive of obligations for the payment of borrowed money;

(3) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(4) Liens securing obligations under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction; provided that such Indebtedness was entered into in the ordinary course of business and not for speculative purposes;

(5) Liens existing on the Issue Date or granted pursuant to an agreement existing on the Issue Date;

(6) Liens on (i) any property or assets (including Capital Stock of any Person) securing Indebtedness incurred solely for purposes of financing or refinancing the acquisition, construction, development, extension or improvement of such property or assets (including related transaction fees and expenses) by the Issuer or any Subsidiary (individually or together with other Persons) after the Issue Date; provided that no such Lien shall extend to or cover any property or assets other than the property or assets so acquired, constructed, developed, extended or improved, (ii) any revenues or profits derived from such property or assets, and (iii) any property reasonably incidental to the use or operation of such property or assets, including, whether now owned or hereafter acquired, real property on which such property or assets are located or any buildings, structures, machinery or other fixtures constituting such property or assets;

(7) any Lien existing on any property or assets of any Person before that Person's acquisition (in whole or in part), by merger into or consolidation with the Issuer or any Subsidiary or otherwise after the Issue Date; provided that the Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation; and provided, further, that such Lien may not extend to any other property or assets owned by the Issuer or any Subsidiary;

(8) Liens required by any contract or statute in order to permit the Issuer or a Subsidiary to perform any contract or subcontract made by it with, or at the request of, a governmental entity or any department, agency or instrumentality thereof, or to secure performance or any payments by the Issuer or any Subsidiary under any such contract or subcontract to a governmental entity or any department, agency or instrumentality thereof pursuant to the provisions of any contract or statute;

(9) Liens for taxes, assessments or other governmental charges or levies not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(10) judgment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceeding may be initiated has not expired, and any Liens that are required to protect or enforce rights in any administrative, arbitration or other court proceeding in the ordinary course of business;

(11) Liens constituting any interest of title of a lessor, a licensor or either's creditors in the relevant property subject to any lease (other than a Capitalized Lease Obligation);

(12) Liens created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not only part) of the notes and all other amounts payable under the notes; provided that the notes and all other such amounts are fully satisfied promptly and in any event within 30 days after the incurrence of such Indebtedness;

(13) minor defects, easements, irregularities, rights-of-way restrictions (servidumbre de paso) and other similar encumbrances, rights and/or similar rights, whether under applicable laws or by contract and encumbrances consisting of zoning or planning restrictions licenses restrictions on the use of property or imperfections in title that in any such case do not materially interfere with operations of the Issuer or any such Subsidiary;

(14) (a) Liens that have been placed by any developer, landlord or other third party on property over which the Issuer or any Subsidiary has easement rights or on any real property leased by the Issuer or any Subsidiary or similar agreements relating thereto, and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(15) Liens in favor of customs and revenue authorities to secure payments of custom duties in connection with the importation of goods or materials incurred in the ordinary course of business;

(16) Liens on goods (and the proceeds thereof) and documents of title and the property covered thereby securing Indebtedness in respect of commercial letters of credit issued to facilitate the purchase, shipment or storage of such goods;

(17) Liens which secure only Indebtedness owed by a Subsidiary to the Issuer and/or one or more Subsidiaries;

(18) Liens created over the shares or interests of Project Finance Subsidiaries;

(19) Liens on any escrow account used in connection with pre-funding a refinancing of secured Indebtedness;

(20) any provision for the retention of title to any property by the vendor or transferor of such property, which property is acquired by the Issuer or a Subsidiary in a transaction entered into in the ordinary course of business and for which kind of transaction it is customary practice for such retention of title provision to be included;

(21) any extension, renewal, refinancing or replacement (or successive extensions, renewals, refinancing or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (1) through (20) or of any Indebtedness secured thereby; provided that (a) the principal amount of Indebtedness so secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal, refinancing or replacement (plus reasonable expenses incurred in connection therewith); and (b) that such extension, renewal, refinancing or replacement Lien shall be limited to all or part of the property which secured the Lien extended, renewed, refinanced or replaced (plus improvements on or additions to such property); and

(22) in addition to any Lien permitted pursuant to clauses (1) through (21) above, Liens securing an amount of Indebtedness outstanding at any time not to exceed 15% of Consolidated Net Tangible Assets.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Project Finance Subsidiary*” means any Subsidiary designated as such by the Issuer’s Board of Directors, which is a Person that holds no material property or assets other than any generation, transmission, or distribution facility of the Issuer or any Subsidiary, in each case acquired, constructed or developed by the Issuer and its Subsidiaries after the Issue Date and property reasonably incidental to the use or operation thereof, including real property on which such facility is located. The Issuer’s Board of Directors may revoke the designation of a Project Finance Subsidiary at any time and give notice to the trustee in writing within 15 days following the adoption of a resolution by the Issuer’s Board of Directors approving such revocation.

“*Qualified Transferee*” means any Person that at the time it acquires (in each case, directly or indirectly) an interest in the Issuer:

(a) (1) (A) together with its Affiliates, has a tangible net worth of at least U.S.\$1.0 billion or assets under management of at least U.S.\$2.0 billion, or (B) the rating (from at least one of S&P, Moody’s or Fitch) of the unsecured senior indebtedness of such Person or any direct or indirect parent thereof is at least “BBB-” from S&P or Fitch or “Baa3” from Moody’s; and

(2) either (A) together with its Affiliates, owns and manages or operates (or has owned and managed or operated in the two-year period prior to the date on which it acquires such interest in the Issuer) at least (x) 750 MW of power generating assets relating to one or more projects or (y) one or more electric distribution companies with at least 500,000 customers in the aggregate, or (B) has designated a third party to manage and operate the business and operations of the Issuer and/or any of its Subsidiaries that, together with the Affiliates of such third party, satisfies the requirements set forth in the preceding clause (a)(2)(A); or

(b) is a joint venture, partnership, Group or other business arrangement or entity for which:

(1) (A) (x) the members thereof (or, in each case, the equivalent thereof), together with their respective Affiliates, meet, in the aggregate, the requirements set forth in the preceding clause (a)(1)(A), and (y) there is at least one member thereof that is acquiring more than 25% of the total voting power of the Voting Stock of the Issuer and such member (together with its Affiliates) has a tangible net worth or assets under management of at least U.S.\$1.0 billion;

(B) the rating of the unsecured senior indebtedness of each such member (or any direct or indirect parent thereof) meets the requirements set forth in the preceding clause (a)(1)(B); or

(C) (x) there is at least one member thereof that is acquiring more than 25% of the total voting power of the Voting Stock of the Issuer and such member (together with its Affiliates) has a tangible net worth or assets under management of at least U.S.\$1.0 billion, and (y) the rating of the unsecured senior indebtedness of each member thereof (or any direct or indirect parent thereof), other than the member referenced in clause (b)(1)(C)(x), meets the requirements set forth in the preceding clause (a)(1)(B); and

(2) at least one of the members thereof (or, in each case, the equivalent thereof) either, together with its Affiliates, meets the requirements of subclause (a)(2)(A) above or has designated a third party as set forth in subclause (a)(2)(B) above.

provided that for purposes of this clause, an “Affiliate” shall include, in the case of a fund, one or more funds under management by the same fund manager; *provided further* that in no case shall any Person or member that (or, to such Person’s or member’s knowledge following diligent inquiry, that has any director, officer or controlling shareholder (direct or indirect) that) (i) is currently the subject of any Sanctions that broadly prohibit dealings with such Person or member, (ii) is located, organized or resident in any Designated Jurisdiction, (iii) is a department, agency or instrumentality of, or otherwise controlled by or acting on behalf, the government of any country that is

a Designated Jurisdiction or (iv) is included on OFAC's Specially Designated Nationals List or the Consolidated Sanctions List maintained by OFAC, His Majesty's Treasury's Consolidated List of Financial Sanctions Targets or the Investment Ban List, or any similar list enforced by any other relevant Sanctions authority of a jurisdiction in which the Issuer or its Subsidiaries operate that broadly prohibit dealings with Persons on such lists, or is owned or controlled by any such Person or Persons described in this clause (iv), constitute a Qualified Transferee.

"Rating Agency" means any of S&P, Fitch or Moody's; or if, at the relevant time of determination, S&P, Fitch or Moody's do not have a public rating in effect on the notes, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by the Issuer, which will be substituted for S&P, Fitch or Moody's, as the case may be.

"Ratings Decline" means that, at any time within 90 days (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) after the earlier of the date of public notice of a Change of Control and of the Issuer's intention or that of any Person to effect a Change of Control, (i) in the event the notes are assigned an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the notes by two or more Rating Agencies shall be below an Investment Grade Rating; or (ii) in the event the notes are not assigned an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the notes by two or more Rating Agencies shall be decreased by one or more categories (i.e., notches); *provided that*, in each case, any such Ratings Decline is stated by such Rating Agencies to have been in connection with a Change of Control, *provided further*, however, that any such Ratings Decline will not be considered to be attributable to a Change of Control if, before such Ratings Decline, the Issuer or any other Person has obtained a Ratings Reaffirmation.

"Ratings Reaffirmation" means in connection with a Change of Control, a written reaffirmation from at least two of the Rating Agencies then rating the notes stating that the credit rating on the notes, which was in effect immediately prior to the date of the first public notice of the occurrence of, or the intention by the Issuer, Permitted Holders or any other Person to effect, a transaction that, if consummated, would constitute a Change of Control, will not be decreased as a result of such Change of Control.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., and its successors.

"Sale and Leaseback Transaction" means any transaction or series of related transactions pursuant to which the Issuer or any Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

"Sanctions" means the economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by (a) U.S. governmental authorities (including OFAC, the U.S. Department of State and the U.S. Department of Commerce), the United Nations Security Council, the European Union and His Majesty's Treasury, and (b) any corresponding laws of jurisdictions in which the Issuer or any of its Subsidiaries operates, to the extent applicable to the Issuer or such Subsidiary, as the case may be.

"SEC" means the U.S. Securities and Exchange Commission.

"Significant Subsidiary" means a Subsidiary of the Issuer, other than a Project Finance Subsidiary, which would be a "significant Subsidiary" within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC in effect on the Issue Date, assuming the Issuer is the registrant referred to in such definition. The Issuer does not have any Significant Subsidiaries as of the date of this offering memorandum.

"Subsidiary" means any Person of which the Issuer owns or controls, directly or indirectly, more than 50% of the Voting Stock of such Person. The Issuer does not have any Subsidiaries as of the date of this offering memorandum.

"Surviving Entity" has the meaning set forth under "—Covenants—Consolidation, Merger, Sale or Conveyance."

“*Voting Stock*” with respect to any Person, means securities of any class of Capital Stock of such Person entitling the holders thereof to vote in the election of members of the Board of Directors of such Person.

Listing

Application will be made for the listing and quotation of the notes on the SGX-ST. So long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will satisfy any reporting and/or continuing listing requirements of such exchange; *provided that*, if the Issuer deems such requirements to be unduly burdensome, it may delist from such exchange and seek to list the notes with an alternative exchange.

Governing Law, Consent to Jurisdiction and Service of Process

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Issuer will irrevocably consent to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York, New York with respect to any action that may be brought in connection with the indenture or the notes and has irrevocably appointed Cogency Global Inc. as agent for service of process.

If for the purpose of obtaining judgment in any court it is necessary to convert a sum due under the indenture or any note from U.S. dollars into another currency, the Issuer has agreed, the trustee by executing the indenture will be deemed to have agreed, and each Holder by holding such notes will be deemed to have agreed, to the fullest extent that the Issuer and they may effectively do so, that the rate of exchange used will be that at which in accordance with normal banking procedures such payee could purchase U.S. dollars with such other currency in The City of New York on the day two Business Days preceding the day on which final judgment is given.

The Issuer’s obligation in respect of any sum payable by it under the indenture or any note to any payee will, notwithstanding any judgment in a currency (the “**judgment currency**”) other than U.S. dollars, be discharged only to the extent that on the Business Day following receipt by such payee of any sum adjudged to be so due in the judgment currency, such payee may in accordance with normal banking procedures purchase U.S. dollars with the judgment currency; if the amount of the U.S. dollars so purchased is less than the sum originally due to such payee in the judgment currency (determined in the manner set forth in the preceding paragraph), the Issuer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such payee against such loss, and if the amount of the U.S. dollars so purchased exceeds the sum originally due to such payee, such payee agrees to remit to the Issuer such excess; *provided that* such payee will have no obligation to remit any such excess as long as the Issuer has failed to pay such payee any obligations due and payable under the indenture or any note, in which case such excess may be applied to the Issuer’s obligations under the indenture or any note in accordance with the terms thereof.

Waiver of Immunity

To the extent that the Issuer or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to the Issuer, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from setoff or from counterclaim from the jurisdiction of any Peruvian, New York State or U.S. federal court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any such court in which proceedings may at any time be commenced, with respect to the obligations and liabilities of the Issuer, or any other matter under or arising out of or in connection with, the notes or the indenture, the Issuer irrevocably and unconditionally waives or will waive such right, and agrees not to plead or claim any such immunity and consents to such relief and enforcement, in each case to the extent permissible by applicable law.

Trustee

Citibank, N.A. is the trustee under the indenture. The Issuer may have normal banking relationships with Citibank, N.A. and its affiliates in the ordinary course of business. The address of the trustee is 388 Greenwich Street, 26th Floor, New York, New York 10013, Attention: Agency and Trust.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any Holder of notes are subject to such indemnities, immunities and rights as are set forth in the indenture.

The trustee and any of its affiliates may hold notes in their own respective names.

Form, Denomination and Title

The notes will be issued in registered form, without interest coupons, in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of notes, but the Issuer or trustee or other agent may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The notes will be represented by a Restricted Global Note (as defined below) and a Regulation S Global Note (as defined below) (each sometimes referred to herein as a “global note” and together sometimes referred to herein as the “**global notes**”).

Notes sold in reliance on Rule 144A under the Securities Act initially will be represented by one or more global notes in definitive, fully registered form without interest coupons (the “**Restricted Global Note**”) and will be deposited with the trustee as custodian for DTC and registered in the name of DTC or its nominee, for credit to an account of a direct or indirect participant in DTC, including Euroclear Bank S.A./N.V. (“Euroclear”), and Clearstream Banking, *société anonyme* (“Clearstream”).

Notes sold outside the United States in reliance on Regulation S of the Securities Act initially will be represented by one or more global notes in definitive, fully registered form without interest coupons (the “**Regulation S Global Note**”) and will be deposited with the trustee as custodian for DTC, and registered in the name of DTC or its nominee, for credit to an account of a direct or indirect participant in DTC, including Euroclear and Clearstream. Each of the Restricted Global Note and the Regulation S Global Note will be subject to certain restrictions on transfer and will bear a legend to that effect as described under “—*Transfer Restrictions*.”

Transfers of a Regulation S Global Note or beneficial interest therein to a person who takes delivery in the form of a Restricted Global Note or beneficial interest therein may be made only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is a qualified institutional buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of a Restricted Global Note or beneficial interest therein to a person who takes delivery in the form of a Regulation S Global Note or beneficial interest therein may be made only upon receipt by the trustee of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rules 903 and 904 of Regulation S.

Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

The Issuer will initially appoint the trustee at its office in The City of New York specified herein as registrar and New York paying agent and transfer agent for the notes. In such capacities, the trustee will be responsible for, among other things, (i) maintaining a record of the aggregate holdings of notes represented by the global notes and

accepting notes for exchange and registration of transfer, (ii) ensuring that payments of principal, premium, if any, and interest in respect of the notes received by the trustee from the Issuer are duly paid to DTC or its nominee, and (iii) transmitting to the Issuer any notices from Noteholders addressed to the Issuer.

Global Notes

Upon the issuance of a Restricted Global Note and a Regulation S Global Note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC (“DTC Participants”) or persons who hold interests through DTC Participants (including Euroclear and Clearstream). Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

Investors may hold their interests in a global note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in the global note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries, which in turn will hold such interests in the Regulation S Global Note in customers’ securities accounts in the depositaries’ names on the books of DTC.

Payments of the principal, premium, if any, and interest in respect of notes represented by a global note registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the global note representing such notes. None of the Issuer, the trustee, any paying agent, the registrar or any transfer agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising, or reviewing any records relating to such beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, and interest in respect of a global note representing any notes held by it or its nominee, will credit DTC Participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. The Issuer also expects that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants and certain banks. Accordingly, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of each interest, may be affected by the lack of a physical certificate for such interest.

Subject to compliance with the transfer restrictions applicable to the notes described above and under “*Transfer Restrictions*” cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules and procedures on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; *provided that* such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in global notes in DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and the credit of any transactions in interests in a global note settled during such processing will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a DTC Participant will be received with value on the settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC. Transfers between global notes will settle free of payment.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of notes (including, without limitation, the presentation of notes for transfer, exchange or conversion as described below) only at the direction of one or more DTC Participants to whose account with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described herein, DTC will exchange the global notes for notes in certificated form, which it will distribute to DTC Participants. See “—*Certificated Notes.*”

DTC has advised the Issuer as follows: DTC will act as the depository for the notes. The notes will be issued as global notes registered in the name of Cede & Co. (which is DTC’s nominee) in the aggregate principal amount of the issue, and will be deposited with DTC or its custodian.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants’ accounts, thereby eliminating the need for physical movement of notes certificates. Direct participants of DTC include securities brokers and dealers, including the initial purchasers of the notes, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to DTC’s system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

To facilitate subsequent transfers, all global notes representing the notes which are deposited with, or on behalf of, DTC are registered in the name of DTC’s nominee, Cede & Co. The deposit of global notes with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global notes representing the notes; DTC’s records reflect only the identity of the DTC Participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to indirect participants, and by DTC Participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global notes representing the notes. Under its usual procedure, DTC mails an omnibus proxy to the Issuer as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.’s consenting or voting rights to those DTC Participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to the Issuer or the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificated notes are required to be printed and delivered. See “—*Certificated Notes*.”

Although DTC, Euroclear and Clearstream have agreed to the procedures described above in order to facilitate transfers of interests in the global notes among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. None of the trustee, the Issuer, any paying agent, the registrar or any transfer agent will have any liability or responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

If DTC is at any time unwilling or unable to continue as a depository for the reasons set forth under “—*Global Notes*” and a successor depository is not appointed by the Issuer within 90 days, or an Event of Default has occurred and is continuing with respect to the notes and a request for such exchange is made by the Holders, the Issuer will issue individual definitive notes in certificated form, having the same terms and conditions as the global notes, in registered form in exchange for Regulation S Global Notes and Restricted Global Notes, as the case may be. Upon any exchange for certificated notes, the certificated notes will be registered in the names of the beneficial owners of the global notes representing the notes, which names will be provided by the relevant DTC Participants and issued in approved authorized denominations (as identified by DTC) to the trustee.

The Holder of a certificated note may transfer such note by surrendering it at the office or agency maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the office of the trustee. Upon the transfer, exchange or replacement of certificated notes bearing the legend, or upon specific request for removal of the legend on a certificated note, the Issuer will deliver only certificated notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Neither the trustee nor the registrar or any transfer agent will be required to register the transfer of or exchange certificated notes for a period from the record date to the due date for any payment of principal of, or interest on, the notes or register the transfer of or exchange any notes for 15 days prior to selection for redemption through the date of redemption. Prior to presentment of notes for registration of transfer (including a global note), the Issuer, the trustee and any agent of the Issuer or the trustee may treat the person in whose name such notes are registered as the owner or Holder of notes for the purpose of receiving payment of principal or interest on such note and for all other purposes whatsoever, whether or not such notes are overdue, and none of the Issuer, the trustee or any agent of the Issuer or the trustee will be affected by notice to the contrary.

Replacement of Notes

In the event that any note becomes mutilated, defaced, destroyed, lost or stolen, the Issuer will execute and, upon the Issuer’s request, the trustee will authenticate and deliver a new note, of like tenor (including the same date of issuance) and equal principal amount, registered in the same manner, and bearing interest from the date to which interest has been paid on such note, in exchange and substitution for such note (upon surrender and cancellation thereof) or in lieu of and substitution for such note. In the event that such note is destroyed, lost or stolen, the applicant for a substitute note will furnish to the Issuer and the trustee such security or indemnity as may be required by them to hold each of them harmless, and, in every case of destruction, loss or theft of such note, the applicant will also furnish to the Issuer and the trustee satisfactory evidence of the destruction, loss or theft of such note and of the ownership thereof. Upon the issuance of any substituted note, the Issuer may require the payment by the registered holder thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other fees and expenses (including the fees and expenses of the trustee) connected therewith.

TAXATION

This section summarizes certain Peruvian tax and U.S. federal income tax considerations relating to the purchase, ownership and disposition of the notes. This summary does not provide a comprehensive description of all tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Peru.

This summary is based on the tax laws of Peru and the United States as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Peru and the United States available on or before that date and now in effect. Those laws, regulations, rulings and decisions are subject to change and changes could apply retroactively, which could affect the continued accuracy of this summary.

Prospective purchasers of the notes should consult their own tax advisors as to the Peruvian, U.S. or other tax consequences of the purchase, ownership and disposition of the notes. They should especially consider how the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws, could apply to them in their particular circumstances.

Peruvian Tax Considerations

The following is a general summary of the principal Peruvian tax consequences that may be relevant with respect to the ownership or disposition of the notes by non-Peruvian holders. This summary is not intended to be a comprehensive description of all of the Peruvian tax considerations that may be relevant to a decision by non-Peruvian holders to make an investment in the notes. In addition, this summary does not describe any tax consequences: (i) arising under the laws of any taxing jurisdiction other than Peru or (ii) applicable to a person or entity domiciled in Peru or a foreign entity with a branch or permanent establishment in Peru.

For purposes of this section, “non-Peruvian holder” means: (i) any individual beneficial owner of the notes who is not domiciled in Peru for tax purposes, and (ii) any legal entity (*persona jurídica*) which has neither been incorporated nor established in Peru, *provided that* it does not conduct any trade or business through a permanent establishment in Peru or does not hold the notes through a Peruvian branch. For Peruvian tax purposes, an individual is deemed to be a Peruvian tax resident if such individual is: (x) a Peruvian citizen who has a regular residence in Peru, or (y) a non-Peruvian citizen who has resided or remained in Peru for more than 183 calendar days during any twelve-month period. A change in residence will be effective as of January 1 of the following calendar year in which any such conditions are met.

The discussion in this summary is not intended or written to be used, and cannot be used or relied upon by any person, for the purpose of avoiding Peruvian taxation, and is purely informative in the context of this offering. Prospective investors should consult an independent tax advisor with respect to the Peruvian tax consequences of acquiring, owning or disposing of the notes.

Income Tax

Payment of Interest

Interest paid on the notes to non-Peruvian holders is deemed to be Peruvian-source income and will be subject to Peruvian withholding income tax at a rate of 4.99%. However, if a non-Peruvian holder of the notes is considered to be related to us under Peruvian tax law or if the non-Peruvian holder is an individual who domiciles in a low or no-tax or in a non-cooperative jurisdiction, or is subject to a preferred tax regime, in each case, as defined in the Peruvian Income Tax Law and its regulations, the withholding tax rate will be 30%.

We are required to act as withholding agent for income tax payable in connection with interest paid on the notes to non-Peruvian holders. We have agreed, subject to specified exceptions and limitations, to pay such additional amounts as may be necessary so that the non-Peruvian payee receives an amount equal to the sum it would have received had no such withholdings been made. See “*Description of the Notes—Additional Amounts.*”

Sale of the Notes

Proceeds received by a non-Peruvian holder on a sale, exchange or other disposition of a beneficial interest in the global notes held through a foreign clearing system will not be subject to any Peruvian withholding or capital gains tax. In the event that the beneficial interests in the global notes are exchanged for definitive notes, any capital gain arising from the sale, exchange or other disposition of the definitive notes by non-Peruvian holders will be subject to Peruvian income tax at a preferential rate of 5% if the following requirements are satisfied: (i) the definitive notes are registered with the Peruvian Securities Public Registry (*Registro Público del Mercado de Valores*) of the SMV and (ii) the definitive notes are transferred through the Peruvian stock exchange. Otherwise, capital gains will be subject to tax at a 30% income tax rate.

A capital gain on a sale, exchange or other disposition will be equal to the difference between (i) the amount realized on the sale, exchange or other disposition of the notes and (ii) the purchase price paid for the notes, which must be certified by the Peruvian tax administration, before any payment is made, by the seller submitting a form with back-up documentation evidencing, among others, that the purchase price was paid with funds from a Peruvian bank account, unless the sale, exchange or other disposition is made through the Peruvian stock exchange.

Redemption of the Notes

Should any premium received upon an early redemption of the notes be deemed to be Peruvian-source income, such premium received would be subject to a withholding of Peruvian income tax at a rate of 4.99%. However, a 30% withholding tax rate will apply to any premium received if the non-Peruvian holder of the notes is considered to be related to us under Peruvian tax laws (including cases where an indirect relation exists between us and the holder of a note), or if the non-Peruvian holder is an individual who domiciles in a non-cooperative or low-tax or zero-tax jurisdiction as defined in the Peruvian Income Tax Law and its regulations.

We are required to act as withholding agent for the Peruvian income tax due. We have agreed, subject to specific exceptions and limitations, to pay additional amounts to the holders of the Notes or assume the corresponding withholding in respect of certain Peruvian income taxes mentioned above. See “*Description of the Notes—Additional Amounts.*”

Value Added Tax (“VAT”)

Interest payments and payments of principal under the notes, as well as the sale, exchange or other disposition of the notes, are not subject to Peruvian VAT (*Impuesto General a las Ventas*) in Peru.

Financial Transaction Tax (“FTT”)

In Peru, there is a FTT (*Impuesto a las Transacciones Financieras*) with a 0.005% tax rate on any debit or credit made in an account opened with a Peruvian bank or any other financial institution, either in Peruvian soles or foreign currency. If the interest from the notes or the issue price paid for the notes is deposited in a Peruvian Financial System (“PFS”) bank account, such amount will also be levied at the corresponding FTT rate. The taxpayer of the FTT is the holder of the PFS bank account, but the PFS bank acts as a withholding agent.

Non-Peruvian holders of the notes should consult an independent tax advisor regarding the specific Peruvian income tax considerations of acquiring, owning or disposing of the notes to their situation.

Certain U.S. Federal Income Tax Considerations

The following summary describes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of notes acquired in this offering, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to consequences relevant to a U.S. Holder (as defined below) and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws), the Medicare tax on net investment income or any state, local or non-U.S. tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), the final, temporary and proposed Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect on the date hereof

and all of which are subject to change, possibly with retroactive effect. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the “IRS”), or an opinion of counsel, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to holders subject to special rules, such as banks and other financial institutions, U.S. expatriates and former long-term residents of the United States, insurance companies, dealers in securities or currencies, traders in securities or other persons that elect mark-to-market accounting for their securities holdings, U.S. Holders engaged in a trade or business outside the United States, U.S. Holders whose functional currency is not the U.S. dollar, tax exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities and investors in such entities, persons liable for any alternative minimum tax, a corporation that accumulated earnings to avoid U.S. federal income tax, U.S. Holders that hold the notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the notes as part of a “straddle,” “hedge,” “conversion transaction,” “constructive sale,” “wash sale,” or other integrated transaction, or persons who file applicable financial statements required to recognize income when associated revenue is reflected on such financial statements. In addition, this discussion is limited to U.S. Holders that purchase notes for cash at original issue and at their “issue price” (*i.e.*, the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the tax consequences to U.S. Holders that acquire notes hereunder and also tender 2026 Notes in the Tender Offer, and assumes that a substantial amount of the notes will be sold for cash to persons other than such U.S. Holders.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of a note that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation incorporated or organized under the laws of the United States or any political subdivision thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust, if (a) it is subject to the primary supervision of a United States court and the control of one or more U.S. persons or (b) a valid election to be treated as a U.S. person is in effect.

If a partnership or other entity or arrangement taxable as a partnership holds the notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Each partner should consult its own tax advisor as to the tax consequences of the purchase, ownership and disposition of the notes by a partnership in which the partner holds an interest.

Prospective purchasers of notes should consult their tax advisors concerning the tax consequences of purchasing, owning or disposing of notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other U.S. federal, state, local, non-U.S. or other tax laws.

Interest

Payments of interest on the notes (including any additional amounts and without reduction for any amounts withheld in respect of Peruvian taxes) will be includible in the gross income of a U.S. Holder as ordinary interest income at the time such payments are received or accrued, in accordance with such U.S. Holder’s regular method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued with less than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

Any non-U.S. withholding tax paid in respect of a payment of interest to a U.S. Holder on the notes may be eligible for a foreign tax credit for U.S. federal income tax purposes. However, there are significant complex limitations on a U.S. Holder’s ability to claim such a credit or deduction, including new requirements adopted in U.S. Treasury regulations promulgated in December 2021. The application of these requirements to the Peruvian tax on interest is uncertain and we have not determined whether these requirements have been met. However, a recent notice from the IRS provides temporary relief from such U.S. Treasury regulations by allowing taxpayers to apply a modified

version of the U.S. Treasury regulations for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance), provided that the taxpayer consistently applies such modified version of the U.S. Treasury regulations and complies with specific requirements set forth in a previous notice. In the case of a U.S. Holder that consistently elects to apply the modified version of the U.S. Treasury regulations in the manner described in the preceding sentence, the Peruvian tax on interest generally will qualify as a creditable tax. If the Peruvian tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes, the U.S. Holder may be able to deduct the Peruvian tax in computing the U.S. Holder's taxable income for U.S. federal income tax purposes, subject to applicable limitations and requirements. U.S. Holders are urged to consult their own tax advisors regarding the creditability or deductibility of any withholding taxes in their particular circumstances.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized upon such sale, exchange, retirement, redemption or other taxable disposition (other than any amount equal to any accrued but unpaid stated interest, which, if not previously included in such U.S. Holder's income, will be taxable as ordinary interest income as discussed above) and (ii) such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note will generally equal the amount such U.S. Holder paid for such note. Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a note generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. Holders (including individuals) derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. U.S. Holders are urged to consult their own tax advisors regarding the creditability or deductibility of any non-U.S. income tax imposed on the disposition of notes in their particular circumstances.

Foreign Financial Assets Reporting

Certain U.S. Holders are required to disclose on their U.S. federal income tax returns certain information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their own tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the notes and regarding their tax reporting obligations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the notes and to the proceeds from the sale or other disposition (including a retirement or redemption) of a note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding and otherwise comply with any applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

U.S. Holders are urged to consult their own tax advisors regarding their qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable.

PLAN OF DISTRIBUTION

Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Santander US Capital Markets LLC are acting as joint book-running managers of the offering and as representatives of the initial purchasers named below. Subject to the terms and conditions contained in a purchase agreement dated the date of this offering memorandum, we have agreed to sell to the initial purchasers, and each of the initial purchasers has, severally and not jointly, agreed to purchase from us, the principal amount of the notes offered hereby that appears opposite its name in the table below.

Initial Purchasers	Principal Amount
Deutsche Bank Securities Inc.	U.S.\$ 166,666,000
J.P. Morgan Securities LLC	166,666,000
Santander US Capital Markets LLC	166,668,000
Total	U.S.\$ 500,000,000

The purchase agreement provides that the obligation of the initial purchasers to purchase the notes is subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered hereby if any of such notes offered hereby are purchased.

We have been advised that the initial purchasers propose to resell the notes at the offering price set forth on the cover page of this offering memorandum. The price at which the notes are offered may be changed at any time without notice. The initial purchasers may offer and sell the notes through certain of their respective affiliates.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under U.S. securities laws, and to contribute to payments that the initial purchasers may be required to make in respect of any of these liabilities.

The notes offered hereby have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction. The initial purchasers have agreed that they will offer or sell the notes in the United States only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer, whether or not participating in this offering, may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A. See “*Transfer Restrictions*.”

Listing of Securities

The Issuer will apply to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for permission for the listing and quotation of the notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle received for the listing and quotation of the notes on the SGX-ST is not to be taken as an indication of our merits or the merits of the notes. We cannot assure you that the application will be approved. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so, and may discontinue any market-making activities at any time without notice. Neither we nor the initial purchasers can provide any assurance as to the liquidity or continuation of the trading market for the notes. If an active public trading market for the notes is not maintained, the market price and liquidity of the notes may be adversely affected.

No Sales of Similar Securities

We have agreed that we will not, for a period of 30 days after the date of this offering memorandum, without the prior written consent of Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Santander US Capital Markets LLC, offer, sell, contract to sell or otherwise dispose of, directly or indirectly, or announce the offering of,

any United States dollar-denominated debt securities issued or guaranteed by us and having a maturity of more than one year from the date of issue, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Stabilization Transactions

In connection with the offering of the notes, the initial purchasers (or persons acting on their behalf) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the initial purchasers (or persons acting on their behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the notes is made, and, if begun may be ended at any time, but it must end no later than 30 days after the date on which the issuer received the proceeds of the issue, or no later than 60 days after the date of allotment of the relevant securities, whichever is the earlier.

Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions may involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. If an initial purchaser creates a short position in the notes, such initial purchaser may reduce that short position by purchasing the notes in the open market. Stabilizing transactions or transactions to reduce a short position may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions.

Neither we nor any of the initial purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraphs may have on the price of the notes. In addition, neither we nor any of the initial purchasers makes any representation that the initial purchasers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Certain of the initial purchasers and/or their respective affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the notes and certain of the initial purchasers and/or their respective affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transactions. Also, certain of the initial purchasers and/or their respective affiliates may acquire for their own proprietary account the notes. Such acquisitions may have an effect on demand and the price of the offering.

Settlement

We expect that delivery of the notes will be made against payment therefor on or about January 30, 2025, which will be the third business day following the date of this offering memorandum (such settlement being referred to as “T+3”). Under Rule 15c6-1 under the U.S. Securities Exchange Act of 1934, trades in the secondary market are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the first business day before the date of initial delivery of the notes will be required, by virtue of the fact that such notes initially will settle in T+3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade notes prior to their date of delivery hereunder should consult with their own advisor.

Relationships with the Initial Purchasers

In the ordinary course of business, the initial purchasers and their affiliates have provided, and may in the future provide, investment banking, commercial banking, cash management, foreign exchange or other financial services to us and our affiliates for which they have received customary compensation and may receive compensation in the future.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their

customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the initial purchasers and their affiliates may hold 2026 Notes. To the extent that 2026 Notes are repurchased, redeemed or repaid with the proceeds from the sale of the notes, such initial purchasers would receive a portion of the proceeds from the sale of the notes in respect of such 2026 Notes. The initial purchasers will also concurrently be acting as dealer managers in connection with the Tender Offer.

Certain initial purchasers and/or their affiliates are lenders under the Bridge Loan Facility, and therefore may receive a portion of the net proceeds from this offering. See *“Use of Proceeds.”* As of the date of this offering memorandum, the following institutions, which are affiliates of the initial purchasers, are lenders under the Bridge Loan Facility: Deutsche Bank AG, JPMorgan Chase Bank, N.A. and Banco Santander, S.A. Such lenders will receive a portion of the proceeds from this offering that will be used to repay the outstanding principal amount and accrued interest of the loans thereunder. See *“Description of Other Indebtedness”* and *“Description of the Notes.”*

Sales Outside the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Peru

The notes have not been and will not be subject to a public offering in Peru. This offering memorandum and the notes have not been, and will not be, registered with or approved by the SMV or the BVL. Accordingly, the notes cannot be offered or sold in Peru, except if (i) the notes are previously registered with the SMV or (ii) such offering is considered to be a private offering under the securities laws and regulations of Peru. The Peruvian securities laws establish, among other things, that an offer directed exclusively to institutional investors (as defined under Peruvian law) qualifies as a private offering. In making an investment decision, institutional investors (as defined under Peruvian law) must rely on their own examination of the terms of the offering of the notes to determine their ability to invest in the notes. No offer or invitation to subscribe for or sell the notes or beneficial interests therein can be made in Peru except in compliance with the securities laws thereof.

European Economic Area

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the “Prospectus Regulation”). Consequently, no key

information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the UK, this offering memorandum and any other material in relation to the notes described herein are being distributed only to, and are directed only at, persons who are “qualified investors” (as defined in the UK Prospectus Regulation) who are (i) persons having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it would otherwise be lawful to distribute them, all such persons together being referred to as “Relevant Persons.” In the UK, the notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, Relevant Persons. This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by any recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this offering memorandum or its contents.

Brazil

The offer and sale of the notes have not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários, or “CVM”) and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No. 160, dated 13 July 2022, as amended, or unauthorized distribution under Brazilian laws and regulations. The notes will be authorized for trading on organized non-Brazilian securities markets and may only be offered to Brazilian Professional Investors (as defined by applicable CVM regulation), who may only acquire the notes through a non-Brazilian account, with settlement outside Brazil in non-Brazilian currency. The trading of these notes on regulated securities markets in Brazil is prohibited.

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws in Canada.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands

This is not an offer to the members of the public in the Cayman Islands to subscribe for notes, and applications originating from the Cayman Islands will only be accepted from sophisticated persons or high net worth persons, in each case within the meaning of the Cayman Islands Securities Investment Business Law (as amended).

Chile

Pursuant to the Securities Market Law of Chile and the *Norma de Carácter General* (Rule) No. 336, dated June 27, 2012, issued by the Financial Market Commission of Chile (*Comisión para el Mercado Financiero*, or "CMF") ("Rule 336"), the notes may be privately offered to certain qualified investors identified as such by Rule 336 (which in turn are further described in Rule No. 216, dated June 12, 2008, and Rule 410 dated July 27, 2016, both of the CMF).

Rule 336 requires the following information to be made to prospective investors in Chile:

1. Date of commencement of the offer: January 21, 2025. The offer of the notes is subject to Rule 336;
2. The subject matter of this offer are securities not registered in the securities registry (*Registro de Valores*) of the CMF, nor in the foreign securities registry (*Registro de Valores Extranjeros*) of the CMF; hence, the notes are not subject to the oversight of the CMF;
3. Since the notes are not registered in Chile there is no obligation by the issuer to deliver public information about the notes in Chile; and
4. The notes shall not be subject to public offering in Chile unless registered in the relevant securities registry of the CMF.

Colombia

The notes have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombia Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the notes may not be publicly offered or sold in Colombia except in compliance with the applicable Colombian securities regulations.

The offering memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and the offering memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the notes acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Guatemala

The notes have not been, and will not be, registered for public offering in Guatemala with the Securities Market Registry (*Registro del Mercado de Valores y Mercancías*) under the Securities and Commodities Market Law (Decree 34-96) and its regulation (Governmental Accord 557-97). Accordingly, the notes may not be offered or sold in Guatemala to any person in an open market, directly or indirectly by means of massive communication. The notes may be offered or sold in a private offering in certain limited transactions exempted from the registration requirements of the Securities and Commodities Market Law.

Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) and any rules made thereunder or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) and which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong or otherwise is or contains an invitation to the public (except if permitted to do so under the laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Ireland

The notes are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 2014 (as amended) and any applicable rules.

Jamaica

The notes have not been, and are not being, publicly offered in Jamaica. This offering memorandum does not and is not intended to constitute a public offer of securities in Jamaica.

Pursuant to guidelines (“Guidelines”) numbered SR-GUID-08/05-0016 published by the Financial Services commission of Jamaica (“FSCJ”), securities may be offered in Jamaica by way of an exempt distribution. Exempt distributions are exempt from the requirement to register a prospectus or other offering document. The registration requirement under the provisions of the Securities Act of Jamaica in respect of a trade in a security, where the security is offered by way of an exempt distribution, is satisfied by compliance with the provisions of the Guidelines.

THE NOTES ARE SUBJECT TO TRANSFER RESTRICTIONS WHICH INTER ALIA RESTRICT TRANSFERS TO PERSONS WHO ARE WITHIN THE CATEGORIES OF (1) ACCREDITED INVESTORS; AND (2) MINIMUM PURCHASE EXEMPTIONS PURSUANT TO PARAGRAPHS 3.1 AND 3.2 OF THE GUIDELINES.

Japan

The notes offered in this offering memorandum have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, none of the notes nor any interest therein has been offered or sold and will not be offered or sold, directly or indirectly, in Japan, or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan).

Panama

The notes have not been registered, and will not be registered, with the Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*) of Panama and therefore cannot, and will not, be publicly offered or sold in Panama, except in transactions exempted from the registration requirements of the securities laws and regulations of Panama. The Superintendency of Capital Markets of Panama has not reviewed the information contained in this offering memorandum. The notes will not be subject to the securities laws of Panama and the Superintendency of Capital Markets of Panama will have no supervisory responsibilities over the notes. The notes do not benefit from the tax incentives provided by Panamanian securities laws. Investors must only acquire the notes for investment purposes and not with a view to resale of the securities in Panama.

People's Republic of China

The notes may not be offered or sold directly or indirectly within the People's Republic of China ("PRC"). This offering memorandum or any information contained herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This offering memorandum, any information contained herein or the notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the notes in the PRC. The notes may only be invested in by PRC investors that are authorized to engage in the investment in the notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licenses or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the China Insurance Regulatory Commission and/or other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the notes have not been offered or sold nor have any notes been caused to be made the subject of an invitation for subscription or purchase and the notes will not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and neither this offering memorandum nor any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes has been nor may be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.

Any reference to the "SFA" is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the S Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act of June 15, 2018, as amended (the “FinSA”), and no application has been or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to the FinSA and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be sold, issued or offered within Taiwan through a public offering or in circumstances that constitute an offer or a solicitation of an offer within the meaning of Taiwan’s Securities and Exchange Act or relevant laws and regulations of Taiwan that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the notes in Taiwan.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchasers.

- (1) You acknowledge that:
 - the notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
 - unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 5 below.
- (2) You acknowledge that this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.
- (3) You represent that you are not an affiliate (as defined in Rule 144) of ours, that you are not acting on our behalf and that either:
 - you are a qualified institutional buyer (as defined in Rule 144A) and are purchasing notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or
 - you are not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing notes in an offshore transaction in accordance with Regulation S.
- (4) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers have made any representation to you with respect to us or this offering, other than the information contained in this offering memorandum. Accordingly, you acknowledge that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.
- (5) You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing notes, and each subsequent holder of the notes by its acceptance of the notes will agree, that until the end of the Resale Restriction Period (as defined below), the notes may be offered, sold or otherwise transferred only:
 - (a) to us or any of our subsidiaries;
 - (b) pursuant to a registration statement that has been declared effective under the Securities Act;
 - (c) for so long as the notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer in compliance with Rule 144A;

- (d) outside the United States in an offshore transaction in compliance with Regulation S;
- (e) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a QIB and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of notes of U.S.\$250,000; or
- (f) pursuant to an exemption from registration provided by Rule 144 under the Securities Act or any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and to compliance with any applicable state securities laws.

You also acknowledge that to the extent that you hold the notes through an interest in a global note, the Resale Restriction Period may continue until one year after the Company, or any affiliate of the Company, was the owner of such note or an interest in such global note, and so may continue indefinitely.

(6) You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is one year (in the case of Rule 144A notes) after the later of the closing date, the closing date of the issuance of any additional notes and the last date that we or any of our affiliates was the owner of the notes or any predecessor of the notes or 40 days (in the case of Regulation S notes) after the later of the closing date, the closing date of the issuance of any additional notes and when the notes or any predecessor of the notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "*Resale Restriction Period*"), and will not apply after the applicable Resale Restriction Period ends;
- if a holder of notes proposes to resell or transfer notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the Indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the notes not for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of notes under clauses (d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- each note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

- (A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR
- (B) IT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

- (2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY
- (A) TO THE ISSUER OR ANY OF ITS SUBSIDIARIES,
 - (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT,
 - (C) TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,
 - (D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,
 - (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” (WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OF U.S.\$250,000, OR
 - (F) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(F) ABOVE, THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

- (7) By acceptance of a note, you represent and warrant that either:
- (a) no portion of the assets used by you to acquire and hold such notes or interest therein constitutes assets of any Plan; or
 - (b) the acquisition and holding of the notes by you will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a similar violation under any applicable Similar Laws, and none of the Transaction Parties is your fiduciary (as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code), nor has been relied upon by you for any investment advice, in connection with your investment in the notes pursuant to the offering described in this offering memorandum.
- (8) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or

more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

VALIDITY OF THE NOTES

The validity of the notes will be passed upon for us by White & Case LLP as to certain matters of New York law. The validity of the notes will be passed upon for initial purchasers by Allen Overy Shearman Sterling US LLP. The validity of the notes will be passed upon for us by Miranda & Amado Abogados S. Civil de R.L. as to certain matters of Peruvian law, and for the initial purchasers by J&A Garrigues Peru Sociedad Civil de Responsabilidad Limitada as to certain matters of Peruvian law.

INDEPENDENT AUDITORS

The financial statements of Kallpa Generación S.A. as of and for the years ended December 31, 2023, 2022 and 2021, included in this offering memorandum, have been audited by Emmerich, Córdova y Asociados S. Civil de R.L., independent auditors, as stated in their report appearing herein.

With respect to the unaudited interim financial information for the periods ended September 30, 2024 and 2023, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

The creation and issuance of the notes have been authorized by the resolutions of our shareholders dated December 3, 2024.

Except as disclosed in this offering memorandum, there are no litigation or arbitration proceedings against or affecting us or any of our respective assets, nor are we aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the notes.

To the best of our knowledge, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the significance of such information. Accordingly, we accept responsibility.

Except as disclosed in this offering memorandum, there has been no material adverse change or any development reasonably likely to involve a material adverse change, in our condition (financial or otherwise) or general affairs since September 30, 2024 (the date of our last unaudited financial statements) that is material in the context of the issuance of the notes.

For so long as any of the notes remain outstanding, copies of the following documents will be obtainable and available during normal business hours at our principal office, located at Calle Las Palmeras 435, Floor 7, district of San Isidro, province and department of Lima, Peru:

- the indenture relating to the notes and our by-laws (*estatutos*);
- the financial statements included in this offering memorandum; and
- all our future annual and quarterly interim financial statements.

The Issuer will apply for the listing and quotation of the notes on the SGX-ST. The notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 so long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require.

The notes have been accepted for clearance through DTC. The CUSIP numbers and ISINs for the notes are as follows:

	CUSIP Number	ISIN
144A Global Note	48344F AB6	US48344FAB67
Regulation S Global Note	P6040K AC1	USP6040KAC10

INDEX TO FINANCIAL STATEMENTS

Audited Financial Statements of Kallpa Generación S.A. as of and for the years ended December 31, 2023, 2022 and 2021	F-2
Unaudited Condensed Interim Financial Statements of Kallpa Generación S.A. as of September 30, 2024 and for the nine-month and three-month periods ended September 30, 2024 and 2023	F-88

Kallpa Generación S.A.

Financial Statements

December 31, 2023, 2022 and 2021

(Including Independent Auditors' Report)

**KPMG en Perú**

Torre KPMG, Av. Javier Prado Este 444, Piso 27
San Isidro, Lima 27, Perú

Teléfono 51 (1) 611 3000
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INDEPENDENT AUDITORS' REPORT

**To the Shareholders and Board of Directors
Kallpa Generación S.A.**

Opinion

We have audited the financial statements of Kallpa Generación S.A. ("the Company") which comprise the statements of financial position as of December 31, 2023, 2022 and 2021 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Basis for Opinion

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Lima, Peru

January 9, 2025

Countersigned by:

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

EMMERICH, CORDOVA & ASOCIADOS

Kallpa Generación S.A.

Financial Statements

December 31, 2023, 2022 and 2021

Content	Page
Statements of Financial Position	1
Statements of Profit or Loss and Other Comprehensive Income	2
Statements of Changes in Equity	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 82

Kallpa Generación S.A.
Statements of Financial Position
As of December 31, 2023, 2022 and 2021

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Assets				
Current assets				
Cash	5	41,908	36,404	31,979
Trade receivables	6	106,126	102,812	80,376
Account receivables from related parties	26.C	1,305	394	1,078
Other receivables	7	813	611	649
Income tax receivables	13	-	-	16,214
Other assets	10	8,077	-	-
Inventories	8	19,547	18,096	17,425
Prepaid expenses		2,796	933	912
Total current assets		180,572	159,250	148,633
Non-current assets				
Property, plant, and equipment	9	1,441,565	1,489,249	1,476,717
Right-of-use assets	9	215,196	216,339	176,626
Intangible and other assets	10	101,187	110,495	110,964
Other receivables	7	11,586	12,091	12,912
Account receivables from related parties	26.C	3,862	3,827	3,774
Total non-current assets		1,773,396	1,832,001	1,780,993
Total assets		1,953,968	1,991,251	1,929,626

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Liabilities				
Current liabilities				
Lease liabilities from financial contracts	14	34,308	37,238	27,775
Lease liabilities from operating contracts	15	1,250	1,391	1,368
Short term loan		-	-	5,000
Trade payables	11	51,952	62,828	45,262
Other payables	12	31,541	24,393	32,111
Income tax payables	13	36,511	2,586	-
Account payables to related parties	26.C	-	721	792
Total current liabilities		155,562	129,157	112,308
Non-current liabilities				
Debentures	14	993,698	991,742	989,877
Lease liabilities from financial contracts	14	82,590	110,461	102,441
Lease liabilities from operating contracts	15	5,397	5,610	6,798
Deferred income tax liabilities	16	388,912	397,337	352,491
Asset retirement obligation	17	8,741	10,917	21,002
Total non-current liabilities		1,479,338	1,516,067	1,472,609
Total liabilities		1,634,900	1,645,224	1,584,917
Equity				
Share capital	18	238,426	238,426	238,426
Additional capital		6,073	23,719	48,769
Legal reserve		47,685	47,685	47,685
Retained earnings		26,884	36,197	9,829
Total equity		319,068	346,027	344,709
Total liabilities and equity		1,953,968	1,991,251	1,929,626

The accompanying notes on pages 5 to 82 are an integral part of these financial statements.

Kallpa Generación S.A.
Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2023, 2022 and 2021

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Revenues	19	685,450	596,594	533,965
Cost of sales	20.B	(410,867)	(324,658)	(264,913)
Depreciation and amortization	9 and 10	(74,645)	(70,684)	(51,773)
Gross profit		199,938	201,252	217,279
Administrative expenses	20.B	(21,890)	(17,242)	(17,652)
Other income	20.A	11,159	9,053	14,046
Other expenses		(252)	(920)	(1)
Impairment loss on trade receivables		-	-	(1)
Operating profit		188,955	192,143	213,671
Finance income	21.A	2,218	1,937	2,179
Finance costs	21.B	(61,706)	(61,406)	(51,354)
Net foreign exchange difference	25.D.iii	2,150	712	(4,862)
Net finance costs		(57,338)	(58,757)	(54,037)
Profit before income tax		131,617	133,386	159,634
Income tax expense	16 and 23	(47,388)	(48,018)	(40,899)
Profit for the period		84,229	85,368	118,735
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Revaluation of property, plant and equipment, net of tax	18.D	-	27,950	157,286
Capitalization of revaluation reserve	18.B	-	(27,950)	(157,286)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period		84,229	85,368	118,735

The accompanying notes on pages 5 to 82 are an integral part of these financial statements.

Kallpa Generación S.A.
Statements of Changes in Equity
For the years ended December 31, 2023, 2022 and 2021

<i>In thousands of U.S. dollars</i>	<i>Note</i>	Number of shares (note 18)	Share capital (note 18)	Additional capital (note 18)	Legal reserve (note 18)	Revaluation reserve (note 18)	Retained earnings	Total equity
Balance as of January 1, 2021		665,803,506	238,426	-	47,685	-	13,971	300,082
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	118,735	118,735
Other comprehensive income								
Revaluation reserve	18.D	-	-	-	-	157,286	-	157,286
Capitalization of revaluation reserve	18.D	-	-	-	-	(157,286)	-	(157,286)
Total comprehensive income for the period		-	-	-	-	-	118,735	118,735
Transactions with owners of the Company								
Capitalization	18.B	-	-	157,286	-	-	-	157,286
Dividends distribution	18.E	-	-	(108,517)	-	-	(122,877)	(231,394)
Total transactions with owners of the Company		-	-	48,769	-	-	(122,877)	(74,108)
Balance as of December 31, 2021		665,803,506	238,426	48,769	47,685	-	9,829	344,709
Balance as of January 1, 2022		665,803,506	238,426	48,769	47,685	-	9,829	344,709
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	85,368	85,368
Other comprehensive income								
Revaluation reserve	18.D	-	-	-	-	27,950	-	27,950
Capitalization of revaluation reserve	18.D	-	-	-	-	(27,950)	-	(27,950)
Total comprehensive income for the period		-	-	-	-	-	85,368	85,368
Transactions with owners of the Company								
Capitalization	18.B	-	-	27,950	-	-	-	27,950
Dividends distribution	18.E	-	-	(53,000)	-	-	(59,000)	(112,000)
Total transactions with owners of the Company		-	-	(25,050)	-	-	(59,000)	(84,050)
Balance as of December 31, 2022		665,803,506	238,426	23,719	47,685	-	36,197	346,027
Balance as of January 1, 2023		665,803,506	238,426	23,719	47,685	-	36,197	346,027
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	84,229	84,229
Total comprehensive income for the period		-	-	-	-	-	84,229	84,229
Transactions with owners of the Company								
Dividends distribution	18.E	-	-	(16,458)	-	-	(93,542)	(110,000)
Remeasurement of asset retirement obligation		-	-	(1,188)	-	-	-	(1,188)
Total transactions with owners of the Company		-	-	(17,646)	-	-	(93,542)	(111,188)
Balance as of December 31, 2023		665,803,506	238,426	6,073	47,685	-	26,884	319,068

The accompanying notes on pages 5 to 82 are an integral part of these financial statements.

Kallpa Generación S.A.
Statements of Cash Flow
For the years ended December 31, 2023, 2022, and 2021

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Cash flows from operating activities				
Collections from customers		853,338	715,832	653,647
Other collections from operating activities		10,140	11,770	16,010
Collection of interest		1,436	143	43
Payment to suppliers		(593,603)	(477,394)	(391,576)
Payment to employees		(10,664)	(10,343)	(14,126)
Payment of options agreements		-	(1,237)	(14,717)
Payment of contributions and others related to employees		(4,017)	(4,004)	(5,464)
Cash generated from operating activities		256,630	234,767	243,817
Income tax recovered		-	10,497	-
Income tax paid		(21,206)	(6,012)	(7,621)
Net cash provided by operating activities		235,424	239,252	236,196
Cash flows from investing activities				
Proceeds from sales of property, plant, and equipment		48	46	73
Acquisition of property, plant, and equipment	9	(30,526)	(34,730)	(20,716)
Acquisition of intangibles	10	(925)	(1,041)	(1,070)
Loans to shareholders		-	-	(74,600)
Net cash used in investing activities		(31,403)	(35,725)	(96,313)
Cash flows from financing activities				
Proceeds from short-term debt		-	85,107	53,500
Dividends paid, net of tax	18.E	(108,620)	(110,595)	(64,327)
Interest paid		(51,371)	(51,008)	(47,792)
Payment of subordinated financial leases		(37,702)	(31,077)	(14,560)
Payment of lease liabilities from operating contracts		(1,615)	(1,630)	(1,563)
Payment of transaction costs		(74)	(377)	(1,642)
Payment of short-term borrowings		-	(90,046)	(58,500)
Net cash used in financing activities		(199,382)	(199,626)	(134,884)
Net increase in cash		4,639	3,901	4,999
Cash as of January 1		36,404	31,979	29,006
Effects of variations in exchange difference on cash held		865	524	(2,026)
Cash as of December 31	5	41,908	36,404	31,979
Non-cash transactions				
Battery Energy Storage System Financial lease		6,473	10,473	-
Combined cycle Las Flores Financial Lease		-	38,519	41,515
Compensation of loan to shareholder through dividends		-	-	164,164
Compensation of acquisition of property, plant, and equipment		-	-	21

The accompanying notes on pages 5 to 82 are an integral part of these financial statements.

1. Background and Business Activity

Kallpa Generación S.A. ("the Company" or "Kallpa") is a subsidiary of Inkia Americas S.A.C. ("Inkia Americas"), established in Peru, and a direct and indirect subsidiary of Nautilus Inkia Holdings SCS ("NIH"), incorporated in Luxembourg. Inkia Americas and NIH are the direct owners of the Company, holding 74.9% and 25.1% of the Company's share capital, respectively. The legal domicile of Kallpa is Las Palmeras N° 435, 7th floor, San Isidro, Lima, Peru.

The Company's business activity is the generation and commercialization of electrical energy. The Company has a total capacity of 1,826 MW and 204 MW under construction, as detailed below:

Plant/Turbine	Commercial operation date/Acquisition date	Source used to operate power station	Total capacity (MW)	Location
Kallpa I	July 2007	Natural gas	188	Chilca
Kallpa II	June 2009	Natural gas	210	Chilca
Kallpa III	March 2010	Natural gas	212	Chilca
Kallpa IV	August 2012	Steam	298	Chilca
Las Flores	April 2014	Natural gas	210	Chilca
Las Flores TV	June 2022	Steam	115	Chilca
CDA	August 2016	Hydroelectric	593	Huancavelica
Sunny	Under construction	Solar	204	Sunny
			2,030 (*)	

(*) In addition, a 34 MW Battery Energy Storage System is incorporated into Kallpa combined cycle plants.

The Company's combined cycle plants have an aggregate capacity of 1,233 MW: (i) Kallpa combined-cycle generation plant in Chilca (45 km south of Lima) with three natural gas-fired turbines and one steam turbine that have an aggregate capacity of 908 MW; and (ii) Las Flores combined-cycle generation plant, with one natural gas-fired turbine and one steam turbine that have an aggregate capacity of 325 MW, also located in Chilca, 3km away from Kallpa plant's site. The commercial operation date ("COD") of the Kallpa combined cycle was achieved on August 8, 2012, Las Flores plant acquisition became effective on April 1, 2014, and the COD of the Las Flores combined cycle was completed on June 9, 2022.

The Company's hydropower plant, Cerro del Aguila ("CDA"), with a capacity of 593 MW, is the largest privately owned hydroelectric power plant in Peru. On August 25, 2016, the Company declared the COD of the plant, consisting of a 6-kilometer headrace tunnel and a 17-kilometer transmission line with a capacity of 546 MW. On October 27, 2017, COES declared the COD of the 10 MW mini hydro, built to take advantage of the Mantaro river ecological water flow and increasing CDA's total capacity to 556 MW. On March 6, 2019 and on February 26, 2021, after running additional effective capacity tests, COES approved a capacity increase of 12 MW and 7 MW, respectively, taking CDA's total capacity to 575 MW. On March 22, 2023, after the CDA turbine II upgrade and CDA turbines I and III design improvements were completed, COES approved a capacity increase of 18 MW, taking CDA's total capacity to 593 MW.

In November 2022, the Company began the development of a Battery Energy Storage System ("BESS project") which represents a 34 MW high-capacity lithium-ion battery that has been incorporated into our combined cycle Kallpa plant. This investment allows the Kallpa, and the Las Flores combined cycle plant to operate at full capacity, and release more low-carbon efficient energy to the system, among other benefits. The total investment on this project amounted to US\$ 24 million. The machinery and equipment were financed through a financial lease agreement with Banco de Crédito del Perú ("BCP") for US\$ 18 million. In May 2024, the BESS project was completed.

In March 2024, the Company started the construction of the Sunny project ("Sunny"), which represents a 204 MW solar power plant for an investment of up to US\$ 170 million, located in the La Joya desert, in Arequipa. Sunny is being constructed under two EPCs with (i) Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C., for a total of up to US\$ 20 million, which includes all costs and expenses to complete the construction of the interconnection facilities, including a substation and a 1.4 km transmission line; and (ii) Acciona Construcción S.A., for a total of up to US\$ 126 million for the design, construction, and installation of the photovoltaic systems and all necessary ancillary systems. Sunny is being financed for up to US\$ 130 million under a bridge loan facility (note 28.B(iv)).

Sunny is the first large-scale solar project built by the Company. It will contribute to further diversify our portfolio, improve the Peruvian energy matrix and strengthen the generation supply in the south of Peru, near the mining demand, increasing its electricity production with renewable energy.

Finally, the Company could be affected by seasonal patterns throughout the year. Therefore, the operating margin could vary by month during the year. Additionally, weather variations, including hydrological conditions, could also have an impact on generation output. Nevertheless, this risk is mitigated due to the technological diversification of the Company's assets and projects (combined cycle, hydro and solar).

2. Operations Regulation and Legal Standards Affecting the Electric Sector

The Company is within the scope of various rules governing its activities. Failure to comply with these rules may result in the imposition of sanctions on the Company affecting it both financially and operationally. The Company's Management, through its commercial management and legal management, monitors and assesses compliance with regulations and claims filed.

Main regulations affecting the Company's activities are:

A. Electricity Concessions Law

In Peru, the electricity sector is regulated under the Electricity Concessions Law, Decree Law 25844, enacted on November 19, 1992; its regulation, Executive Order 009-93-EM, enacted on February 25, 1993; and its supplementary standards and amendments, one among them being Law 28832, the Law to Guarantee the Efficient Development of Electricity Generation.

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

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

B. Law to Guarantee the Efficient Development of Electricity Generation

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

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

C. Environmental preservation regulations

According to the Law of Electricity Concessions (Decree Law 25844) and the General Environmental Law (Law 28611), the Government designs and applies the policies and standards necessary for the adequate conservation of the environment and of the nation's cultural heritage. Additionally, it ensures the rational use of natural resources in the development of activities relating to the generation, transmission, and distribution of electricity and hydrocarbon activities. In this sense, the Ministry of Energy and Mines approved the Regulation of Environmental Protection in Electricity Activities (Executive Order 14-2019-EM) and the Regulation of Environmental Protection in Hydrocarbon Activities (Executive Order 039-2014-EM).

In compliance with the above-mentioned norms, the Company carried out an Environmental and Social Impact Study during 2005, which was approved by the Ministry of Energy and Mines in February 2006 by Official Document Resolución Directoral 051-2006-MEM/AAE.

As of December 31, 2023, 2022 and 2021, the Company's Management estimates that, in the event that a contingency arises related to environmental management, it would not be material.

D. Technical standards

Technical Quality Standards of Electricity Services

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

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

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

Official Document "Resolución Directoral" 025-2008-EM/DGE, dated August 8, 2008, modified sub-section 7.1.3 of the "Technical Standard for the Coordination of the Real Time Operation of the Interconnected Systems", which basically establishes that the rationing of electricity will be carried out by prioritizing the electricity supply for the public electricity service.

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

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

E. Anti-monopoly and Anti-oligopoly Law

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

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

In November 2019, Emergency Decree 013-2019 was issued and established the general regime of prior control of business concentration operations. Subsequently, this Decree was replaced by Law 31112. This law replaces Law 26876 (Electricity sector).

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

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

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

Emergency decrees are legislative statutes that are exceptionally issued by the Executive branch of the Government of Peru, which can only be issued on circumstances and in areas specified in the Peruvian Constitution and are effective for a limited time. The aforementioned government decree was in force until October 1, 2017.

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

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

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

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

Under the previous methodology, only the "Relevant Power Generators" have assumed payment of STS and CTS; however, the new Resolution eliminates this concept and therefore all power generators would pay even transmission facilities that do not use.

Notwithstanding the above, the Resolution establishes a transitional period from May 2017 to April 2021 to reduce the impact of this measure established.

H. Single Distribution Rate, Supreme Decree 082-2009-EM

Supreme Decree 082-2009-EM, modified by Article 4 of Supreme Decree 048-2008-EM, introduced a mechanism to apply the Single Distribution Rate of Natural Gas applicable to power generators located in the concession area of the natural gas supplier of Lima and Callao. It establishes compensation mechanism for natural gas concessionaires through a single rate instead of individual distribution rates.

I. Resolution that sets busbar prices applicable to the period from May 1, 2024 to April 30, 2025

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

- Resolution OSINERGMIN N° 051-2024-OS/CD, effective from May 1, 2024 to April 30, 2025.
- Resolution OSINERGMIN N° 056-2023-OS/CD, effective from May 1, 2023 to April 30, 2024.
- Resolution OSINERGMIN N° 057-2022-OS/CD, effective from May 1, 2022 to April 30, 2023.
- Resolution OSINERGMIN N° 067-2021-OS/CD, effective from May 1, 2021 to April 30, 2022.

J. Value of the Applicable Discount Factor (FDA)

It established the value of the Applicable Discount Factor (FDA); such a factor is applicable to the natural gas transport rate. In the same way, through Resolution OSINERGMIN 062-2018-OS-CD, published on April 27, 2018, OSINERGMIN established the FDA applicable from May 2018 to April 2019.

- Resolution 061-2024-OS/CD establishes the FDA applicable from May 1, 2024 to April 30, 2025.
- Resolution 076-2023-OS/CD establishes the FDA applicable from May 1, 2023 to April 30, 2024.
- Resolution 063-2022-OS/CD establishes the FDA applicable from May 1, 2022 to April 30, 2023.
- Resolution 087-2021-OS/CD establishes the FDA applicable from May 1, 2021 to April 30, 2022.
- Resolution 063-2020-OS/CD establishes the FDA applicable from June 15, 2020 to April 30, 2021.

K. Regulation of the Secondary Natural Gas Market

Published on August 5, 2010 by means of Supreme Decree 046-2010-EM, through which it was approved, among others, the Regulation of the Secondary Natural Gas Market establishing mechanisms to make transfers of production and/or firm transport capacity of natural gas among offering and demanding consumers, modified through Supreme Decree 022-2011-EM, 029-2012-EM and 025-2014-EM.

Supreme Decree N° 032-2017-EM, published on September 30, 2017, suspended until December 31, 2018 the implementation of the Secondary Market Regulation of Natural Gas approved by Supreme Decree N° 046-2010-EM. Supreme Decree N° 039-2018-EM, published on December 30, 2018, suspended until December 31, 2019 this implementation. During this period, operations in the Secondary Market may be carried out in the form of bilateral agreements.

Through Supreme Decree N° 023-2019-EM, the Ministry of Energy and Mines extend the suspension of the implementation of the Regulation of the Secondary Market of Natural Gas approved by Supreme Decree N° 046-2010-EM, until December 31, 2020. Through Supreme Decree N° 034-2020-EM, the implementation of the Regulation of the Secondary Natural Gas Market, is suspended until June 30, 2021 -EM.

Through Supreme Decree N° 012-2021-EM, Ministry of Energy and Mines approves the Regulation to optimize the use of Natural Gas and creates the Natural Gas Manager, establishing its functions to promote the efficient use of natural gas in economic activities, to generate greater competitiveness in the markets.

The Regulation is applicable to the agents that participate in the Primary Natural Gas Market by contracting the supply of natural gas and natural gas transportation services through pipelines, as well as those that carry out operations in the Secondary Natural Gas Market and the Regulation of the Secondary Market, approved by Supreme Decree N° 046-2010-EM.

The Natural Gas Manager will be the General Directorate of Hydrocarbons of the Ministry of Energy and Mines, a body that can delegate these functions to a private entity and will manage the "MECAP"- in Spanish (mechanism for electronic auctions of the secondary market of natural gas).

The General Directorate of Hydrocarbons will approve the operating procedure for the operation of the Secondary Market. Meanwhile, operations in the Secondary Natural Gas Market will be carried out through bilateral agreements, after which they must be adapted to what is indicated in the procedure to be approved.

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

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

In 2016, the Legislative Decree N° 1331 introduced provisions in order to promote the use of natural gas at the national level. The FISE also serves to promote mechanisms for universal access to energy. The funds can be used to finance connections, vehicular conversions and systems or means of distribution or transportation.

M. Wholesale electricity market

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

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

Participants authorized to buy in the MCP are:

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

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

The Supreme Decree N° 033-2017-EM established that the Regulation of the Wholesale Electricity Market, approved by Supreme Decree N° 026-2016-EM, be effective as of January 1, 2018. The Resolution N° 209-2017-OS/CD postponed the presentation of guarantees or credit ratings up to March 26, 2018 to be able to participate in the MME, from April 1, 2018.

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

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

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

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

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

The procedure establishes that in case the generators do not present the information within the established timeframe or if OSINERGMIN considers that the information presented is inconsistent with the guidelines contained in the approved standard, this entity will communicate to COES the parameters of operational inflexibilities that should be considered.

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

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

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

P. Water Resources Law, Law N° 29338 and its regulation by Supreme Decree N° 001-2010-AG, Dated March 23, 2010

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

Q. Emergency mechanisms established for natural gas supply

On December 31, 2013, the Government published the Executive Order 050-2012-EM to establish emergency response mechanisms for natural gas supply in the country and its implications on different business activities. On July 23, 2018, this norm was replaced by Executive Order 017-2018-EM.

This norm allocates the priority of the available gas: i) first to regulated residential and commercial consumers, and then ii) GNV (in Spanish) retail establishments. The rest of the gas is allocated pro rata between: i) electric generators, ii) regulated industrial consumers and iii) independent consumers, considering the consumption of each sector during the week prior to maintenance. In the electricity sector, in addition, it has been arranged that the energy generated with reassigned gas will be considered an injection of the company that ceded the gas, which will have to pay the company that injected energy with reassigned gas, the cost of the gas and the non-fuel variable costs. On the other hand, idealized marginal costs are not established.

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

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

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

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

S. Regulation of Legislative Decree N° 1221

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

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

It adds that the Regulated Users whose maximum monthly demand (from several supply points) exceeds 2500 kW, will maintain that status for a period of one (1) year from the month in which exceeded that ceiling, unless otherwise agreed between the parties. In the case of users whose maximum annual demand of each supply point is greater than 2500 kW have the status of non-regulated users, except as indicated previously.

T. Approves the addendum proposals (modification of the IPP Series) to the Electricity Supply Contracts, resulting from the long-term bidding processes

Through Resolution N° 265-2016-OS/CD, the addendums in the Kallpa PPA contracts with distributors were approved to modify the IPP series in the price update. It changes codification of the Series WPSSOP3500 by the Series WPSFD4131 in the formula of readjustment of the base prices in the Supply Contracts.

U. Through Resolutions 216, 217, 218 and 219-2018-OS/CD the OSINERGMIN issued the prior authorization for the modification of the long-term supply contracts signed by Luz del Sur, Hidrandina, Enel Distribución and SEAL with the generators in the framework of Law 28832

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

Within the framework of the provisions of supreme decree 022-2018-EM Kallpa subscribed option agreements for the right to execute addendums to the PPAs with Luz del Sur, Hidrandina, Enel Distribución and SEAL. In this sense, for example, Kallpa and Luz del Sur signed option agreements that give Kallpa the right to extend the term of the PPAs (for a minimum of 7 years) in case the option is exercised. For such option Kallpa had to pay the value of the option through monthly payments.

V. Incorporation of the third paragraph to article 122 of the Electricity Concessions Law

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

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

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

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

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

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

Where:

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

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

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

X. OSINERGMIN modifies the Regulation of Supervision, Inspection and Sanctioning of energy and mining activities approved by Resolution N° 040-2017-OS/CD

Resolution 033-2020-OS/CD establishes that for the electrical subsector, OSINERGMIN's supervision authority covers the following activities: a) Power generation; b) Power Transmission; c) Distribution and commercialization of electricity; d) Planning, programming and economic dispatch of the National Interconnected Electric System (SEIN in Spanish); and e) other activities legally attributed to OSINERGMIN.

During the national emergency period, OSINERGMIN prioritizes the supervision in the energy sector, which is aimed at guaranteeing: the continuity of the public electricity service, the continuity of the public service of natural gas, the supply of LPG and other fuels.

During the national emergency period, OSINERGMIN's supervision is carried out remotely and, exceptionally, in person with restrictions, in line with this Protocol.

If the supervised agent does not comply with providing OSINERGMIN with the required information, or prevents the normal development of supervision, or does not communicate emergency reports, or fails to comply with an administrative measure, as the case may be, this agent will incur in an administrative infraction, and a sanctioning procedure will be initiated once the suspension of the stipulated terms has ended. Also, the administrative deadlines at the initiative of the party, as well as those of ex officio supervision and sanctioning are suspended according to the periods indicated by the OSINERGMIN protocol for each case.

This regulation was repealed with the publication on December 18th, 2020 of Resolution N° 208-2020-OS-CD, which approves the "Regulation of Inspection and Sanction of energy and mining activities under the responsibility of OSINERGMIN".

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

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

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

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

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

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

AA. Complementary measures for the electricity sector during the national emergency period

Emergency Decree 035-2020 establishes that the electricity service receipts, issued in the month of March or that include consumption made during the national emergency period, may be divided up to 24 months. This benefit will be applicable only to residential users of the electricity service with consumption of up to 100 kWh per month and residential users of non-conventional rural electrical systems supplied by autonomous photovoltaic power. To the amount to be fractioned, it is not applicable interests, fees or any other similar concept.

The Decree established that during the national emergency period and up to sixty (60) calendar days after its completion, any breach to the Technical Standard of Quality of Electrical Services approved by Supreme Decree N° 020- 97-EM and to the Technical Standard of Quality of Rural Electrical Services approved by Directorial Resolution N° 016-2008-EM / DGE, will not generate any sanctions or compensations, as a consequence of the sanitary measures and lockdown established by the Peruvian government to control COVID-19.

In addition, reporting obligations and delivery of physical information by the electricity companies and COES to MINEM and OSINERGMIN are suspended. In this sense, all information must be sent virtually to these entities.

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

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

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

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

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

Through Resolution 199-2020-OS / CD, the Fortuitous Unavailability Rate of the peak unit from May 1, 2021 to April 30, 2025 is set at 4.18%.

Also, the value of 21.41 % is set as the Target Firm Reserve Margin of the National Interconnected Electric System (SEIN) from May 1, 2021 to April 30, 2025.

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

The Reserve Margin of the National Interconnected Electric System (SEIN) from May 1, 2021 to April 30, 2025 is set as follow:

Period	Reserve Margin
May 2021- Apr 2022	37,4%
May 2022- Apr 2023	35,0%
May 2023- Apr 2024	33,9%
May 2024- Apr 2025	32,3%

EE. Rotating Reserve Margin for the Primary Regulation of Frequency of the National Interconnected Electric System is set for the flood period and low water period of the year 2022 and 2023

Through Resolution 237-2021-OS / CD, the Rotating Reserve Margin for the Primary Regulation of Frequency of the National Interconnected Electric System is set at 2.8% for the flood period in the months of January to May and December 2022; and for the dry season in the months of June to November 2022.

Through Resolution 209-2022-OS / CD The Rotating Reserve Margin for the Primary Frequency Regulation of the National Interconnected Electric System is approved at 1.9% for the flood period from January to May and December 2023; and 2.3% for the low water period from June to November 2023.

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

FF. MINAM approved the Maximum Permissible Limits for atmospheric emissions from thermoelectric generation activities

DS 030-2021-MINAM approved the "Maximum Permissible Limits for atmospheric emissions from thermoelectric generation activities" (the "MPL"). The regulation contains a series of obligations related to compliance to the MPLs that deserve special attention, as they are subject to maximum compliance deadlines (from 30 working days from their entry date).

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

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

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

HH. OSINERGMIN approves the modification of the Technical Procedure of COES N° 31 "Calculation of Variable Costs of Generation Units" (PR-31), in application of Supreme Decree 031-2020-EM

Through Resolution 092-2021-OS/CD, Osinergmin approves the modification of PR 31 of the COES, considering that natural gas thermoelectric generators must include total costs (fixed costs + variable costs) in the gas price regime for the programming of the economic dispatch of the power plants generation in the system. The first presentation of information referred to in Annex 3 of the modified PR-31, was sent to the COES I June 20, 2021, and it has effects since July 1, 2021.

II. OSINERGMIN approved the modification of Technical Procedure 20 of the COES "Entry, Modification and Removal of Facilities in the SEIN"

Through Resolution 083-2021-OS/CD, it is provided to substitute numerals from 1 to 16 of the COES Technical Procedure N° 20 approved by Resolution N° 035-2013-OS/CD, and to incorporate numeral 17 in accordance with the content in Annex A of the published resolution.

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

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

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

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

JJ. Supreme Decree that improves efficiency in the use of gas transportation capacity for thermal generation with natural gas and the payment of firm power

Through Supreme Decree 003-2021-EM, numeral VII literal c) of article 110 of the Regulation of the Electricity Concessions Law, referring to the unavailability of generation units for the calculation of their firm power was modified. This modification establishes as a criterion for calculating the unavailability of thermoelectric units, the guaranteed fuel transport capacity, and in the case of units that use natural gas as fuel, firm contracts for gas transportation will be considered with a Contract Reference Factor ("FRC") to be approved by OSINERGMIN, which reflects the efficient use of daily reserved capacity for all generators, according to the type of technology of the natural gas plant.

The FRC is the value that represents the minimum percentage of firm natural gas transportation contracting (CRD in Spanish), with respect to the maximum required transportation capacity, for the generation plant to have an Availability Incentive Factor regarding the guarantee of fuel equal to unity (1.0). The FRC is not applicable to the contracted distribution capacity agreed in the natural gas distribution contracts through the pipeline network.

The Decree also establishes that electric generators can certify the guarantee of the fuel transport capacity referred to in numeral VII) of literal c) of article 110 of the Regulations of the Electricity Concessions Law, with the acquired Daily Reserved Capacity through transfers organized in the Secondary Natural Gas Market, and that comply with the conditions set forth in said Decree.

Through Resolution N° 096-2021-OS/CD OSINERGMIN approves the modification of the technical procedure 25 of the COES through which the methodology to determine the Contract Reference Factor ("FRC" in Spanish), in accordance with the provisions of Supreme Decree 003-2021-EM.

KK. OSINERGMIN modifies COES Technical Procedure N° 07 "Determination of Short-Term Marginal Costs" (PR-07)

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

Likewise, until June 30, 2022, the COES must carry out the implementation and/or adaptation, realization of the tests and validations corresponding to the modifications established in the Annex of the approved resolution.

LL. OSINERGMIN approves the request to modify the Supply Contracts signed by Enel Distribución Perú S.A.A. with Kallpa Generación S.A., Orazul Energy Perú S.A. and Termoselva S.R.L.

Through Resolution 077-2021-OS/CD approves the modification of the Supply Contracts signed by Enel Distribución Perú S.A.A. with the generating companies Kallpa Generación S.A., Orazul Energy Perú S.A. and Termoselva S.R.L. as a result of the Long Term Supply Bidding process: ED-01-2009-LP, ED-02-2009-LP, LDS-01-2011-LP-I and ED-01-2012-LP; LDS-01-2010-LP; and LDS-01-2010-LP; respectively, regarding the variable contracted power from the date of subscription of the respective addendum (after approval) until December 31, 2021.

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

Through Supreme Decree N° 003-2022-MINEM, the country's climatic emergency is declared as national interest, with the purpose of executing a series of actions and measures to (i) limit the increase in temperature, (ii) reduce climatic risks, (iii) achieve "carbon neutrality", (iv) stabilize greenhouse gas emission concentrations, among other global objectives.

In this sense, the Supreme Decree established the following relevant provisions for the energy sector:

- The Ministry of Energy and Mines ("MINEM" in Spanish), in coordination with the Ministry of the Environment, will guarantee the use of non-conventional renewable energy resources ("RER") in the electricity generation matrix. It is expected to progressively increase the new requirements with RER, with a projection of reaching 20% of its participation by 2030.
- MINEM must prioritize the execution of the following measures:
 1. Promote programs and policies on the efficient use of energy in the public, productive, services, residential and transportation sectors.
 2. Implement programs to change polluting fuels (wood, manure, coal, among others) for other clean energy sources for domestic use.
 3. Design promotion programs for the development of technologies, use and production of green hydrogen.

4. Propose, within the scope of the "Multisectoral Commission for the Reform of the Electricity Subsector", with the participation of the Ministry of the Environment, the regulatory framework for increasing the use of RER in the electricity generation matrix, as well as other measures that promote the use of renewable energies.

- The Ministry of Transport and Communications must design promotion mechanisms for electromobility with emphasis on urban transport.

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

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

The modification of PR-22 became effective on June 21, 2022.

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

The Procedure has the following objectives:

- Establish the methodology for supervising compliance with the Technical Standard for the Exchange of Real-Time Information for the Real-Time Information Exchange for the Operation of the National Interconnected National Interconnected Electric System (NTIITR);
- Establish the criteria and procedures to evaluate the compliance of the adequacy of the Control Centers of the ICCP Network Control Centers of the Members of the SEIN's ICCP Network of the SEIN (RIS), in relation to the requirements of the Objective Stage of the of the NTIITR.
- Evaluate the fulfillment of the minimum quality requirements and conditions for the exchange of information in real time between the COES and the Control Centers of the Members of the SEIN.
- The procedure establishes the conducts considered as non-compliances, which will be sanctioned according to the Scale of Fines and Sanctions to be approved by OSINERGMIN.

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

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

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

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

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

RR. Ministry of Energy and Mines (MINEM) qualifies events as force majeure and approves modification of the Authorization of the "Las Flores Combined Cycle Power Plant"

MINEM qualifies as force majeure the events "Delay in the arrival of the vessel with the main components of the "HRSG" (Event 1); "Stoppage of construction activities by the District Municipality of Chilca" (Event 2); "Contagion with COVID 19 of the personnel in charge of the commissioning and testing of the Power Plant" (Event 3) and "Mandatory social immobilization on April 5, 2022" (Event 4).

Likewise, MINEM approves the third modification of the Authorization to develop the activity of electric energy generation in the facilities of the "Las Flores Combined Cycle Power Plant", establishing June 9, 2022, as the date for the Commercial Start-up.

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

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

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

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

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

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

As a result of the modifications to PR 02, modifications to PR 10 and PR 20 on "Liquidation of Valuation of Active Energy Transfers and Valuation of Complementary Services and Operative Inflexibilities" and "Entry, Modification and Withdrawal of Facilities in the SEIN", respectively, are provided.

Finally, COES has published for comments the proposed modifications to PR 46 "Guarantees and Constitution of Trusts for the Wholesale Electricity Market" and PR 47 "Daily Valuations in the Wholesale Electricity Market", to align them with the changes approved to PR 02. The Company is evaluating these proposals for comments, if appropriate.

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

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

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

- In the second stage this factor is also applied, and this is also a mistake, because in this stage already has the real data (not projected) of how much firm energy was had in the year and how much energy was committed to customers, so in this final evaluation no factor should be applied.

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

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

Likewise, through Supreme Decree N° 157-2022-PCM, provisions were approved regarding the OEFA's Regulation Contribution, to be paid by the companies and entities of the energy sector for the period 2023-2025, as follows:

Aliquot of the Contribution for regulation of	Current (2023-2025)	Previous (2020-2022)
Companies and entities of the electricity sub-sector	2023: 0.46%	2020: 0.51%
	2024: 0.43%	2021: 0.49%
	2025: 0.41%	2022: 0.47%

3. Material Accounting Policies

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

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3.B in certain instances.

A. Basis of accounting

i. Compliance with IFRS

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

The financial statements as of December 31, 2023, 2022 and 2021, have been authorized for issuance by the Management of the Company on January 9, 2025.

ii. Historical cost basis

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

B. Accounting pronouncement

i. *New accounting pronouncements*

The application of the following standards, interpretations and amendments to IFRS is mandatory for the first time for annual periods beginning on or after January 1, 2023:

Effective date	New standards or amendments
1 January 2023	IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
	Definition of Accounting Estimates – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
23 May 2023	International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The Company adopted these amendments, not generating significant impacts on the financial statements as of December 2023.

ii. *New accounting pronouncements issued but not yet adopted*

A number of new standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted; however, the Company has not adopted the new or amended standards in preparing these consolidated financial statements. The new standards and amendments are not expected to have a significant impact on the financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements:

Effective date	New standards or amendments
1 January 2024	Non-current Liabilities with Covenants - Amendments to IAS 1
	Classification of Liabilities as Current or Non-current - Amendments to IAS 1
	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 17
1 January 2025	Lack of Exchangeability - Amendments to IAS 21
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

C. Foreign currency translation

i. *Functional and presentation currency*

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

ii. *Transactions and balances*

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

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

Foreign currency differences are generally recognized in profit and loss.

D. Revenue

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

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

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

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

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

Determine the transaction price and allocation to the performance obligations

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

Revenues and costs related to main and secondary toll services are recognized net since the Company merely pay for the use of the transmission lines, but there is no separate performance obligation.

The Revenue from generation business is determined substantially by long-term, U.S. dollar-linked PPAs. PPAs are usually entered into at prices that are equivalent to, or higher than, the prevailing spot market rates, the majority of which are indexed to the underlying fuel cost of the related long-term supply agreements. Under the terms of the majority of our PPAs, the power purchaser is contractually obligated to purchase its energy requirements, and sometimes capacity and/or ancillary services, from the power generator based upon a base price (denominated either in U.S. dollars or in the local currency) that is generally adjusted for a combination of some of the following:

(1) fluctuations in exchange rates, (2) the U.S. inflation index, (3) a local inflation index, (4) fluctuations in the cost of operating fuel, (5) supply costs of natural gas, and (6) transmission costs. PPAs include provisions that change the contractual unitary energy prices in the case of an interruption of the supply or transportation of natural gas through the use of a methodology based on spot prices during on the dates in which the interruption event occurred.

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

Recognition of revenue

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

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

E. Employee benefits

i. Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The employee benefits are classified as short-term benefits or as other long-term benefits depending on when the Company expects the benefits to be wholly settled.

ii. Termination benefits

Severance pay is charged to profit or loss when there is a clear obligation to pay termination of employees before they reach the customary age of retirement according to a formal, detailed plan, without any reasonable chance of cancellation. The benefits given to employees upon voluntary retirement are charged when the Company proposes a plan to the employees encouraging voluntary retirement, it is expected that the proposal will be accepted and the number of employee acceptances can be estimated reliably.

F. Finance income and finance costs

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

- Interest income.
- Interest expense.
- Foreign currency gain or losses on financial assets and financial liabilities.
- Non-recoverable VAT related to financial obligations.
- Interest income or expense is recognized using the effective interest method.

G. Income tax

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

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

i. Current tax

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

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

ii. Deferred tax

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

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

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

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

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

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

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

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

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

iii. Uncertain income tax provision

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

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

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

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

H. Inventories

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

I. Trade receivables

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

J. Property, plant and equipment

i. Recognition and measurement

Property, plant, and equipment includes a combined cycle power station which is composed of three gas and one steam turbine (Kallpa plant), a combined cycle power station with one gas turbine and one steam turbine (Las Flores plant) and a hydropower plant which is mainly composed by a dam and three hydropower generation units (CDA plant). These items are measured at historical cost less accumulated depreciation and accumulated impairment losses, except for buildings, machinery and equipment, which are measured at revalued cost based on appraisals performed by an independent appraiser.

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

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

The revaluation surplus included in equity may be transferred directly to retained earnings, when the asset is derecognized. This could involve the full transfer of the revaluation surplus when the entity disposes of the asset. Transfers from the revaluation surplus account to retained earnings will not go through profit or loss for the period. The amount of losses due to impairment of the fair value of revalued assets is known directly in other comprehensive income in the period in which such losses occurred.

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

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

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

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

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company, and its cost can be measured reliably. Disbursements for maintenance and repairs are recognized as expenses in the period when incurred.

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

iii. Depreciation

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

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

	Years
Dam and other constructions	20 – 80
Asset for decommissioning	30 – 80
Buildings	10 – 50
Plant and equipment	10 – 50
Plant and equipment (Replacement units)	2 – 5
Vehicles	3 – 15
Office equipment - Furniture and fixture; plant and various equipment	2 – 46
Office equipment - IT equipment	3 – 10

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

iv. Capitalization of borrowing costs

Specific and non-specific borrowing costs are capitalized to qualifying assets throughout the period required for completion and construction until they are ready for their intended use. Non-specific borrowing costs are capitalized in the same manner to the same investment in qualifying assets, or portion thereof, which was not financed with specific credit by means of a rate which is the weighted-average cost of the credit sources which were not specifically capitalized. Foreign currency differences from credit in foreign currency are capitalized if they are considered an adjustment of interest costs. Other borrowing costs are expensed as incurred.

Income earned on the temporary investment of specific credit received for investing in a qualifying asset is deducted from the borrowing costs eligible for capitalization.

K. Intangible assets

i. Recognition and measurement

Research and development	Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Access road and easement	Comprise the disbursement made by the Company in easement to access the site and is recognized and measured at cost less the accumulated amortization and any accumulated impairment loss.
Other intangible assets	Other intangible assets, including licenses and software licenses which is acquired by the Company and has finite useful lives, are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent cost

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including cost on internally generated goodwill is expensed as incurred.

iii. Amortization

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

The estimated useful lives for current and comparative period are as follows:

	Years
Access road	80
Easement	20 – 80
Software and license	3 – 10

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

L. Financial instruments

i. Recognition and initial measurement

The Company initially recognize trade receivables issued on the date that they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes as party to the contractual provisions of the instrument.

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

ii. Classification and subsequent measurement

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

iii. Derecognition

Financial assets

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

Financial liabilities

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

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

iv. Offsetting

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

M. Share capital - ordinary shares

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

N. Impairment

i. Non-derivative financial assets

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

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

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

The Company in the generation business assume that have no significant credit risk due to collections are made within 30 days.

The Company consider a financial asset to be in a default when:

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

Measurement of ECLs

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

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

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

Credit-impaired financial assets

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

Evidence that financial asset is credit-impaired includes

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

Presentation of allowances for ECL in the statement of financial position

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

Write-off

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

The Company has determined that the application of IFRS 9 impairment requirements (expected credit losses) of its accounts receivable to customers.

ii. Non-financial assets

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

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

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

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

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

O. Energy purchase

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

P. Asset retirement obligation (ARO)

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

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

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

Cost model

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

Revaluation model

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

Q. Provisions

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

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

R. Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

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

Short term leases and leases of low value assets

The Company has elected no to recognize right of use assets and lease liabilities for lease of low value assets and short-term leases, including IT equipment. The Company recognizes the lease payment associated with these leases as an expense on straight line over the lease term.

S. Operating segments, geographic and revenue information

Operating segments are defined as business activities which generate revenue and expenses and whose operating results are regularly reviewed by the chief operating decision maker ("CODM") of the Company in order to make decisions about the allocation of resources to the segments and to evaluate its performance.

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

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

During 2023, 2022 and 2021, revenues from the following customers individually and together represent more than 10% and 60% of the Company's total revenues, respectively for each year:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Enel Distribution S.A.A.	114,278	98,623	99,379
Electroperú S.A.	108,059	103,550	95,478
Luz del Sur S.A.	98,162	87,544	89,170
Southern Peru Corporation	94,166	85,715	72,818

Revenues by type and services are disclosed in note 19.

T. Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022-2021: Significant accounting policies) in certain instances in line with the amendments.

4. Use of Judgments and Estimates

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

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

i. Judgments

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

- Note 6: Expected credit losses of trade receivables.
- Notes 9 and 10: Useful life of the property, plant and equipment and intangible assets.
- Note 16: Utilization of tax losses.

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as of December 31, 2023, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included as following notes:

- Notes 6 and 19: revenue recognition: estimate of expected returns.
- Note 16: recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.
- Notes 17 and 27: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

Several the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Company uses observable market 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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of their 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 is included in note 25 – Financial instruments.

5. Cash

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Checking accounts (a)	41,903	36,399	31,971
Petty cash	5	5	8
	41,908	36,404	31,979

- (a) The Company holds checking accounts in foreign and local currency at different financial entities. Checking accounts are available and mainly earn interest at market rates ranging from 0.07% to 6.70% in soles and from 0.15% to 5.30% in U.S dollars as at December 31, 2023 (from 0.15% to 1.00% in soles and from 0.07% to 0.90% in U.S dollar as at December 31, 2022; from 0.15% to 0.50% in soles and from 0.07% to 0.35% in U.S dollar as at December 31, 2021).

Credit ranking

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

	2023	2022	2021
Banco del Crédito del Perú	A+	A+	A+
Scotiabank Perú	A+	A+	A+
BBVA Banco Continental	A+	A+	A+
Interbank	A	A	A
Citibank del Perú	A+	A+	A+
Bank of America	A+	A+	A+

6. Trade Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Non-regulated customers	64,244	66,557	43,598
Regulated customers	40,122	35,730	35,628
COES (a)	1,600	434	973
Other	338	264	343
Subtotal (b)	106,304	102,985	80,542
Impairment loss allowance (c)	(178)	(173)	(166)
	106,126	102,812	80,376

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. The trade receivables as of December 31, 2023, correspond to approximately 117 non-regulated and 7 regulated customers (100 non-regulated and 7 regulated customers as of December 31, 2022; 72 non-regulated and 7 regulated customers as of December 31, 2021).

- (a) The Committee of Economic Operation of the National Interconnected System (COES) as the system operator acts as a clearing house and settles the payments for power generation companies.
- (b) As of December 31, 2023, 2022, and 2021, trade receivables comprise accounts receivables with related parties of US\$ 70 thousand, US\$ 17 thousand and US\$ 63 thousand, respectively (note 26.C).

The aging of trade receivable is as follows:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Unexpired	103,578	101,145	75,818
Less than 30 days	1,859	1,584	4,032
31 to 60 days	461	82	19
61 to 180 days	107	1	13
181 to 360 days	121	-	118
More than 360 days	178	173	542
	106,304	102,985	80,542

The aging of the accounts receivable and the performance of the customers are constantly monitored to ensure their recovery within their due dates. Consequently, in Management's opinion, the balance of the allowance for impairment of accounts receivable adequately covers the risk of loss for doubtful accounts as of December 31, 2023, 2022 and 2021.

As of December 31, 2023, 2022 and 2021, past due trade receivables (over 360 days), represent less than 1 % of the total balance of trade receivables. Those mainly correspond to trade receivables with non-regulated customers.

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

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Balance as of January 1,	173	166	182
Exchange rate	6	7	(17)
(Deduction) addition	(1)	-	1
Balance as of December 31	178	173	166

7. Other Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Current portion				
Related to employees		210	134	112
Other receivables		603	477	537
		813	611	649
Non-current portion				
Import tax (Kallpa IV-Engineering)	27	11,586	12,091	12,912
		11,586	12,091	12,912
		12,399	12,702	13,561

8. Inventories

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Mechanical spare parts (a)	13,519	12,858	12,427
Electrical spare parts	4,805	4,365	4,053
Other supplies	1,223	977	945
	19,547	18,200	17,425
Impairment (b)	-	(104)	-
	19,547	18,096	17,425

- (a) Items used in scheduled maintenance for the combined cycles and hydro plants enabling appropriate operations until major maintenance.
- (b) The impairment of inventories was determined based on internal technical reports. Under Management's opinion, it is not necessary to recognize any impairment in inventories as of December 31, 2023, and 2021. Impairment as of December 31, 2022, covers the obsolescence risk.

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

Comprises the following:

<i>In thousands of U.S. dollars</i>	Lands	Dam, buildings and other constructions	Plant, machinery and equipment	Vehicles	Office equipment	Others	Work in progress	Replacement units	Units in transit	Total
Cost										
Balance as of January 1, 2021	16,848	816,844	877,698	1,973	11,297	900	81,155	6,061	62	1,812,838
Additions (c)	-	-	113	265	1,942	7	59,604	223	2,520	64,674
Revaluations (b)	5,731	17,038	200,332	-	-	-	-	-	-	223,101
Retirements	-	-	(169)	(402)	(1,362)	-	-	-	-	(1,933)
Transfers	-	514	2,795	-	127	-	(3,367)	(7)	(62)	-
Others (e)	-	341	149	-	-	-	-	-	-	490
Balance as of December 31, 2021	22,579	834,737	1,080,918	1,836	12,004	907	137,392	6,277	2,520	2,099,170
Balance as of January 1, 2022	22,579	834,737	1,080,918	1,836	12,004	907	137,392	6,277	2,520	2,099,170
Additions (c)	51	175	272	10	897	24	88,467	6,924	55	96,875
Revaluations (b)	-	311	39,335	-	-	-	-	-	-	39,646
Retirements (d)	-	-	(8,936)	(36)	(74)	(1)	-	-	-	(9,047)
Transfers	-	45,006	168,840	-	253	-	(207,330)	(6,769)	-	-
Others (e)	-	(6,679)	(3,701)	-	-	-	-	-	(2,411)	(12,791)
Balance as of December 31, 2022	22,630	873,550	1,276,728	1,810	13,080	930	18,529	6,432	164	2,213,853
Balance as of January 1, 2023	22,630	873,550	1,276,728	1,810	13,080	930	18,529	6,432	164	2,213,853
Additions (c)	-	388	220	1,066	806	9	25,438	864	2,331	31,122
Retirements	-	(16)	-	(86)	(532)	-	-	-	-	(634)
Transfers	-	948	1,107	-	130	-	(1,995)	(190)	-	-
Others (e)	-	(1,015)	(3,418)	(50)	-	-	-	-	-	(4,483)
Balance as of December 31, 2023	22,630	873,855	1,274,637	2,740	13,484	939	41,972	7,106	2,495	2,239,858

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

		Dam, buildings and other constructions	Plant, machinery and equipment	Vehicles	Office equipment	Others	Work in progress	Replacement units	Units in transit	Total
<i>In thousands of U.S. dollars</i>	Lands									
Accumulated depreciation										
Balance as of January 1, 2021	-	(71,047)	(317,197)	(865)	(5,252)	(438)	-	(64)	-	(394,863)
Depreciation (g)	-	(12,941)	(37,777)	(334)	(1,515)	(75)	-	(1)	-	(52,643)
Retirements	-	-	169	206	1,304	-	-	-	-	1,679
Balance as of December 31, 2021	-	(83,988)	(354,805)	(993)	(5,463)	(513)	-	(65)	-	(445,827)
Balance as of January 1, 2022	-	(83,988)	(354,805)	(993)	(5,463)	(513)	-	(65)	-	(445,827)
Depreciation (g)	-	(13,659)	(55,762)	(314)	(1,493)	(71)	-	(174)	-	(71,473)
Retirements	-	-	8,936	36	63	-	-	-	-	9,035
Transfers	-	-	(47)	-	-	-	-	47	-	-
Balance as of December 31, 2022	-	(97,647)	(401,678)	(1,271)	(6,893)	(584)	-	(192)	-	(508,265)
Balance as of January 1, 2023	-	(97,647)	(401,678)	(1,271)	(6,893)	(584)	-	(192)	-	(508,265)
Depreciation (g)	-	(14,054)	(59,241)	(328)	(1,552)	(72)	-	(197)	-	(75,444)
Retirements	-	8	-	86	518	-	-	-	-	612
Transfers	-	-	(1)	-	(2)	-	-	3	-	-
Balance as of December 31, 2023	-	(111,693)	(460,920)	(1,513)	(7,929)	(656)	-	(386)	-	(583,097)
Carrying amount:										
As of December 31, 2021	22,579	750,749	726,113	843	6,541	394	137,392	6,212	2,520	1,653,343
As of December 31, 2022	22,630	775,903	875,050	539	6,187	346	18,529	6,240	164	1,705,588
As of December 31, 2023	22,630	762,162	813,717	1,227	5,555	283	41,972	6,720	2,495	1,656,761

- (a) Plant and equipment include significant components that correspond to parts that are replaced during major maintenance of the combined cycle and hydro plants. Management depreciates those components following their estimated useful lives, which range from 2 years to 50 years.
- (b) In September 2021, the Company adopted the revaluation model for its buildings, plant and equipment based on appraisals made by independent experts. The appraisals will be carried out on a regular basis to ensure that the fair value of the revalued assets does not materially differ from their book value. On September 30, 2021, the main assets of the Kallpa Thermal Plant and Cerro del Aguila Hydroelectric Plant, including plant and equipment, buildings and other constructions were revalued by an external independent appraiser, increasing their value in US\$ 223,101 thousand (note 18.D). On June 1, 2022, the main assets of Las Flores Thermal Plant, including plant and equipment, buildings and other constructions were revalued by an external independent appraiser, increasing their value in US\$ 39,646 thousand (note 18.D).

Appraisals were made by dividing the assets into sets of systems integrated by technically compatible and defined equipment. Electromechanical equipment revaluation was determined through comparable technologies adjusted by a market factor. Finally, for civil works it was used construction service costs of current comparable works.

- (c) As of December 31, 2023, the main work-in-progress additions corresponded to the maintenance contracts for the combined cycles and hydro plants for US\$ 13,319 thousand, mainly civil works from the BESS project for US\$ 8,761 thousand and others.

As of December 31, 2022, the main work- in progress additions corresponded to the construction of Las Flores combined cycle for US\$ 42,007 thousand, turbines upgrades GT2 & GT3 Chilca for US\$ 13,181 thousand, BESS project for US\$ 11,147 thousand, maintenance contracts for the combined cycles and hydro plants US\$ 20,733 thousand.

As of December 31, 2021, the main work- in progress additions corresponded to the construction of Las Flores combined cycle for US\$ 41,515 thousand and the maintenance contracts for the combined cycles and hydro plants for US\$ 11,289 thousand.

- (d) As of December 31, 2022, the retirements mainly correspond to US\$ 8,936 thousand turbine spare parts considered scrap in connection with the upgrades and major maintenances.
- (e) Mainly corresponds to the effect of the asset retirement obligation remeasurement for US\$ 10,716 thousand as of December 31, 2023, US\$ 10,379 thousand as of December 31, 2022, and US\$ 490 thousand as of December 31, 2021.
- (f) Property, plant, and equipment includes US\$ 215,196 thousand, US\$ 216,339 thousand and US\$ 176,626 thousand of right-of-use of assets as of December 2023, 2022, and 2021 respectively:

	Buildings and other constructions	Plant and equipment	Vehicles	Other equipment	Work in progress	Total
<i>In thousands of U.S. dollars</i>						
Cost						
Balance as of January 1, 2021	19,825	95,286	886	1,458	60,989	178,444
Additions (c)	-	-	-	1,552	41,515	43,067
Retirements	-	-	-	(1,212)	-	(1,212)
Balance as of December 31, 2021	19,825	95,286	886	1,798	102,504	220,299

<i>In thousands of U.S. dollars</i>	Buildings and other constructions	Plant and equipment	Vehicles	Other equipment	Work in progress	Total
Balance as of January 1, 2022	19,825	95,286	886	1,798	102,504	220,299
Additions (c)	-	-	2	26	48,992	49,020
Transfer Las Flores Combined cycle	40,664	100,359	-	-	(141,023)	-
Balance as of December 31, 2022	60,489	195,645	888	1,824	10,473	269,319
Additions (c)	-	-	944	26	6,473	7,443
Retirements	-	-	-	(353)	-	(353)
Other	-	-	(50)	-	-	(50)
Balance as of December 31, 2023	60,489	195,645	1,782	1,497	16,946	276,359
Accumulated depreciation						
Balance as of January 1, 2021	(3,213)	(33,818)	(192)	(1,075)	-	(38,298)
Depreciation	(870)	(4,936)	(217)	(564)	-	(6,587)
Retirements	-	-	-	1,212	-	1,212
Balance as of December 31, 2021	(4,083)	(38,754)	(409)	(427)	-	(43,673)
Balance as of January 1, 2022	(4,083)	(38,754)	(409)	(427)	-	(43,673)
Depreciation	(1,315)	(7,208)	(218)	(566)	-	(9,307)
Balance as of December 31, 2022	(5,398)	(45,962)	(627)	(993)	-	(52,980)
Depreciation	(1,634)	(6,147)	(230)	(525)	-	(8,536)
Retirements	-	-	-	353	-	353
Balance as of December 31, 2023	(7,032)	(52,109)	(857)	(1,165)	-	(61,163)
Carrying amount						
As of December 31, 2021	15,742	56,532	477	1,371	102,504	176,626
As of December 31, 2022	55,091	149,683	261	831	10,473	216,339
As of December 31, 2023	53,457	143,536	925	332	16,946	215,196

(g) Distribution of depreciation was as follows:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Depreciation		74,310	70,350	51,445
Administrative expenses	20.B	1,134	1,123	1,198
		75,444	71,473	52,643

- (h) As of December 31, 2023, 2022 and 2021, the Company has insured all plants' assets for property damage under its Property Damage and 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.
- (i) As of December 31, 2023, 2022 and 2021, in Management's opinion, there were no impairment indicators on the value of property, plant, and equipment.
- (j) As of December 31, 2023, 2022 and 2021, the Company does not have guarantees related to the acquisition of property, plant, and equipment, besides the assets under the financial leases for the Combined Cycle Las Flores and the BESS project.
- (k) As of September 30, 2024, and December 31, 2023, the Company does not have guarantees related to the acquisition of property, plant, and equipment, besides the assets under the financial leases for the combined cycle Las Flores and BESS.

10. Intangible and Other Assets

Comprises the following:

A. Intangible

The balance reconciliation is as follows:

<i>In thousands of U.S. dollars</i>	Public access roads (a)	Chilia (b)	Project RS (b)	Other Projects (b)	Software	Licenses	Project software	Easements	Total
Cost									
Balance as of January 1, 2021	25,497	5,826	12,511	177	-	-	3,247	517	47,775
Additions	-	2	45	454	5	41	636	-	1,183
Transfers	-	-	-	-	3,814	-	(3,814)	-	-
Balance as of December 31, 2021	25,497	5,828	12,556	631	3,819	41	69	517	48,958
Balance as of January 1, 2022	25,497	5,828	12,556	631	3,819	41	69	517	48,958
Additions	-	1	141	578	6	7	292	-	1,025
Transfers	-	-	-	-	193	18	(211)	-	-
Balance as of December 31, 2022	25,497	5,829	12,697	1,209	4,018	66	150	517	49,983
Balance as of January 1, 2023	25,497	5,829	12,697	1,209	4,018	66	150	517	49,983
Additions	-	1	2	560	-	35	335	-	933
Retirements	-	-	-	(1)	-	-	-	-	(1)
Transfers	-	-	-	-	224	33	(257)	-	-
Balance as of December 31, 2023	25,497	5,830	12,699	1,768	4,242	134	228	517	50,915
Accumulated amortization									
Balance as of January 1, 2021	(1,408)	-	-	-	-	-	-	(27)	(1,435)
Additions	(319)	-	-	-	(570)	(5)	-	(8)	(902)
Balance as of December 31, 2021	(1,727)	-	-	-	(570)	(5)	-	(35)	(2,337)
Balance as of January 1, 2022	(1,727)	-	-	-	(570)	(5)	-	(35)	(2,337)
Additions	(318)	-	-	-	(774)	(10)	-	(8)	(1,110)
Balance as of December 31, 2022	(2,045)	-	-	-	(1,344)	(15)	-	(43)	(3,447)

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

<i>In thousands of U.S. dollars</i>	Public access roads (a)	Chilia (b)	Project RS (b)	Other Projects (b)	Software	Licenses	Project software	Easements	Total
Balance as of January 1, 2023	(2,045)	-	-	-	(1,344)	(15)	-	(43)	(3,447)
Additions	(319)	-	-	-	(835)	(13)	-	(8)	(1,175)
Balance as of December 31, 2023	(2,364)	-	-	-	(2,179)	(28)	-	(51)	(4,622)
Carrying amount									
As of December 31, 2021	23,770	5,828	12,556	631	3,249	36	69	482	46,621
As of December 31, 2022	23,452	5,829	12,697	1,209	2,674	51	150	474	46,536
As of December 31, 2023	23,133	5,830	12,699	1,768	2,063	106	228	466	46,293

- (a) Correspond to the disbursements made by the Company in easements and public access roads to access the Cerro del Águila hydropower plant site. The construction of these roads was included in the EPC contract signed with Rio Mantaro Consortium for the construction of the hydropower plant.
- (b) Development costs correspond to expenditures incurred in the design and evaluation of future power plant facilities. These projects have different levels of advance such as temporary concessions, environmental impact studies in process, and others.
- (c) Distribution of amortization was as follows:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Amortization		335	334	328
Administrative expenses	20.B	840	776	574
		1,175	1,110	902

Management analysis indicated there were no impairment indicators on the value of the intangibles as of December 31, 2023, 2022 and 2021.

B. Other assets

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Opening balance		63,959	64,343	63,886
Additions		-	146	665
Amortization	19	(988)	(530)	(208)
		62,971	63,959	64,343
Portion				
Current portion		8,077	-	-
Non-current portion		54,894	63,959	64,343

Other assets correspond to payments made to distribution companies in connection with the option agreements signed, by which distribution companies granted an option to sign addendums to the original public tender of certain PPAs, extending the contract term, modifying the contracted capacity and associated energy, and maintaining the current fixed prices within the framework of the Supreme Decree 022-2018 EM. In 2021, the Company executed all option agreements signed with distribution companies and signed all addendums to extend the contract term of the related PPAs (note 12.C).

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

11. Trade Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Energy purchases and transmission tolls (a)	28,634	25,028	24,958
Supplies and transportation	17,351	21,212	13,712
Capex expenditures (b)	1,563	10,146	2,453
Other	4,404	6,442	4,139
	51,952	62,828	45,262

- (a) Trade payables include transmission tolls paid for the use of principal transmission lines in the Peruvian interconnected electricity system. Most of these costs are pass-through to the Company's customers. As of December 31, 2023, this amount includes US\$ 992 thousand for related parties (US\$ 2,303 thousand as of December 31, 2022; US\$ 1,761 thousand as of December 31, 2021) (note 26.C).
- (b) As of December 31, 2023, corresponds mainly to payables for services related to the major maintenance for the Kallpa and Cerro del Aguila power plants (as of December 31, 2022, corresponds to the major maintenance and Kallpa and Cerro del Aguila power plants and Kallpa III turbines upgrade and; as of December 31, 2021, corresponds to the major maintenance for the Kallpa and Cerro del Aguila power plants).

12. Other Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Interest payables (a)	11,868	11,770	12,883
Payroll	8,768	3,728	3,869
Electricity Social Compensation Fund	4,526	1,567	-
Rural electrification act	2,558	2,377	1,994
Value-added tax	1,610	912	4,219
Energy Social Inclusion Fund	1,115	2,050	1,431
Other taxes	903	1,686	794
Others	193	139	32
Withholding tax on dividends	-	164	1,574
Interest payables-income tax (b)	-	-	4,221
Options agreements (c)	-	-	1,094
	31,541	24,393	32,111

- (a) Corresponds mainly to senior unsecured notes Kallpa 2026 and 2027 settled semi-annually throughout the year.
- (b) Tax claim made by the Company to the Tax Authority because of the arbitration result related to the Stability Agreement that generated a recalculation of the income tax. All interests' payables from the income tax were paid (or compensated) by the Company (note 27).
- (c) Corresponds to the execution of all option agreements signed by the Company with distribution companies by which distribution companies 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 within the framework of the Supreme Decree 022-2018 EM (note 10.B).

13. Income Tax Receivables and Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Income tax refund (a)	-	-	11,026
Income tax (payables) receivables	(36,511)	(2,586)	5,188
Income tax, net	(36,511)	(2,586)	16,214

- (a) Tax claim made by the Company to the Tax Authority because of the arbitration result related to the Stability Agreement that generated a recalculation of the income tax. The refund (income tax without interest) was either received (or compensated) in 2022 (note 27).

14. Debentures, Financial Lease Liabilities and Others

The terms and conditions of outstanding loans and debentures are as follows:

<i>In thousands of U.S. dollars</i>	Nominal annual interest rate	Currency	Maturity	Face value			Carrying amount		
				2023	2022	2021	2023	2022	2021
Subordinated debt									
Financial leases									
Las Flores cycle									
Banco de Crédito del Perú (a)	6.18%	US\$	Dec-24	-	11,015	29,120	-	10,976	29,029
Las Flores combined cycle									
Banco de Crédito del Perú (b)	4.95%	US\$	Jun-27	101,365	128,051	102,504	100,063	126,325	101,187
				101,365	139,066	131,624	100,063	137,301	130,216
Senior debt									
Short term loan									
Banco de Crédito del Perú (c)	0.53%	US\$	Ene-22	-	-	5,000	-	-	5,000
Financial leases									
Battery Energy Storage System									
Banco de Crédito del Perú (d)	5.95%	US\$	May-26	16,947	10,473	-	16,835	10,398	-
Debentures									
Kallpa 2027 notes (e)	4.13%	US\$	Ago-27	650,000	650,000	650,000	646,413	645,505	644,635
Kallpa 2026 notes (f)	4.88%	US\$	May-26	350,000	350,000	350,000	347,285	346,237	345,242
				1,016,947	1,010,473	1,005,000	1,010,533	1,002,140	994,877
Total				1,118,312	1,149,539	1,136,624	1,110,596	1,139,441	1,125,093

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

The carrying amounts as of December 31, 2023, 2022 and 2021, comprise the following:

	Current portion			Non-current portion			Total		
<i>In thousands of U.S. dollars</i>	2023	2022	2021	2023	2022	2021	2023	2022	2021
Subordinated debt									
Subordinated financial leases									
Las Flores cycle	-	11,015	14,560	-	-	14,560	-	11,015	29,120
Transaction costs	-	(39)	(52)	-	-	(39)	-	(39)	(91)
Las Flores combined cycle	27,645	26,687	13,635	73,720	101,364	88,869	101,365	128,051	102,504
Transaction costs	(502)	(425)	(368)	(800)	(1,301)	(949)	(1,302)	(1,726)	(1,317)
	27,143	37,238	27,775	72,920	100,063	102,441	100,063	137,301	130,216
Senior debt									
Short term loan									
Short term loan	-	-	5,000	-	-	-	-	-	5,000
Financial leases									
Battery Energy Storage System	7,229	-	-	9,718	10,473	-	16,947	10,473	-
Transaction costs	(64)	-	-	(48)	(75)	-	(112)	(75)	-
Debentures									
Kallpa 2027 notes	-	-	-	650,000	650,000	650,000	650,000	650,000	650,000
Transaction costs	-	-	-	(3,587)	(4,495)	(5,365)	(3,587)	(4,495)	(5,365)
Kallpa 2026 notes	-	-	-	350,000	350,000	350,000	350,000	350,000	350,000
Transaction costs	-	-	-	(2,715)	(3,763)	(4,758)	(2,715)	(3,763)	(4,758)
	7,165	-	5,000	1,003,368	1,002,140	989,877	1,010,533	1,002,140	994,877
Total	34,308	37,238	32,775	1,076,288	1,102,203	1,092,318	1,110,596	1,139,441	1,125,093

Subordinated financial leases

- (a) In April 2014, Kallpa entered into a financial lease agreement with BCP for US\$ 107,688 thousand to finance the acquisition of the 193MW single-turbine natural gas-fired plant Las Flores from Duke Energy. Under the lease agreement, Kallpa made quarterly payments beginning in July 2014 until the expiry of the lease in October 2023. The lease bore a fixed interest rate of 7.15%. In May 2017, Kallpa renegotiated the conditions of the existing lease agreement reducing the fixed interest rate to 5.08%. In February 2021, this lease was subordinated to Kallpa's senior, indebtedness (note 14(b)(i)). Kallpa and BCP agreed to extend the obligation for the purchase option, amounting to US\$ 1 thousand, up to December 2024. On September 24, 2024, Kallpa executed the purchase option resulting in the termination of the Open Cycle Financial Lease (Note 28.B(i)).
- (b) On August 13, 2019, the Company entered into a financial lease agreement with BCP for up to US\$ 148,000 thousand to finance the construction of the Las Flores combined cycle plant. Under the lease agreement, Kallpa has up to a 36-month disbursement period and a 5-year repayment period with quarterly payments until the maturity of the lease. The lease bore a fixed interest rate of 3.65%.

The combined cycle reached the commercial operation date on June 9, 2022, which led to the execution of an amendment to the relevant financial lease agreement on June 30, 2022, to set the definitive payment schedule thereunder. Total disbursements under the financial lease for the Las Flores combined cycle amounted to US\$ 141,023 thousand.

Subordination Agreement

On February 1, 2021, Kallpa and BCP entered into a subordination agreement by which the parties agreed to subordinate the principal payments of the financial leases with BCP, related to the construction of Las Flores power plant ("Open Cycle Financial Lease") and its upgrade to a combined-cycle plant ("Combined Cycle Financial Lease" and together, the "Subordinated Financial Leases"):

The payment obligations under the Financial Leases are, since February 1, 2021, subordinated to Kallpa's existing and future indebtedness (the "Senior Debt"), including but not limited to Kallpa's 2026 notes 2027 notes and the Battery Energy Storage System Financial Lease.

Pursuant to the terms of the subordination agreement, BCP will be barred from bringing claims or exercising remedies aimed at enforcing the collection of amounts owed under the Subordinated Financial Leases should Kallpa be in default of its Senior Debt payment obligations.

As part of the transaction:

- i. Kallpa and BCP signed an amendment to the Open Cycle Financial Lease which included, among others, a modification in the annual interest rate from 5.08% to 6.18% since February 2021;
- ii. Kallpa and BCP signed an amendment to the Combined Cycle Financial Lease which included, among others, a modification in the annual interest rate from 3.65% to 4.75% from February 2021 until 2023, 4.95% in 2024, 5.15% in 2025, 5.35% in 2026 and 5.55% in 2027 until maturity; and,
- iii. Kallpa, BCP, and La Fiduciaria S.A. signed a collateral trust agreement to secure Kallpa's obligations under the Combined Cycle Lease. Effective upon Kallpa exercising the purchase option under the Open Cycle Financial Lease, all assets and equipment related to the Open Cycle Lease will be transferred to the collateral trust.

On September 24, 2024, the Company and BCP agreed to terminate the subordination agreement and related contractual framework. Resulting in, the annual interest rate reduction on the Combined Cycle Financial Lease, from 4.95% to 3.65% until maturity (note 28.B(iii)).

Senior short-term loans

- (c) On December 16, 2021, the Company took a short-term loan amounting to US\$ 17,000 thousand with BCP at 0.53% due in January 2022. As of January 14, 2022, it was fully prepaid.

Senior Financial leases

- (d) On November 3, 2022, Kallpa entered into a financial lease agreement with BCP for up to US\$ 20,000 thousand to finance the machinery and equipment of the BESS (note 1). Under the lease agreement, Kallpa has up to 18 months of disbursement period and a 2-year repayment period with quarterly payments until the maturity of the lease. The lease bears a fixed annual interest rate of 5.95%.

In May 2024, the construction of the BESS project was completed, which led to the execution of an amendment to the relevant financial lease agreement on May 16, 2024, to set the definitive payment schedule thereunder. The total disbursements under the financial lease BESS amounted to US\$ 18,347 thousand.

Debentures

- (e) In August 2017, the Company issued US\$ 650,000 thousand senior unsecured notes in the international capital market under rule 144A regulation S, hereinafter ("Kallpa 2027"), to refinance long-term obligations, including Syndicated Loan, Shareholder Loans, and payment of Interest Rate Swap Unwind. The notes have an investment-grade international rating (BBB). The issuance was made below par (99.870%) and is payable biannually with final bullet maturity in August 2027 with a coupon rate of 4.125%.
- (f) In May 2016, the Company issued US\$ 350,000 thousand senior unsecured notes in the international capital market under rule 144A Regulation S, to refinance short and long-term obligations that were used to finance mainly capital expenditures including short-term loans, local bonds, syndicated loan and financial leases for Kallpa II and III. The notes have an investment-grade international rating. The issuance was made below par (99.258%) and notes interests are payable biannually with final maturity in May 2026 with a coupon rate of 4.875%.

Financial obligations and covenants

i. Las Flores Financial Lease Agreement

No financial covenants are required in the financial lease.

ii. Combined Cycle Las Flores Financial Lease Agreement

No financial covenants are required in the financial lease.

iii. Battery energy storage system project (BESS) Financial Lease Agreement

No financial covenants are required in the financial lease.

iv. Conditions of the Notes

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

▪ Payment of securities

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

▪ ***Limitation on liens***

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

v. ***Subordination Agreement***

The Company payment obligations under the Financial Leases are, since February 1, 2021, subordinated to Kallpa's existing and future indebtedness (the "Senior Debt"), including but not limited to Kallpa's 2026 and 2027 senior unsecured notes.

Among the covenants and conditions that the Company has for the subordination to be effective are:

- (a) To incur in new senior debt the Company must comply with the following conditions:
 - (i) such incurrence must not trigger a default under the Subordinated Financial Leases;
 - (ii) the senior debt to EBITDA ratio of the Company must be equal or less than 5.0x;
 - (iii) the Company shall not be in default of its obligations towards the senior creditors; and
 - (iv) such incurrence must take place prior to the commencement of an insolvency proceeding against the Company.
- (b) Upon exercise by the Company of the purchase option in respect of the assets related to the Open Cycle Financial Lease, such assets will be automatically transferred to a collateral trust governed by a Collateral Trust Agreement executed by the Company, as trustor, BCP, as beneficiary, and La Fiduciaria S.A., as trustee, on February 1, 2021.

On September 24, 2024, Kallpa and BCP agreed to terminate the subordination agreement and related contractual framework. As a result of this termination (i) the annual interest rate on the Combined Cycle Financial Lease, from September 24, 2024 until maturity, was reset to 3.65%, and (ii) on September 25, 2024, Kallpa exercised the purchase option resulting in the termination of the Open Cycle Financial Lease.

As of December 31, 2023, 2022, and 2021, the Company is in compliance with the covenants above indicated.

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

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

	Liabilities				Equity			
		Lease liabilities from financial contracts	Lease liabilities from operating contracts	Total liabilities	Share capital	Additional capital	Retained earnings	Total
<i>In thousands of U.S. dollars</i>								
Balance as of January 1, 2023	991,742	147,699	7,001	1,146,442	238,426	23,719	36,197	1,444,784
Changes from financing cash flows								
Dividends paid, net of tax	-	-	-	-	-	(16,251)	(92,369)	(108,620)
Interest paid	(45,459)	(5,912)	-	(51,371)	-	-	-	(51,371)
Payment of long-term debt	-	(37,702)	-	(37,702)	-	-	-	(37,702)
Payment operating contracts	-	-	(1,615)	(1,615)	-	-	-	(1,615)
Payment of transaction costs	-	(74)	-	(74)	-	-	-	(74)
Net cash used in financing activities	(45,459)	(43,688)	(1,615)	(90,762)	-	(16,251)	(92,369)	(199,382)
Profit for the period	-	-	-	-	-	-	84,229	84,229
Interest expenses	45,459	5,912	-	51,371	-	-	-	51,371
Financial leases	-	6,473	-	6,473	-	-	-	6,473
Change in transaction cost	1,956	464	-	2,420	-	-	-	2,420
Adjustment asset retirement obligation	-	-	-	-	-	(1,188)	-	(1,188)
Other	-	38	1,261	1,299	-	(207)	(1,173)	(81)
Balance as of December 31, 2023	993,698	116,898	6,647	1,117,243	238,426	6,073	26,884	1,388,626

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

	Liabilities					Equity				
	Debtentures	Lease liabilities from financial contracts	Lease liabilities from operating contracts	Short-term loan	Total liabilities	Share capital	Additional capital	Revaluation reserve	Retained earnings	Total
<i>In thousands of U.S. dollars</i>										
Balance as of January 1, 2022	989,877	130,216	8,166	5,000	1,133,259	238,426	48,769	-	9,829	1,430,283
Changes from financing cash flows										
Proceed short-term loan	-	-	-	85,107	85,107	-	-	-	-	85,107
Dividends paid, net of tax	-	-	-	-	-	-	(52,335)	-	(58,260)	(110,595)
Payment short term loan	-	-	-	(90,046)	(90,046)	-	-	-	-	(90,046)
Interest paid	(45,459)	(5,472)	-	(77)	(51,008)	-	-	-	-	(51,008)
Payment of long-term debt	-	(31,077)	-	-	(31,077)	-	-	-	-	(31,077)
Payment operating contracts	-	-	(1,630)	-	(1,630)	-	-	-	-	(1,630)
Payment of transaction costs	-	(377)	-	-	(377)	-	-	-	-	(377)
Net cash used in financing activities	(45,459)	(36,926)	(1,630)	(5,016)	(89,031)	-	(52,335)	-	(58,260)	(199,626)
Profit for the period	-	-	-	-	-	-	-	-	85,368	85,368
Interest expenses	45,459	5,472	-	77	51,008	-	-	-	-	51,008
Financial leases	-	48,992	-	-	48,992	-	-	-	-	48,992
Revaluation	-	-	-	-	-	-	-	27,950	-	27,950
Change in transaction cost	1,865	383	-	-	2,248	-	-	-	-	2,248
Other	-	(438)	465	(61)	(34)	-	(665)	-	(740)	(1,439)
Capitalization	-	-	-	-	-	-	27,950	(27,950)	-	-
Balance as of December 31, 2022	991,742	147,699	7,001	-	1,146,442	238,426	23,719	-	36,197	1,444,784

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

	Liabilities					Equity				Total
		Lease liabilities from financial contracts	Lease liabilities from operating contracts	Short-term loan	Total liabilities	Share capital	Additional capital	Revaluation reserve	Retained earnings	
<i>In thousands of U.S. dollars</i>	Debentures									
Balance as of January 1, 2021	988,098	103,889	7,776	10,000	1,109,763	238,426	-	-	13,971	1,362,160
Changes from financing cash flows										
Dividends paid, net of tax	-	-	-	-	-	-	(39,778)	-	(24,549)	(64,327)
Interest paid	(45,586)	(2,194)	-	(12)	(47,792)	-	-	-	-	(47,792)
Proceed short-term loan	-	-	-	53,500	53,500	-	-	-	-	53,500
Payment short term loan	-	-	-	(58,500)	(58,500)	-	-	-	-	(58,500)
Payment of long-term debt	-	(14,560)	-	-	(14,560)	-	-	-	-	(14,560)
Payment of transaction costs	-	(1,642)	-	-	(1,642)	-	-	-	-	(1,642)
Payment operating contracts	-	-	(1,563)	-	(1,563)	-	-	-	-	(1,563)
Net cash used in financing activities	(45,586)	(18,396)	(1,563)	(5,012)	(70,557)	-	(39,778)	-	(24,549)	(134,884)
Profit for the period	-	-	-	-	-	-	-	-	118,735	118,735
Interest expenses	45,586	2,194	-	12	47,792	-	-	-	-	47,792
Change in transaction cost	1,779	47	-	-	1,826	-	-	-	-	1,826
Revaluation	-	-	-	-	-	-	-	157,286	-	157,286
Capitalization	-	-	-	-	-	-	157,286	(157,286)	-	-
Dividends paid – non cash	-	-	-	-	-	-	(68,739)	-	(98,328)	(167,067)
Financial leases	-	41,515	-	-	41,515	-	-	-	-	41,515
Other	-	967	1,953	-	2,920	-	-	-	-	2,920
Balance as of December 31, 2021	989,877	130,216	8,166	5,000	1,133,259	238,426	48,769	-	9,829	1,430,283

15. Lease Liabilities from Operating Contracts

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Opening balance		7,001	8,166	7,776
Additions		970	28	1,552
Payments (a)		(1,615)	(1,630)	(1,563)
Interest expense – Lease liabilities	21.B	319	376	380
Exchange rate		22	61	21
Other		(50)	-	-
		6,647	7,001	8,166

Correspond to operating contracts under IFRS 16. The main contract corresponds to office building renting for a 15-year period.

- (a) As of December 31, 2023, 2022 and 2021, the Company has made payments amounting to US\$ 1,615 thousand, US\$ 1,630 thousand and US\$ 1,563 thousand, respectively. Those amounts are presented in the cash flow from financing activities in the Financial Statement of Cash Flows.

16. Current and Deferred Income Tax

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

<i>In thousands of U.S. dollars</i>	Opening balance	Profit or loss (P&L)	Equity	Reclassification	Final balance
2023					
Deferred income tax assets					
Various provisions	4,781	(3,642)	-	-	1,139
Assets Retirement obligation	1,812	239	(3,883)	1,832	-
	6,593	(3,403)	(3,883)	1,832	1,139
Deferred income tax liabilities					
Property, plant, and equipment	(309,784)	8,147	-	-	(301,637)
Revaluation	(71,911)	4,241	4,469	-	(63,201)
Assets Retirement obligation	-	-	-	(1,832)	(1,832)
Various provisions	(2,979)	703	-	-	(2,276)
Intangibles and pre-operating expenses	(16,763)	(2,223)	-	-	(18,986)
Exchange difference	(2,493)	374	-	-	(2,119)
	(403,930)	11,242	4,469	(1,832)	(390,051)
Net effect	(397,337)	7,839	586	-	(388,912)

<i>In thousands of U.S. dollars</i>	Opening balance	Profit or loss (P&L)	Equity	Final balance
2022				
Deferred income tax assets				
Tax loss carry forward	4,945	(4,945)	-	-
Various provisions	2,452	4,141	-	6,593
	7,397	(804)	-	6,593
Deferred income tax liabilities				
Property, plant, and equipment	(275,073)	(34,710)	-	(309,783)
Revaluation	(64,742)	4,526	(11,695)	(71,911)
Intangibles and pre-operating expenses	(14,155)	(2,608)	-	(16,763)
Exchange difference	(2,932)	438	-	(2,494)
Various provisions	(2,986)	7	-	(2,979)
	(359,888)	(32,347)	(11,695)	(403,930)
Net effect	(352,491)	(33,151)	(11,695)	(397,337)

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022, and 2021

<i>In thousands of U.S. dollars</i>	Opening balance	Profit or loss (P&L)	Equity	Reclassification	Final balance
2021					
Deferred income tax assets					
Tax loss carry forward	-	4,945	-	-	4,945
Various provisions	2,864	(413)	-	-	2,451
Intangibles and pre-operating expenses	4,049	(17,295)	-	13,246	-
	6,913	(12,763)	-	13,246	7,396
Deferred income tax liabilities					
Intangibles and pre-operating expenses	-	-	-	(13,246)	(13,246)
Exchange difference	(3,098)	(15,626)	-	-	(18,724)
Property, plant and equipment	(247,849)	(15,326)	-	-	(263,175)
Revaluation	-	1,073	(65,815)	-	(64,742)
	(250,947)	(29,879)	(65,815)	(13,246)	(359,887)
	(244,034)	(42,642)	(65,815)	-	(352,491)

Income tax expense shown in the statement of profit or loss for years 2023, 2022 and 2021 is composed as follows:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Current	(55,227)	(14,867)	1,743
Deferred	7,839	(33,151)	(42,642)
	(47,388)	(48,018)	(40,899)

The table below presents the reconciliation of the effective income tax rate as for the years ended December 31, 2023, 2022, and 2021 to the tax rate:

<i>In thousands of U.S. dollars</i>	2023		2022		2021	
Profit before income tax	131,617	100.00%	133,386	100.00%	159,634	100.00%
Theoretical expense	38,827	29.50%	39,349	29.50%	47,092	29.50%
Effect of non-taxable income and non-deductible expenses	2,865	2.18%	1,900	1.42%	1,592	1.00%
Difference for effects of translating taxable base monetary and non-monetary	5,965	4.53%	7,987	5.99%	(9,133)	(5.72%)
Uncertainty over income tax treatments-IFRIC 23	-	-	(1,922)	(1.44%)	-	-
Other differences	(269)	(0.20%)	704	0.53%	1,348	0.84%
Income tax expenses	47,388	36.01%	48,018	36.00%	40,899	25.62%

17. Asset Retirement Obligation

Comprises the following:

<i>In thousands of U.S. dollars</i>	Note	2023	2022	2021
Balance as of January 1		10,917	21,002	20,273
(Decrease) increase		(2,577)	(10,380)	490
Unwind of discount	21.B	401	295	239
Balance as of December 31		8,741	10,917	21,002

The provision for decommissioning liabilities corresponds to the combined cycles and hydropower plants. It has been determined considering all necessary costs to dismantle and rehabilitate the land where the plants are currently located.

As of December 31, 2023, the provision has been reduced due to changes in estimated future costs and current market rates. The future value has been discounted using an annual risk-free rate ranging from 5.63 % to 5.74 % (3.70% to 3.86% as of December 31, 2022; 0.90% to 1.258% as of December 31, 2021).

18. Equity

A. Share capital

As of December 31, 2023, 2022 and 2021, the share capital of the Company is represented by 665,803,506 common shares with a nominal value of one Peruvian sol each duly authorized, issued and paid as detailed below:

Shareholders	Number of shares	%
Inkia Americas S.A.C.	498,686,827	74.90
Nautilus Inkia Holding SCS	167,116,679	25.10
	665,803,506	100.00

B. Additional capital

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Initial balance		23,719	48,769	-
Capitalization of revaluation reserve	18.D	-	27,950	157,286
Dividends in cash	18.E	(16,458)	(53,000)	(40,284)
Remeasurement asset retirement obligation		(1,188)	-	-
Dividends in kind	18.E	-	-	(68,233)
Final balance		6,073	23,719	48,769

C. Legal reserves

According to the Companies Act, the Company is required to allocate at least 10% of its net annual 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 losses, 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. The accumulated amount of this reserve meets the established limits.

D. Revaluation reserve

Corresponds to the revaluation of plant and equipment, buildings, and other constructions performed on September 30, 2021, for US\$ 157,286 thousand (note 9 (b)) net of deferred tax. On December 13, 2021, the total amount was reclassified to additional capital.

Revaluation of Las Flores Combined Cycle plant performed on September 30, 2022, for US\$ 27,950 thousand net of deferred tax (note 9 (b)). On August 18, 2022, the total amount was reclassified into additional capital.

Both transactions are allowed in accordance with the General Corporations Law in Peru and were approved in the Shareholders' Meeting.

E. Dividends

During 2023, US\$ 110,000 thousand dividends were declared and paid in cash. Out of this total, US\$ 93,542 thousand was distributed from retained earnings and US\$ 16,458 thousand from additional capital.

During 2022, US\$ 112,000 thousand dividends were declared and paid in cash. Out of this total, US\$ 59,000 thousand was distributed from retained earnings and US\$ 53,000 thousand from additional capital.

During 2021, US\$ 231,394 thousand dividends were declared and paid in cash and non-cash as follows:

<i>In thousands of U.S. dollars</i>	Note	Cash	Non-cash	Total
Additional capital	18.B	40,284	68,233	108,517
Retained earnings		26,946	95,931	122,877
		67,230	164,164	231,394

19. Revenues

In the following table, revenue is disaggregated by service line:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Energy sales non-regulated	273,764	231,229	176,822
Energy sales regulated (a)	263,472	232,568	224,032
Energy sales to spot market	7,981	952	871
Energy sales others	2,483	4,595	7,234
Capacity sales non-regulated	67,419	62,674	52,267
Capacity sales regulated	64,343	59,392	69,730
Capacity sales others	1,333	305	1
Other revenues	4,655	4,879	3,008
	685,450	596,594	533,965

- (a) Includes the amortization of option payments made to distribution companies in connection with option agreements. The amortization for the years ended December 31, 2023, 2022, and 2021 was US\$ 988 thousand, US\$ 530, and US\$ 208, respectively (note 10.B).
- (b) During 2023, the Company sold 11,016 GWh under PPAs (10,340 GWh during 2022; 9,865 GWh during 2021).
- (c) As of December 31, 2023, there was estimated revenue pending to be invoiced for US\$ 58,023 thousand (US\$ 54,351 thousand as of December 31, 2022; US\$ 49,496 thousand as of December 31, 2021). According to Management's evaluation, there would not be a significant variation between the amounts invoiced and those estimated.

20. Other Income and Expense by Nature

A. Other income

Comprises the following:

<i>In thousands of U.S. dollars</i>	Note	2023	2022	2021
Management services with related parties	26.C	10,109	7,385	13,157
Other services with related parties	26.C	71	700	434
Gain on sale of equipment (a)	9	-	16	92
Others		979	952	363
		11,159	9,053	14,046

- (a) Mainly corresponds to the sale of vehicles and various equipment.

B. Expenses by nature

This item comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	Cost of sales			Administrative expenses			Total		
		2023	2022	2021	2023	2022	2021	2023	2022	2021
Consumption of natural gas	24	117,828	94,674	64,746	-	-	-	117,828	94,674	64,746
Transport of natural gas	24	93,852	88,234	76,459	-	-	-	93,852	88,234	76,459
Purchase of energy		81,286	39,703	32,494	-	-	-	81,286	39,703	32,494
Distribution of natural gas	24	40,942	36,872	29,438	-	-	-	40,942	36,872	29,438
Main and secondary transmission toll		25,883	22,542	17,200	-	-	-	25,883	22,542	17,200
Employee benefits	22	12,384	9,225	10,937	10,117	7,178	8,350	22,501	16,403	19,287
Contributions		7,769	6,849	5,926	-	-	-	7,769	6,849	5,926
Insurance		7,483	3,161	3,411	20	15	18	7,503	3,176	3,429
Purchase of power		5,978	6,398	9,330	-	-	-	5,978	6,398	9,330
Contractors		5,406	5,101	5,746	1,464	949	509	6,870	6,050	6,255
Maintenance		4,416	4,106	3,099	255	169	141	4,671	4,275	3,240
Consumption of various supplies		2,287	2,225	1,289	36	25	6	2,323	2,250	1,295
Taxes other than income tax		2,257	2,177	1,952	72	105	44	2,329	2,282	1,996
Others		1,893	1,639	1,492	979	801	846	2,872	2,440	2,338
Transport of personnel		623	662	594	351	252	139	974	914	733
Consultancy		466	849	520	2,946	2,772	3,403	3,412	3,621	3,923
Leases		82	120	273	64	40	14	146	160	287
Impairment due to obsolescence		16	104	-	-	-	-	16	104	-
Donations		10	6	4	2,085	1,686	1,217	2,095	1,692	1,221
Licenses		6	10	3	1,032	855	936	1,038	865	939
Depreciation	9(g)	-	-	-	1,134	1,123	1,198	1,134	1,123	1,198
Amortization	10	-	-	-	840	776	574	840	776	574
Telephone		-	-	-	75	108	168	75	108	168
Advertising		-	1	-	420	388	89	420	389	89
		410,867	324,658	264,913	21,890	17,242	17,652	432,757	341,900	282,565

21. Finance Income and Cost

A. Finance income

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Interest on checking accounts		1,441	146	195
Interest related to income tax recovery		536	1,501	-
Others		241	290	53
Interest related to intercompany loan	26.C	-	-	1,931
		2,218	1,937	2,179

B. Finance cost

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Interest expenses on loans, leases, and debentures		54,123	52,904	49,518
Interest on income tax payable		6,692	7,275	1,110
Unwind of discount on decommissioning provision	17	401	295	239
Interest on lease liabilities under operating contracts	15	319	376	380
Others		171	556	107
		61,706	61,406	51,354

22. Employee Benefits

Comprises the following:

<i>In thousands of U.S. dollars</i>	2023	2022	2021
Wages and salaries (a)	20,361	14,676	17,571
Contributions to defined contribution plans	659	526	406
Vacations	579	541	546
Others	902	660	764
	22,501	16,403	19,287

(a) Workers' profit sharing:

In line with current legislation, the Company's workers are entitled to a legal profit-sharing to be computed at 5% of taxable income. This profit sharing is considered as a deductible expense for income tax calculation purposes.

In 2023, salaries include profit sharing for US\$ 9,320 thousand (US\$ 2,846 thousand profit sharing in 2022; the Company did not have worker's profit sharing in 2021). The average number of employees in the years 2023, 2022, and 2021 was 346, 340 and 459, respectively.

23. Tax Issues

- A. Income taxes from the years 2015 to 2017 and 2019 to 2023, are subject to review by the tax authorities. Any amount exceeding the provisions made to cover the tax obligations will be charged to the results of the year in which those are finally determined.
- B. Under current tax legislation, corporate income tax for 2023, 2022, and 2021 is calculated based on the net taxable profit at a rate of 29.5%.

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

- C. Transactions between related parties and those entered with parties domiciled in tax havens are subject to transfer pricing rules. The existence of the transactions between related parties determines the application of specific valuation methods, which are established in the Income Tax law.

- New formal obligations have been approved
- Informative tax return – Local report
- Informative tax return – Master report
- Informative tax return – Country by country report

The Benefit Requirement Test must be done when a domiciled entity receives a service rendered by any of its related parties. Such Test is considered complied when the rendered service provides economic or commercial value to the recipient of the service, improving or maintaining its commercial position, which occurs if independent parties have satisfied the need for the service. The providers' cost structure must be proved. If the domiciled entity complies successfully with the Benefit Requirement Test, then the deduction of the cost or expense incurred for the services rendered would be accepted. Low value services must not exceed the margin of 5%.

- D. Temporary Tax on Net Assets is applicable to third category recipients subject to the general income tax regime. Since 2009, the tax rate of 0.4% is applicable to the amount of net assets exceeding S/ 1 million. The paid amount can be used as credit against the payments in advance related with the general income tax regime or against the regularization payment of income tax of the corresponding taxable period.

- E. Other relevant tax considerations:

- i. Legislative Decree N° 1425 introduced the definition of a legal accrual for purposes of Income Tax, establishing that income in the case of: a) transfer of goods occurs when: i) occurs the change of control (according to IFRS 15); or ii) occurs the transfer of the risk to the acquirer (Risk Theory established in the Civil Code), whichever occurs first; and b) in the case of service provision, the degree of completion of the service has been established.

The concept of accrual is applicable to lessees for purposes of establishing the tax treatment of the expense associated with the lease agreements regulated by IFRS 16 (i.e. operating leases for fiscal purposes).

It should be noted that the concept subject matter of comment is not be applicable for those entities that earn income or expenses for Income Tax according to provisions of a tax nature that establish a special regime (sector) of accrual.

Kallpa Generación S.A.

Notes to the Financial Statements

December 31, 2023, 2022 and 2021

- ii. Sub-capitalization (Thin Cap Rule)
Starting January 1, 2021, the financial expenses are deductible up to the limit of 30% of the tax EBITDA (Net Income – Compensation of Losses + Net Interest + Depreciation + Amortization) of the previous year. There are some exceptions to the application of this limitation in the case of banks, taxpayers with incomes not exceeding 2,500 UITs, infrastructure, public services, etc.
- iii. Deduction of expenses or costs incurred in transactions with non-domiciled parties
Legislative Decree 1369 ° requires that costs and/or expenses (including outbound interest) incurred with non-domiciled counterparts must have been paid effectively to be deducted in the year in which they were incurred. If not, its impact on the determination of net income will be deferred to the year in which the opportunity in which the corresponding withholding will be applied is actually paid. This rule eliminated the obligation to pay the amount equivalent to the withholding on the amount recorded as cost and/or expense.
- iv. Rule XVI (General Anti-Avoidance Rule)
According to the Legislative Decree N° 1422 – Rule XVI (General Anti-Avoidance Rule) establishes the obligation of the Board of Directors to approve, ratify or modify the acts, situations and economic relations to be carried out within the framework of fiscal planning.
- v. Final beneficiaries
The Legislative Decree 1372 requires legal entities in Peru to file an information return with the Peruvian tax authorities that identifies their “final beneficiaries”.

24. Commitments

As of December 31, 2023, 2022 and 2021, the Company has the following commitments:

For Hydroelectric Plant

- A. On March 23, 2011, a Power Purchase Agreement (PPA) was signed between the Company and Electricidad del Perú S.A. (Electroperú), regarding the contracting of power and associated energy supplies for the long term. The contract was conducted by PROINVERSION. The power awarded was 200 MW for 15 years and will be supplied with the existing capacity of the Company in the period from 2016 to 2030.
- B. On June 22, 2011, through Resolution N° 059-2011-EM, the Ministry of Energy and Mines approved the transfer of the definitive concession requested by Kallpa Generación S.A. in favor of the Company, to develop the electric power generation activity at the Cerro del Águila Hydroelectric Power Plant. From the date of this Resolution, the Company is the holder of these concessions assuming all the rights and obligations that appear in the concession contracts.
- C. On May 22, 2013, the Ministry of Energy and Mines published the Supreme Resolution N° 023-2013-EM, which amended Concession Agreement N° 358-2010 between the Ministry of Energy and Mines and Cerro del Águila S.A. to increase the capacity of the plant up to 525 MW.
- D. On December 15, 2011, the LDS-01-2011-LP auction process conducted by Luz del Sur S.A.A., regarding the contracting of power and associated energy supplies for the long term, was awarded to the Company. The power awarded was 202 MW for 10 years and will be supplied with the existing capacity of the Company in the period 2018-2030.

Kallpa Generación S.A.

Notes to the Financial Statements

December 31, 2023, 2022 and 2021

- E. On May 7, 2014, through Supreme Resolution N° 026-2014-EM, the Ministry of Energy and Mines granted the final concession to develop the electric power transmission activity in the 220 kV Transmission Line S.E. Cerro del Águila – S.E. Campo Armiño, located in the districts of Colcabamba and Surcubamba, province of Tayacaja, department of Huancavelica in favor of C.H. Cerro del Águila.
- F. On December 21, 2015, the ED-01-2015-LP auction process conducted by Edelnor S.A.A., regarding the contracting of power and associated energy supplies for the long term, was awarded to the Company. The power awarded was 81 MW for 10 years and will be supplied with the existing capacity of the Company in the period 2022-2031.

For Thermoelectric Plant**A. Electricity Supply Contracts**

As of December 31, 2023, the Company has 125 contracts with non-regulated customers (105 and 72 contracts in 2022 and 2021 with non-regulated customers, respectively), whose maturities vary between year 2024 and 2038. The off-peak capacity agreed in these contracts amounts to 1,333 MW as of December 31, 2023 (1,220 MW as of December 31, 2022; 1,068 MW as of December 31, 2021). In relation to distribution companies, the Company has signed 31 contracts with 7 distribution companies for 747 MW, effective as of December 31, 2023 (733 MW as of December 31, 2022; 992 MW as of December 31, 2021).

B. Natural Gas Supply Contract from Camisea Deposits

In 2006, the Company signed a Natural Gas Supply Contract with the Camisea Consortium of Block 88, operated by Pluspetrol Perú Corporation S.A. (Pluspetrol), which expired in August 2021. The Contract had five addenda signed.

In 2021, the Company signed a Natural Gas Supply Contract with the Camisea Consortium of Block 88, operated by Pluspetrol, which expires in January 2030.

The Company has the following quantities of Natural Gas Supply:

Contractual Daily Quantity (CDQ)	MMSCFD
September 1, 2021 – January 1, 2030	181

MMSCFD: Million cubic feet per day.

In 2023, the cost of natural gas supply amounted to US\$ 117,828 thousand (US\$ 94,674 thousand in period 2022; US\$ 64,746 thousand in period 2021), which is recorded as part of 'costs of sales' in the statement of profit or loss (note 20.B).

C. Natural Gas Transportation Contracts

Natural gas transportation is rendered by Transportadora de Gas del Peru S.A. (TGP) pursuant to interruptible and firm natural gas transportation service agreements dated December 2005 and December 2007, respectively. In April 2014 the firm natural gas service agreement was modified to include the transportation agreement between Duke Energy Egenor S. en C. por A. and Las Flores. These agreements expire in December 2033.

Kallpa Generación S.A.

Notes to the Financial Statements

December 31, 2023, 2022 and 2021

Additionally, the Company has three additional firm natural gas transportation agreements which expire in 2024, 2030 and 2033, respectively. Set for below is a summary of the natural gas transportation services under these agreements (in cubic meters of gas per day):

	Firm	Interruptible
January 2, 2021 – July 31, 2023	4,683,317	530,000
August 1, 2023 – November 30, 2024	4,747,317	530,000
December 1, 2024 – March 31, 2030	4,683,317	530,000
April 1, 2030 – April 1, 2033	3,912,148	1,301,169
April 2, 2033 – December 31, 2033	2,977,148	1,301,169

In 2023, the cost of gas transportation service amounted to US\$ 93,852 thousand (US\$ 88,234 thousand in 2022; US\$ 76,459 thousand in 2021) which is recorded under 'generation costs' in the statement of profit or loss (note 20.B).

D. Natural Gas Distribution Contracts

Natural gas distribution services are rendered by Gas Natural de Lima y Callao S.A. (Cálidda), under two natural gas distribution agreements, which expire on December 31, 2033. Set for below is a summary of the natural gas distribution services under these agreements (in cubic meters of gas per day):

Kallpa Power Station	Firm	Interruptible
January 1, 2014 – December 31, 2033	3,710,000	-

Las Flores Power Station	Firm	Interruptible
November 1, 2022 – March 31, 2024	1,414,248	-
April 1, 2024 – December 31, 2033	320,000	1,094,248

In 2023, the cost for the gas distribution service amounted to US\$ 40,942 thousand (US\$ 36,872 thousand as of December 31, 2022; US\$ 29,438 thousand as of December 31, 2021). The costs are recorded under 'generation costs' in the statement of profit or loss (note 20.B).

E. Long-term Contracts for the Acquisition of Replacement Units and Provision of Maintenance Services for Siemens – Westinghouse Thermoelectric Turbines

On August 6, 2019, the company signed a long-term service contract with Siemens Energy Inc. and Siemens S.A.C., for the acquisition of spare parts and replacement units, as well as providing scheduled maintenance services (minor and major) for Turbine I, II and III of Kallpa combined cycle Power plant and Turbine I in Las Flores plant. The contract and associated addendums establish various payment terms such as: initial payment for spare parts and equipment, monthly payments based on an accumulation diagram of equivalent start-ups or equivalent operating hours for the plant turbines, and payments according to scheduled and not scheduled maintenance services (minor and major) of turbines.

25. Financial Instruments – Fair Value and Risk Management**A. Capital Management**

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

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

Kallpa Generación S.A.

Notes to the Financial Statements

December 31, 2023, 2022 and 2021

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities (as shown in the statement of financial position) less cash. The Company's adjusted net debt to equity ratio as of December 31, 2023, 2022 and 2021, was as follows:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	2023	2022	2021
Total liabilities		1,634,900	1,645,224	1,584,917
Less: Cash	5	(41,908)	(36,404)	(31,979)
Total adjusted net debts (A)		1,592,992	1,608,820	1,552,938
Total equity (B)		319,068	346,027	344,709
Gearing ratio (A/B) (times)		4.993	4.649	4.505

Used credit lines are basically long-term lines and include financial agreements that shall be complied to distribute the cash surplus to shareholders.

B. Accounting classifications 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value	
	Current		Non-current			
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities		
<i>In thousands of U.S. dollars</i>					Total	Level 2
As of December 31, 2023						
Financial assets not measured at fair value						
Cash	41,908	-	-	-	41,908	-
Trade receivables	106,126	-	-	-	106,126	-
Other receivables (*)	603	-	-	-	603	-
Account receivables from related parties	1,305	-	3,862	-	5,167	-
Financial liabilities not measured at fair value						
Trade payables	-	(51,952)	-	-	(51,952)	-
Other payables (*)	-	(12,061)	-	-	(12,061)	-
Debentures	-	-	-	(993,698)	(993,698)	(977,239)
Lease liabilities from financial contracts	-	(34,308)	-	(82,590)	(116,898)	(107,429)
Lease liabilities from operating contracts	-	(1,250)	-	(5,397)	(6,647)	-
	149,942	(99,571)	3,862	(1,081,685)	(1,027,452)	(1,084,668)

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

Kallpa Generación S.A.
Notes to the Financial Statements
December 31, 2023, 2022 and 2021

	Carrying amount					Fair value
	Current		Non-current		Total	
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities		
<i>In thousands of U.S. dollars</i>						Level 2
As of December 31, 2022						
Financial assets not measured at fair value						
Cash	36,404	-	-	-	36,404	-
Trade receivables	102,812	-	-	-	102,812	-
Other receivables (*)	477	-	-	-	477	-
Account receivables from related parties	394	-	3,827	-	4,221	-
Financial liabilities not measured at fair value						
Trade payables	-	(62,828)	-	-	(62,828)	-
Other payables (*)	-	(11,909)	-	-	(11,909)	-
Account payables from related parties	-	(721)	-	-	(721)	-
Debentures	-	-	-	(991,742)	(991,742)	(942,332)
Lease liabilities from financial contracts	-	(37,238)	-	(110,461)	(147,699)	(140,173)
Lease liabilities from operating contracts	-	(1,391)	-	(5,610)	(7,001)	-
	140,087	(114,087)	3,827	(1,107,813)	(1,077,986)	(1,082,505)

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

Kallpa Generación S.A.

Notes to the Financial Statements

December 31, 2023, 2022 and 2021

	Carrying amount					Fair value
	Current		Non-current		Total	
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities		Level 2
<i>In thousands of U.S. dollars</i>						
As of December 31, 2021						
Financial assets not measured at fair value						
Cash	31,979	-	-	-	31,979	-
Trade receivables	80,376	-	-	-	80,376	-
Other receivables (*)	537	-	-	-	537	-
Account receivables from related parties	1,078	-	3,774	-	4,852	-
Financial liabilities not measured at fair value						
Trade payables	-	(45,262)	-	-	(45,262)	-
Other payables (*)	-	(18,230)	-	-	(18,230)	-
Account payables from related parties	-	(792)	-	-	(792)	-
Short term loan	-	(5,000)	-	-	(5,000)	-
Debentures	-	-	-	(989,877)	(989,877)	(1,054,911)
Lease liabilities from financial contracts	-	(27,775)	-	(102,441)	(130,216)	(125,890)
Lease liabilities from operating contracts	-	(1,368)	-	(6,798)	(8,166)	-
	113,970	(98,427)	3,774	(1,099,116)	(1,079,799)	(1,180,801)

C. Fair value measurement

i. 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 well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Type	Valuation techniques	Significant t unobservable data
Loans from banks, debentures and others	Discounted cash flows using current market interest rate	Not applicable

D. Financial risk management

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

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

Risk management structure

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

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

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

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

i. Credit risk

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

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

As of December 31, 2023, 2022 and 2021, the maximum exposure to credit risk for the Company's financial assets was the following:

<i>In thousands of U.S. dollars</i>	Carrying amount		
	2023	2022	2021
Cash (a)	41,908	36,404	31,979
Trade receivables (b)	106,126	102,812	80,376
Other receivables	603	477	537
Account receivables from related parties	5,167	4,221	4,852
	153,804	143,914	117,744

- (a) The Company holds checking accounts at different local and foreign financial entities which have an "A+" and "A" credit ratings (note 5). As of December 31, 2023, 2022 and 2021, the Company maintains guarantees with local financial entities such as BCP and Scotiabank Perú. It does not include statutory liabilities and advances.
- (b) The Company has regulated customers, with good credit standing and prestigious in the local and foreign markets. For non-regulated customers, the credit risk is evaluated before signing the contract for power supply and throughout its effective term.

Expected credit loss assessment for corporate customers

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

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

Portfolio 1: COES

Portfolio 2: Regulated customers

Portfolio 3: Non-regulated (free customers)

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

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

ii. Liquidity risk

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

The principal sources of liquidity have traditionally consisted of cash flows from operating activities, short-term and long-term borrowings including bank loans. The Company does not have funds designated for, or subject to, permanent reinvestment.

The Company's needs for liquidity generally consist of expenditures related to working capital requirements and capital expenditures (e.g., major maintenance that extends the useful life of the generation units).

Liquidity is controlled by the balancing of the maturities of assets and liabilities, keeping a proper number of financing sources, and obtaining credit lines that enable the normal development of its activities. The Company has an appropriate level of resources and continues financing lines with banking entities. Moreover, the Company believes that the cash generated by operations will be adequate to meet all capital expenditure requirements related to ongoing maintenance and environmental improvements and all working capital needs in the ordinary course of our business in the near term. Consequently, in Management's opinion, there is no significant liquidity risk as of December 31, 2023, 2022 and 2021.

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

		Contractual cash flows							
<i>In thousands of U.S. dollars</i>	<i>Note</i>	Carrying amount	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2023									
Non-derivative financial liabilities									
Debentures	14	993,698	1,149,909	43,876	43,876	385,344	676,813	-	-
Lease liabilities from financial contracts	14	116,898	111,227	32,157	31,916	31,554	15,600	-	-
Lease liabilities from operating contracts	15	6,647	7,921	1,419	1,032	1,040	1,020	790	2,620
Trade payables	11	51,952	51,952	51,952	-	-	-	-	-
Other payables	12	12,061	12,061	12,061	-	-	-	-	-
		1,181,256	1,333,070	141,465	76,824	417,938	693,433	790	2,620
		Contractual cash flows							
<i>In thousands of U.S. dollars</i>	<i>Note</i>	Carrying amount	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2022									
Non-derivative financial liabilities									
Debentures	14	991,742	1,193,785	43,876	43,876	43,876	385,344	676,813	-
Lease liabilities from financial contracts	14	147,699	154,841	43,615	32,157	31,916	31,553	15,600	-
Lease liabilities from operating contracts	15	7,001	8,496	1,572	1,191	766	774	782	3,411
Trade payables	11	62,828	62,828	62,828	-	-	-	-	-
Other payables	12	11,909	11,909	11,909	-	-	-	-	-
Account payables from related parties		721	721	721	-	-	-	-	-
		1,221,900	1,432,580	164,521	77,224	76,558	417,671	693,195	3,411

		Contractual cash flows							
<i>In thousands of U.S. dollars</i>	<i>Note</i>	Carrying amount	Total	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
2021									
Non-derivative financial liabilities									
Debentures	14	989,877	1,237,661	43,876	43,876	43,876	43,876	385,344	676,813
Lease liabilities from financial contracts	14	130,216	203,228	37,672	48,959	33,722	33,456	33,071	16,348
Lease liabilities from operating contracts	15	8,166	10,031	1,579	1,546	1,174	766	774	4,192
Short term loan	14	5,000	5,000	5,000	-	-	-	-	-
Trade payables	11	45,262	45,262	45,262	-	-	-	-	-
Other payables	12	18,230	18,230	18,230	-	-	-	-	-
Account payables from related parties		792	792	792	-	-	-	-	-
		1,197,543	1,520,204	152,411	94,381	78,772	78,098	419,189	697,353

iii. **Market risk**

Currency risk

As of December 31, 2023, 2022 and 2021, the Company has a portion of assets and liabilities stated in soles; however, its exposure to fluctuations in exchange rate has not been significant.

As of December 31, 2023, the weighted average market exchange rates used were US\$ 0.2693 per S/ 1.00 for sell rate and US\$ 0.2699 per S/ 1.00 for offer rate (US\$ 0.2618 per S/ 1.00 for sell rate and US\$ 0.2626 per S/ 1.00 for offer rate as of December 31, 2022; US\$ 0.2501 per S/ 1.00 for sell rate and US\$ 0.2516 per S/ 1.00 for offer rate as of December 31, 2021).

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

<i>In thousands of soles</i>	2023	2022	2021
Assets			
Cash (*)	75,012	11,544	39,405
Trade receivables	75,579	66,121	38,681
Other receivables	1,069	268	18
Account receivables from related parties	4,791	4,791	4,791
	156,451	82,724	82,895
Liabilities			
Trade payables	(14,619)	(17,516)	(20,306)
Other payables	(925)	(841)	(22,069)
	(15,544)	(18,357)	(42,375)
Net asset position	140,907	64,367	40,520

(*) As of December 31, 2023, the Company maintained the necessary cash in soles to cover income tax payments in the first quarter of 2024.

In 2023, 2022 and 2021, net foreign exchange gain amounts to US\$ 2,150 thousand, US\$ 712 and (US\$ 4,862) thousand respectively.

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

Period	Increase/decrease in Soles/US\$ exchange rate	Effects in profit or loss before tax
2023		
Revaluation	5%	(1,811)
Devaluation	(5%)	2,002
2022		
Revaluation	5%	(806)
Devaluation	(5%)	890
2021		
Revaluation	5%	(488)
Devaluation	(5%)	540

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

Interest rate risk

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

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

<i>In thousands of U.S. dollars</i>	Fixed-rate	Weighted average interest rate (%)
2023		
Financial liabilities:		
Interest-bearing loans	1,118,312	4.44%
2022		
Financial liabilities:		
Interest-bearing loans	1,149,539	4.46%
2021		
Financial liabilities:		
Interest-bearing loans	1,136,624	4.45%

Other market price risks

The price of natural gas, the main supply for power generation, is regulated and the Company's has some Power Purchase Agreements indexed to the natural gas price. Management has not entered hedging transactions as it considers the price risk is mitigated through those commercial contracts.

26. Related Parties

A. Parent companies and ultimate parent Company

There are no changes in the parent and ultimate parent companies during the year ended December 31, 2023, 2022 and 2021.

B. Transactions with key management

i. Loans to directors

During the year ended December 31, 2023, 2022 and 2021, there are no loans to directors.

ii. Key management compensation

<i>In thousands of U.S. dollars</i>	Transaction value			Outstanding balances		
	2023	2022	2021	2023	2022	2021
Short-term employee benefits	1,348	1,167	1,059	-	-	-
Defined contribution plan	87	86	76	5	5	3

iii. Transactions with key management personnel

During the year ended December 31, 2023, 2022 and 2021, there were no transactions between the Company and key management other than those above in (ii).

C. Other related entities transactions

The Company signed Management Services Agreements and Operation and Maintenance Agreements (O&M) with Samay I, Termoselva S.R.L., Aguaytía Energy del Peru S.R.L. and Orazul Energy Peru S.A. The Management Services Contracts with the Orazul group started in January 2019; however, the Operation and Maintenance Service Contracts started in July 2019. Those agreements are related to the services that the Company provides for managing those companies' operations.

In September 30 and December 31, 2021, the Company terminated the Management Services Agreements and Operation and Maintenance Agreements (O&M) with Termoselva S.R.L and Aguaytía Energy del Peru S.R.L., and Samay I, respectively.

On January 3, 2023, the group closed the sale of 100% of the shares of Inkia Americas II S.A.C. (which owned directly 74.86% of Samay I). On the same date, the Company terminated all services agreements with Samay. Since February 3, 2023, Samay I S.A. is no longer considered a related party.

<i>In thousands of U.S. dollars</i>	Transaction type	Transaction value			Outstanding balances		
		2023	2022	2021	2023	2022	2021
Orazul Energy Peru S.A.	Management service and O&M and Others	9,223	7,336	6,174	843	(562)	(258)
Kondu S.A.C.	Management service	886	370	-	462	235	-
Aguaytía Energy del Perú S.R.L. (*)	Management service and O&M and others	54	270	3,814	-	-	140
Samay I S.A. (**)	Management service and O&M and others	17	120	2,435	-	-	411
Samay I S.A. (**)	Acquisition of supplies	-	2	-	-	-	-
Hidro Chilia S.A.C.	Reimbursement of expenses	-	-	-	3,862	3,827	3,774
Termoselva S.R.L. (*)	Management service and O&M and others	-	-	1,161	-	-	(17)
Inkia (Kallpa Generación) Holding S.A.C.	Others	-	-	34	-	-	10
Nautilus Inkia Holding S.C.S.	Loan (a)	-	-	1,931	-	-	-
		10,180	8,098	15,549	5,167	3,500	4,060

- (a) Correspond to the balance, including accrued interest, of a loan agreement, amended from time to time, with Nautilus Inkia Holdings SCS.

In 2019, the Company signed two loans to Nautilus Inkia Holdings SCS for US\$ 7,000 thousand and US\$ 40,000 thousand disbursed in November and December 2019, respectively. Both loan agreements had a one-year tenor at a rate of 3.0% per annum. On September 23, 2020, the Company made a non-cash dividend distribution for US\$ 48,201 thousand which offset the principal and accrued interest of the loans (note 18.E).

On September 23, 2020, the Company granted a new loan to its shareholder, Nautilus Inkia Holdings SCS for an amount of US\$ 9,105 thousand. This loan was amended in November 26 and December 11, 2020, increasing its amount in US\$ 60,500 thousand and US\$ 17,750 thousand, respectively. This loan agreement had a one-year tenor at a rate of 3.0% per annum. As of December 31, 2020, the outstanding amount of the loan was US\$ 87,632 (including interest).

On April 8 and July 7, 2021, the Company made non-cash dividend distributions which partially offset the principal and accrued interest of the loan for US\$ 50,860 thousand and US\$ 31,821 thousand, respectively (note 18.E). The outstanding balance after the offset was US\$ 6,165 thousand (including interest).

On April 9, 2021, the Company granted a new loan for an amount of US\$ 36,000 thousand. This loan was amended on July 8, 2021, increasing its amount in US\$ 21,600 thousand. This loan agreement had a one-year tenor at a rate of 2.5% per annum.

On October 25, 2021, the Company made non-cash dividend distributions which offset the principal and accrued interest of the loan for US\$ 14,107 thousand (note 18.E). The outstanding balance after the offset was US\$ 50,154 thousand (including interest).

On October 26, 2021, the Company signed a new amended for an amount of US\$ 17,000 thousand. This loan agreement had a one-year tenor at a rate of 2.5% per annum.

On December 21, 2021, the loan agreement with Nautilus Inkia Holdings SCS, including accrued interest, for a total amount of US\$ 67,377 thousand was fully compensated with a non-cash dividend distribution made by the Company (note 18.E).

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

In thousands of U.S. Dollars	Transaction type	Transaction value			Outstanding balances		
		2023	2022	2021	2023	2022	2021
Sales							
Orazul Energy Peru S.A.	COES	304	496	524	70	12	43
Termoselva S.R.L. (*)	COES	14	125	83	-	5	20
Samay I S.A. (**)	COES	-	1	79	-	-	-
Costs							
Orazul Energy Peru S.A.	COES	(2,502)	(3,100)	(3,107)	(519)	(116)	(575)
Orazul Energy Peru S.A.	Energy Purchase	(797)	-	-	(405)	-	-
Samay I S.A. (**)	COES	(1,246)	(12,175)	(9,844)	-	(2,001)	(940)
Samay I S.A. (**)	Capacity purchase	(189)	(2,025)	(2,066)	-	(120)	(214)
Kondu S.A.C.	Other services	(976)	(519)	-	(68)	(50)	-
Termoselva S.R.L. (*)	COES	(156)	(149)	(213)	-	(16)	(32)
		(5,548)	(17,346)	(14,544)	(922)	(2,286)	(1,698)

(*) On March 6, 2023, our indirect parent companies completed the sale of their interests in Aguaytia Energy del Perú S.R.L. and Termoselva SRL As such, Aguaytia Energy del Perú S.R.L. and Termoselva SRL are no longer affiliates of Kallpa.

(**) On February 3, 2023, our indirect parent companies completed the sale of 74.9% of their interest in Samay I S.A. On May 26, 2023, our indirect parent companies completed the sale of the remaining 25.1% interest in Samay I S.A. As such, Samay I S.A. is no longer an affiliate of Kallpa.

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

27. Contingencies

As of December 31, 2023, the main contingencies for the Company are described as follows:

Import Tax Assessments

Since 2010, SUNAT has issued tax settlements to the Company and its creditors for payment of import taxes allegedly owed by the Company in connection with imported equipment for the installation and construction of Kallpa I, II, III, and IV. The assessments were made on the basis that the Company did not include the value of engineering services provided by the project contractor in the taxable amount of import taxes. The Company disagrees with this tax assessment on the basis that the engineering services provided include the design of the plant and not the design of imported equipment. The Company appealed the tax assessments before the SUNAT at first instance and before the Tax Court as a higher court.

Kallpa I

In March and April 2015, the Company paid under protest the S/ 37,921 thousand (US\$ 9,550 thousand) taxes claimed by SUNAT and filed the corresponding judicial action. Subsequently, the Company recovered S/ 5,375 thousand (US\$ 1,354 thousand approximately) of VAT related to this amount. The amount paid was recognized as a long-term account receivable. In December 2019, the Supreme Court sent all relevant information to the Andean Community Justice Court in search of a non-binding opinion regarding interpretation of customs international principles. On December 16, 2020, this Court issued its pre-judicial interpretation.

In September 2022, Kallpa was notified with the Supreme sentence, through which this Court rejected the Company's main claims but recognized that it was entitled to a refund of interests accrued between July 2013 and January 2015, since the Supreme Court considered that July 2013 was a reasonable date for the Tax Court to issue a resolution. As a result, the remaining amount paid under protest was partially written off in the amount of S/ 29,432 thousand (US\$ 7,412 thousand).

In October 2022, Kallpa filed a request (Mandato Judicial) before the Judiciary and on October 20, 2022, this entity issued its Resolution throw which forced SUNAT to comply with the Supreme Court ruling. In June 2023, the Judicial Court informed the Company, SUNAT's recalculation regarding to the interest paid in excess.

In August 2023, Kallpa received notification of SUNAT's resolution acknowledging the amounts eligible for refund to Kallpa and the three banks involved in financing the asset through financial lease agreements: Banco de Crédito del Perú (BCP), Citibank del Perú (Citibank) and Citileasing.

In September 2023, Kallpa collected a total amount of S/ 825 thousand (US\$ 219 thousand). Thereafter, between September and October 2023, BCP and Citibank transferred in favor of Kallpa the amounts of S/ 1,700 thousand (US\$ 447 thousand) and S/ 2,623 thousand (US\$ 677 thousand) equivalent to the amounts collected from SUNAT. These amounts included interests.

With these payments made, SUNAT complied with the Supreme Court's order.

Kallpa I – Constitutional Protective Action

In October 2022, Kallpa filed a Constitutional Protective Action (Amparo) before the Judicial Court against the Supreme Court sentence 24413-2018, due to deficiencies in the motivation.

In September 2023, the Judicial Court declared inadmissible the Constitutional Protective Action (Amparo). In October 2023, Kallpa filed an appeal, which was declared granted and was elevated to the Supreme Court for the continuation of the process.

Kallpa II and III

Concerning Kallpa III case, in March 2018, Kallpa paid under protest the S/ 21,752 thousand (US\$ 5,712 thousand) taxes claimed by SUNAT with regards to Kallpa III and file the corresponding judicial action. Subsequently, Kallpa recovered S/ 4,751 thousand (US\$ 1,248 thousand) of VAT related to this amount.

Regarding the Kallpa II case, the Company filed, before the Tax Court, a request for a declaration of expiry of the statute barred for the period 2008. The Tax Court ruled that S/ 20,601 thousand (US\$ 5,410 thousand) out of the S/ 22,380 thousand (US\$ 5,877 thousand) of total claim were statute barred, reducing the contingency to S/ 1,779 thousand (US\$ 467 thousand). Kallpa decided to pay under protest the remaining amount and filed the corresponding judicial action in May 2018. Both amounts paid under protest for Kallpa II and Kallpa III cases were recognized as long-term account receivables.

In April 2019, the Judicial Court ordered the accumulation of Kallpa II and Kallpa III cases in one file. In April 2021, the Judicial Court declared the claim unfounded, so Kallpa decided to appeal in May 2021. In October 2021, Kallpa was notified of the Judicial Superior Court Resolution ruling against the Company, so it filed its lawsuit before the Superior Court requesting to revoke the Superior Court's sentence. In June 2022, the Supreme Court declared the lawsuit admissible and ordered that it be sent to the Andean Community Justice Court. The appeal is pending to be solved.

Based on the resolution of Kallpa I case, as of December 31, 2022, the amounts recorded as long-term account receivables related with the Kallpa II and III cases were wrote-off.

The Kallpa II and III assessment liability (including tax, fines and interest) is nil as Kallpa has already paid the total amount under discussion.

Kallpa II – Statute of limitation

In September 2018, SUNAT filed a demand against Tax Court Resolution N° 01959-Q-2018, through which the Tax Court recognized that the right to collect the payment related to the customs tax debt expired in January 2013, which was declared unfounded in July 2020. SUNAT appealed such resolution and in August 2021, the Superior Judicial Court declared SUNAT's claim unfounded, deciding a favorable ruling for Kallpa. In August 2021, SUNAT filed an appeal before the Supreme Court. In April 2023, the Supreme Court's Decision 00192-2022, confirmed the position of the Tax Administration.

In July 2023, the Judicial Court notified SUNAT of its Resolution N° 45, through which it ordered the continuity of the coercive collection procedure.

In August 2023, SUNAT issued several coactive collection resolutions requesting Banco de Crédito del Perú (BCP), a payment of S/ 29,106 thousand (US\$ 7,819 thousand). Kallpa transferred the total amount to BCP as the assets were financed through a financial lease agreement. SUNAT enforced a seizure of bank accounts for the total value of the coactive collection resolutions. By virtue of this, the Tax Administration coercively collected the tax debt.

In August 2023, Kallpa filed its appeal against Resolution N° 45, through which requested the Judicial Court to order SUNAT not to apply moratorium interest for the period from the day after notification of the Tax Court Resolution N° 01959-Q-2018 until notification of the Supreme Court Decision N° 192-2022, since the Company, during such period, had an administrative act (Tax Court Resolution N° 01959-Q-2018) that granted a presumption of validity according to which the Company did not owe any amount to Sunat. In September 2023, the Judicial Court issued its Resolution N° 46 which granted the appeal filed against Resolution N° 45. The case is currently in the Superior Court.

Finally, in September 2023, BCP transferred in favor of Kallpa S/ 4,946 thousand (US\$ 1,332 thousand) of VAT related to the amount paid to SUNAT through the coactive collection, which the bank will be able to use as a VAT credit.

Kallpa II – Constitutional Protective Action

In June 2023, Kallpa filed an Amparo before the Constitutional Court against Decision 00192-2022, due to deficiencies in the motivation. With this process, the Company seeks the Constitutional Court to override Decision N° 00192-2022 and, therefore, have the Supreme Court to issue a new decision. Through Resolution N° 1 of September 2023, the Amparo was admitted for processing. In December 2023, the "Judicial Power" filed its complaint. In January 2024 a hearing was held without setbacks.

Kallpa IV - Engineering

In January 2016, the Tax Court ruled in favor of the Company and the amount of the claim was reduced from S/ 17,220 thousand (US\$ 4,508 thousand) to S/ 499 thousand (US\$ 131 thousand) referred to the engineering services assessment.

In June 2018, the Company received a notice from SUNAT re-opening the original Audit Procedure performed in 2013. In July 2018 Kallpa filed an appeal challenging SUNAT's decision to re-open the Audit, but the Tax Court ruled against Kallpa, allowing the reopening of the Audit. Consequently, SUNAT continued with the Audit process and in November 2018 proceeded to issue a tax assessment for S/ 17,220 thousand (US\$ 4,508 thousand). In December 2018, Kallpa filed a claim which was declared inadmissible. In September 2019 Kallpa filed an appeal, which was resolved by the Tax Court against the Company in June 2021. In September 2021, Kallpa filed its demand before the Judicial Court asking for the annulment of the Tax Court Resolution.

In February 2022, the Company was notified of the several coercive collection resolutions and in the same month, the Tax Administration enforced a bank attachment for a value of S/ 42,916 thousand (US\$ 11,270 thousand). By virtue of this, the Tax Administration coercively collected the tax debt. In August 2022, the Tax Administration issued a new coercive collection resolution for a value of S/ 12 thousand (US\$ 3 thousand), which was compensated with the Income Tax 2017 refund related with the Arbitration case.

In March 2023, the Judicial Court ruled against Kallpa regarding the annulment of Resolution N° 04631-A-2021. Kallpa filed its claim before the Superior Court in March 2023.

In May 2023, the Superior Court issued its Resolution, which declared Kallpa's claim as groundless. Kallpa appealed in June 2023 before the Supreme Court.

The total amount of S/ 42,928 thousand equivalent to (US\$ 11,586 thousand as of December 31, 2023 (US\$ 12,091 thousand as of December 31, 2022) paid for Kallpa IV was recorded as a long-term account receivable (note 7). The Kallpa IV assessment liability (including tax, fines, and interest) is nil as Kallpa has already paid the total amount under discussion. In this sense, a favorable result of the process would imply a refund of the amount paid.

On December 5, 2023, the Supreme Court declared the lawsuit admissible and ordered to be sent to the Andean Community Justice Court in search of a non-binding opinion regarding the interpretation of customs international principles. The appeal is pending to be solved.

Kallpa IV - Constitutional Protective Action

In September 2021, Kallpa filed a Constitutional Protective Action (Amparo) before Judicial Court, requesting as its main claim to declare the expiry of the statute barred period of the SUNAT's ability to collect the alleged tax debt relating to the periods 2010 to 2013. Likewise, in case the main claim be dismissed, Kallpa requested the Judicial Court to order SUNAT to refrain from requiring the payment of moratorium interest generated from January 2016 to June 2018, due to being a period of inactivity on the part of SUNAT. In June 2022, the lawsuit was declared inadmissible. In the same month, SUNAT and Kallpa appealed the resolution. Both appeals were submitted to the Superior Court in March 2023. In September 2023, the Superior Court ruled against Kallpa, due to that the Company filed a constitutional grievance appeal.

Kallpa's management and its external legal advisors believe that it is remote that Tax Constitutional Court rejects its grievance appeal.

Kallpa IV - Delay Start-Up (DSU) insurance

In February 2016, Kallpa filed an appeal to the Tax Court against the part of the resolution that refers to the insurance, which was decided against. The Company filed an appeal with the Judiciary in November 2018. In February 2019 the Tax Administration notified the Company with a Resolution requiring the payment of S/ 907 thousand (US\$ 228 thousand) that the Company paid under protest in March 2019. In August 2022, the Company was notified with the judicial resolution through which the Judicial Court stated: i) To confirm the 2010 Statute Barred, declaring the lawsuit filed by SUNAT unfounded, and ii) to declare unfounded the lawsuit filed by Kallpa regarding the Insurance DSU establishing that this insurance value should have been part of the customs value.

The Company filed its appeal before the Superior Court in August 2022. In December 2022, the Superior Court sent all relevant information to the Andean Community Justice Court in search of its prejudicial interpretation regarding the custom international principles.

Management and legal advisors are of the opinion that Kallpa's position is more likely than not to be successful.

Income tax effects regarding Arbitration results related to the termination of Kallpa's Tax Stability Agreement (Convenio de Estabilidad Jurídica)

The arbitration award, issued on April 1, 2019, concluded that the Agreement was terminated on November 17, 2011, and that, pursuant to Section 9 of the Agreement, the Peruvian State is not obliged to reimburse the Company for amounts paid while the agreement was in force. In this sense, the Company was entitled to any refund generated by a recalculation of income tax in the fiscal years of 2013 - 2017. Refunds related to income tax 2013 and 2014 were concluded in 2020.

Refund Income Tax 2015; 2016 and 2017

In October 2019, Kallpa submitted Income Tax Returns amendments for years 2015 and 2016, through which determined income tax credits for amounts of S/ 39,986 thousand (approximately US\$ 10,413 thousand) and S/ 8,713 thousand (US\$ 2,269 thousand) respectively. In November 2021, Kallpa submitted Income Tax Return amendment for year 2017 through which determined an Income Tax Liability for an amount of S/ 28,013 thousand (US\$ 7,295 thousand). On the same date, Kallpa filed its request for compensation between the 2015 income tax credit and the 2017 income tax liability, which was declared denied in January 2022.

After a meeting with the Tax Administration on February 4, 2022, it was agreed to change the type of compensation requested from "compensation at the request of a party" to an "automatic compensation" to generate credit balances of 2015 and 2016 up to the year 2017 where they should be compensated with the debt for that year. In March 2022, the Company filed its new income tax amendments for the years 2015, 2016 and 2017 and during April 2022, filed several refund requests.

In June 2022, Kallpa was notified with SUNAT Resolutions through which the Tax Administration approved the refunds related with Income Tax pre-payments 2017 for an amount of S/ 798 thousand (US\$ 205 thousand) and ITAN 2106 for an amount of S/ 6,511 (US\$ 1,685 thousand) respectively. In August 2022, Kallpa was notified with SUNAT Resolution, through which the Tax Administration approved the refund related with Income Tax 2017 for an amount of S/ 14,176 thousand (US\$ 3,685 thousand).

Finally, in October 2022, Kallpa was notified of the resolutions through which SUNAT ordered the refund of penalties for Income Tax pre-payments 2017 for an amount of S/ 358 thousand (US\$ 90 thousand) and the penalty related with the Income Tax 2017 for an amount of S/ 1,079 (US\$ 271 thousand).

With these latest refunds, Kallpa considers the “Income tax effects 2013-2017 given the Arbitration result regarding the termination of the Stability Agreement signed with Proinversión”, as concluded.

28. Subsequent Events

A. Dividends

During 2024 the Company declared and paid dividends for US\$ 164,000 thousand.

B. Debt

(i) Senior financial leases

On September 24, 2024, the Company executed the purchase option resulting in the termination of the Las Flores Open Cycle Lease.

(ii) Subordinated financial leases

On September 24, 2024, The Company and BCP agreed to terminate the subordination agreement and related contractual framework. Resulting in the annual interest rate reduction on the Combined Cycle Financial Lease from 4.95% to 3.65% until maturity

(iii) Senior short-term loans

On October 16, 2024, the Company took a one-year loan amounting to US\$ 22,000 thousand with Banco de Crédito del Perú at 4.79%. On November 21, 2024, Kallpa took an additional US\$ 10,000 thousand one-year loan with the same bank under the same interest conditions. The short-term loans aim to finance the construction of the Sunny solar power. These short-term loans were repaid with the funds from the Bridge Loan Facility

(iv) Bridge Loan Facility

On December 17, 2024, the Company entered into a Credit Agreement, by and among Kallpa, as borrower, Deutsche Bank AG, JPMorgan Chase Bank, N.A. and Banco Santander, S.A., as joint lead arrangers and book-runners, GLAS USA LLC, as administrative agent, and the lenders party thereto from time to time, providing for a senior unsecured term loan facility of up to U.S.\$ 130 million (note 1). On December 20, 2024, and January 09, 2025, the Company borrowed U.S.\$60 million and U.S.\$10 million respectively, under the Bridge Loan Facility. The Bridge Loan Facility will mature on the 18-month anniversary of the effective date thereof and bears a variable interest rate of Term SOFR plus an applicable Margin.

C. Contingencies

(i) Kallpa II and Kallpa III – Engineering

On September 9, 2024, the Supreme Court issued Resolution S/N, informing about the Court Order from the Andean Community Justice Court. The Court Order requested consideration of the pre-judicial interpretation related to the Kallpa I case.

On October 17, 2024, Kallpa’s additional defense arguments were presented before the Supreme Judicial Court to request the demand to be declared founded. A hearing took place on October 23, 2024. Meanwhile, the appeal is pending to be solved.

(ii) Kallpa II - Statute Barred – Constitutional Protective Action

On August 8, 2024, Kallpa was notified with the Judicial Resolution N° 4, which declares the Amparo inadmissible. Kallpa filed its appeal on August 13, 2024, before the Superior Court of Justice and it was admitted on September 09, 2024, with Judicial Resolution N° 5. It is pending to be elevated to the Supreme Court.

(iii) Kallpa IV DSU

On November 29, 2024, Kallpa was notified of the Judicial Resolution N° 31 from the Superior Court by which it resolved: (i) to declared Judicial Resolution N° 24 null because the 19° Judicial Court did not evaluate the evidence and arguments supporting Kalpa's position, and (ii) to order the 19° Judicial Court to issue a new ruling. It is pending to be solved.

(iv) Arbitration award

On August 3, 2021, the Company brought an arbitration claim against Pluz Energía Perú S.A.A. (formerly ENEL Distribución S.A.A., hereunder "Plus Energía") with the Lima Chamber of Commerce. The Company alleged hardship in the execution of the PPPA with Plus Energía for January 1, 2021, to December 31, 2023, due to material changes in regulation and claimed that the contractual economic balance should be reestablished, increasing the price from what was initially agreed by the parties. As an alternative claim, the Company requested the termination of the PPA.

On December 13, 2024, the Arbitration Tribunal upheld the Company's claims. On January 8, 2025, Kallpa filed a recourse requesting the tribunal to rule on one of its claims which the tribunal did not completely resolve. Furthermore, on the same date, Pluz Energía Perú filed a recourse requesting the Arbitration Tribunal to interpret, rectify, integrate and exclude some sections of the award.

The parties have a 10 business-day term chance to respond to the other parties' requests, while the Arbitration Tribunal will issue a supplementary decision on such request within the following 10 business days (which may be unilaterally extended by the tribunal for 5 more business days) counted from the receipt of the responses of the parties. An "annulment procedure" (staying the enforcement of the award) can only void an arbitral award (in whole or in part) and does not consist of a new analysis nor decision on the merits and evidence of the case. The claim for annulment must be filed within 20 business days following notification of the award or supplementary decision. The initiation of an "annulment procedure" does not stay the effects or enforceability of the award. Enforcement will only be suspended if the party filing the annulment procedure requests so and posts a guarantee.

The Company has to wait the statutory time limits specified above in order to analyze the likelihood of success.

Kallpa Generación S.A.

Unaudited Condensed Interim Financial Statements

September 30, 2024

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

**KPMG en Perú**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders and Board of Directors
Kallpa Generación S.A.

Introduction

We have reviewed the accompanying condensed statement of financial position of Kallpa Generación S.A. as at September 30, 2024, the condensed statements of profit or loss and other comprehensive income for the nine and three-month periods ended as at September 30, 2024, the condensed statements of changes in equity and cash flows for the nine-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed 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 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 interim financial statements as at and for the nine and three-month periods ended September 30, 2024 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Lima, Peru

October 31, 2024

Countersigned by:

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

EMMERICH, CORDOVA & ASOCIADOS

Kallpa Generación S.A.

Unaudited Condensed Interim Financial Statements

September 30, 2024

Contents	Page
Unaudited Condensed Statement of Financial Position	1
Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income	2
Unaudited Condensed Statement of Changes in Equity	3
Unaudited Condensed Statement of Cash Flows	4
Notes to the Unaudited Condensed Interim Financial Statements	5 - 25

Kallpa Generación S.A.
Unaudited Condensed Statement of Financial Position
As at September 30, 2024 and December 31, 2023

<i>In thousands of U.S. dollars</i>		September 30, 2024	December 31, 2023
	<i>Note</i>		
Assets			
Current assets			
Cash	3	39,867	41,908
Trade receivables	4	111,417	106,126
Other receivables	5	877	813
Account receivables from related parties	17	210	1,305
Other assets	8	8,077	8,077
Inventories	6	20,205	19,547
Prepaid expenses		753	2,796
Total current assets		181,406	180,572
Non-current assets			
Property, plant, and equipment	7	1,505,085	1,441,565
Right-of-use assets	7	151,354	215,196
Intangible and other assets	8	94,389	101,187
Other receivables	5	11,593	11,586
Account receivables from related parties	17	3,863	3,862
Total non-current assets		1,766,284	1,773,396
Total assets		1,947,690	1,953,968

<i>In thousands of U.S. dollars</i>		September 30, 2024	December 31, 2023
	<i>Note</i>		
Liabilities			
Current liabilities			
Short term loan	11	18,000	-
Lease liabilities from financial contracts	11	36,599	34,308
Lease liabilities from operating contracts		1,455	1,250
Trade payables	9	61,356	51,952
Other payables	10	33,320	31,541
Income tax payables	10	28,118	36,511
Total current liabilities		178,848	155,562
Non-current liabilities			
Debentures	11	995,227	993,698
Lease liabilities from financial contracts	11	58,535	82,590
Lease liabilities from operating contracts		3,481	5,397
Trade payables	9	942	-
Deferred income tax liabilities		380,031	388,912
Asset retirement obligation	12	9,295	8,741
Total non-current liabilities		1,447,511	1,479,338
Total liabilities		1,626,359	1,634,900
Equity	13		
Share capital		238,426	238,426
Additional capital		6,130	6,073
Legal reserve		47,685	47,685
Retained earnings		29,090	26,884
Total equity		321,331	319,068
Total liabilities and equity		1,947,690	1,953,968

The notes on pages 5 to 25 are an integral part of these unaudited condensed interim financial statements.

Kallpa Generación S.A.

Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the nine-month and three-month periods ended September 30, 2024, and 2023

		Nine-month period ended September 30		Three-month period ended September 30	
		2024	2023	2024	2023
<i>In thousands of U.S. dollars</i>	<i>Note</i>				
Revenues	14	530,956	512,820	181,887	172,725
Costs of sales		(261,977)	(315,197)	(92,580)	(138,220)
Depreciation and amortization	7 and 8	(60,259)	(57,908)	(19,892)	(19,554)
Gross profit		208,720	139,715	69,415	14,951
Administrative expenses		(17,993)	(15,049)	(6,450)	(4,187)
Other income		10,199	6,684	3,014	1,460
Other expenses		(506)	(64)	(158)	(15)
Operating profit		200,420	131,286	65,821	12,209
Finance income		1,940	1,637	455	1,019
Finance costs		(41,614)	(48,075)	(14,466)	(12,547)
Net foreign exchange difference		697	626	2,073	(811)
Net finance costs		(38,977)	(45,812)	(11,938)	(12,339)
Profit (Loss) before income tax		161,443	85,474	53,883	(130)
Income tax	15	(49,237)	(28,129)	(23,828)	9,796
Profit for the period		112,206	57,345	30,055	9,666

The notes on pages 5 to 25 are an integral part of these unaudited condensed interim financial statements.

Kallpa Generación S.A.
Unaudited Condensed Statement of Changes in Equity

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

		Number of shares (note 13)	Share capital (note 13)	Additional capital (note 13)	Legal reserve (note 13)	Retained earnings	Total equity
<i>In thousands of U.S. dollars</i>	<i>Note</i>						
Balance as of January 1, 2023		665,803,506	238,426	23,719	47,685	36,197	346,027
Comprehensive income for the period							
Profit for the period		-	-	-	-	57,345	57,345
Total comprehensive income for the period		-	-	-	-	57,345	57,345
Transactions with owners of the Company							
Dividends paid	13.D	-	-	(4,100)	-	(75,900)	(80,000)
Total transactions with owners of the Company		-	-	(4,100)	-	(75,900)	(80,000)
Balance as of September 30, 2023		665,803,506	238,426	19,619	47,685	17,642	323,372
Balance as of January 1, 2024		665,803,506	238,426	6,073	47,685	26,884	319,068
Comprehensive income for the period							
Profit for the period		-	-	-	-	112,206	112,206
Total comprehensive income for the period		-	-	-	-	112,206	112,206
Transactions with owners of the Company							
Remeasurement asset retirement obligation	13.B	-	-	57	-	-	57
Dividends paid	13.D	-	-	-	-	(110,000)	(110,000)
Total transactions with owners of the Company		-	-	57	-	(110,000)	(109,943)
Balance as of September 30, 2024		665,803,506	238,426	6,130	47,685	29,090	321,331

The notes on pages 5 to 25 are an integral part of these unaudited condensed interim financial statements.

Kallpa Generación S.A.
Unaudited Condensed Statement of Cash Flows

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

		Nine-month period ended September 30	
<i>In thousands of U.S. dollars</i>	<i>Note</i>	2024	2023
Cash flows from operating activities			
Collections from customers		658,072	631,377
Other collections from operating activities		9,661	7,754
Collection of interest		1,696	1,199
Payment to suppliers		(381,684)	(454,576)
Payment to employees		(13,815)	(7,436)
Payment of contributions and others related to employees		(4,395)	(3,454)
Cash generated from operating activities		269,535	174,864
Income tax paid		(66,031)	(13,149)
Net cash provided by operating activities		203,504	161,715
Cash flows from investing activities			
Proceeds from sales of property, plant, and equipment		62	19
Acquisition of property, plant, and equipment		(49,234)	(25,692)
Acquisition of intangibles		(470)	(707)
Net cash used in investing activities		(49,642)	(26,380)
Cash flows from financing activities			
Proceeds from short-term debt		59,500	-
Dividends paid, net of tax	13.D	(108,620)	(78,996)
Payment of short-term borrowings		(41,500)	-
Interest paid		(40,693)	(41,241)
Payment subordinated financial leases		(23,526)	(27,204)
Payment of lease liabilities from operating contracts		(1,124)	(1,210)
Payment of transaction costs		(14)	(60)
Net cash used in financing activities		(155,977)	(148,711)
Net decrease in cash		(2,115)	(13,376)
Cash at January 1		41,908	36,404
Effects of variations in exchange difference on cash held		74	347
Cash at September 30	3	39,867	23,375
Non-cash transactions			
Battery Energy Storage System Financial lease		1,400	4,942

The notes on pages 5 to 25 are an integral part of these unaudited condensed interim financial statements.

1. Background and Business Activity and Other

Kallpa Generación S.A. ("the Company" or "Kallpa") is a subsidiary of Inkia Americas S.A.C., established in Peru, and a direct and indirect subsidiary of Nautilus Inkia Holdings SCS ("NIH"), incorporated in Luxembourg. Inkia Americas S.A.C. and NIH are the direct owners of the Company, holding 74.9% and 25.1% of the Company's share capital, respectively. The legal domicile of Kallpa is Las Palmeras N° 435, 7th floor, San Isidro, Lima, Peru.

The Company's business activity is the generation and commercialization of electrical energy. The Company has a total capacity of 1,826 MW and 204 MW under construction, as detailed below:

Plant/Turbine	Commercial operation date	Source used to operate power station	Total capacity (MW)	Location
Kallpa I	July 2007	Natural gas	188	Lima
Kallpa II	June 2009	Natural gas	210	Lima
Kallpa III	March 2010	Natural gas	212	Lima
Kallpa IV	August 2012	Steam	298	Lima
Las Flores	April 2014	Natural gas	210	Lima
Las Flores TV	June 2022	Steam	115	Lima
CDA	August 2016	Hydroelectric	593	Huancavelica
Sunny	Under construction	Solar	204	Arequipa
			2,030(*)	

(*) In addition, a 34 MW Battery Energy Storage System is incorporated into Kallpa combined cycle plant

The Company's combined cycle plants have an aggregate capacity of 1,233 MW: (i) Kallpa combined-cycle generation plant in Chilca (45 km south of Lima) with three natural gas-fired turbines and one steam turbine that have an aggregate capacity of 908 MW; and (ii) Las Flores combined-cycle generation plant, with one natural gas-fired turbine and one steam turbine that have an aggregate capacity of 325 MW, also located in Chilca, 3km away from Kallpa plant's site. The commercial operation date ("COD") of the Kallpa combined cycle was achieved on August 8, 2012, Las Flores plant acquisition became effective on April 1, 2014, and the COD of the Las Flores combined cycle was achieved on June 9, 2022.

The Company's hydropower plant, Cerro del Aguila ("CDA"), with a capacity of 593 MW, is the largest privately owned hydroelectric power plant in Peru. On August 25, 2016, the Company declared the COD of the plant, consisting of a 6-kilometer headrace tunnel and a 17-kilometer transmission line with a capacity of 546 MW. On October 27, 2017, COES declared the COD of the 10 MW mini hydro, built to take advantage of the Mantaro river ecological water flow and increasing CDA's total capacity to 556 MW. On March 6, 2019, and on February 26, 2021, after running additional effective capacity tests, COES approved a capacity increase of 12 MW and 7 MW, respectively, taking CDA's total capacity to 575 MW. On March 22, 2023, after the CDA turbine II upgrade and CDA turbines I and III design improvements were completed, COES approved a capacity increase of 18 MW, taking CDA's total capacity to 593 MW.

In November 2022, the Company began the development of a Battery Energy Storage System ("BESS project") which represents a 34 MW high-capacity lithium-ion battery that has been incorporated into our combined cycle Kallpa plant. This investment allows the Kallpa, and the Las Flores combined cycle plant to operate at full capacity, and release more low-carbon efficient energy to the system, among other benefits. The total investment on this project amounted to US\$ 24 million. The machinery and equipment were financed through a financial lease agreement with Banco de Crédito del Perú ("BCP") for US\$ 18 million. In May 2024, the BESS project was completed.

In March 2024, the Company started the construction of the Sunny solar power plant project ("Sunny"), which represents a 204 MW solar power plant for an investment of up to US\$ 170 million, located in the La Joya desert, in Arequipa. Sunny is being constructed under two EPCs with (i) Siemens Energy S.A.C. and Unión de Técnicos Electromecánicos S.A.C., for a total of up to US\$ 20 million, which includes all costs and expenses to complete the construction of the interconnection facilities, including a substation and a 1.4 km transmission line; and (ii) Acciona Construcción S.A., for a total of up to US\$ 126 million for the design, construction, and installation of the photovoltaic systems and all necessary ancillary systems. Sunny will be financed for up to US\$ 130 million by a mid-term facility expected to be closed before year-end.

Sunny is the first large-scale solar project of Kallpa. It will contribute to further diversify our portfolio, improve the Peruvian energy matrix and strengthen the generation supply in the south of Peru, near the mining demand, increasing its electricity production with renewable energy.

Finally, the Company could be affected by seasonal patterns throughout the year. Therefore, the operating margin could vary by month during the year. Additionally, weather variations, including hydrological conditions, could also have an impact on generation output. Nevertheless, this risk is mitigated due to the technological diversification of the Company's assets (combined cycle, hydro and solar).

2. Basis for the Preparation of Financial Statements

A. Basis of accounting

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

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

B. Material accounting policies

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

C. Use of estimates and judgments

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

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

D. Measurement of fair values

Some of the Company'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 Company 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 entire measurement.

The Company 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 is included in note 16 – Financial Instruments.

Measurement of revaluation of property, plant, and equipment

i. Fair value hierarchy

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

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

ii. Valuation techniques and significant unobservable inputs

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

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

3. Cash

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Checking accounts (a)	39,861	41,903
Petty cash	6	5
	39,867	41,908

- (a) The Company holds checking accounts in foreign and local currency at different financial entities. Checking accounts are available and mainly earn interest at market rates ranging from 0.07% to 4.90% in soles and from 0.15% to 4.68% in U.S dollars as at September 30, 2024 (from 0.07% to 6.70% in soles and from 0.15% to 5.30% in U.S dollars as at December 31, 2023).

The credit quality that safeguards the Company's bank deposits have the same evaluation as compared to December 31, 2023.

4. Trade Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Non-regulated customers	56,012	64,244
Regulated customers	53,012	40,122
COES (a)	2,257	1,600
Other	136	338
Subtotal (b)	111,417	106,304
Impairment loss allowance (c)	-	(178)
Total	111,417	106,126

Trade receivables are denominated in U.S. dollars (non-regulated customers) and Soles indexed to U.S. dollars (COES and regulated customers). They have current maturity and do not generate interest, except in the case of payment delays. As of September 30, 2024, trade receivables correspond to approximately 136 non-regulated and 5 regulated customers (117 non-regulated and 7 regulated customers as of December 31, 2023).

- (a) The Committee of Economic Operation of the National Interconnected System (COES) as the system operator, acts as a clearing house and settles the payments for power generation companies.
- (b) As of September 30, 2024, and December 31, 2023, trade receivables comprise accounts receivable with related parties of US\$ 65 thousand and US\$ 70 thousand, respectively (note 17.C).

The aging of trade accounts receivable is as follows:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Unexpired	110,949	103,578
Less than 30 days	281	1,859
31 to 60 days	31	461
61 to 180 days	27	107
181 to 360 days	127	121
More than 360 days	2	178
	111,417	106,304

As of September 30, 2024, and December 31, 2023, past-due trade receivables (over 360 days) represent less than 1% of the total balance of trade receivables. Those mainly correspond to trade receivables with non-regulated customers.

- (c) The movement of the impairment estimate of accounts receivable was as follows:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Balance as of January 1,	178	173
Recovered	(179)	-
written off	(3)	-
Exchange rate	4	5
Balance as of December 31,	-	178

5. Other Receivables

Comprises the following:

<i>In thousands of U.S. dollars</i>	<i>Note</i>	September 30, 2024	December 31, 2023
Current portion			
Related to employees		332	210
Other receivables		545	603
		877	813
Non-current portion			
Import tax (Kallpa IV-Engineering)	18	11,593	11,586
		11,593	11,586
		12,470	12,399

6. Inventories

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Mechanical spare parts (a)	14,170	13,519
Electrical spare parts	5,073	4,805
Other supplies	962	1,223
	20,205	19,547

- (a) Correspond mainly to items used in scheduled maintenance for the combined cycles and hydro plants enabling appropriate operations until major maintenance.

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

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

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Cost		
Beginning balance	2,239,858	2,213,853
Additions		
Work in progress (b)	55,265	25,438
Replacement units	5,376	864
Office equipment	3,118	806
Lands	438	-
Plant and equipment	298	220
Vehicles	273	1,066
Units in transit	198	2,331
Buildings and other constructions	103	388
Others	-	9
Total additions	65,069	31,122
Others		
Plant and equipment	269	(3,418)
Buildings and other constructions	(3,263)	(1,015)
Units in transit	(2,141)	-
Vehicles	-	(50)
Total others	(5,135)	(4,483)
Retirements		
Office equipment	(1,565)	(532)
Vehicles	(953)	(86)
Buildings and other constructions	-	(16)
Total retirements	(2,518)	(634)
Transfers		
Plant and equipment	48,387	1,107
Buildings and other constructions	2,032	948
Office equipment	99	130
Work in progress	(45,037)	(1,995)
Replacement units	(5,068)	(190)
Total transfers	413	-
Ending balance	2,297,687	2,239,858
Accumulated depreciation		
Beginning balance	(583,097)	(508,265)
Additions		
Plant and equipment	(48,443)	(59,241)
Buildings and other constructions	(10,458)	(14,054)
Office equipment	(1,177)	(1,552)
Vehicles	(267)	(328)
Replacement units	(264)	(197)
Others	(53)	(72)
Total additions	(60,662)	(75,444)
Retirements		
Office equipment	1,559	518
Vehicles	952	86
Buildings and other constructions	-	8
Total retirements	2,511	612

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Transfers		
Replacement units	116	3
Plant and equipment	(115)	(1)
Office equipment	(1)	(2)
Total transfers	-	-
Ending balance	(641,248)	(583,097)
Net cost at the beginning of the period	1,656,761	1,705,588
Net cost at the end of the period	1,656,439	1,656,761

- (a) Plant and equipment include significant components that correspond to parts replaced during major maintenances of the thermal and hydro plants. Management depreciates those components in accordance with their estimated useful lives, which range from 2 years to 50 years.
- (b) As of September 30, 2024, the main work-in-progress additions correspond to the major maintenance contracts for the combined cycles and hydro plants for US\$ 26,044 thousand, the Sunny project for US\$ 23,200 thousand and mainly civil works from the BESS project for US\$ 4,311 thousand transferred to plant and equipment in May 2024 (Maintenance contracts for the combined cycles and hydro plants for US\$ 13,319 thousand and mainly civil works from the BESS project for US\$ 8,761 thousand as of December 31, 2023).
- (c) Property, plant, and equipment include right-of-uses assets as follows:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Cost		
Beginning balance	276,359	269,319
Additions		
Other equipment	2,452	26
Work in progress	1,400	6,473
Vehicles	-	944
Total additions	3,852	7,443
Transfers		
Plant and equipment	(76,940)	-
Work in progress	(18,347)	-
Buildings and other constructions	(12,401)	-
Total transfers	(107,688)	-
Retirements		
Other equipment	(1,496)	(353)
Vehicles	(837)	-
Total retirements	(2,333)	(353)
Other		
Buildings and other constructions	(3,254)	-
Vehicles	-	(50)
Total other	(3,254)	(50)
Ending balance	166,936	276,359

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Accumulated depreciation		
Beginning balance	(61,163)	(52,980)
Additions		
Plant and equipment	(4,887)	(6,147)
Buildings and other constructions	(980)	(1,634)
Other equipment	(383)	(525)
Vehicles	(177)	(230)
Total additions	(6,427)	(8,536)
Transfers		
Plant and equipment	46,559	-
Buildings and other constructions	3,116	-
Total transfers	49,675	-
Disposals		
Office equipment	1,496	353
Vehicles	837	-
Total disposals	2,333	353
Ending balance	(15,582)	(61,163)
Net cost at the beginning of the period	215,196	216,339
Net cost of the end of the period	151,354	215,196

- (d) Distribution of depreciation was as follows:

<i>In thousands of U.S. dollars</i>	Nine-month period ended September 30		Three-month period ended September 30	
	2024	2023	2024	2023
Depreciation	60,006	57,657	19,808	19,470
Administrative expenses	656	854	84	280
	60,662	58,511	19,892	19,750

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

8. Intangible Assets and Other Assets

A. Intangible

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Public access roads (a)	22,895	23,133
Software	1,636	2,063
Easements	461	466
Licenses	133	106
Project software	99	228
Development projects (b)		
RS Project	12,705	12,699
Chilia Project	5,830	5,830
Others	1,794	1,768
	45,553	46,293

- (a) Correspond to the disbursements made by the Company in easements and public access roads to access the Cerro del Águila hydropower plant site. The construction of these roads was included in the EPC contract signed with Rio Mantaro Consortium for the construction of the hydropower plant.
- (b) Development costs correspond to expenditures incurred in design and evaluation of future power plants facilities. These projects have different level of advance such as temporal concessions, environmental impact studies in process and others.
- (c) Distribution of amortization was as follows:

<i>In thousands of U.S. dollars</i>	Nine-month period ended September 30		Three-month period ended September 30	
	2024	2023	2024	2023
Administrative expenses	671	618	229	211
Amortization	253	251	84	84
	924	869	313	295

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

B. Other assets

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Opening balance	62,971	63,959
Amortization	(6,058)	(988)
	56,913	62,971
Portion		
Current portion	8,077	8,077
Non-current portion	48,836	54,894

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

These payments are amortized over the extended contract term of the energy supply contracts, reducing revenue generated throughout the extension period (note 14(a)).

9. Trade Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Supplies and transportation	23,826	17,351
Energy purchases and transmission tolls (a)	23,160	28,634
Other	8,302	4,404
Capital expenditures (b)	6,068	1,563
	61,356	51,952
Non-current portion		
Capital expenditures (b)	942	-
	942	-
	62,298	51,952

- (a) Trade payables include transmission tolls paid for the use of principal transmission lines in the Peruvian interconnected electricity system. Most of these costs are pass-through to the Company's customers. As of September 30, 2024, this amount includes US\$ 61 thousand payables to related parties (US\$ 992 thousand as of December 31, 2023) (note 17.C).
- (b) As of September 30, 2024, corresponds mainly to payables for services related to the major maintenances for the Kallpa plant and CDA plant for US\$ 3,682 and US\$ 1,817 thousand respectively, and Sunny project for US\$ 378 thousand (As of December 31, 2023, corresponds mainly to payables for services related to the major maintenances for the Cerro del Aguila plant and Kallpa plant for US\$ 564 and US\$ 357 respectively, and Sunny project for US\$ 12 thousand).

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

10. Other Payables and Income Tax Payables

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Other payables		
Payroll	10,305	8,768
Interest payables (a)	9,332	11,868
Electricity Social Compensation Fund	5,087	4,526
Value-added tax	3,051	1,610
Rural electrification act	2,354	2,558
Energy Social Inclusion Fund	1,366	1,115
Other taxes	857	903
Withholding tax on dividends	514	-
Others	454	193
	33,320	31,541
Income tax payable		
Income tax estimate	57,801	53,625
Advance payment	(29,683)	(17,114)
Income tax, net	28,118	36,511
	61,438	68,052

- (a) Corresponds mainly to the senior unsecured notes Kallpa 2026 and 2027 settled semi-annually throughout the year.

11. Debentures, Financial Lease Liabilities and Others

The terms and conditions of outstanding loans and debentures are as follows:

<i>In thousands of U.S. dollars</i>	Nominal annual interest rate	Currency	Maturity	Face value		Carrying amount	
				September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Subordinated debt							
Financial leases							
Las Flores combined cycle							
Banco de Crédito del Perú (e)	4.95%	US\$	Jun-27	-	101,365	-	100,063
				-	101,365	-	100,063
Senior debt							
Short term loan							
Banco de Crédito del Perú (a)	4.95%	US\$	Sep-25	18,000	-	18,000	-
Financial leases							
Las Flores combined cycle							
Banco de Crédito del Perú (c)	3.65%	US\$	Jun-27	80,027	-	79,058	-
Battery Energy Storage System							
Banco de Crédito del Perú (d)	5.95%	US\$	May-26	16,158	16,947	16,076	16,835
Debentures							
Kallpa 2027 notes (f)	4.13%	US\$	Aug-27	650,000	650,000	647,120	646,413
Kallpa 2026 notes (g)	4.88%	US\$	May-26	350,000	350,000	348,107	347,285
				1,114,185	1,016,947	1,108,361	1,010,533
Total				1,114,185	1,118,312	1,108,361	1,110,596

Kallpa Generación S.A.
Notes to the Unaudited Condensed Interim Financial Statements

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

	Current portion		Non-current portion		Total	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
<i>In thousands of U.S. dollars</i>						
Subordinated debt						
Subordinated financial leases						
Las Flores combined cycle	-	27,645	-	73,720	-	101,365
Transaction costs	-	(502)	-	(800)	-	(1,302)
	-	27,143	-	72,920	-	100,063
Senior debt						
Short term loan						
Sunny project	18,000	-	-	-	18,000	-
Financial leases						
Las Flores combined cycle	28,179	-	51,848	-	80,027	-
Transaction costs	(545)	-	(424)	-	(969)	-
Battery Energy Storage System	9,029	7,229	7,129	9,718	16,158	16,947
Transaction costs	(64)	(64)	(18)	(48)	(82)	(112)
Debentures						
Kallpa 2027 notes	-	-	650,000	650,000	650,000	650,000
Transaction costs	-	-	(2,880)	(3,587)	(2,880)	(3,587)
Kallpa 2026 notes	-	-	350,000	350,000	350,000	350,000
Transaction costs	-	-	(1,893)	(2,715)	(1,893)	(2,715)
	54,599	7,165	1,053,762	1,003,368	1,108,361	1,010,533
Total	54,599	34,308	1,053,762	1,076,288	1,108,361	1,110,596

Senior short-term loans

- (a) On September 30, 2024, the Company took a one-year-term loan amounting to US\$ 18,000 thousand at 4.95% which was fully repaid on October 16, 2024, with a new one-year-term loan with BCP amounting to US\$ 22,000 thousand at 4.79%. The short-term loan aims to finance the construction of the Sunny solar power plant until the US\$ 130 million mid-term financing is closed, expected before year-end 2024 (notes 1 and 19).

Senior financial leases

- (b) In April 2014, Kallpa entered into a financial lease agreement with BCP for US\$ 107,688 thousand to finance the acquisition of the 193MW single-turbine natural gas-fired plant Las Flores from Duke Energy. Under the lease agreement, Kallpa made quarterly payments beginning in July 2014 until the expiry of the lease in October 2023. The lease bore a fixed interest rate of 7.15%. In May 2017, Kallpa renegotiated the conditions of the existing lease agreement reducing the fixed interest rate to 5.08%. In February 2021, this lease was subordinated to Kallpa's senior, indebtedness (note 11(b)(ii)). Kallpa and BCP agreed to extend the obligation for the purchase option, amounting to US\$ 1 thousand, up to December 2024. On September 24, 2024, Kallpa exercised the purchase option resulting in the termination of the Open Cycle Financial Lease.
- (c) On August 13, 2019, the Company entered into a financial lease agreement with BCP for up to US\$ 148,000 thousand to finance the construction of the Las Flores combined cycle plant. Under the lease agreement, Kallpa has up to a 36-month disbursement period and a 5-year repayment period with quarterly payments until the maturity of the lease. The lease bore a fixed interest rate of 3.65%.

The combined cycle reached the commercial operation date on June 9, 2022, which led to the execution of an amendment to the relevant financial lease agreement on June 30, 2022, to set the definitive payment schedule thereunder. Total disbursements under the financial lease for the Las Flores combined cycle amounted to US\$ 141,023 thousand.

- (d) On November 3, 2022, Kallpa entered into a financial lease agreement with BCP for up to US\$ 20,000 thousand to finance the machinery and equipment of the BESS (note 1). Under the lease agreement, Kallpa has up to 18 months of disbursement period and a 2-year repayment period with quarterly payments until the maturity of the lease. The lease bears a fixed annual interest rate of 5.95%.

In May 2024, the construction of the BESS project was completed, which led to the execution of an amendment to the relevant financial lease agreement on May 16, 2024, to set the definitive payment schedule thereunder. The total disbursements under the financial lease BESS amounted to US\$ 18,347 thousand.

Subordination Agreement

- (e) On February 1, 2021, Kallpa and BCP entered into a subordination agreement by which the parties agreed to subordinate the principal payments of the financial leases with BCP, related to the construction of Las Flores power plant ("Open Cycle Financial Lease") and its upgrade to a combined-cycle plant ("Combined Cycle Financial Lease" and together, the "Subordinated Financial Leases"):

The payment obligations under the Financial Leases are, since February 1, 2021, subordinated to Kallpa's existing and future indebtedness (the "Senior Debt"), including but not limited to Kallpa's 2026 notes 2027 notes and the Battery Energy Storage System Financial Lease.

Pursuant to the terms of the subordination agreement, BCP will be barred from bringing claims or exercising remedies aimed at enforcing the collection of amounts owed under the Subordinated Financial Leases should Kallpa be in default of its Senior Debt payment obligations.

As part of the transaction:

- i. Kallpa and BCP signed an amendment to the Open Cycle Financial Lease which included, among others, a modification in the annual interest rate from 5.08% to 6.18% since February 2021;
- ii. Kallpa and BCP signed an amendment to the Combined Cycle Financial Lease which included, among others, a modification in the annual interest rate from 3.65% to 4.75% from February 2021 until 2023, 4.95% in 2024, 5.15% in 2025, 5.35% in 2026 and 5.55% in 2027 until maturity; and,
- iii. Kallpa, BCP, and La Fiduciaria S.A. signed a collateral trust agreement to secure Kallpa's obligations under the Combined Cycle Lease. Effective upon Kallpa exercising the purchase option under the Open Cycle Financial Lease, all assets and equipment related to the Open Cycle Lease will be transferred to the collateral trust.

On September 24, 2024, Kallpa and BCP agreed to terminate the subordination agreement and related contractual framework resulting in the annual interest rate reduction of the Combined Cycle Financial Lease from 4.95% to 3.65% until maturity.

Debentures

- (f) In August 2017, the Company issued US\$ 650,000 thousand senior unsecured notes in the international capital market under rule 144A regulation S, hereinafter ("Kallpa 2027"), to refinance long-term obligations, including Syndicated Loan, Shareholder Loans, and payment of Interest Rate Swap Unwind. The notes have an investment-grade international rating (BBB-). Issuance was made below par (99.870%) and is payable biannually with final bullet maturity in August 2027 with a coupon rate of 4.125%.
- (g) In May 2016, the Company issued US\$ 350,000 thousand senior unsecured notes in the international capital market under rule 144A Regulation S, to refinance short and long-term obligations that were used to finance mainly capital expenditures including short-term loans, local bonds, syndicated loan and financial leases for Kallpa II and III. The notes have an investment-grade international rating. The issuance was made below par (99.258%) and notes interests are payable biannually with final maturity in May 2026 with a coupon rate of 4.875%.

12. Asset Retirement Obligation

Comprises the following:

<i>In thousands of U.S. dollars</i>	September 30, 2024	December 31, 2023
Balance as of January 1	8,741	10,917
Increase (Decrease)	177	(2,577)
Unwind of discount	377	401
	9,295	8,741

The provision for decommissioning liabilities corresponds to Kallpa Combined Cycle, Las Flores Combined Cycle, BESS and Cerro del Aguila hydropower plant and has been determined taking into consideration all costs necessary to dismantle and rehabilitate the land where the plants are currently located.

As of September 30, 2024, the provision has been increased due to changes in current market rates. The future value has been discounted using an annual risk-free rate ranging from 5.63% to 5.69% (5.63% to 5.74% as of December 31, 2023).

13. Equity**A. Share capital**

As of September 30, 2024, and December 31, 2023, the share capital of the Company is represented by 665,803,506 common shares with a nominal value of one Peruvian sol each duly authorized, issued, and paid as detailed below:

Shareholders	Number of shares	%
Inkia Americas S.A.C.	498,686,827	74.90
Nautilus Inkia Holding SCS	167,116,679	25.10
	665,803,506	100.00

B. Additional capital

Comprises the following:

<i>In thousands of U.S. dollars</i>	Nine-month period ended September 30	
	2024	2023
Initial balance	6,073	23,719
Dividends paid	-	(4,100)
Remeasurement asset retirement obligation	57	-
Final balance	6,130	19,619

C. Legal reserves

According to the Companies Act, the Company is required to allocate at least 10% of its net annual 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 losses, 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. The accumulated amount of this reserve meets the established limits.

D. Dividends

During the nine-month period ended September 30, 2024, and 2023, the Company made cash dividend distributions for a total amount of US\$ 110,000 thousand and US\$ 80,000 thousand respectively.

14. Revenues

Comprises the following:

<i>In thousands of U.S. dollars</i>	Nine-month period ended September 30		Three-month period ended September 30	
	2024	2023	2024	2023
Energy sales non-regulated	217,060	205,104	74,841	72,565
Energy sales regulated (a)	206,490	197,164	68,696	65,544
Energy spot	4,860	5,681	4,331	1,271
Energy sales others	3,109	1,262	1,197	143
Capacity sales non-regulated	48,401	51,168	16,244	16,587
Capacity sales regulated	47,556	48,170	15,622	15,498
Capacity sales others	1,244	854	724	312
Other revenues	2,236	3,417	232	805
	530,956	512,820	181,887	172,725

- (a) Includes the amortization of option payments made to distribution companies in connection with option agreements. The amortization during the nine-months period ended September 30, 2024, and 2023 was US\$ 6,058 thousand and US\$ 741 thousand, respectively (note 8.B).
- (b) As of September 30, 2024, the estimated revenue pending of invoicing amounts to US\$ 59,954 thousand (US\$ 54,380 thousand as of September 30, 2023). According to Management's evaluation, there would not be a significant variation between the amounts invoiced and those estimated.

15. Tax Issues

Income taxes from the years 2015 to 2017, and 2019 to 2023, are subject to review by the tax authorities. Any amount exceeding the provisions made to cover the tax obligations will be charged to the results of the year in which those are finally determined. On March 27, 2024, the Company was notified with a Determination Resolution related to the 2020 cost of sales partial tax audit. The adjustment to the 2020 income tax resulted in a S/ 465 thousand (US\$ 125 thousand) reduction in credit balance.

Under current tax legislation, corporate income tax is calculated based on the net taxable profit at a rate of 29.5%. The effective tax rate for the nine-month period ended September 30, 2024, was 30.50% (32.91% for the nine-month period ended September 30, 2023). The change in the effective tax rate for the nine-month period ended September 30, 2024, and 2023 corresponds mainly to the impact of exchange differences in local currency.

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

	Nine-month period ended September 30		Three-month period ended September 30	
<i>In thousands of U.S. dollars</i>	2024	2023	2024	2023
Current tax	(58,142)	(30,936)	(31,009)	14,597
Deferred tax	8,905	2,807	7,181	(4,801)
	(49,237)	(28,129)	(23,828)	9,796

16. Financial Instruments

A. Carrying amounts and fair values

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

	Carrying amount				Fair value	
	Current		Non-current			
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities	Total	Level 2
<i>In thousands of U.S. dollars</i>						
As of September 30, 2024						
Financial assets not measured at fair value						
Cash	39,867	-	-	-	39,867	-
Trade receivables	111,417	-	-	-	111,417	-
Other receivables (*)	545	-	-	-	545	-
Account receivables from related parties	210	-	3,863	-	4,073	-
Financial liabilities not measured at fair value						
Trade payables	-	(61,356)	-	(942)	(62,298)	-
Other payables (*)	-	(9,786)	-	-	(9,786)	-
Short term loan	-	(18,000)	-	-	(18,000)	(18,000)
Debentures	-	-	-	(995,227)	(995,227)	(996,050)
Lease liabilities from financial contracts	-	(36,599)	-	(58,535)	(95,134)	(87,643)
Lease liabilities from operating contracts	-	(1,455)	-	(3,481)	(4,936)	-
	152,039	(127,196)	3,863	(1,058,185)	(1,029,479)	(1,101,693)

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

Kallpa Generación S.A.
Notes to the Unaudited Condensed Interim Financial Statements

	Carrying amount				Fair value	
	Current		Non-current		Total	Level 2
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities		
<i>In thousands of U.S. dollars</i>						
As of December 31, 2023						
Financial assets not measured at fair value						
Cash	41,908	-	-	-	41,908	-
Trade receivables	106,126	-	-	-	106,126	-
Other receivables (*)	603	-	-	-	603	-
Account receivables from related parties	1,305	-	3,862	-	5,167	-
Financial liabilities not measured at fair value						
Trade payables	-	(51,952)	-	-	(51,952)	-
Other payables (*)	-	(12,061)	-	-	(12,061)	-
Debentures	-	-	-	(993,698)	(993,698)	(977,239)
Lease liabilities from financial contracts	-	(34,308)	-	(82,590)	(116,898)	(107,429)
Lease liabilities from operating contracts	-	(1,250)	-	(5,397)	(6,647)	-
	149,942	(99,571)	3,862	(1,081,685)	(1,027,452)	(1,084,668)

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

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 September 30, 2024, and December 31, 2023:

Financial instruments not measured at fair value

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

17. Related Party Transactions

A. Parent companies and ultimate parent Company

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

B. Transactions with key management

i. Loans to directors

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

ii. Key management compensation

<i>In thousands of U.S. dollars</i>	Transaction value		Outstanding balances	
	September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Short-term employee benefits	1,296	1,053	-	-
Defined contribution plan	71	74	4	5

iii. Transactions with key management personnel

During the nine-month period ended September 30, 2024, and 2023 there were no transactions between the Company and key management other than those above in (ii).

C. Other related entities transactions

The Company signed Management Services Agreements and Operation and Maintenance Agreements (O&M) with its related companies. The agreements are related to the services that the Company provides for managing those companies' operations.

<i>In thousands of U.S. dollars</i>	Transaction type	Transaction value		Outstanding balances	
		September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Orazul Energy Peru S.A.	Management service and O&M and Others	6,163	5,382	-	843
Kondu S.A.C.	Management service and O&M	573	304	210	462
Aguaytia Energy del Perú S.R.L. (*)	Management service and O&M and others	-	54	-	-
Samay I S.A. (**)	Management service and O&M and others	-	17	-	-
Hidro Chilia S.A.C.	Reimbursement of expenses	-	-	3,863	3,862
		6,736	5,757	4,073	5,167

Kallpa Generación S.A.

Notes to the Unaudited Condensed Interim Financial Statements

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

		Transaction value		Outstanding balances	
<i>In thousands of U.S. Dollars</i>	Transaction type	September 30, 2024	September 30, 2023	September 30, 2024	December 31, 2023
Sales					
Orazul Energy Peru S.A.	COES	236	168	5	70
Termoselva S.R.L. (*)	COES	-	14	-	-
Costs					
Orazul Energy Peru S.A.	COES	(1,922)	(2,034)	(61)	(924)
Kondu S.A.C.	Other services	(826)	(743)	60	(68)
Kondu S.A.C.	COES	(1)	-	-	-
Samay I S.A. (**)	COES	-	(1,246)	-	-
Samay I S.A. (**)	Capacity purchase	-	(189)	-	-
Termoselva S.R.L. (*)	COES	-	(156)	-	-
		(2,513)	(4,186)	4	(922)

(*) On March 6, 2023, our indirect parent companies completed the sale of their interests in Aguaytia Energy del Perú S.R.L. and Termoselva SRL. As such, Aguaytia Energy del Perú S.R.L. and Termoselva SRL are no longer affiliates of Kallpa.

(**) On February 3, 2023, our indirect parent companies completed the sale of 74.9% of their interest in Samay I S.A. On May 26, 2023, our indirect parent companies completed the sale of the remaining 25.1% interest in Samay I S.A. As such, Samay I S.A. is no longer an affiliate of Kallpa.

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

18. Contingencies

As of September 30, 2024, the main changes in contingencies since the most recent annual financial statements are as follows:

Import Tax Assessments

Further to that stated in Note 26 of the Company's annual audited financial statements, Kallpa had the following updates in Kallpa I, Kallpa II, and Kallpa IV cases.

Kallpa II and Kallpa III – Engineering

On September 9, 2024, the Supreme Court issued Resolution S/N, informing about the Court Order from the Andean Community Justice Court. The Court Order requested consideration of the pre-judicial interpretation related to the Kallpa I case.

On October 17, 2024, Kallpa's additional defense arguments were presented before the Supreme Judicial Court to request the demand to be declared founded. A hearing took place on October 23, 2024. Meanwhile, the appeal is pending to be solved.

Kallpa II - Statute Barred – Constitutional Protective Action

On August 8, 2024, Kallpa was notified with the Judicial Resolution N° 4, which declares the Amparo inadmissible. Kallpa filed its appeal on August 13, 2024, before the Superior Court of Justice and it was admitted on September 09, 2024, with Judicial Resolution N° 5. It is pending to be elevated to the Supreme Court.

As of September 30, 2024, the total Import Tax Assessment to be recovered by Kallpa is as follows:

			Amount	Amount
	Stage	Nota	(In thousands of S/)	(In thousands of US\$)
Kallpa IV – Engineering (*)	Superior Court		42,928	11,593
Subtotal		5	42,928	11,593
Kallpa IV – DSU (*)	Superior Court		907	274
			43,835	11,867

(*) There is formally no tax exposure since all taxes were paid.

19. Subsequent Events

On October 16, 2024, the US\$ 18,000 one-year-term loan at 4.95% was fully repaid with a new one-year-term loan with Banco de Crédito del Perú amounting to US\$ 22,000 thousand at 4.79% for the construction of the Sunny solar power plant (note 11(c)).

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

U.S.\$500,000,000



5.875% Senior Notes due 2032

OFFERING MEMORANDUM
January 27, 2025

Joint Book-Running Managers

Deutsche Bank Securities

J.P. Morgan

Santander
