



UEP Penonomé II, S.A.
and Tecnisol Group

Q1-2025

**MANAGEMENT
DISCUSSION
AND ANALYSIS**
FOR THE PERIOD ENDED
MARCH 31, 2025,
COMPARED TO THE PERIOD
ENDED MARCH 31, 2024



The present report is presented in compliance with the indenture dated December 9, 2020 entered into UEP PENONOME II, S.A. as issuer; each guarantor from time-to-time party hereto, and CITIBANK, N.A., as indenture trustee, registrar, paying agent and transfer agent.

Under Section 5.04, the Issuer and the Guarantors shall provide within 60 days of the end of the first three Fiscal Quarters of each Fiscal Year of the Issuer unaudited consolidated quarterly financial statements of the Issuer and the Guarantors (including a balance sheet, statement of comprehensive income and cash flow statement). The quarterly financial statements will be accompanied by a brief narrative overview of the results of operations and financial condition of the Issuer and the Guarantors.

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UEPII: THE ISSUER

I. OPERATIONAL HIGHLIGHTS

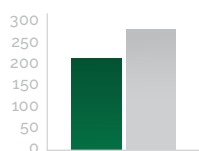
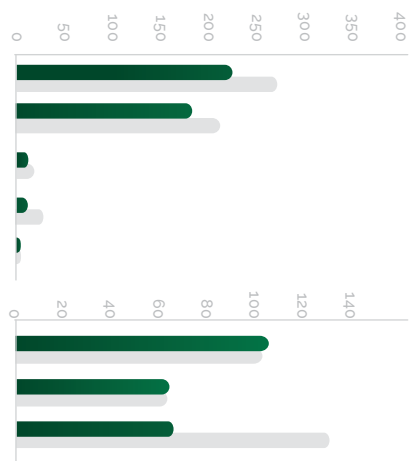
OPERATIONAL DATA

ENERGY BALANCE (MWh)

	2025	2024
Energy Sales	220.0	260.7
Sales through PPA - Discos	187.7	208.1
Sales through PPA - Tecnisol	14.8	17.3
Sales through Spot	12.2	30.2
Compensation	5.2	5.1

PRICES (US\$/MWh)

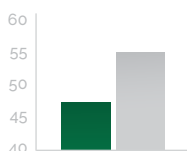
Discos PPA avg sales price	107.3	105.6
Tecnisol PPA avg sales price	65.3	65.3
Average Spot Sales price	66.9	127.7



Generation (GWh)

2025: 218.8

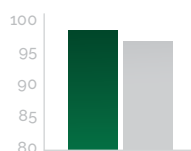
2024: 259.5



Plant Factor (%)

2025: 47.1%

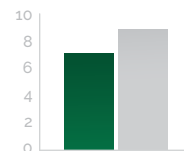
2024: 55.3%



Operational availability (%)

2025: 98.4%

2024: 96.7%



Wind resource (m/s)

2025: 7.25

2024: 9.35



II. MANAGEMENT DISCUSSION AND ANALYSIS OF MAIN VARIANCES

GENERATION

The energy produced by the UEP II Wind Project depends heavily on wind conditions, which are variable and difficult to predict. Historically, the months from January to March are registered as high wind season. During the first quarter of 2025, the project's production was 218.8 GWh, 15.7% below the 259.5 GWh generated during the same period in 2024.

ANALYSIS OF THE WIND RESOURCE

In the first quarter of 2025, the average wind speed was 7.2 m/s, which is 22.5% lower than the previous year.

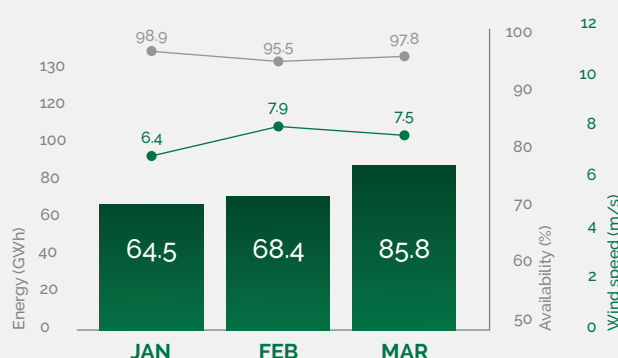
The low resource availability is explained by the onset of the La Niña phenomenon, which is expected to persist until April (with a 59% probability). A transition to ENSO-neutral conditions is favored during the Northern Hemisphere summer, with a greater than 50% chance of continuing through the August–October 2025 period.

OPERATIONS AND AVAILABILITY

The Operational Availability for the period ending March 31, 2025, was 98.4%, above the 96.7% availability of the same period in 2024.

Goldwind availability is being discussed. The reports from January to March are currently under revision.

GENERATION, WIND SPEED AND AVAILABILITY Q1 2025



III. INCOME STATEMENT

	2025	2024
Energy revenues	22,460	27,475
Costs of goods and services	(5,734)	(6,573)
Gross profit	16,726	20,902
Administrative expenses	(808)	(948)
Operating profit	15,918	19,954
Finance Cost, net	(3,617)	(3,821)
Other income	6	-
Profit before income tax	12,307	16,133
Income tax	(2,094)	(1,363)
Net income	10,214	14,770

(Thousands of US\$)

REVENUES

The Issuer's energy revenues for the period ended March 31, 2025, were US\$22.460 million, a decrease of US\$5.015 million, or 18%, compared to the Issuer's energy revenues of US\$27.475 million for the same period in 2024. This variation was primarily attributable to 15.7% reduction in generation, equivalent to 40.78 GWh, resulting from a decrease in wind resource availability compared to the same period in 2024.

COSTS OF GOODS AND SERVICES

The Issuer's costs of goods and services for the period ended March 31, 2025, were US\$ 5.734 million, a decrease of US\$839 thousand, or 13%, as compared to the Issuer's costs of goods and services of US\$6.573 million for the period ended March 31, 2024. This decrease was primarily attributable to:

- US\$634 thousand lower transmission costs due to changes in the tariff regulations.
- US\$144 thousand lower repairs and maintenance expenses.
- US\$52 thousand lower energy purchases to fulfill the short term PPA.
- US\$22 thousand lower internal consumption.

Partially offset by:

- US\$7 thousand higher salaries and other benefits to employees.

ADMINISTRATIVE EXPENSES

The Issuer's administrative expenses for the period ended March 31, 2025, were US\$808 thousand, a decrease of US\$140 thousand, or 15%, as compared to the Issuer's administrative expenses of US\$948 thousand for the period ended March 31, 2024. This decrease was primarily attributable to:

- US\$133 thousand lower wake effect compensation expenses due to the variations in the spot prices.
- US\$31 thousand lower regulator fees.

Partially offset by:

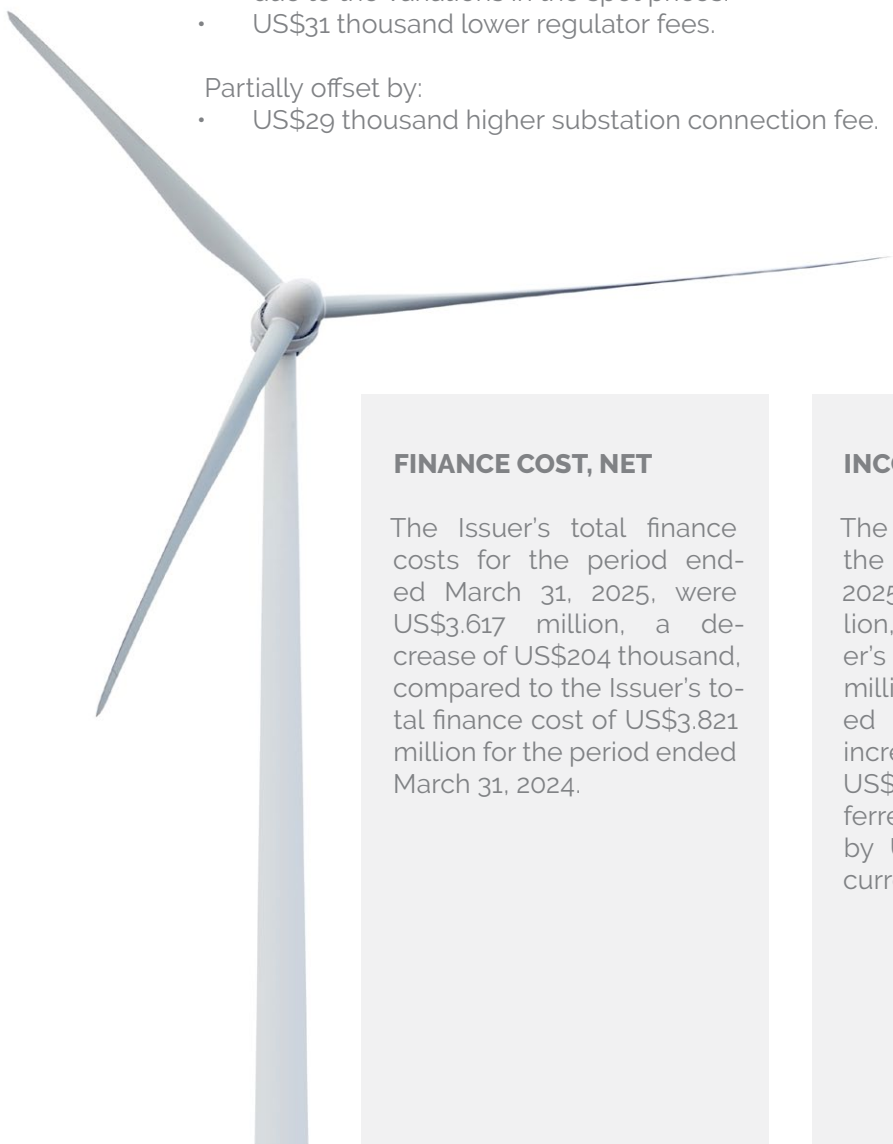
- US\$29 thousand higher substation connection fee.

FINANCE COST, NET

The Issuer's total finance costs for the period ended March 31, 2025, were US\$3.617 million, a decrease of US\$204 thousand, compared to the Issuer's total finance cost of US\$3.821 million for the period ended March 31, 2024.

INCOME TAX

The Issuer's income tax for the period ended March 31, 2025, was US\$2.094 million, compared to the Issuer's income tax of US\$1.363 million for the period ended March 31, 2024. This increase is attributable to US\$2.166 million higher deferred taxes partially offset by US\$1.436 million lower current taxes.



IV. CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

	2025	2024
Net cash provided by operating activities	8,003	11,670
Net cash provided by investing activities	1,103	1,054
Net cash used in financing activities	(12,668)	(27,652)
Net variation in cash and cash equivalents	(3,562)	(14,928)
Cash and cash equivalents at the end of the period	557	2,469

(Thousands of US\$)

LIQUIDITY

OPERATING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Issuer's net cash provided by operating activities was US\$8.003 million and US\$11.670 million. The main driver for this decrease is mainly explained by US\$3.826 million decrease in profit before income tax, US\$791 thousand lower account receivables; partially offset by US\$651 thousand higher account payables and US\$530 thousand higher pre-paid expenses.

INVESTING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Issuer's net cash provided and used in investing activities was US\$1.103 million and US\$1.054 million, respectively. The main variation corresponds to lower PP&E additions compared to the same period in 2024.

FINANCING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Issuer's net cash used in financing activities was US\$12.668 million and US\$27.652 million, respectively. The main variation corresponds to the absence of dividend payments and capital reductions in 2025 compared to the same period in 2024.

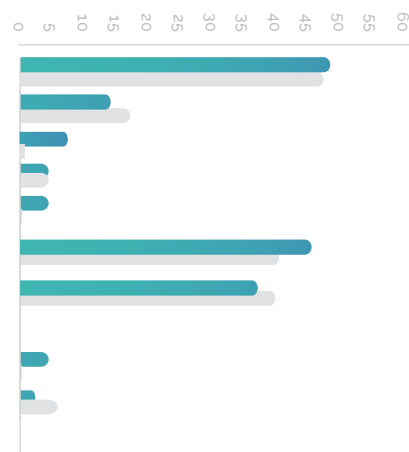
TECNISOL GROUP: THE GUARANTORS

I. OPERATIONAL HIGHLIGHTS

OPERATIONAL DATA

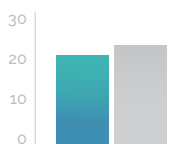
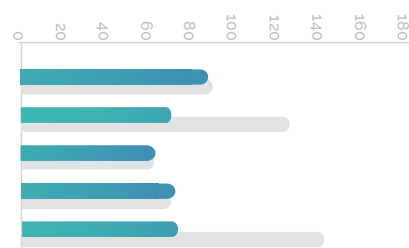
ENERGY BALANCE (GWH)

	2025	2024
Energy sales	48.2	47.5
Energy Purchase - UEPII	14.8	17.3
Energy Purchase - Hydro	7.2	1.4
Energy Purchase - Spot	4.8	4.8
Exports from MER	4.8	-
Sales through PPA	44.6	41.0
Large clients	38.7	41.0
DISCOS	1.1	-
MER	4.8	-
Sales through Spot	2.5	5.6
Compensation	1.2	0.9



PRICES (US\$/MWh)

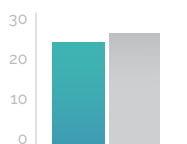
PPA avg sales price	86.4	87.0
Avg Spot Sales price	68.2	125.7
Avg Purchase price - UEPII	65.3	65.3
Avg Purchase price - Hydro	71.9	70.0
Avg Purchase price - Spot	76.8	141.6



Generation (GWh)

2025: 21.4

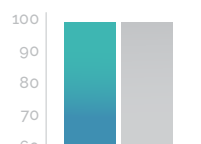
2024: 24.0



Plant Factor (%)

2025: 24.8%

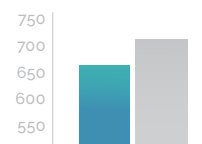
2024: 27.5%



Operational availability (%)

2025: 99.9%

2024: 99.7%



Solar resource (kWh/m2)

2025: 658

2024: 717

II. MANAGEMENT DISCUSSION AND ANALYSIS OF MAIN VARIANCES

GENERATION

The energy produced by Tecnisol Solar Project is directly influenced by the level of solar irradiation received by the asset. In the first quarter of 2025, the project generated a total of 21.4 GWh, marking a 10.8% decrease compared to the 24.0 GWh produced during the same period in 2024.

This reduction is primarily attributed to lower-than-expected solar irradiation levels during the reporting period, which directly impacted the project's generation capacity. The solar irradiation during this period has been 658.1 kWh/m2, 8.2% below the irradiation registered in the first quarter of 2024.

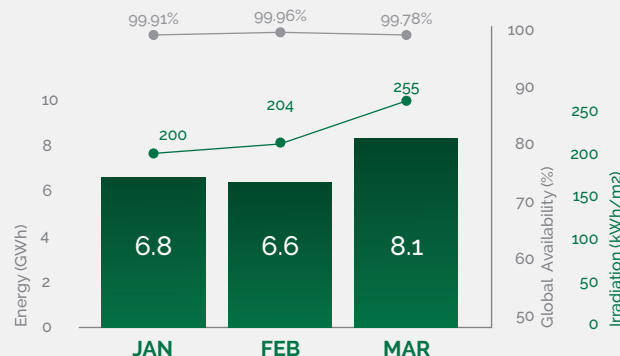
OPERATIONS AND AVAILABILITY

The operational performance of the Tecnisol Solar Project is evaluated based on the combined availability of the inverters and the overall plant availability. This includes potential disruptions caused by grid-related issues, environmental conditions, and other external factors that may impact plant operations.

During the first quarter of 2025, the total combined availability was recorded at 99.9%. Inverter availability reached 99.9%, and the availability considering external and operational factors was also 99.9%. No major faults or significant operational incidents were reported during this period. In comparison, the availability recorded in the first quarter of 2024 was 99.7%, reflecting an improvement of 0.2% this year.

The average Performance Ratio (PR) for the first quarter of 2025 was 80.1%, exceeding the guaranteed budgets. However, this represents a 4.1% decrease compared to the 84.2% recorded during the same period in 2024.

GENERATION, IRRADIATION AND AVAILABILITY Q1 2025



III. INCOME STATEMENT

	2025	2024
Energy revenue	4,134	4,361
Costs of goods and services	(2,943)	(2,967)
Gross profit	1,191	1,394
Administrative expenses	(280)	(304)
Operating profit	911	1,090
Finance costs	(346)	(361)
Other income	0	-
Profit before income tax	565	729
Income tax	(139)	(191)
Net income	425	538

ENERGY REVENUES

The Guarantors' combined energy revenues for the period ended March 31, 2025 were US\$4.134 million, a decrease of US\$227 thousand, or 5%, compared to the Guarantors' combined energy revenues of US\$4.361 million for the period ended March 31, 2024. This decrease was primarily driven by lower spot market sales, resulting from a 3.1 GWh reduction in energy sold and a decrease in average prices of US\$57.5/MWh.



COSTS OF GOODS AND SERVICES

The Guarantors' combined cost of goods and services for the period ended March 31, 2025, were US\$2.943 million, a decrease of US\$24 thousand, compared to the Guarantors' combined cost of goods and services of US\$2.967 million for the period ended March 31, 2024. This decrease is primarily attributable to:

- US\$263 thousand lower energy purchase from spot market.
- US\$24 thousand lower transmission costs.
- Partially offset by:
- US\$251 thousand higher energy purchase from reserve contracts.
- US\$5 thousand higher salaries and other benefits to employees (O&M).

ADMINISTRATIVE EXPENSES

The Guarantors' combined administrative expenses for the period ended March 31, 2025 were US\$280 thousand, a decrease of US\$24 thousand, compared to the Guarantors' combined administrative expenses of US\$304 thousand for the period ended March 31, 2024. This decrease is primarily attributable to insurance expenses.

FINANCE COST

The Guarantors' combined finance cost for the period ended March 31, 2025 was US\$346 thousand, a decrease of US\$14 thousand, compared to the Guarantors' combined finance cost of US\$361 thousand for the period ended March 31, 2024.

INCOME TAX

The Guarantors' combined income tax for the period ended March 31, 2025 was US\$139 thousand, a decrease of US\$52 thousand, compared to the Guarantors' combined finance cost of US\$191 thousand for the period ended March 31, 2024.

IV. CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES

	2025	2024
Net cash provided by operating activities	1,564	2,077
Net cash used in investing activities	(193)	-
Net cash used in financing activities	(1,135)	(1,130)
Net increase in cash and cash equivalents	236	947
Cash and cash equivalents at end of the period	3,906	2,846

(Thousands of US\$)

LIQUIDITY

OPERATING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Guarantors' combined net cash provided by operating activities was US\$1.564 million and US\$2.077 million, respectively. The negative variance refers to US\$165 thousand lower income before tax, US\$160 thousand lower account payables, US\$54 thousand lower prepaid expenses and US\$42 lower income tax paid partially offset by US\$172 thousand higher trade and other receivables.

INVESTING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Issuer's net cash used in investing activities was US\$193 thousand and US\$0 thousand, respectively. The main variation corresponds to higher PP&E additions related to warranty trackers extension.

FINANCING ACTIVITIES

For each of the three months ended March 31, 2025 and 2024, the Guarantors' combined net cash flows used in financing activities was US\$1.135 million and US\$1.130 million, respectively. There was no material deviation.



THE ISSUER'S UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
MARCH 31, 2024

	As of March 31, 2025	As of December 31, 2024	(Thousands of US\$)
INCOME STATEMENT			
Current assets			
Cash and cash equivalents	557	4,119	
Trade and other receivables	16,032	3,905	
Related party debt receivable	1,271	1,240	
Prepaid expenses	2,066	1,963	
Inventory	69	72	
Total current assets	19,995	11,298	
Non-current assets			
Plant and equipment, net	176,812	180,311	
Goodwill	20,000	20,000	
Related party debt receivable	17,600	18,105	
Intangible assets, net	95	96	
Seniority premium	23	22	
Total non-current assets	214,530	218,535	
Total assets	234,525	229,833	
Liabilities and Equity			
Current liabilities			
Bonds payable	14,349	17,584	
Trade and other payables	2,713	1,420	
Income tax payables	912	-	
Lease liabilities	205	271	
Total current liabilities	18,180	19,275	
Non-current liabilities			
Lease liabilities	7,539	7,539	
Deferred income tax	3,289	2,107	
Provisions	410	402	
Bonds payable	192,675	198,290	
Total non-current liabilities	203,913	208,338	
Total liabilities	222,092	227,614	
Equity			
Common shares with US\$1.00 par value each; authorized and issued: 1,050 shares	1.05	1.05	
Capital contribution	48,519	48,519	
Accumulated deficit	(35,953)	(46,167)	
Prepaid dividend tax	(134)	(134)	
Total equity	12,433	2,219	
Total liabilities and equity	234,525	229,833	

THE ISSUER'S INCOME STATEMENT

	As of March 31, 2025	As of March 31, 2024	(Thousands of US\$)
Energy revenues	22,460	27,475	
Costs of goods and services	(5,734)	(6,573)	
Gross profit	16,726	20,902	
Administrative expenses	(808)	(948)	
Operating profit	15,918	19,954	
Finance Cost, net	(3,617)	(3,821)	
Other income	6	-	
Profit before income tax	12,307	16,133	
Income tax	(2,094)	(1,363)	
Net income	10,214	14,770	

THE ISSUER'S CASH FLOW

	As of March 31, 2025	As of March 31, 2024	(Thousands of US\$)
Cash flows from operating activities			
Profit before income tax	12,307	16,133	
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Depreciation and amortization	3,500	3,494	
Finance cost amortization	96	124	
Interest on bond, swaps and lease liabilities	3,656	3,888	
Interest income	(311)	(331)	
Net changes in assets and liabilities:			
Trade and other receivables	(12,445)	(11,654)	
Trade and other payables	1,301	649	
Prepaid expenses	(104)	(633)	
Inventory	3	-	
Net cash provided by operating activities	8,003	11,670	
Cash flows from investing activities			
Additions of plant and equipment	-	(23)	
Additions of intangible assets	-	(23)	
Loan receivable Intercompany collection	475	434	
Interest received - Intercompany	629	666	
Net cash provided by investing activities	1,103	1,054	
Cash flows from financing activities			
Payment of issued bonds	(5,358)	(4,900)	
Interest paid	(7,244)	(7,666)	
Dividends paid	-	(7,575)	
Capital reduction	-	(7,455)	
Principal lease payments	(66)	(56)	
Net cash used in financing activities	(12,668)	(27,652)	
Net variation in cash and cash equivalents	(3,562)	(14,928)	
Cash and cash equivalents at the beginning of year	4,119	17,397	
Cash and cash equivalents at the end of the period	557	2,469	

THE GUARANTOR'S COMBINED UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2025

	As of March 31, 2025	As of December 31, 2024	(Thousands of US\$)
THE GUARANTOR'S COMBINED BALANCE SHEET			
Current assets			
Cash and cash equivalents	3,906	3,670	
Trade and other receivables	1,933	1,626	
Prepaid expenses and other assets	562	819	
Inventory	65	66	
Total current assets	6,467	6,180	
Non-current assets			
Plant and equipment, net	26,956	27,535	
Intangible assets, net	194	196	
Other receivable	83	77	
Pension Plan	38	38	
Deferred income tax	10	9	
Total non-current assets	27,280	27,855	
Total assets	33,747	34,035	
Liabilities and Equity			
Current liabilities			
Lease liabilities	31	41	
Current portion of related loan	1,271	1,557	
Tax liabilities	-	-	
Trade and other payables	2,109	2,027	
Total current liabilities	3,411	3,625	
Non-current liabilities			
Lease liabilities	1,089	1,089	
Provisions	361	355	
Long-term of related loan	17,600	18,105	
Total non-current liabilities	19,050	19,549	
Total liabilities	22,461	23,175	
Equity			
Parent company investment	40	40	
Capital Contribution	12,212	12,212	
Accumulated deficit	(779)	(1,205)	
Prepaid dividend tax	(187)	(187)	
Total equity	11,286	10,861	
Total liabilities and equity	33,747	34,035	

**THE GUARANTOR'S COMBINED
INCOME STATEMENT**

	As of March 31, 2025	As of March 31, 2024	(Thousands of US\$)
Energy revenue	4,134	4,361	
Costs of goods and services	(2,943)	(2,967)	
Gross profit	1,191	1,394	
Administrative expenses	(280)	(304)	
Operating profit	911	1,090	
Finance costs	(346)	(361)	
Other income	0	-	
Profit before income tax	565	729	
Income tax	(139)	(191)	
Net income	425	538	

**THE GUARANTOR'S COMBINED
CASH FLOW**

	As of March 31, 2025	As of March 31, 2024	(Thousands of US\$)
Cash flows from operating activities			
Income before income tax	565	729	
Adjustments to reconcile income before income tax to net cash provided by operating activities:			
Depreciation and amortization	774	740	
Interest on related party loan and lease liabilities, net	332	353	
Provisions	7	6	
Changes in assets and liabilities:			
Trade and other receivables	(307)	(135)	
Trade and other payables	(63)	97	
Prepaid expenses and other assets	256	311	
Inventory	0	18	
Income tax paid	-	(42)	
Net cash provided by operating activities	1,564	2,077	
Cash flows from investing activities			
Additions of plant and equipment	(193)	-	
Net cash used in investing activities	(193)	-	
Cash flows from financing activities			
Payment of loan payable - Intercompany	(475)	(434)	
Interest paid - Intercompany	(629)	(666)	
Principal lease payments	(10)	(9)	
Interest paid lease	(21)	(22)	
Net cash used in financing activities	(1,135)	(1,130)	
Net increase in cash and cash equivalents	236	947	
Cash and cash equivalents at the beginning of the year	3,670	1,899	
Cash and cash equivalents at end of the period	3,906	2,846	



**UEP Penonomé II, S.A.
and Tecnisol Group**

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