



aes Andes

3Q - 2023 Earnings Report



November 2, 2023

AES ANDES THIRD QUARTER OF 2023 RESULTS

AES Andes S.A. (hereinafter referred to as AES Andes, or the Company) recorded EBITDA of US\$259 million in the third quarter of 2023, up 37% from the US\$189 million achieved in the same period of 2022 primarily due to higher gross profit in Colombia and Chile, partly offset by lower gross profit in Argentina.

- EBITDA in the Chilean market reached US\$105 million, a 3% decrease from the third quarter of 2022. The main driver was lower regulated sales volumes in the third quarter of 2023 compared to the same quarter of 2022, in addition to lower contract prices, partly offset by an increase in unregulated sales volumes and lower energy purchases costs in the spot market.
- EBITDA in Colombia reached US\$144 million in the third quarter of 2023, a US\$77 million increase compared to the same period of 2022. The main driver for this increase is higher sales volumes to the spot market at higher prices, in addition to the impact of the appreciation of the Colombian peso, partly offset by lower margin from contracted sales in 2023 as a consequence of higher energy purchases prices to supply contracted demand.
- EBITDA in Argentina reached US\$10 million during the third quarter of 2023, representing a US\$4 million decrease compared to the same quarter in 2022. The main drivers were lower Energía Plus contract prices, lower Energía Base sales due to lower dispatch at Termoandes and higher other costs of sales.

Net Income Attributable to Parent ("Net Income") reached US\$65 million in the third quarter of 2023, which positively compares to the Net Income of US\$63 million in the third quarter of 2022. The main drivers for this increase relates to the growth in EBITDA and the elimination of the Result by readjustment units as a result of the change in the functional currency in Argentina from Argentine pesos to US dollars in July 2023. These positive variations were partly offset by a negative effect in foreign currency exchange differences and higher income taxes.

CONSOLIDATED FINANCIAL SUMMARY

Numbers presented in the text of the report have been rounded to millions; therefore, differences may arise with the financial statements.

Financial Summary (ThUS\$)	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Revenue	2,130,512	1,886,233	244,279	13 %	752,015	669,255	82,760	12 %
Gross Profit	475,209	492,537	(17,328)	(4)%	241,217	162,989	78,228	48 %
EBITDA*	542,431	579,681	(37,250)	(6)%	259,414	189,324	70,090	37 %
Net Income (attributable to AES Andes)	(134,903)	180,312	(315,215)	---	64,883	63,311	1,572	2 %
Net Cash from Operations	724,824	123,818	601,006	485 %	437,261	20,630	416,631	(41)%
Earnings per Share	(0.013)	0.017	(0.030)	---	0.006	0.006	—	(41)%

(*) EBITDA is calculated as the sum of gross profit plus administrative expenses, depreciation, and other minor adjustments.

2023 HIGHLIGHTS AND RECENT EVENTS

Greentegra Strategy Execution

AES Andes continues to expand its portfolio, incorporating renewable energy and energy storage, leveraging on its long-term relationship with customers in the markets in which it operates.

Innovative Solutions

Since the launch of its Greentegra Strategy, the Company has executed renewable Power Purchase Agreements (PPAs) totaling more than 14.6 TWh/y in Chile and Colombia, providing its customers with innovative and competitive solutions to satisfy their energy needs, contributing to their sustainability goals.

AES Andes offers flexibility to its customers through various energy solutions supporting their transition to a sustainable supply.

a. New renewable energy PPAs

Codelco (Chile):

AES Andes and Codelco signed an agreement that will replace the current supply based on coal delivered to the mining company with renewable energy. This milestone is a new step for AES Andes in the materialization of its Greentegra transformational strategy and an important advance in the sustainability processes of one of the world's leading mining companies. The agreement contemplates supplying the electricity demand of Radomiro Tomic and Ministro Hales, Codelco's operations in the Antofagasta Region. These two mines currently produce around a third of the state-owned company's annual copper production, which thanks to this agreement will be produced with 100% emission-free electricity.

Under the agreement, AES Andes will supply up to 1.6 TWh/year of renewable energy between 2026 and 2040.

Microsoft (Chile):

AES Andes S.A. entered into an Power Purchase Agreement (PPA) with Microsoft Chile to supply renewable energy to the technology company in Chile for 15 years. The 300 GWh/y PPA will allow Microsoft to reduce its carbon footprint in line with its proposed goals so that by 2025, 100% of its data centers' energy supply will be based on renewable generation and by 2030 be carbon negative.

Teck - Quebrada Blanca (Chile):

AES Andes entered into a clean energy supply contract with Teck Resources' Chilean subsidiary for a 17-year term beginning in January 2025 for the Quebrada Blanca Phase 2 copper project in the northern Tarapacá Region.

AES Andes will provide 1,069 GWh/y from renewable sources, including wind, solar, hydroelectric and battery storage systems so that the mining company can have a decarbonized supply as of 2025.

Google (Chile):

Aiming to move towards a sustainable future, AES Andes signed an agreement with Google to expand its current 100% renewable energy supply in Chile. Under the new agreement AES Andes will provide up to 280 GWh/y for 15

years starting in January 2024, requires 94 MW of renewable generation and 17 MW of batteries with a 5-hour storage capacity.

b. Green Hydrogen:

Chile has natural, economic and infrastructure conditions, that place it in an excellent position to become a world leader in the production and export of green hydrogen (GH2), an emission-free fuel that will play a fundamental role in the implementation of the nation's net zero carbon emission plan.

In this context, AES Andes signed a memorandum of understanding with a major international hydrogen producer to conduct a feasibility study to execute a large green hydrogen-based ammonia production project in the country. This document was signed in February 2021 and the project in question has the potential to require more than 800 MW of new renewable energy supply. In parallel, AES is working on the measurement of baselines and technical and environmental studies for the realization of this project, as well as reviewing the financial, legal and corporate structure options to carry out this process.

Angamos Green Hydrogen Project (Adelaida)

In June 2022, AES Andes announced a green hydrogen initiative that constitutes its first project with this energy vector, called "fuel of the future". Empresa Eléctrica Angamos, a subsidiary of AES Andes, seeks to promote the "Adelaida project", which consists of the production, storage, refueling station and distribution of green hydrogen. This initiative will be built on the grounds of the Angamos Thermoelectric Power Plant, located in Mejillones, in the Antofagasta Region of Chile. Adelaida will produce GH2 by electrolysis with the desalinated water Angamos already produces and renewable energy. Construction of the project is expected to begin in late 2023, and the plant is expected to start operations in 2024.

Adelaida involves the construction and operation of a green hydrogen production plant (GH2) located adjacent to the Angamos plant and will have a production capacity of 1,000 kg/day of green hydrogen, equivalent to 2.5 MW of power. It also includes two GH2 refueling stations for vehicles that use hydrogen as fuel, especially for the mining, port and other industries.

In practical terms, the project seeks to facilitate the conditions to scale up the use of hydrogen in the future through a refueling station that will make sustainable mobility viable in the region and promote the change of fuels in the transportation sector towards 100% renewable and emission-free solutions.

On October 26, 2022 AES Andes announced the launch of the first Green Hydrogen Open Season in Chile after receiving environmental approval for Adelaida. The process seeks to activate the market and trigger a specific demand from companies in the Antofagasta Region interested in using green hydrogen to make their operations more sustainable. In May 2023, the open season process was completed, in which market information and important learning for the industry and the project was obtained. During the second half of 2023, the best alternative will be studied, based on the information obtained in the open season process, in order to move forward with the project.

c. Maverick

The AES Corporation chose AES Andes to test a new and innovative technology known as "Maverick", which will revolutionize the way photovoltaic parks are built worldwide. The 10 MW pilot project was developed at the Andes Solar II subsidiary, as part of the Andes Solar IIB project, which came into operation on July 17, 2023.

This technology was developed by the Australian company 5B and allows the construction of photovoltaic parks in small spaces, significantly reducing installation time. This technology will provide the Company with a new competitive advantage to offer renewable and competitive energy solutions to its customers.

d. Battery Energy Storage Systems

The Company seeks to strengthen the energy generation process with the use of batteries, with a 24/7 supply and supporting the entry of renewable capacity into the electrical system.

The award-winning Virtual Reservoir project, which consists of the installation of a battery system for energy storage in run-of-river hydroelectric power plants, received began commercial operations during the third quarter of 2020. This battery system is located at the Alfalfal I hydro power plant in the municipality of San José de Maipo in the Metropolitan Region. The Virtual Reservoir complements Alfalfal I's current capacity of 178 MW with 10 MW of storage. This innovation strengthens the national electricity system by allowing the storage of energy to supply it at times of peak demand and expand the penetration of renewable energy. The Company is building the second phase of 40 MW with 5-hour storage capacity in the Virtual Reservoir system at the Alfalfal I hydroelectric plant.

Also, on July 17, 2023, the National Electric Coordinator authorized the entry into operation of the photovoltaic solar park "Andes Solar IIb" with a capacity of 180 MW and a storage system of 112 MW for 5 hours.

Additionally, the Company is building the Andes Solar IV project, which will have a capacity of 238 MW and will have lithium battery storage systems with a capacity of 147 MW for 5 hours.

Capital Structure and Financing

Through different initiatives, the Company has secured the funds to carry out its transformation process. These funds have been entirely dedicated to strengthening its capital structure, prepaying debt, and accelerating the renewable growth plan under execution.

a. Incorporation of Global Infrastructure Partners (GIP) as strategic partner

Global Infrastructure Partners (GIP) was incorporated on July 15, 2021 as a partner of the company in its renewable growth in Chile. AES Andes owns 51% and GIP 49% of the shares of Chile Renovables SpA, an entity that has acquired and will acquire the total shares of the companies that own renewable projects for a total of 733 MW as they come into operation and the other conditions agreed between the parties are met. As a result of this transaction and including all the projects involved in the agreement, AES Andes expects to receive funds of approximately US\$441 million.

As of September 30, 2023 Chile Renovables SpA has acquired the Los Cururos, Andes Solar IIa, Los Olmos and Campo Lindo projects while the Andes Solar IIb and Mesamávida and projects remain to be acquired.

To date, AES Andes has received US\$220 million from the sale of its interests in the projects acquired by Chile Renovables SpA.

b. Account Receivables related to Law number 21,185, Mechanism for Stabilizing Electric Power Prices

On January 20, 2021 and January 27, 2021, the Company reached an agreement with Goldman Sachs & Co. LLC and Goldman Sachs Lending Partners LLC for a committed amount of up to US\$ 90.11 million, and with the Inter-American Investment Corporation ("IDB Invest") for a committed amount of up to US\$ 44.08 million, respectively, pursuant to which, subject to certain conditions, the Company will sell to Chile Electricity PEC SpA ("Chile PEC"), who undertakes to buy accounts receivable against various electric power distribution companies, in accordance with the provisions of Law number 21,185, which "Creates a Transitory Mechanism for Stabilizing Electric Power Prices for Clients Subject to Regulation of Rates", and Exempt Resolution number 72, of the National Energy Commission (together the

Stabilization Mechanism"). On June 21, 2021, AES Andes reached an agreement with AllianzGI Noteholder, pursuant to which, under certain conditions, the later undertakes to finance the purchase of account receivables for a committed amount of up to US\$ 32.44 million.

As of September 30, 2023 AES Andes received the proceeds from the sale of accounts receivable from the application of the Electricity Tariff Stabilization Law for a nominal amount of US\$159 million.

As of September 30, 2023 AES Andes records accounts receivable related to the application of said Law for approximately US\$ 7 million.

c. Credit sale agreements associated with Law No. 21,472 creating a Transitory Customer Protection Mechanism (MPC)

On August 14, 2023, AES Andes entered into a Purchase Facility Agreement with IDB Invest pursuant to which, subject to certain conditions, IDB Invest agrees to purchase and AES Andes agrees to sell certain eligible payment documents issued in favor of the Company under Law 21. 472 which "Creates an Electric Tariff Stabilization Fund and establishes a Transitory Mechanism for Customer Protection (MPC)", and Exempt Resolution No. 334, of the National Energy Commission (collectively the "Stabilization Mechanism"), for an amount of up to US\$1.8 billion.

On August 30, 2023, AES Andes, under the agreement reached with ICC, received the funds for the first sale of PDD from the application of the price stabilization mechanism pursuant to Law No. 21,472 in the amount of US\$121 million. On the same date, AES Andes received from the General Treasury of the Republic ("TGR") the payment of interest corresponding to the aforementioned PDD, in the amount of US\$5 million.

On October 30, 2023, AES Andes received the funds for the second sale of PDD from the application of the price stabilization mechanism according to Law No. 21,472 in the amount of US\$5 million.

d. Bond prepayment at AES Andes and subsidiary Angamos

- AES Andes: Prepayment of 450 Junior Notes and 550 Junior Notes

During 2022, AES Andes made prepayments of the US\$450 million Junior Notes and the US\$550 million Junior Notes, both due in 2079, for a nominal amount of US\$122 million and US\$34 million, respectively.

No prepayments were made during 2023.

- Angamos: Bond and loan prepayments

Angamos made prepayments of the 144/A Bond during 2022 for a total amount of US\$16 million. The balance of this debt as of September 30, 2023 is US\$ 38 million.

No prepayments were made during 2023.

Renewable Growth

One of the ultimate objectives of AES Andes is to reduce the carbon intensity of its portfolio which is supported by its renewable pipeline of projects. The Company continues to make progress in its plan to integrate 4.2 GW of new renewable capacity between 2019 and 2027, and expects emissions free capacity to represent 90% of its portfolio in 2027.

a. Start of Operation of new renewable assets

Energía Eólica Los Olmos SpA (Chile)

After completing construction in December 2021, on January 19, 2022, the National Electric Coordinator (CEN) authorized the start of commercial operations of the 110MW "Los Olmos" wind farm.

Central Hidroeléctrica Alto Maipo SpA (Chile)

After completing construction in December 2021, on March 26, 2022, the National Electric Coordinator (CEN) authorized the start of operations of Las Lajas Unit 1 and Unit 2 and Alfalfal 2, Unit 2 and on April 14, 2022 authorized the start of operations of Alfalfal 2, Unit 1, of Alto Maipo, totaling 531 MW of capacity.

Energía Eólica Mesamávida SpA (Chile)

As of July 29, 2022, the National Electric Coordinator (CEN) authorized the start of commercial operations of first stage the "Mesamávida" Wind Farm for 58 MW of power. In addition, on December 21, 2022, the National Electric Coordinator authorized the entry into operation of the second stage of the project, which involves an additional wind turbine, totaling 62 MW of power in commercial operations today. There are still 5 MW of capacity under construction that are expected to begin commercial operations in the next few months.

Energía Eólica Campo Lindo SpA (Chile)

As of 00:00 hours on April 3, 2023, the National Electric Coordinator authorized the start-up of the "Campo Lindo" wind farm, with a capacity of 66 MW.

Acquisition of Bolero SpA (Chile)

On June 9, 2023, AES Andes acquired the photovoltaic solar park "Bolero Solar" with an installed capacity of 146 MW, which is in commercial operation.

Andes Solar IIB (Chile)

As of 00:00 hours on July 17, 2023, the National Electric Coordinator authorized the entry into operation of the photovoltaic solar park "Andes Solar IIB", whose capacity is 180 MW and also has a storage system of 112 MW for 5 hours.

b. Projects under construction

The following tables shows the projects under construction in Chile and Colombia, and their progress as of September 30, 2023


325 MW + 267 MW BESS

Project	location	Technology	Installed Capacity	Progress	Construction Completed
Mesamávida (*)	Los Ángeles	Wind	5 MW	99%	2023
Virtual Reservoir II	Región Metropolitana	BESS	40 MW-5hr	92%	2023
Andes Solar IV	Antofagasta	Solar	238 MW	82%	2024
		BESS	147 MW-5hr		
San Matías	Los Ángeles	Wind	82 MW	71%	2024
Andes IIA BESS	Antofagasta	BESS	80 MW-3hr	11%	2025

(*) 62 MW entered in operation in July and December 2022

c. Projects Under Development

The Company continues to accelerate the development of a significant portion of its renewable projects portfolio of nearly 3.5 GW in Chile. Within this portfolio, the Company has made significant progress in the development of non-conventional renewable energy projects that are already under contract. In the Eighth Region, the Rinconada wind project (258 MW) is being developed and, in northern Chile, projects are being developed that will also have battery systems that will allow the optimization of renewable source generation, including the expansion of the Andes Solar photovoltaic farm (186 MW+ 266 MW-3hr), the Cristales photovoltaic farm project (187 MW solar + 267 MW-3hr) and the Pampas hybrid project (120 MW wind, 160 MW solar + 229 MW-3hr).

AES Andes continues to move forward with the transformation of its operations in Colombia to turn it into a platform for growth. In this regard, in 2019, AES Colombia acquired a portfolio of 1,149 MW in the Alta Guajira region, which has guaranteed transmission capacity for most of its projects that have world-class wind conditions. Two projects in the portfolio, JK1 (231 MW) and JK2 (77 MW), already have supply contracts awarded in the recent renewable energy and reliability charge auctions of the Colombian National Mining and Energy Planning Unit ("UPME").

Decarbonization

AES Andes continues to apply technological innovations to provide the flexibility that the system requires and to advance in the incorporation of renewable energies into the country's energy matrix.

As part of its commitment to the country to reduce carbon emissions, the Company communicated its decision not to build new coal plants and in accordance with its transformational strategy Greentegra, AES Andes and its subsidiaries have committed to date, the cessation of coal operations of its power generation complexes: Ventanas, Angamos, and Norgener in 2025, which represents 1,693 MW of installed capacity.

Through its transformation, by 2027, AES Andes expects to reduce its carbon intensity by 84%. The most relevant milestones that have been carried out as part of this transformation are described below:

a. Shut down of Ventanas Unit 1

On July 22, 2022, AES Andes received authorization from the National Energy Commission (CNE) for the retirement, disconnection and cessation of operations of the generating unit No. 1 of the Ventanas power plant as of June 30, 2022.

b. Shut down of Laguna Verde plant

AES Andes took a new step in its process of accelerating the transition to renewable energy. In line with this effort, the definite disconnection was approved by the National Energy Commission (CNE), on May 31, 2021, for the definitive disconnection of the units - two steam turbines and one gas unit - that conform Laguna Verde Power Plant (58 MW), located in the town of the same name in the region of Valparaíso.

c. Guacolda Sale agreement

On July 14, 2021, approval was obtained from the National Economic Prosecutor's Office and on July 20, 2021, the process of transferring its 50.0000005% interest in the subsidiary Guacolda, owner of a 764 MW coal-fired power plant, was completed for US\$34 million to the new owner.

d. Decarbonization Agreement

On June 4, 2019, the Company and other power generation companies in the Chile reached voluntary agreements for the disconnection and cease of operation of a series of coal-fired generation plants with the Government of Chile. Subsequently, on December 26, 2020, Supreme Decree No. 42 was published, which, among other things, created a new operating status "Strategic Reserve State" (ERE for its acronym in Spanish) that allows withdrawing certain plants from the usual dispatch of energy, being essentially ready to resume their operation under conditions of extreme scarcity in the system with a prior notice of 60 calendar days.

The Ventanas 1 power plant was authorized by the National Electric Coordinator to retire, disconnect and cease operations as of June 30, 2022.

Meanwhile, the Ventanas 2 unit was authorized to enter ERE as long as it adjusts to the entry into service of the second 220/110 kV - 300 MVA transformer of the Agua Santa substation. On August 24, 2023, AES Andes requested the National Energy Commission (CNE) the exemption of the 24-month term to report the early and definitive withdrawal, disconnection and cessation of operations from the National Electric System of the coal-fired generation unit Ventanas 2, effective December 31, 2023. AES Andes also requested that the request to place this unit in the Strategic Reserve Status be annulled, in view of the fact that to date the unit has not been declared in this status, taking into consideration factors beyond AES Andes' control and related to the security of the electricity supply in the Valparaíso Region. On October 12, 2023, the CNE by means of Exempt Resolution No. 482 authorized the disconnection and definitive cessation of operations of the Ventanas 2 unit as from December 31, 2023.

On July 6, 2021, AES Andes signed with the Chilean Ministry of Energy an amendment to the Disconnection and Cease of Operations Agreement signed on June 4, 2019. In light of this amendment, AES Andes has made available Units 3 and 4 of Ventanas Complex and Angamos Units 1 and 2, with installed capacities of 267 MW, 272 MW, 277 MW and 281 MW, respectively and jointly a total of 1,097 MW, to cease its operations based on coal from January 1, 2025, as soon as the safety, sufficiency and competitiveness of the system allows.

On May 25, 2023, in accordance with the provisions of Article 72°-18 of the General Electric Services Law, AES Andes informed the National Energy Commission, the Superintendence of Electricity and Fuels and the National Electric Coordinator, the definitive disconnection from the National Electric System of the coal-fired generation units Norgener 1 and Norgener 2, as of December 31, 2025. These units make up the Norgener Thermoelectric Power Plant with an installed capacity of 276 MW located in the commune of Tocopilla, Antofagasta Region, Chile. As a result of the aforementioned events, AES Andes recorded an impairment loss on Property, Plant and Equipment affecting net income of US\$ 198 million in the second quarter of 2023.

The Company continues to work with the authorities and its customers to establish the future steps in its decarbonization schedule with a view to achieving the strategic emission reduction objectives and the official targets of the energy roadmap.

e. Alba Project (Molten Salts)

On October 17, 2022, AES Andes submitted for environmental processing a worldwide pioneer initiative that seeks an alternative for the conversion of thermoelectric power plants through the use of molten salts.

This "Alba" project explores the possibility of replacing the current coal-fired generation of units 1 and 2 of the Angamos Thermoelectric Power Plant, located in Mejillones, Antofagasta Region, with a molten solar salt system. With this technology, renewable energy is stored as heat to be later used to provide energy and emission-free capacity to the electrical system.

The project aims to use solar salts, which will be heated with electricity from renewable sources. These salts will be directed to the steam generator where they will exchange heat with the water, generating the steam necessary to reach a capacity of approximately 560 MW with both units in operation. The initiative will act as a large renewable energy storage system, allowing to optimize its use by injecting energy at peak times such as at night, which represents an excellent complement to solar and wind generation, plus the opportunity to offer inertia services and provide flexible renewable capacity. Its development is intended to occupy a large part of the infrastructure and the same power line of Angamos, so it does not involve any major modifications or interventions on the land.

Capital reduction

a. Resolutions of the Extraordinary Shareholders' Meeting held on April 28, 2022

At the Extraordinary Shareholders' Meeting held on April 28, 2022, it was resolved to cancel the capital increase agreed at the Extraordinary Shareholders' Meeting held on April 16, 2020, for the part that was not subscribed and paid at that date, thus canceling 3,023,673,115 shares pending issuance. Consequently, the capital stock was reduced to the amount of US\$2,351,635,326, divided only into 10,376,645,776 fully subscribed and paid shares.

In view of the fact that the Company had accumulated losses as of December 31, 2021, and considering that the Company had available cash and was duly and sufficiently capitalized to carry on its business and operations, the Extraordinary Shareholders' Meeting of the Company held on April 28, 2022 approved a capital decrease in the amount of US\$132,000,273. As a consequence of this, the Company's capital decreased to the amount of US\$2,219,635,053 and continues to be divided into 10,376,645,776 shares, of one and the same series, without par value, all of them fully subscribed and paid.

This capital decrease was completed on June 10, 2022 through the distribution to the shareholders of said amount pro rata to their respective participation in the capital stock.

b. Resolutions of the Extraordinary Shareholders' Meeting held on October 14, 2022

At the Extraordinary Shareholders' Meeting held on October 14, 2022, it was resolved to reduce the capital stock from US\$ 2,219,635,053 to US\$ 2,095,634,136, which is fully subscribed and paid. The capital decrease of US\$ 124,000,917 will be carried out through the distribution to the shareholders of said amount in two installments as follows: a) the amount of US\$ 40,000,932 payable on November 21, 2022 or the date on which the legal term set forth in Article 28 of Law No. 18,046 has been met; and b) the amount of US\$ 83,999,985 payable on December 20, 2022.

As a consequence of said decrease, the capital stock was as follows: \$2,095,634,136 dollars of the United States of America, divided into 10,376,645,776 shares, of one and the same series, without par value, fully subscribed and paid. As a result of the foregoing, the shareholders agreed to amend the fifth and first transitory articles of the Company's bylaws, both relating to capital stock.

c. Resolutions of the Extraordinary Shareholders' Meeting held on April 21, 2023

At the Extraordinary Shareholders' Meeting held on April 21, 2023, it was agreed to decrease the capital stock of AES Andes from US\$2,095,634,136 to US\$1,975,633,416, which is fully subscribed and paid. It was agreed that the decrease of US\$120,000,720 will be payable on September 26, 2023.

As a consequence of said decrease, the capital stock was as follows: \$1,975,633,416 United States dollars, divided into 10,376,645,776 shares, of one and the same series, without par value, fully subscribed and paid. As a result of the foregoing, it was agreed to adjust the fifth and first transitory articles of the bylaws, both related to the capital stock.

d. Resolutions of the Extraordinary Shareholders' Meeting held on August 10, 2023

At the Extraordinary Shareholders' Meeting held on August 10, 2023, it was resolved to reduce the capital stock of AES Andes from of AES Andes from US\$ 1,975,633,416 to US\$ 1,843,633,143, which is fully subscribed and paid. It was agreed that the decrease of US\$132,000,273 will be payable on December 19, 2023.

The AES Corporation through Inversiones Cachagua acquisition of AES Andes shares

Inversiones Cachagua SpA, through a tender offer for shares of AES Andes S.A. and through successive purchases in the stock market in 2022 and 2023, increased its shareholding to 99.5% as of September 30, 2023.

Deconsolidation of Affiliate Alto Maipo

On November 17, 2021, AES Andes issued a new Material Fact in which it refers to the fact that AES Andes became aware of the decision of its subsidiary Alto Maipo SpA ("Alto Maipo"), after reaching a pre-arranged agreement of financial restructuring with its creditors, to start a reorganization process in the United States of America in accordance with the regulations established in Chapter 11 of Title 11 of the United States Code. The entry application was presented that same day by Alto Maipo in the pre-arranged modality. The foregoing, in order to achieve a capital structure that is sustainable in the long term for Alto Maipo.

Taking into consideration the initiation of the Chapter 11 Procedure and the characteristics of Alto Maipo's capital structure (including the existence of guarantees and subordination agreements for the benefit of Alto Maipo's senior creditors), in accordance with what is established in paragraph 8 of International Financial Reporting Standard No. 10 ("IFRS 10"), the Company ceased to control Alto Maipo and, therefore, in accordance with what is established in paragraph 25 of IFRS 10, ceased to consolidate this subsidiary, proceeding to write off in its Consolidated Financial Statement, the assets and liabilities of the entity that has ceased to be a subsidiary. The Company recognized an extraordinary net accounting loss associated with the loss of control attributable to the former controlling interest, of approximately US\$1,107 million dollars in the Consolidated Income Statement for the fourth quarter of 2021.

On May 26, 2022, Alto Maipo concluded its restructuring process. This restructuring included the execution of several agreements and contractual modifications which main objective was to implement the Restructuring Agreement signed on November 16, 2021 between the shareholders, the creditors and the contractor, approved by the Court overseeing the Chapter 11 process.

At the end of the restructuring process, the Administration determined that the decision power over matters that most significantly impact the economic performance of Alto Maipo is shared between lenders and shareholders, therefore AES Andes does not control the Company and will continue to deconsolidate Alto Maipo upon emerging of the reorganization process.

AES Andes' investment in Alto Maipo is classified under the category of Financial Assets at Fair Value Through Profit or Loss in accordance with IFRS 9, paragraph 4.1.5. Based on the calculation developed by Management, considering the capital structure resulting from the reorganization process and the nature of the financial agreements entered into, the fair value of AES Andes' investment in Alto Maipo as of September 30, 2023 is zero.

Credit Rating

On February 3, 2023, Moody's reaffirmed the Baa3 investment grade rating for AES Andes with a "stable" outlook.

On June 5, 2023, Fitch Ratings ratified the international long-term foreign and local currency issuer risk ratings of AES Andes S.A. ('BBB-'). The outlook of the ratings is "Stable".

Finally, Standard & Poor's also reaffirmed AES Andes' BBB- rating in its January 4, 2023 report with a "Stable" outlook.

Great Place to Work

AES Andes was recognized by Great Place To Work as one of the best companies to work for in Chile, Argentina and Colombia. In the case of Chile, it was ranked 6th among the best companies to work for in 2022 among corporations with between 251 and 1,000 workers.

Additionally, AES Chile has been recognized in fourth place in the Best Places to Work for Women 2022 Ranking.

REVIEW OF OPERATIONS BY MARKET

AES Andes operates a diverse portfolio of power generation and storage assets totaling 5.6GW in Chile, Colombia, and Argentina as of September 30, 2023.

Chile

Chile's National Electric System or SEN, supplies a wide range of customer types, including Chile's main population centers, in the center and mining operations in the north, with a diverse generation matrix including thermal, hydro and other renewables. The SEN runs from the northern part of Region I to Region X. AES Andes was one of the leading power producers on the SEN during the third quarter of 2023, operating 3.7GW of coal, hydro, biomass, wind and solar plants, and 174MW of batteries.

Reservoir levels in the system at the end of the third quarter of 2023, were 102% higher, while hydrological inflows during the quarter increased by 50% compared to the same period of 2022. Hydro generation increased 38% and solar generation increased by 11%, while wind generation increased 1%. Average spot prices in the third quarter in Chile were impacted by better hydrology due to higher rainfalls, lower coal, diesel and natural gas prices, higher Argentine gas availability, in addition to the increase in renewable capacity in the system.

Total energy demand grew 1.3% compared to the same period of 2022, for an average monthly demand of 6,479 GWh per month in the third quarter of 2023. The main reason for this increase is the 6.6% higher demand from unregulated customers in the third quarter of 2023 compared to the third quarter in 2022, while demand from regulated customers was 6.0% lower.

These factors led to a 22% decrease in the average marginal costs in the north and a 17% decrease in the central part of the system compared to the third quarter of 2022.

AES Andes and its subsidiaries, produced 12% of the electricity on the SEN in the third quarter of 2023, while it contributed 12% in the third quarter of 2022.

The table below shows the main SEN variables as of September 30, 2023, and 2022.

		YTD		3Q	
		2023	2022	2023	2022
Demand growth	(%)	1.6 %	2.6 %	1.3%	2.2%
Average monthly consumption	(GWh)	6,479	6,378	6,575	6,490
Average spot price Northern Chile	US\$/MWh	91	103	103	132
Average spot price Central Chile	US\$/MWh	96	116	121	145

In the third quarter of 2023, AES Andes' sales revenues to unregulated customers decreased US\$53 million due to a decrease in contract prices partly offset by a 354GWh increase in sales volumes. Regulated customer contract revenues fell by US\$49 million, as a result of lower sales volumes of 120GWh, in addition to lower coal prices which led to lower regulated contract prices. Meanwhile, revenues from the Spot market grew US\$24 million as a result of a 278GWh increase in sales volumes, in addition to higher capacity revenues.

Transmission revenue increased US\$4 million compared to the third quarter of 2022, which was offset by the increase in transmission costs of US\$4 million.

Other Operating revenue includes revenue from coal sales and services provided to companies within the AES Group. Other Operating Revenues fell US\$7 million mainly attributable to lower coal sales, in addition to the effect from the valuation of derivatives associated with contracted energy sales. As a result of the drop in coal sales revenues in Other Operating revenue, the cost of fuel sales decreased US\$3 million.

During the third quarter of 2023, fuel consumption costs fell US\$71 million compared to the same period of the previous year due a 38% decrease in coal prices to 191 US\$/ton, partly offset by a 167GWh increase in coal-fired generation.

The 10% increase in coal-fired generation is explained primarily due to higher availability of all AES Andes' coal plants in the third quarter of 2023 compared to the same period in 2022, partly offset by lower dispatch. Hydro generation decreased 19GWh due to certain unavailability at Volcán and Queltehués, despite the 18% increase in inflows compared to the third quarter of 2022. Wind generation increased 2GWh primarily due to the start of operations of a second stage at the Mesamávida wind farm during fourth quarter of 2022 and the start of operations at the Campo Lindo wind farm in 2023, while solar generation increased 99GWh, primarily due to the incorporation of Bolero solar to AES Andes assets and the start of operations at Andes Solar IIB in 2023.

Purchases of energy and capacity decreased US\$31 million due to lower spot prices in the system, partly offset by the 162GWh increase in spot purchases volumes, in addition to the 101GWh increase in contracted purchases volumes from other generators.

Other costs of fuel decreased US\$2 million primarily due to lower coal handling costs.

The US\$22 million increase in other cost of sales relates to the negative effects from the valuation of fuel costs derivatives, higher charges from the system, higher maintenance costs, in addition to increased insurance premiums.

Depreciation decreased US\$3 million due to lower depreciation at Norgener after the impairment registered in the second quarter of 2023 as a consequence of the announcement of the disconnection of the plant as of December 31, 2025, partly offset by depreciation associated to the start of operations of Mesamávida and Campo Lindo and Andes IIB.

Gross Profit in Chile in the third quarter of 2023 grew by 3% to US\$91 million. The main positive variations includes an increase in unregulated sales volumes and lower energy purchases costs in the third quarter of 2023 compared to the same quarter of 2022, which were partly offset by lower regulated sales volumes and lower contract prices in line with the decrease in coal prices which affect the price indexation of these contracts.

Chile (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Regulated customer sales	296,864	340,135	(43,271)	(13)%	83,283	131,802	(48,519)	(37)%
Unregulated customer sales	757,398	785,776	(28,378)	(4)%	241,355	294,175	(52,820)	(18)%
Spot sales	367,847	263,796	104,051	39 %	96,164	71,764	24,400	34 %
Transmission revenue	73,990	64,178	9,812	15 %	23,476	19,676	3,800	19 %
Other operating revenues	11,050	46,459	(35,409)	(76)%	4,103	10,620	(6,517)	(61)%
Total Operating Revenue	1,507,149	1,500,344	6,805	— %	448,381	528,037	(79,656)	(15)%

Cost of Sales								
Fuel consumption	(687,034)	(605,915)	(81,119)	13 %	(162,202)	(233,460)	71,258	(31)%
Fuel cost of sales	(484)	(33,748)	33,264	(99)%	(117)	(3,364)	3,247	(97)%
Energy and capacity purchases	(181,119)	(188,899)	7,780	(4)%	(50,313)	(81,385)	31,072	(38)%
Other fuel costs	(59,273)	(62,950)	3,677	(6)%	(19,134)	(20,790)	1,656	(8)%
Transmission tolls	(67,215)	(59,111)	(8,104)	14 %	(20,559)	(16,150)	(4,409)	27 %
Operation Personnel Expenses	(47,036)	(39,994)	(7,042)	18 %	(14,932)	(13,098)	(1,834)	14 %
Other cost of sales	(141,739)	(100,106)	(41,633)	42 %	(54,518)	(32,775)	(21,743)	66 %
Depreciation and amortization	(110,804)	(114,368)	3,564	(3)%	(35,551)	(38,563)	3,012	(8)%
Total Cost of Sales	(1,294,704)	(1,205,091)	(89,613)	7 %	(357,326)	(439,585)	82,259	(19)%
Total Gross Profit	212,445	295,253	(82,808)	(28)%	91,055	88,452	2,603	3 %

Chile	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Distribution Companies	1,916	2,202	(286)	(13)%	627	747	(120)	(16)%
Unregulated Customers	5,820	5,516	304	6 %	2,132	1,778	354	20 %
Spot	537	238	299	126 %	200	47	153	326 %
Spot Re-Routing	959	886	73	8 %	269	144	125	87 %
Total Energy Sales	9,232	8,842	390	4 %	3,228	2,716	512	19 %

Energy Purchases (GWh)								
Other Generators	983	778	205	26 %	393	292	101	35 %
Spot	1,188	574	614	107 %	516	354	162	46 %
Total Energy Purchases	2,171	1,352	819	61 %	909	646	263	41 %

Chile	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Net Generation (GWh)								
Coal	5,730	6,347	(617)	(10)%	1,913	1,746	167	10 %
Hydro	479	494	(15)	(3)%	91	110	(19)	(17)%
Biomass	25	24	1	4 %	7	7	—	— %
Wind	578	450	128	28 %	154	152	2	1 %
Solar	249	175	74	42 %	154	55	99	180 %
Total Generation	7,061	7,490	(429)	(6)%	2,319	2,070	249	12 %

Colombia

AES Andes' subsidiary, AES Colombia, operates 1,020MW of hydro and 109 MW of solar capacity and is one of the main electric generators in the Colombian National Interconnected System or SIN, a predominantly hydro-based system.

Affected by the El Niño weather pattern, system-wide inflows in Colombia during the third quarter of 2023 were lower than in the third quarter of 2022, while they were higher in the basin where AES Colombia operations are located, Chivor.

System-wide inflows were 18% above the historical average in the third quarter of 2022, while in 2023, third-quarter inflows were 24% below average. Hydro conditions during the third quarter of the year, resulted in year-over-year reservoir levels to decrease to 74% at the end of September 2023, 12% below than reservoir levels at the end of September 2022.

Inflows for the catchment basin of Chivor during the third quarter of 2023 were 2% above the historical average, while in 2022, third-quarter inflows were 15% below the historical average. The higher inflows between both quarters at Chivor led to a 403GWh or 31% increase in hydro generation between the third quarter of 2023 and the same period of 2022.

In the third quarter of 2023, average spot market prices went up 304% in local currency and 338% in US Dollars, compared to the same period in 2022 driven by system-wide lower inflows coupled with high hydrology volatility in the system and inflows expectations in the coming months affected by the El Niño Phenomenon, in addition to higher demand than expected and higher thermal generation.

		YTD		3Q	
		2023	2022	2023	2022
Demand growth	(%)	3.7 %	4.4 %	5.4 %	3.0 %
Average monthly consumption	(GWh)	6,606	6,372	6,885	6,533
Average spot price	US\$/MWh	117	49	171	39

During the third quarter of 2023, hydro generation at AES Colombia increased 403GWh compared to the same period of 2022, as a result of wetter hydrology in the region Chivor plant is located and to take advantage of high spot prices in the system. Solar generation increased 9GWh driven by the start of operations at Brisas Solar plant in December 2022.

In the third quarter of 2023, revenues in Colombia increased by US\$165 million due to a US\$161 million increase in Spot revenue as a result of higher average spot prices, in addition to a 368GWh increase in spot sales volume. Contract sales increased US\$15 million primarily explained by the 93GWh increase in contract sales volume in addition to the appreciation of the Colombian peso in the third quarter of 2023. Other revenues decreased US\$11 million in the third quarter of 2023 compared to the same period in 2022 as a result of a lower positive valuation of implicit derivative instruments associated with contracted energy sales compared the third quarter of 2022.

The cost of energy and capacity purchases increased US\$81 million. Higher average spot prices was the main driver for this cost increase, in addition to a 52GWh increase in energy purchases under contract. Energy purchases from the spot decreased 3GWh.

Transmission costs fell US\$1 million due to a decrease in the allocation of auctions associated with transmission in the areas where customers are located. Other costs of sales increased US\$5 million due to other market charges (Ley 99, FAZNI) as a consequence of the increase in generation, in addition to insurance and other fixed costs.

Gross Profit in Colombia for the third quarter of 2023 increased US\$79 million compared to the same period last year, primarily due to higher revenues from the spot market as a result of higher volume sales at higher average spot prices, in addition to the positive impact on energy prices of the appreciation of the Colombian peso. This positive effect was partly offset by a decrease in contract margins associated to higher energy purchases at higher prices.

Colombia (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Contract sales	219,086	222,877	(3,791)	(2)%	89,477	74,746	14,731	20 %
Spot sales	327,301	76,543	250,758	328 %	186,821	25,928	160,893	621 %
Other operating revenues	175	12,074	(11,899)	(99)%	691	11,576	(10,885)	(94)%
Total Operating Revenue	546,562	311,494	235,068	75 %	276,989	112,250	164,739	147 %
Cost of Sales								
Energy and capacity purchases	(240,053)	(89,999)	(150,054)	167 %	(109,524)	(28,557)	(80,967)	284 %
Transmission Costs	(12,591)	(17,393)	4,802	(28)%	(4,260)	(5,494)	1,234	(22)%
Operation Personnel Expenses	(4,454)	(4,100)	(354)	9 %	(1,556)	(1,182)	(374)	32 %
Other cost of sales	(28,578)	(22,462)	(6,116)	27 %	(12,791)	(7,859)	(4,932)	63 %
Depreciation and amortization	(8,485)	(8,897)	412	(5)%	(3,077)	(2,762)	(315)	11 %
Total Cost of Sales	(294,161)	(142,851)	(151,310)	106 %	(131,208)	(45,854)	(85,354)	186 %
Total Gross Profit	252,401	168,643	83,758	50 %	145,781	66,396	79,385	120 %

Colombia	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Contracts	3,183	2,962	221	7 %	1,241	1,148	93	8 %
Spot	2,686	1,881	805	43 %	1,106	738	368	50 %
Total Energy Sales	5,869	4,843	1,026	21 %	2,347	1,886	461	24 %
Energy Purchases (GWh)								
Other purchases	363	200	163	82 %	121	69	52	75 %
Spot	1,672	1,430	242	17 %	488	491	(3)	(1)%
Total Energy Purchases	2,035	1,630	405	25 %	609	560	49	9 %
Net Generation (GWh)								
Hydro	3,721	3,133	588	19 %	1,698	1,295	403	31 %
Solar	113	80	33	41 %	40	31	9	29 %
Total Generation	3,834	3,213	621	19 %	1,738	1,326	412	31 %

Argentina

The Argentine Interconnected System or SADI is supplied primarily by natural gas-fired plants, in addition to hydro, coal and nuclear power plants, and an ever growing amount of non conventional renewables. AES Andes' subsidiary, TermoAndes operates a 643MW gas-fired combined-cycle in northern Argentina selling electricity under two separate frameworks: Energía Plus to commercial and industrial customers under US Dollar denominated contracts, and the Energía Base regulated spot market framework. TermoAndes is also connected to The Andes solar hub on the SEN grid in northern Chile via AES Andes' InterAndes transmission line.

In February 2020, Argentina's Secretariat of Energy issued Resolution 31/2020 establishing the current rates scheme. Energía Base rates were established in Argentine pesos with monthly adjustments by inflation. The monthly inflation adjustments were frozen in the early onset of the COVID pandemic. On May 29, 2021, Resolution 440/2021 was issued which's main modification was a 29% inflation related increase in energy and capacity prices under the Energía Base regime, retroactive from February 2021. On April 18, 2022, Resolution 238/2022 was issued, modifying the established energy and capacity prices of Resolution 440/2021, applying tariff average increases of 30% from February 2022, and an additional 10% from June 2022 onwards. On December 12, 2022, Resolution 826/2022 was issued, once again modifying energy and capacity prices under the Energía Base regime, increasing tariffs by 20% and 10% since November 2022 and December 2022, respectively, in addition to establishing tariff increases in advance of 25% and 28% from February 2023 and August 2023, respectively. On September 6, 2023 and on October 27, 2023, the Ministry of Energy issued Resolutions 750/2023 and 869/2023, through which tariffs were increased by 23% and 28% from September and November 2023, respectively.

On February 7, 2023, Resolution 59/2023 was issued allowing to convert part of combined cycles' remuneration to US dollars for up to 5 years. This portion would be paid in Argentine pesos at the official exchange rate. The new remuneration scheme is voluntary and the counterparty is the market administrator, CAMMESA, which requires an availability commitment of 85% from the units. TermoAndes agreed to adhere to this new scheme in March 2023. Updated capacity prices are 2,000 US\$/MW-month plus 65% of capacity price set by Resolution 826/22 in winter and summer, and 85% of said prices during spring and autumn. The price of energy generated is established at the equivalent of 3.5 US\$/MWh with natural gas and 6.1 US\$/MWh with diesel.

		YTD		3Q	
		2023	2022	2023	2022
Demand growth	(%)	3.3 %	3.8 %	1.4 %	0.7 %
Average monthly consumption	(GWh)	11,958	11,574	11,732	11,565

During the third quarter of 2023, TermoAndes' generation decreased 268GWh compared to the same period of 2022, as a result of lower dispatch, in addition to lower Bolivian gas availability in Argentina.

Energía Plus contract revenues decreased US\$1 million due to lower contract prices, while energy sales volumes grew 64GWh.

Energía Base spot market revenues decreased US\$1 million as a result of 268GWh lower spot sales volume due to the lower generation mentioned earlier, partly offset by the increase in tariffs associated with Resolutions 826/2022, 59/2023 and 750/2023.

Energy and capacity purchases remained fairly stable at US\$9 million, while energy purchases volumes increased 64GWh in the third quarter of 2023 compared to the same period last year.

A US\$1 million negative variance was registered in the third quarter of 2023 compared to the the same period in 2022 related to an insurance recovery recorded in 2022. Other costs of sales increased US\$1 million primarily explained by higher maintenance costs, insurance costs and tax expenses compared to the third quarter of 2022.

Quarterly Gross Profit in Argentina fell US\$4 million driven by lower Energía Plus contract prices, lower Energía Base sales due to lower dispatch at Termoandes, higher other higher maintenance costs, insurance costs and tax expenses, partly offset by higher Energía Plus sales volumes.

Argentina (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Contract sales	52,912	50,493	2,419	5 %	18,223	19,670	(1,447)	(7)%
Spot sales	24,059	24,068	(9)	— %	8,542	9,408	(866)	(9)%
Other operating revenues	1,458	1,147	311	27 %	402	366	36	10 %
Total Operating Revenue	78,429	75,708	2,721	4 %	27,167	29,444	(2,277)	(8)%
Cost of Sales								
Energy and capacity purchases	(24,373)	(27,166)	2,793	(10)%	(8,816)	(8,913)	97	(1)%
Operation personnel expenses	(3,351)	(3,194)	(157)	5 %	(1,096)	(1,076)	(20)	2 %
Insurance recovery	—	17,222	(17,222)	---	—	668	(668)	---
Other cost of sales	(16,795)	(12,064)	(4,731)	39 %	(5,456)	(4,004)	(1,452)	36 %
Depreciation and amortization	(22,273)	(20,972)	(1,301)	6 %	(7,043)	(7,675)	632	(8)%
Total cost of sales	(66,792)	(46,174)	(20,618)	45 %	(22,411)	(21,000)	(1,411)	7 %
Total Gross Profit	11,637	29,534	(17,897)	(61)%	4,756	8,444	(3,688)	(44)%
Argentina	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Contracts	818	706	112	16 %	291	227	64	28 %
Spot	2,041	2,479	(438)	(18)%	677	945	(268)	(28)%
Total Energy Sales	2,859	3,185	(326)	(10)%	968	1,172	(204)	(17)%
Energy Purchases (GWh)								
Spot	818	706	112	16 %	291	227	64	28 %
Total Energy Purchases	818	706	112	16 %	291	227	64	28 %
Net Generation (GWh)								
Natural Gas	2,041	2,479	(438)	(18)%	677	945	(268)	(28)%
Total Generation	2,041	2,479	(438)	(18)%	677	945	(268)	(28)%

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

(ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract energy and capacity sales	1,326,260	1,399,281	(73,021)	(5)%	432,338	520,393	(88,055)	(17)%
Spot energy and capacity sales	719,207	364,407	354,800	97 %	291,527	107,100	184,427	172 %
Transmission revenue	73,990	64,178	9,812	15 %	23,476	19,676	3,800	19 %
Other operating revenue	11,055	58,367	(47,312)	(81)%	4,674	22,086	(17,412)	(79)%
Total Operating Revenue	2,130,512	1,886,233	244,279	13 %	752,015	669,255	82,760	12 %
Fuel consumption	(687,034)	(605,915)	(81,119)	13 %	(162,202)	(233,460)	71,258	(31)%
Fuel cost of sales	(484)	(33,748)	33,264	(99)%	(117)	(3,364)	3,247	(97)%
Energy and capacity purchases	(445,545)	(306,064)	(139,481)	46 %	(168,653)	(118,855)	(49,798)	42 %
Other fuel costs	(59,273)	(62,950)	3,677	(6)%	(19,134)	(20,790)	1,656	(8)%
Transmission tolls	(79,806)	(76,504)	(3,302)	4 %	(24,819)	(21,644)	(3,175)	15 %
Operation personnel expenses	(54,841)	(47,288)	(7,553)	16 %	(17,584)	(15,356)	(2,228)	15 %
Insurance recovery	—	17,222	(17,222)	---	—	668	(668)	---
Other cost of sales	(186,758)	(134,212)	(52,546)	39 %	(72,618)	(44,465)	(28,153)	63 %
Depreciation and amortization	(141,562)	(144,237)	2,675	(2)%	(45,671)	(49,000)	3,329	(8)%
Total Cost of Sales	(1,655,303)	(1,393,696)	(261,607)	19 %	(510,798)	(506,266)	(4,532)	1 %
Gross Profit	475,209	492,537	(17,328)	(4)%	241,217	162,989	78,228	48 %
Other operating revenues	1,045	1,667	(622)	(37)%	331	466	(135)	(29)%
Selling, general and administrative expenses	(67,846)	(65,540)	(2,306)	4 %	(23,029)	(21,307)	(1,722)	8 %
Other operating expense	(12,755)	(10,804)	(1,951)	18 %	(5,431)	(3,089)	(2,342)	76 %
Other gains and losses	(261,735)	6,593	(268,328)	(4,070)%	966	2,080	(1,114)	(54)%
Financial income	58,220	13,001	45,219	348 %	24,724	5,938	18,786	316 %
Financial expense	(159,098)	(111,732)	(47,366)	42 %	(60,095)	(39,221)	(20,874)	53 %
Earnings impairments and losses reversal (NIIF 9)	130	(549)	679	(124)%	83	(799)	882	---
Foreign currency exchange differences	(86,898)	872	(87,770)	(10,065)%	(43,706)	13,063	(56,769)	(435)%
Result by readjustment units	(26,039)	(24,483)	(1,556)	6 %	—	(12,385)	12,385	(100)%
Net Income Before Tax	(79,767)	301,562	(381,329)	(126)%	135,060	107,735	27,325	25 %
Income tax	(24,656)	(99,012)	74,356	---	(61,328)	(36,368)	(24,960)	---
Net Income After Tax	(104,423)	202,550	(306,973)	---	73,732	71,367	2,365	---
Income Attributable to								
Shareholders of Parent	(134,903)	180,312	(315,215)	---	64,883	63,311	1,572	---
Non-controlling interest	30,480	22,238	8,242	37 %	8,849	8,056	793	10 %
Net Income	(104,423)	202,550	(306,973)	---	73,732	71,367	2,365	---

Consolidated Operating Revenue

Operating Revenue grew US\$83 million in the third quarter of 2023, compared to the same period in 2022, reaching US\$752 million. The increase was driven primarily by higher spot sales in Colombia and Chile, in addition to higher contract sales in Colombia. Lower contract sales to regulated and unregulated customers in Chile, lower coal sales in Chile, in addition to negative variations of the valuation of implicit derivative instruments associated with contracted energy sales in Chile and Colombia partly offset these positive variations.

Consolidated Cost of Sales

Cost of Sales increased US\$5 million in the third quarter of 2023. Higher energy and capacity purchases in Colombia, along with increased insurance, IT and system charges in Chile, Colombia and Argentina, were the primary drivers for this increase. Lower coal prices which led to lower fuel costs in Chile despite the increase in coal generation, in addition to the decrease in Energy and capacity purchases in Chile as a result of lower spot prices, partly offset the negative variations.

Consolidated Gross Profit

Gross Profit increased 48% to US\$241 million in the third quarter of 2023 compared to the third quarter of 2022. This quarterly performance is explained by increases of US\$79 million in Colombia and US\$3 million in Chile, partly offset by the US\$4 million decrease in Argentina.

(ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Chile	1,507,149	1,500,344	6,805	—%	448,381	528,037	(79,656)	(15)%
Argentina	78,429	75,708	2,721	4%	27,167	29,444	(2,277)	(8)%
Colombia	546,562	311,494	235,068	75%	276,989	112,250	164,739	147%
Consolidation adjustments	(1,628)	(1,313)	(315)	24%	(522)	(476)	(46)	10%
Total Operating Revenue	2,130,512	1,886,233	244,279	13%	752,015	669,255	82,760	12%
Cost of Sales								
Chile	(1,294,704)	(1,205,091)	(89,613)	7%	(357,326)	(439,585)	82,259	(19)%
Argentina	(66,792)	(46,174)	(20,618)	45%	(22,411)	(21,000)	(1,411)	7%
Colombia	(294,161)	(142,851)	(151,310)	106%	(131,208)	(45,854)	(85,354)	186%
Consolidation adjustments	354	420	(66)	(16)%	147	173	(26)	(15)%
Total costs of sales	(1,655,303)	(1,393,696)	(261,607)	19%	(510,798)	(506,266)	(4,532)	1%
Total Gross Profit	475,209	492,537	(17,328)	(4)%	241,217	162,989	78,228	48%

The Consolidation Adjustment line mainly accounts for intercompany operations between AES Andes in Chile and the Colombian subsidiary, AES Colombia.

Selling, General and Administrative Expenses

SG&A costs grew US\$2 million in the third quarter of 2023 compared to the same period of 2022. Higher Personnel and travel expenses as well as increased IT costs were partly offset by lower legal and consulting costs.

	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Personnel and travel expenses	21,695	24,842	(3,147)	(13)%	7,488	6,364	1,124	18 %
Legal and consulting costs	11,352	11,343	9	— %	4,280	5,105	(825)	(16)%
IT costs	20,687	17,334	3,353	19 %	6,800	5,745	1,055	18 %
Stamp Taxes	5,769	3,315	2,454	74 %	1,259	1,458	(199)	(14)%
Leasing expenses	1,130	3,628	(2,498)	(69)%	349	398	(49)	(12)%
Other	7,213	5,078	2,135	42 %	2,853	2,237	616	28 %
Total SG&A	67,846	65,540	2,306	4 %	23,029	21,307	1,722	8 %

EBITDA

(ThUS\$)	YTD				3Q			
	2023	2022	Var(\$)	Var (%)	2023	2022	Var(\$)	Var (%)
Revenue	2,130,512	1,886,233	244,279	13 %	752,015	669,255	82,760	12 %
Cost of Sales	(1,655,303)	(1,393,696)	(261,607)	19 %	(510,798)	(506,266)	(4,532)	1 %
Gross Profit	475,209	492,537	(17,328)	(4)%	241,217	162,989	78,228	48 %
Depreciation (-)	141,562	144,237	(2,675)	(2)%	45,671	49,000	(3,329)	(7)%
Operating Margin	616,771	636,774	(20,003)	(3)%	286,888	211,989	74,899	35 %
Other Operating Revenues	1,045	1,667	(622)	(37)%	331	466	(135)	(29)%
Selling, General and Administrative Expenses	(67,846)	(65,540)	(2,306)	4 %	(23,029)	(21,307)	(1,722)	8 %
Other Operating Expense	(12,755)	(10,804)	(1,951)	18 %	(5,431)	(3,089)	(2,342)	76 %
Other (costs) income not included in EBITDA*	5,216	17,584	(12,368)	(70)%	655	1,265	(610)	(48)%
EBITDA	542,431	579,681	(37,250)	(6)%	259,414	189,324	70,090	37 %

(*) Other (costs) income not included in EBITDA includes the increase in ARO Provisions and Non-financial derivative valuation. Non-financial derivative valuation refers to contracts in Colombia and Chile where there is no obligation to deliver energy under certain circumstances.

AES Andes achieved an EBITDA of US\$259 million in the third quarter of 2023, 37% higher than that of the same period in 2022.

This positive variation is mainly explained by higher EBITDA contribution from Colombia, partly offset by lower contributions from Chile and Argentina.

Chile's quarterly EBITDA fell by US\$3 million compared to the third quarter of 2022 due to lower regulated sales volumes and a decrease in contract prices, partly offset by higher profits from unregulated sales as a result of an increase in volume and lower energy purchase costs.

Colombia's quarterly EBITDA increased US\$77 million due to higher spot sales volume at higher spot prices, in addition to the appreciation of the Colombian peso, partly offset by lower contract margins associated to increased costs of energy purchases.

Argentina's EBITDA fell US\$4 million driven by lower Energía Plus contract prices, lower Energía Base sales due to lower dispatch at Termoandes, higher other higher maintenance costs, insurance costs and tax expenses, partly offset by higher Energía Plus sales volumes.

(ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Chile	263,495	365,254	(101,759)	(28)%	104,921	108,274	(3,353)	(3)%
Colombia	248,929	167,671	81,258	48 %	144,073	66,823	77,250	116 %
Argentina	30,007	46,756	(16,749)	(36)%	10,420	14,227	(3,807)	(27)%
Total EBITDA	542,431	579,681	(37,250)	(6)%	259,414	189,324	70,090	37 %

Non-Operating Results

(ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Other gains and losses	(261,735)	6,593	(268,328)	---	966	2,080	(1,114)	---
Financial income	58,220	13,001	45,219	348 %	24,724	5,938	18,786	316 %
Financial expense	(159,098)	(111,732)	(47,366)	42 %	(60,095)	(39,221)	(20,874)	53 %
Earnings impairments and losses reversal (NIIF 9)	130	(549)	679	---	83	(799)	882	---
Foreign currency exchange differences	(86,898)	872	(87,770)	---	(43,706)	13,063	(56,769)	(435)%
Result by readjustment units	(26,039)	(24,483)	(1,556)	6 %	—	(12,385)	12,385	---

The Company reported US\$1 million in Other Gains in the third quarter of 2023 compared to US\$2 million of Other Gains in the same period of 2022, a US\$1 million negative variance comparing both periods. The main driver for this negative variance relates to a positive effect registered in the third quarter of 2022 in relation to the stabilization fund.

Financial Expenses grew US\$21 million, primarily explained by higher financial debt at AES Colombia and AES Andes. Financial Income increased US\$19 million primarily as a consequence of higher interest earned in Argentina due to an increase in financial investments at higher interest rates, and to a lesser extent, higher interests accrued in Chile from the stabilization fund mechanism (MPC).

At AES Andes, Foreign currency exchange differences registered a US\$57 million negative variation in the third quarter of 2023 compared to the same period of 2022. This variance is mostly related to the negative effect of the exchange rate variation in the debt in Colombian pesos held by AES Andes with its subsidiary AES Colombia, the valuation of derivatives, in addition to the effect from the depreciation of the exchange rate over the net asset position in Chilean pesos, and in Argentina, the negative effect of the depreciation of the Argentine peso over cash and accounts receivables.

Results by readjustment units registered a positive variation of US\$12 million between the third quarter of 2023 compared to the same period of 2022, explained by the fact that no readjustment was applied as of July 2023 due to the change in functional currency from Argentine peso to US dollar at Termoandes in July 2023, as a consequence of the current market regulation.

	September 30, 2023	December 31, 2022	Var (%)	September 30, 2022	December 31, 2021	Var (%)
Chile (\$/US\$)	\$ 895.60	\$ 855.86	5 %	\$ 960.24	\$ 844.69	14 %
Colombia (Col\$/US\$)	\$ 4,085.57	\$ 4,810.20	(15)%	\$ 4,532.07	\$ 3,981.16	14 %
Argentina (Ar\$/US\$)	\$ 349.95	\$ 177.16	98 %	\$ 147.32	\$ 102.72	43 %

Income Tax

Between the third quarters of 2022 and 2023, income tax experienced a negative variance from an expense of US\$36 million in the third quarter of 2022 to an expense of US\$61 million in the same period of 2023. This variation is in line with the increase in Pretax Income, in addition to the increase in the Income Tax Rate in Colombia from 35% to 38%.

Net Income

The Company reported a Net Income Attributable to AES Andes Shareholders of US\$65 million for the third quarter of 2023, up US2 million compared to the Net Income Attributable to Shareholders of Parent of US\$63 million in the third quarter of 2022.

Non-Controlling Interests in net income grew US\$1 million primarily due to higher Net Income at Chile Renovables SpA which AES Andes co-owns with GIP.

Cash Flow

The ending balance of cash and cash equivalents as of September 30, 2023 was US\$283 million, 70% above than at the end of the third quarter of 2022.

AES Andes' reported a net cash inflow of US\$146 million in the nine months ended September 30, 2023, compared with the net cash inflow of US\$74 million in the same period of 2022.

(ThUS\$)	YTD			
	2023	2022	Var	Var (%)
Net cash from operating activities	724,824	123,818	601,006	485 %
Net cash from investing activities	(442,576)	(420,491)	(22,085)	5 %
Net cash from financing activities	(136,095)	370,253	(506,348)	(137)%
Total Net Cash Flow for the Period	146,153	73,580	72,573	99 %
Effects of Foreign Exchange Variations	(49,234)	(18,435)	(30,799)	167 %
Cash at the beginning of the period	186,070	111,733	74,337	67 %
Total Cash at the End of the Period	282,989	166,878	116,111	70 %

Net Operating Cash Flow totaled US\$725 million as of September 30, 2023, up US\$601 million year-over-year, mainly due to the positive effect of US\$602 million higher collections from customers net from suppliers payments in 2023, including increased collections from the sale of credits related to the stabilization fund in Chile, and in Argentina higher collections of an additional US\$32 in received from CAMMESA. These positive effects were partly offset by a US\$53 million increase in income taxes payments.

Net Investment Activities Cash outflows experienced an increase of US\$22 million compared to the first nine months of 2022, totaling a US\$443 million net outflow as of September 30, 2023. This was mainly due to the disbursement of US\$111 million for the purchase of Bolero Solar in 2023, lower VAT recovery and Termoandes insurance payments received in 2022 for a total of US\$23 million, in addition to lower proceeds from the sale of offices in Chile for US\$10 million in 2022, partly offset by lower Purchase of Property, Plant & Equipment in 2023 of US\$119 million.

Net Financing Cash outflows in the first nine months of 2023, totaled US\$136 million as of September 30, 2023, which negatively compares to the US\$370 million inflow in the same period of 2022. The main drivers for this variation were the US\$542 million decrease in inflows from long-term borrowings compared to 2022, US\$66 million higher interest payments, a decrease in proceeds associated to suppliers financing of US\$52 million, US\$67 million lower contributions from partners to the Company's renewable projects, and US\$29 million higher debt repayments compared to the first nine months of 2022. These negative variations were partly offset by a US\$256 million increase in proceeds from short-term borrowings.

Financial Debt

As of September 30, 2023, AES Andes' debt totaled US\$3,077 million, of which approximately 66% effectively had a fixed interest rate. The remaining 34% of the Company's debt is subject to variable interest rates.

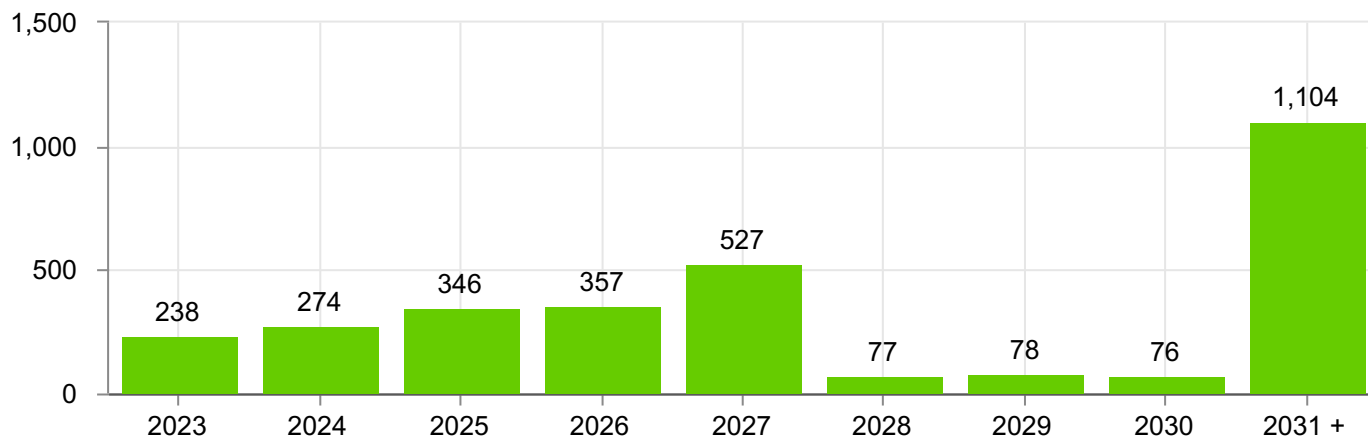
As of September 30, 2023, approximately 84% of AES Andes' debt was denominated in USD. Of the remaining debt, 1% was denominated in Chilean UF (former Eléctrica Santiago's bonds) and 15% in Colombian pesos (including the leasing executed by AES Colombia to finance the Tunjita Project, and corporate debt in Colombia).

In the second quarter of 2022, AES Andes increased the size of its Green Loan Facility by US\$150 million to a total of US\$400 million. The Green Loan carries an interest rate of SOFR +175bps with semiannual amortizations and a final maturity in November 2026. The proceeds of the loan are being used to fund the construction of renewable energy projects.

The following table shows the Company's debt in detail and maturities for the following years. Interest rates for debt in Colombian pesos (COP) are presented in original currency. Debt in Colombian pesos as well as debt subscribed in UF do not have exchange rate derivatives. For referential purposes, the 6.5% consolidated interest rate is calculated based on an estimate of the equivalent interest rate in US dollars.

	Principal (US\$mn)	Average Interest Rate	Schedule of Maturities as of					
			September 30, 2023					
			2023	2024	2025	2026	2027	2028 +
US\$ 550 M Junior Notes due 2079	516.0	7.13%	—	—	—	—	—	516.0
US\$ 450 M Junior Green Notes due 2079	328.4	6.35%	—	—	—	—	—	328.4
US\$ 409 M Senior Notes due 2025	117.5	5.00%	—	—	117.5	—	—	—
UF\$ 1.0 M Senior Notes due 2024	20.3	7.50%	5.3	15.0	—	—	—	—
AES Andes ST Loan	260.0	6.93%	185.0	75.0	—	—	—	—
Angamos US\$ 800 M Notes due 2029	37.9	4.88%	3.2	6.3	6.3	6.3	6.3	9.4
Cochrane US\$ 430 M Notes due 2027	258.3	5.50%	32.9	60.1	65.6	67.4	32.4	—
Cochrane US\$ 485 M Local Notes due 2034	485.0	6.25%	—	—	—	—	12.0	473.1
Colombia LT due 2027 (COP)								—
Total Fixed Rate	2,023.4		226.3	156.5	189.4	73.7	50.7	1,326.9
AES Andes Green Loan	346.8	7.10%	—	53.6	80.0	213.2	—	—
AES Andes Scotia	50.0	7.34%	—	—	—	—	50.0	—
AES Andes SMBC-MIZ 2027	150.0	6.27%	—	—	—	—	150.0	—
AES Andes Citi 35M due 2026	35.0	7.13%	—	—	—	35.0	—	—
Colombia LT due 2027 (COP)	120.2	14.98%	7.1	28.3	28.3	28.3	28.3	—
Colombia LT due 2025 (COP)	86.0	15.39%	4.1	32.9	45.0	4.1	—	—
Colombia LT due 2027 (COP)	244.8	18.10%	—	—	—	—	244.8	—
Tunjita Leasing	21.1	18.30%	0.8	3.2	3.2	3.2	3.2	7.6
Total Variable Rate	1,053.9		12.0	117.9	156.5	283.7	476.2	7.6
Total	3,077.3	6.40%	238.3	274.4	345.9	357.4	526.9	1,334.4

Amortization Schedule (US\$ mn)



RISK ANALYSIS

MARKET AND FINANCIAL RISK

Market risks refers to the risk that the fair value of future cash flows vary due to a change in market prices. Market risk include the following three categories: foreign currency risk, interest rate risk, and commodity price risk. Financial Risk relates to the potential occurrence of events, which could have a negative financial impact on the Company and specifically includes credit risk and liquidity risk.

Foreign Currency Risk

In Chile the functional currency is the US Dollar ("USD") given that its revenue, expenses, and investments in equipment and debt are mainly denominated in or linked to the USD. Also, the Company is authorized to file and pay its income taxes in Chile in USD. There is an exchange rate risk associated with any revenue, expenses, investments, and debt denominated in any currency other than USD. The main items denominated in Chilean pesos ("CLP") are some energy receivables and tax credits primarily associated with VAT.

As of September 30, 2023, AES Andes maintained several currency forwards with banks to mitigate its exposure to foreign exchange variations related to the collection of energy sales. Even though most of the Company's energy supply agreements have USD denominated prices, payments are made in CLP at an exchange rate that is fixed for a specific period of time.

At September 30, 2023, and given the Company's net asset position held in Chilean pesos, the impact of a 10% devaluation in the exchange rate of the Chilean peso to the U.S. dollar at the end of the period would have generated a negative impact of approximately US\$13 million; however the Company maintains a loan denominated in Colombian pesos and the impact of a 10% devaluation in the exchange rate of the Colombian peso to the U.S. dollar at the end of the period would have generated a positive impact of approximately US\$32 million. In the period ended September 30, 2023, approximately 76% of the Company's revenues and 75% of its cost of sales were denominated in U.S. dollars, while in the period ended September 30, 2023 approximately 79% of revenues and 81% of cost of sales were denominated in U.S. dollars.

In relation to Colombia, it should be noted that the functional currency of AES Colombia is the Colombian peso since most of the subsidiary's revenues, particularly contract sales and spot market sales, and operating costs are mainly linked to the Colombian peso.

As of September 30, 2023, contract and spot sales in Colombia represented 20% of the Company's consolidated operating revenue, compared to 17% during the same period of 2022. Additionally, AES Colombia's dividends are denominated in COP, although financial hedge instruments are used to fix the amount to be distributed in USD. Given AES Colombia's net liability position in USD as of the end of September 2023, a 10% devaluation in the COP/USD exchange rate would have generated a positive impact of approximately US\$1 million to AES Andes' net income.

The functional currency of AES Andes' Argentine subsidiaries is the Argentine Pesos. Given TermoAndes' net asset position in USD as of September 30, 2023, a 10% devaluation in the ARS/USD exchange rate would have generated a negative impact of approximately US\$7 million in AES Andes' net income. A further weakening of the Argentine peso could cause a significant decrease in TermoAndes' operating results, cash flow, ability to pay dividends to AES Andes and the value of its assets. Further weakening of the Argentine peso could cause a significant decrease in TermoAndes' operating results, in its cash flow, in the ability to pay dividends to AES Andes and in the value of its assets.

At the consolidated level, investments in new plants and maintenance equipment are mainly denominated in U.S. dollars. Short-term investments associated with cash management are mainly made in U.S. dollars. At September 30, 2023,, 56% of investments and current account balances are denominated in U.S. dollars, 12% in Chilean pesos, 8%

in Colombian pesos and 24% in Argentine pesos. Cash balances denominated in Argentinean pesos are subject to the volatility of the exchange rate of the Argentinean market. As of December 31, 2022, 48% of investments and current account balances were denominated in U.S. dollars, 11% in Chilean pesos, 7% in Colombian pesos and 34% in Argentine pesos.

The following table shows the composition of the debt by currency based on principal to be repaid, as of September 30, 2023, and December 31, 2022:

	September 30, 2023	December 31, 2022
USD	84.0 %	85.0 %
U.F.	1.0 %	1.0 %
COP	15.0 %	14.0 %

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with variable interest rates.

AES Andes manages its interest rate risk by having a significant percentage of its debt at a fixed rate or with interest rate swaps, to fix it.

The following table shows the composition of debt by type of interest rate as of September 30, 2023, and December 31, 2022.

	September 30, 2023	December 31, 2022
Fixed or with Swap	66.0 %	65.0 %
Variable	34.0 %	35.0 %

As of September 30, 2023, a 10% increase in variable interest rates would have a US\$12 million negative impact on net income.

Fuel Price Risk

AES Andes is affected by the volatility of certain commodity prices. The fuels used by the Company, mainly coal is a commodity with international prices set by market factors outside of the Company's control. The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Since AES Andes' portfolio in Chile has a significant component of thermal generation, fuel costs represent a significant portion of the cost of sales.

Currently, AES Andes' contracted energy is balanced with energy generation of facilities with a high probability of dispatch (efficient generation). A portion of the Company's PPAs in Chile include clauses that adjust prices based on variations in the price of coal according to index mechanisms and adjustment periods specified in each contract, in order to mitigate the risk of major changes in the cost of fuel.

Based on the above exposed, a 10% increase in the cost of fuel is estimated to have not had a material impact on the Company's profits as of September 30, 2023.

Credit Risk

Credit risk relates to the credit quality of counterparties with which AES Andes and its subsidiaries establish relationships. These risks are reflected primarily in accounts receivables and financial assets, including bank and other deposits and other financial instruments.

With regards to accounts receivable, AES Andes' counterparties in Chile are mainly distribution companies and high solvency industrial customers, and a significant percentage of these customers or their parent companies have local and or international investment-grade credit ratings. Additionally, sales by the AES Andes Group companies on the spot market must be made to other generators, members of the National Electrical Coordinator, in accordance with the economic dispatch determined by this entity.

In Colombia, AES Colombia performs risk assessments of its counterparties based on an internal credit quality evaluation, which in some cases may include guarantees. In Argentina, the main counterparties are CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) Argentina's wholesale electric market administrator, and large unregulated consumers with contracts under the Energía Plus program. TermoAndes carries out internal credit evaluations of its unregulated customers.

Financial investments by AES Andes and its subsidiaries such as mutual funds, time deposits, and derivatives, are executed with local and foreign financial institutions, which have national and or international credit ratings greater than or equal to "A" under the S&P and Fitch scale and "A2" under the Moody's scale. Similarly, derivatives for financial debt are executed with first-class international entities. Cash, investment, and treasury policies direct the management of the Company's cash portfolio and minimize credit risk.

Liquidity Risk

Liquidity risk relates to the funding requirements to meet payment obligations. The Company's objective is to maintain a balance between continuity of funding and financial flexibility, through internally generated cash flows, bank loans, bonds, short-term investments, committed credit lines, and uncommitted credit lines.

As of September 30, 2023, AES Andes had US\$283 million in available funds including, cash and cash equivalents. Meanwhile, as of December 31, 2022, AES Andes had a balance in liquid funds available of US\$186, which includes cash and cash equivalents. It should be noted that the balance of cash and cash equivalents includes cash, time deposits with original maturity of less than three months, marketable securities, mutual funds corresponding to low-risk investments in U.S. dollars with immediate availability, rights with repurchase agreements and trust rights. As of September 30, 2023, AES Andes had US\$200 million in committed lines of credit and approximately US\$175 million of uncommitted and unused lines of credit.

OPERATIONAL RISKS

Operational risks relate to the possibility of future outages or deficiencies that can negatively affect the Company's strategic operational and or financial objectives.

Hydrology

AES Andes' operations in Chile and Colombia may be affected by hydrological conditions, as hydrology is key to plant dispatch and prices on both grids.

In Chile, the Company has identified specific mitigation measures in case the current hydrological situation is maintained over time. AES Andes uses proprietary statistical models to evaluate the risks associated with its contractual commitments. In general terms, AES Andes' commercial strategy in Chile is to execute long-term contracts for its efficient generation plants, maintaining other more expensive units as a backup.

In Colombia, the commercial strategy focuses on the optimal use of the reservoir with the general objective of contracting on between on average 75% to 85% of the expected generation.

Currently, the efficient generation of AES Andes' facilities is balanced with contracted volume, which mitigates most of the exposure to hydrology variations.

Demand Risk

Demand and electricity consumption of AES Andes' customers and in the systems in which the Company has operations are key variables for the Company's operating results and for determining market prices. AES Andes mitigates the risk of demand variations through the execution of contracts with large customers including committed levels of consumption ("Take or Pay"). Exposure to the demand of our customers is limited to the variation in consumption of small commercial and industrial customers.

As previously mentioned, exposure to demand in the spot market is limited by the commercial strategy in Colombia and Chile. In Argentina, TermoAndes is an efficient base load plant that is within the order of merit even in hours of minimum system demand.

In Chile, particularly, the increase in supply associated with the irruption of solar and wind energy projects determined during the last few years a significant drop in short (where particularly in 2022 they were affected by the rise in commodity prices) and long term energy prices. The installation costs of these technologies have decreased considerably in recent years, making them highly competitive with respect to traditional technologies. It is expected that the competitive dynamics and price trends will continue in the future.

Risk on fuel supply

Coal purchases are made through periodic tenders inviting important international suppliers, awarding the supply to competitive and backed companies. The purchases are made in advance in order to guarantee a substantial portion of coal needs for the following year, leaving a margin that provides flexibility in case of deviation in the expected plants' dispatch allowing the Company to capture market opportunities.

Fuel purchase policy is complemented by an inventory management that substantially mitigates the risk of not having the fuel needed. Additionally, the policy implemented mitigates inventory devaluation risk, balancing timely supply and actual consumption.

Operational Failures and Maintenance

Mechanical failures, accidents, planned or unplanned maintenance that affect the availability of the Company's efficient capacity could have a material adverse effect on results.

Although the Company regularly performs maintenance and operational improvements to its plants to guarantee the commercial availability of all of them and maintains in force operational insurance policies, failures could eventually occur that result in commercial unavailability. A significant period of unavailability in the Company's efficient plants, either due to operational failures or maintenance (scheduled or unscheduled) could mean, in some hydrological scenarios, that the fulfillment of the supply contracts is made through the purchase of energy in the spot market, conditions that could increase operating costs, negatively affecting the results of AES Andes.

Projects under construction

The execution of the Company's investment projects under development depends on numerous factors that could defer from the original projections. These factors include increases in costs of construction or investment in equipment, potential delays, difficulty in finding skilled labor, financing costs, and the effect of potential delays or difficulties in the regulatory authorization and permit process, including potential litigation or lawsuits.

It should be noted that adequate project development includes making investments related to diverse project areas such as studies, easements, land preparation and construction of roads, among others, before the approval and final execution of the project.

Currently, power generation projects are facing a high level of opposition from organized groups or local communities. The Company cannot ensure that this opposition will not affect projects under construction. In its interest of being a good neighbor and according to its "Policy for Relations with Local Communities," AES Andes, works to be locally respected and valued by its excellent economic, social and environmental performance and its contribution to the sustainable development to the communities where it operates.

Decoupling Risk

Given certain transmission restrictions in Chile due to the concentration of renewable energy plants, there may be differences between injection and withdrawal prices (decoupling) that must be assumed by the generator, affecting the Company's operating margins. Currently, there are energy supply contracts in which this risk cannot be transferred; however, in new contracts with free customers, transfer clauses are included to mitigate this risk. It should be noted that the enabling of the Cardones-Polpaico transmission line has completed the interconnection process between the former SIC and the SING grids, contributing significantly to the leveling of prices in the North and Center of the country and to the reduction of transmission limitations that generated local prices for the different nodes of the System. All this contributes to a significant reduction of the risk associated with decoupling.

Regulatory Risks

AES Andes, its subsidiaries and related companies are subject to several different aspects of regulation in the countries in which they operate. The regulatory risk is related to potential modifications to the existing legislation that could adversely affect the Company's financial results.

AES Andes cannot guarantee that the laws or regulations in the countries in which it operates or has investments will not be modified or interpreted in a manner that could adversely affect the Company or guarantee that governmental authorities will grant any requested approval. AES Andes however actively participates in the development of the regulatory framework, submitting comments and proposals to the proposed regulations presented by authorities.

Electricity Regulation

As power generation companies, AES Andes, its subsidiaries, and related companies are subject to regulation in diverse aspects of their business. The current regulatory framework, which governs all electricity supply companies, has been in effect in Chile since 1982 and in Colombia since 1994, while in Argentina the regulatory framework was established by Law 15.336 from 1960 and Law 24.065 from 1992.

CHILE

Regulated Tariff Stabilization Mechanism

On July 13, 2022, a Bill that creates a stabilization fund and establishes a new mechanism of temporary stabilization of electricity prices for customers under regulated contracts "MPC" (Client Protection Mechanism" also known as "PEC 2") was approved by the Deputy Chamber. The new mechanism, unlike its predecessor, does not alter the prices of regulated supply contracts, nor allocates the financing cost to the supplier, but establishes a discount to the monthly invoicing made by the generation companies to the distribution companies. This discount will be returned to the supplier on a monthly basis by issuing a payment document "Transferable credit title", guaranteed by the Chilean Treasury. This transferable credit title must be issued by the Ministry of Finance, incorporating the Monetary Policy Rate published by the Central Bank of Chile plus 25 basis points, which must be adjusted by the Ministry of Finance in accordance with the market conditions in force at the time of issuance of the payment document.

Likewise, the bill establishes different ranges of tariff stabilization, being the customers with lower regulated consumption in terms of kWh/month the most benefited, as well as the micro and small businesses up to a monthly consumption of 1,000kWh.

The tariff stabilization fund will be financed by the establishment of a new single charge, for unregulated and regulated customers, with different value according to consumption levels, being exempt from this charge consumption lower than 350kWh/month. This Tariff Stabilization Fund, as well as the charges to finance it, will have a single validity that may not exceed December 31, 2032, and may not be extended beyond that period. Likewise, the law establishes that the balances generated by the stabilization of tariffs must be extinct no later than December 2032, being able to set for such purpose, additional charges in the regulated rate setting "MPC Charges" (Mechanism Charge for Customer Protection).

Finally, it is established that the "MPC Charges" must be imputed as a priority to the payment of the uncollected balances of the previous price stabilization mechanism (of Law No. 21,185 or "PEC 1").

Law No. 21,472 was published on August 2, 2022, however, the first payment documents of the MPC mechanism were not finalized until August 30, 2023, partly due to the significant delay in the issuance of Tariff Decrees. These delays, in addition to negatively affecting the implementation of the MPC mechanism, entail a significant accumulation of debt on the part of regulated customers, which will lead to inevitable future tariff increases, so the Ministry of Energy decided to postpone the publication of the tariff decrees of January 2023 and July 2023, pending the development of a new complementary mechanism to the MPC mechanism, which will allow mitigating the aforementioned increases.

Discussion Complementary Mechanism for Stabilization of Regulated Rates and Subsidies

On October 11, 2023, the Minister of Energy addressed in the Mining and Energy Commissions of both Chambers of Congress, the future increases in electricity tariffs and their implications, derived from an accelerated exhaustion of the MPC mechanism, and the delay in the timely issuance of tariff decrees.

In this context, the Ministry of Energy and the Senate Mining and Energy Commission signed an agreement to work on a new electricity tariff stabilization mechanism. The commitment is to continue with the processing of the energy transition bill through the entry of a series of indications that, among other measures, will advance in the creation of a subsidy for vulnerable customers and will allow the execution of urgent expansion works for the electricity system.

It is expected that during November 2023, the Ministry will present a new bill to address future tariff increases through a new tariff stabilization scheme and a targeted subsidy scheme for the most vulnerable regulated customers. The discussion will have among its main focuses 1. the origin of the financing of the new mechanism and 2. the financing of the subsidy required for vulnerable customers.

Flexibility Strategy, reform of the power market.

In November 2019, the Ministry of Energy presented the Flexibility Strategy with the objective of defining a regulatory work plan for the short and medium term related to the operational flexibility of the system. The strategy considers the development of a process with the following three work axes:

- a. Improvement of the market design for the development of a flexible system.
- b. Review of the regulatory framework for storage systems.
- c. Measures associated with the flexible operation of the system.

The agenda of the process contemplated a regulatory discussion that would extend from January 2020 to May 2022. During this process, the review of the current remuneration mechanism and its price level was proposed.

In September 2020, the Ministry of Energy restarted the regulatory work associated with the development of the Flexibility Strategy. Likewise, on October 15, discussions began on the strategy's axis: improvement of the market design for the development of a flexible system. The work contemplates the modernization of the capacity market with a view to the future flexibility needs of the system, foreseeing different impacts on the level of payment of various technologies. The participatory regulatory work, led by the Ministry of Energy, was completed during July 2021.

On September 3, 2021, the Ministry published for public consultation a draft of the new power payment regulation, which was closed for comments on October 5, 2021. The document under consultation would contemplate a transitional period of approximately 9 years to fully migrate to the new power payment regime, counted from the date of publication of the new regulation. The document under consultation would contemplate methodological changes that would apply immediately after the new regulation is published and additionally a potential impact on the power remuneration price.

On February 17, 2022, The Ministry of Energy entered Supreme Decree No. 3/2022 for processing by the Comptroller General of the Republic, which establishes a new regulation for the capacity market. However, on September 21, 2022, by means of Official Communication No. 1352 of the Ministry of Energy, the Regulation was withdrawn from the Comptroller's Office by the Undersecretary of Energy.

In relation to the above, the Ministry of Energy after the conformation of work tables with the main unions of the sector, in order to address the assumptions of temporary application of the new power regulation, contained in Supreme Decree No. 3 of 2022 (withdrawn from comptroller's office), in a public presentation on January 24, 2023 has indicated the main changes that the new version of the transitional chapter of the regulation would contain. The Ministry of

Energy points out in its presentation that the new version will include a mechanism that allows generation plants to opt, for one time only, subject to application conditions, to the recognition of sufficiency power based on the Supreme Decree N°62/2006 or to migrate to the mechanism of recognition of power based on the new methodology established in the proposed regulation. In this way, a plant that opts for the first scheme will be able to maintain said methodology of recognition of sufficiency power for 15 years from the date of entry into operation of the plant.

Likewise, the Ministry has communicated that it will include an administrative recognition of payment for power to storage systems with or without a transitional renewable plant based on a table that will be in force for 10 years from the publication of the regulation. After the 10 years of application, a gradual transition mechanism of 5 years will be implemented, weighting the recognition rule of the table and the power recognition provided by the new methodology (probabilistic) of the regulation.

Finally, on July 27, 2023, the Ministry of Energy has announced that it will desist from the processing of the New Power Regulation, starting the processing of changes limited to the current regulation Supreme Decree No. 62. The main implication is that the new ELCC probabilistic methodology will not be implemented to determine the sufficiency contribution of generating units and storage, which generated high uncertainty for renewable technologies and storage.

The changes to the current power regulation are mainly framed in establishing an administrative recognition to the payment of power storage for 10 years from the publication of the changes in the official gazette. It also establishes the need for a technical study by the Coordinator that will serve as input for the regulator to then establish peak control schedules based on the most demanding times of the system. The document in public consultation of modification to the DS N°62 was in force from July 26 to August 28, 2023. In this context, on October 20, 2023, the Ministry of Energy responded to the comments made in the framework of the public consultation. The main changes and clarifications published are related to making viable the recognition of payment for power to storage systems, as well as redefining the percentages of payment recognition during the first ten years to storage systems, highlighting the contribution of storage between 3 and 5 hours of duration.

The Ministry estimates that the new decree will begin to be processed by the Comptroller's Office during November 2023.

Portability Bill

On September 10, 2020, the Ministry of Energy has presented the Electric Portability Bill to start the legislative process. The bill was referred to the Mining and Energy Commission and the Treasury Commission. The aim of the project is to enable all end users to choose their supplier of electricity, getting lower prices, differentiated and personalized offers, and better quality in customer service. Currently the project is not considered urgent and is in the first stage of legislative processing. To date, it has not been added to the Commissions' agenda for discussion.

Bill that prohibits the installation and operation of coal-fired thermoelectric plants

On January 9, 2020, a bill that prohibits the installation and operation of coal-fired thermoelectric plants throughout the country was presented by a parliamentary motion. This bill establishes the prohibition of installation and closure of coal-fired plants in Chile no later than December 31, 2025.

On June 22, 2021, both the permanent article and the transitory article, which is the one that determines the deadline for the closure of the plants, have been approved in their first legislative procedure in a vote in the Chamber of Deputies of the Chamber of Deputies.

On October 13, 2021, the Senate Chamber took note of the entry of the motion of a group of Senators, initiating a bill that promotes the generation of renewable energy (Bulletin No. 14,652-08), for discussion in the Mining and Energy Committee of the Senate. The bill prohibited the injection into the National Electric System, as from January 1, 2030, of

electric energy whose primary source is the combustion of fossil substances. On March 15, 2022, the bill was approved in general by the Senate. The Senate Mining and Energy Commission of the Senate still has to approve the bill and then the House of the Senate to complete the first stage of the legislative process. As of the date of issuance of these Financial Statements, it has not been placed on the table of the Committees for discussion.

Water Code Reform

On April 6, 2022, Law No. 21,435 reforming the Water Code (the "Reform") was published in the Official Gazette and entered into force. Although the Reform reaffirms the nature of water use rights ("WURs") as a real right, it contemplates causes of expiration for non-use, introduces obligations for WURs owners, and establishes that the new WURs that are created will have time limits, up to 30 years, which can be automatically extended.

Priority or preference is given to subsistence, human consumption and sanitation uses over other productive uses, both for the granting of WURs and for limitations on their exercise. The Reform also establishes the human right to water and sanitation. It also grants the General Water Directorate (DGA), among others:

- powers to impose water redistribution measures, always guaranteeing the prioritization of human consumption, sanitation and domestic subsistence uses in certain areas in the event of insufficient water resources; new powers of the DGA in relation to declarations of water scarcity areas;
- and the power to establish minimum ecological flows for new WURs, as well as in the case of transfers of the exercise of a WURs and with respect to existing WURs in areas declared under official biodiversity protection. The Reform establishes the creation of Strategic Water Resources Plans that seek to promote water security for each basin.

The Reform establishes the creation of Strategic Water Resources Plans that seek to promote water security for each basin, which has begun to be implemented through the Basin Councils, generating a participatory stage in the Strategic Plans.

On the other hand, the Reform also establishes restrictions to the exercise of an AD in case of affecting an aquifer or surface water source, and furthermore, that the MOP may expropriate rights both to satisfy domestic needs of a population and to satisfy the conservation of water resources, when there are no other means to obtain water. In addition, the reform prohibits the constitution of water rights in glaciers, establishes grounds for the extinction of water rights for non-use and creates in situ use for conservation or tourism purposes and finally, in the area of groundwater, it encourages the organization of water communities with respect to the declaration of prohibition and restriction zones.

Law that "Regulates Wind Power Complexes and Photovoltaic Plants".

On October 12, 2022, a parliamentary motion has been introduced to amend Law No. 19,300 and regulate in a special way the construction of wind turbine complexes and photovoltaic plants" (Bulletin No. 15412-12). The project seeks, on the one hand, greater citizen participation in the development of the projects, regulate the minimum distance between wind turbines and houses, regulate the flickering shadow effect in wind towers, as well as contemplate fines for non-compliance.

On July 31, 2023, by means of Official Letter No. 18,632, the Chamber of Deputies approved the request of the Environment and Natural Resources Committee to merge the previous bill with another bill submitted which states: "Regulates the construction of wind turbine complexes and modifies the law on general environmental bases" (Bulletin No. 14443-12). As of the date of issuance of these Financial Statements, it has not been placed on the table of the Committees for discussion.

National Electric System Chain of Payment

On September 29, 2022 the company Maria Elena Solar (subsidiary of Solar Pack) informed the Coordinator that it would not be possible to meet its payment obligations in the short-term market from July onwards. Likewise, on October 6, Ibereolica Cabo Leones II informed that it was in the same situation for its obligations since August.

Both companies have regulated contracts awarded in public auction processes in which their bids for solar and wind projects were awarded.

The National Electric Coordinator (CEN) has taken the necessary steps to execute the short-term market guarantees mechanism established in the regulation to pay the amounts owed by the companies. The companies provided guarantees for US\$3.7 million for the year 2022 to CEN.

The situation that would cause the alleged insolvency of the companies would be related to the exposure to high marginal withdrawal costs for their contracts, and the impact on the valuation of their injections due to the congestion present in the system.

Due to the high overall volume of regulated energy contracted and the low volume of these 2 suppliers (around 2% of regulated supply), the eventual early termination of these contracts would not represent a supply risk or the need for new short-term tenders, and would have a limited impact on regulated tariffs to end customers.

Regarding the status of the regulated contracts of these companies, the distribution companies may terminate the contract in advance, prior authorization of the National Energy Commission. In this regard, on November 24, 2022, through official letter 736/2022 CNE has indicated that it does not approve the early termination of supply contracts, in response to the request made by the distribution company CGE. Likewise, CNE by means of official letter 752/2022 indicates that the exclusion of supply allocation for the balance of transfers of suspended contracts of the Short Market does not represent the recognition of the termination of the validity of these contracts. It also mentions that the higher purchase costs, originated in the higher effective billings of the suppliers' contracts, will be recognized in the following Technical Reports of Average Node Prices. On the other hand, on January 3, 2023, the Superintendence of Electricity and Fuels through Ordinary Official Letter 154727, pointed out Ibereólica Cabo Leones II S.A. ("Ibereólica"), failed to comply with the instruction to deliver the information requested in relation to the payment chain in the short term market in the context of what is established in the electricity law, with which it formulates charges for the facts constituting an infraction.

On July 12, 2023, Ibereólica Cabo Leones II returns to the short-term market by settling outstanding balances with the Coordinates and providing a new guarantee to the National Electric Coordinator in the amount of US\$3.5 million.

Also, on July 14, 2023, through Resolución Exenta No. 292, the CNE approved the early termination due to major force of the regulated supply contracts of Huemul Energía SpA (Mainstream) supported by the Ckani project. The contract involved an amount of 374 GWh/year at a current price of 52.1 USD/MWh, and was supposed to be supported by the 109 MW Ckani wind project, which faced construction difficulties of the archaeological type cataloged as force majeure.

In relation to the above, the Regulator has carried out three actions:

- In the bases of the current auction for the Supply of Regulated Clients 2023/01, a series of modifications have been included with respect to the previous processes, with the purpose of minimizing the market risks that the future suppliers of these contracts will face. The main measures include a geographic segmentation of the amounts to be bid, in addition to the hourly segmentation of supply currently contemplated. Likewise, the transfer of systemic costs directly to the final customer is contemplated, such as, for example: payments for complementary services and cost overruns due to non-economic operations. Finally, the auction process includes direct incentives that favor the awarding of renewable energy offers that include energy storage capacity.

- Within the framework of the energy transition bill, it is proposed to incorporate a new compensation mechanism in favor of regulated customers affected by the suspension of suppliers of regulated contracts of the Short-Term Market. The amount of the indemnity would be calculated by the CNE considering the projection of the tariff effect that the suspension in the energy and power balance would have on regulated customers for a period of 12 months following the suspension. Additionally, the payment of this indemnity would be a new condition for the supplier to be able to return to the short-term market, once all debts to the rest of the balance participants have been settled and a new guarantee to participate in the short-term market has been issued.
- Likewise, within the framework of the energy transition bill, it is proposed to incorporate a new mechanism for the reallocation of Extraordinary Tariff Revenues for the benefit of contracted companies with higher price differentials between injection and withdrawal from the spot market.

Additionally, the structure of the energy market and complementary services of the Chilean electricity sector will be analyzed, based on studies initiated by the National Energy Commission and the Ministry of Energy during the year 2023.

Green Taxes

The Ministry of Finance has announced that it will present a corrective tax bill focused on modifying the current green tax regime. The reform would be presented during the month of May 2023 and would contemplate modifications to the current value of the tax, as well as its treatment in the electricity market.

In relation to such reform, both AES Andes and the Generators Association have pointed out to the Ministry that the modification of the tax must contemplate an adequate gradualism regime and a known trajectory, in order to encourage the adaptation of the system in its transition to a green matrix. Likewise, the tax should be incorporated in the variable cost of the generating units, in order to minimize the short-term impact on the system, thus eliminating the need for the current compensation mechanism.

Within the measures contained in the document "Initial Agenda for a second phase of the energy transition", the Ministry of Energy announced the elimination of the compensation called "Compensation B", which determines the hourly compensation in those hours in which by instruction of the Coordinator the generating units have injected energy to the system at a variable operating cost higher than the marginal cost, thus eliminating the largest proportion of current compensations, to the detriment of the inter-annual margin of the generating companies that must pay taxes on emissions.

In this context, on March 18, 2023, the National Energy Commission issued Exempt Resolution N°149, by which it left without effect Resolution N°52, dated January 31, 2018, which complements and modifies Resolution N°659 of 2017, which establishes technical provisions for the implementation of Article 8° of Law N°20,780.

It also establishes that the modification will be applicable from the preparation of the Balances of Offsets that the National Electric Coordinator must publish in 2024, with the purpose of making the calculations to determine the offsets for payment of the tax on emissions associated with the operation of the generating companies throughout the year 2023.

As of the date of this report, AES Andes and other generation companies are evaluating the legal remedies to be filed to challenge the decision of the authority, in order to reinstate the regulatory provisions that allow the proper implementation of the green tax compensation established in the final paragraph of Article 8 of Law 20,780.

Draft Energy Transition Law

On July 11, 2023, the "Energy Transition Bill" was introduced for discussion in the first legislative procedure in the Mining and Energy Commission of the Senate.

The bill is part of a set of measures of the Ministry of Energy within the framework of the so-called "Initial Agenda for a second phase of the energy transition".

Thus, the content of this bill is framed in three pillars:

- a. Efficient development of transmission works.
- b. Electricity Sector and Climate Change.
- c. Competition and promotion of storage.

Among the main measures established in the bill are the following:

- a. Auction of a one-time large-scale Storage System, to be carried out by the National Energy Commission. The Storage System would be fully remunerated by end users, for a maximum term of 15 years, as established in the auction terms & conditions, which should be carried out during 2024 according to the terms of the bill.
- b. New Extraordinary Tariff Revenue Reallocation Mechanism for the benefit of contracted companies with higher price differentials between injection and withdrawal from the spot market.
- c. Enabling the participation of transmission companies in the generation segment, according to maximum participation thresholds to be defined by the Court for the Defense of Free Competition.
- d. New definition of Peak Demand, according to the electric demand in the period of highest power demand in the year, replacing the concept of maximum power in the annual load curve. With power impact on the determination of the size of the power market.
- e. New Compensation Mechanism for regulated customers due to the suspension of suppliers from the Short-Term Market. This would also be a new condition for the supplier to return to the short term market.
- f. New coordination principle: "Operation of a low-emission system".
- g. Modifications to the National Energy Planning and Modifications to the Transmission Planning process. National Energy Plan every 8 years including regional plans and Transmission Planning would be bi-annual (now annual), with expansion decrees every one year.

On October 11, 2023, in the context of the discussion of future tariff increases, the Ministry of Energy and the Senate Mining and Energy Committee signed an agreement to work on a new electricity tariff stabilization mechanism. The commitment also addresses continuing with the processing of the energy transition bill through the entry of a series of indications that, among other measures, will advance in the creation of a subsidy for vulnerable customers and will allow the execution of urgent expansion works for the electricity system.

Thus, the Ministry of Energy has proposed to restructure the energy transition project, prioritizing to legislate the following issues:

- a. Storage Tendering
- b. Improvements associated with the transmission segment
- c. Reallocation of Tariff Revenues
- d. Tariff protection mechanism for vulnerable customers.

The specific discussion will be carried out, in a pre-legislative stage during October and November of this year, through a series of technical tables between the authorities and representatives of the sector.

Renewable Quotas Law

On October 26, 2022, the Ministry of Energy has restarted the discussion of the bill that "Promotes the participation of renewable energies in the national energy matrix", before the Mining and Energy Commission of the Chamber of Deputies. In this context, on December 13, 2022, the executive has formulated indications to the original bill increasing the annual quota of non-conventional renewable energy (NCRE) to 60% by 2030 (the current quota is 20% by 2025) and establishing a quota of NCRE compliance in temporary blocks with a goal of 40% by 2030. For both goals a

gradual staggered compliance is established from 2023 to 2030 and would only apply to new supply contracts signed as of January 1, 2023, for which reason the risk of non-compliance is estimated to be low.

Likewise, the bill establishes the obligation for CEN to maintain an energy tracking and registration system through public traceability of energy from origin to end, as well as increasing the limit for distributed generation up to 500kW (currently 300kW), increasing the potential for residential self-generation which could imply a lower energy consumption by regulated customers.

On April 3, 2023, the bill was approved in general and particular in the Chamber of Deputies in its first legislative procedure. Regarding its second legislative procedure, on April 17, 2023, the Senate Mining and Energy Committee agreed to hold three sessions to analyze the bill, assigning the first session to the presentation of Minister Pardow, the second session to receive organizations that have requested a hearing and the third session to vote in general. As of the date of this report, it has not been placed on the table of the Committees for discussion, prioritizing the discussion of the "Energy Transition Bill" described at the end of this report.

As of the date of issuance of these Financial Statements, it has not been placed on the table of the Committees for discussion, prioritizing the discussion of the "Energy Transition Bill" described at the end of this report.

Bill that "Allows to ensure water certainty for the different productive uses of water"

On November 16, 2020, a bill was presented to "Ensure water certainty for the different productive uses of water" (Bulletin No. 13,891-09), which amends the Water Code and the General Law on Electric Utilities.

The bill seeks to prioritize the use of consumptive water rights for irrigation, sanitation and human consumption with respect to non-consumptive water rights, as well as to establish that the electric concessionaires of hydroelectric power plants must present within 5 years following the entry into force of the law, a plan for the transformation of their productive matrix in which they must consider the use of renewable sources, other than water, that ensure the sustainable use of the detained water reserves. It also establishes that the concessionaires will have to refrain from carrying out generation work when injecting energy or power to the system through the use of water as the basis of their activity, when this would be detrimental to the irrigators who obtain water from the same source or its tributaries. To this end, electricity generation must be coordinated with the irrigation activity.

In the case of territories under a water shortage decree, concessionaires will not be able to generate unless they do so simultaneously with the holders of rights for human consumption, sanitation or irrigation or with the authorization of the users' organizations, and as long as it does not affect the future availability of the resource.

The current drafting of the law project would be focused on regular conflicts occurring between the hydroelectric generation of reservoir and water rights for agricultural and residential use. The bill is currently in its first constitutional proceeding, without urgency, awaiting the first report of the Special Commission on Water Resources, Desertification and Drought, and it is expected that after the presentations made by the associations of the electric sector, the real meaning and scope of the provisions of the bill will be clarified.

Watershed Governance

According to the Public Account 2022, the Government of Chile is interested in Basin Governance through the Basin Councils, composed of a public-private board representing different stakeholders in the basins, whether or not they have water use rights. The objective of this is to establish basin planning, generate, promote and coordinate the integrated management of water resources.

At the regulatory level, this has been framed within the Interministerial Committee for Just Water Transition (CITHJ), created by Decree 58/2022, led by the Ministry of the Environment. The pilot basins from north to south are: Codpa

and Caleta Vitor, Pampa del Tamarugal, Salar de Atacama, Huasco, Choapa, Ligua, Maipo, Rapel, Maule, Biobío, Toltén, Valdivia, Maullín, Aysén, Coastal Basins between Seno Andrew and R. Hollemberg and islands to the east.

The plan is currently divided into the following stages:

- Preparation for the installation of the pilot Basin Councils, through the technical units and coordination of the regional governments.
- The installation of pilot Basin Councils, through technical secretariats and Basin Council assemblies.
- The preparation of the Basin Councils law, which is in the process of defining the methodology for the participation of the pilot Basin Councils with the greatest progress, on the verge of being introduced as a bill.

Regarding progress, the councils continue to be promoted through meetings with relevant stakeholders.

Constitutional Assembly

On December 12, 2022, the main political parties signed the Agreement For Chile, which establishes the framework for the new constituent process and will conclude with a plebiscite in November 2023. The following bodies will participate in the constitutional process:

- a. Constitutional Commission: composed of 50 popularly elected members, which includes indigenous members and which, in order to approve, require a 2/3 quorum;
- b. Commission of Experts: Composed of 24 experts, of which 12 are appointed by the Senate and 12 by the Chamber of Deputies, which must prepare an initial draft of the new Constitution, acting with a quorum of 3/5 of its members.
- c. Admissibility Commission: Composed of 14 experts proposed by the Chamber of Deputies and appointed by the Senate, who may declare that a proposal is not in line with the basic principles of the constitutional agreement and require that a new proposal be drafted.

The appointment of the members of the Commission of Experts took place in January 2023 and the election of the members of the Constitutional Council on May 7, 2023. The Expert Commission delivered the final text of the draft Constitution on June 5 to the Constitutional Council, which must review it by November 7 and then proceed to the mandatory plebiscite on December 17, 2023.

The Company continues to monitor the evolution of the political process in order to assess regulatory risks that could affect the performance of its operations.

COLOMBIA

Transitional measures for the commercialization of energy for the regulated market.

On September 18, 2023 Resolution CREG 701 021 of 2023 was published, where several adjustments are proposed: i) to reduce from 66 to 31 days the execution of the SICEP (Centralized Information System of Public Calls) ii) to establish a transitional contract in a 75% pay what is contracted mode that must be signed by generators that have surpluses between their firm energy and their contracts and may only be transferred to the end user at a regulated price of 1.5 times the average of the contracting prices of the period, which provides relief so that the demand does not continue to buy energy at high exchange prices but would limit the opportunity income of the generators in critical periods such as the El Niño phenomenon.

Procedures for monitoring spot market exchange offers

On September 1, 2023, CREG Circular 068 of 2023 was published, where the procedures that make operable the scheme for "monitoring the exercise of market power in bid prices" were made public of article 3 of Resolution CREG 101-018 of 2023. Once the procedures are published, the National Dispatch Center (CND) may start the application of tests.

Change to CREG's internal regulations

On September 26, 2023, Resolution CREG 105-003 of 2023 was published, which issued the new internal regulations of the CREG. This new regulation reduces the quorum required to meet and adopt decisions in the Commission; in addition, it allows commissioners who decide to save their vote to argue the reason for their decision. With respect to the Commission's decisions, the Minister or his delegate may submit observations to the CREG for review, in the case of formal, numerical or wording errors or requests for clarification of the approved modifications.

Social dialogue to define the Roadmap for a Just Energy Transition

The government program proposes a Just Energy Transition, with national goals and territorial vision. The main challenges recognized in this government program are three:

1. the adaptation of energy systems to the adverse consequences of climate change,
2. the transition from an extractive economy to a productive economy, and the
3. the establishment of social and ecological justice, in which energy is established as a universal right.

This seeks to turn Colombia into a global leader and benchmark in the adaptation of energy systems to meet the needs of the population and simultaneously address the environmental crisis caused by global warming. The Just Energy Transition is based on four principles: equity; gradualness, sovereignty and reliability; binding social participation; and knowledge.

AES Colombia has had direct participation in the discussions before the national government and also through the representation of associations such as Acolgen, Andesco and Ser Colombia.

National Development Plan 2022-2026

The government enacted Law 2294 containing the National Development Plan 2022-2026 and where electricity transfers were increased from 1% to 6% of gross energy sales for generation from non-conventional renewable resources. It will be applied exclusively to those plants located in areas with higher solar radiation and wind speed as established by the Ministry of Mines and Energy. Through trade union intervention, the transfers for non-conventional renewable resources will remain at 4% for those projects that have previous commitments with the market either in the reliability charge or in long-term energy contracts.

Regulated tariffs

In view of the increase in public utilities above inflation, the Ministry of Mines and Energy, the Energy and Gas Regulatory Commission (CREG) and the Superintendency of Public Utilities have issued resolutions aimed at modifying some components of the tariff formula.

Through Resolution CREG 101-027, energy distribution and transmission companies may adjust the value of the regulated charge by updating the indexation indicator (the minimum between CPI and PPI). Resolution CREG 101-028 seeks to optimize the operation of thermal plants by dispatching them more efficiently and reducing the cost of

electricity restrictions. Finally, Resolution CREG 101-029 established the guidelines for generating agents to voluntarily renegotiate current energy contracts by adjusting the indexation indicators.

As a result of the contract negotiation process to date, end users will be able to see a reduction in the tariff between 4% and 8% of its value due to the fact that only 69% of all contracts were renegotiated. AES Colombia voluntarily adjusted 100% of the regulated market contracts for the remainder of 2022 and until the third quarter of 2023, with the exception of its long-term contracts, which were not adjusted.

In the medium term, it is expected that a new contract indexation indicator will be defined specifically for the electricity sector, which will allow for greater tariff stability in the country.

Market Operation Code

The objective with the issuance of the draft of the new operating code contained in Resolution CREG 143 of 2021 is to establish the applicable regulation for the proper functioning of the wholesale energy market and the interaction between the agents that participate in it, seeking that the transactions of electric energy and other products and services of the market respond to criteria of efficiency and free competition.

The main proposed adjustments to the market are as follows:

- i. to have a market of binding commercial commitments that can be adjusted in sessions close to the operation;
- ii. implementing a co-optimization process for energy and ancillary services in the daily dispatch;
- iii. provide firm price signals for energy and other services before the operation in real time;
- iv. establish a scheme to regulate the behavior of generators;
- v. establish mechanisms for demand to actively participate in the market through bids;
- vi. establish competitive mechanisms for the allocation and remuneration of complementary services: secondary and tertiary regulation and autonomous start-up;
- vii. enable the participation of new technologies alongside conventional technologies in the energy and complementary services market.

It is expected to have a period of adjustments and comments to the proposed schemes among all market participants given that there will be a year until the implementation once the final resolution is issued. AES Colombia is working with an expert consultant to analyze the impacts of the implementation of the regulation and training the teams to carry out simulations of binding and intraday dispatch.

Calculation of firm energy for wind and photovoltaic solar plants

The regulator issued a draft resolution to modify the methodology for calculating the firm energy from wind and photovoltaic solar resources, which contemplate requesting the basic parameters of these resources in order to obtain a centralized modeling that allows these projects to participate in allocations of firm energy obligations under the reliability charge scheme. In principle these projects would not affect the firm energy obligations already acquired by AES Colombia's projects.

Adjustments in the start of operation dates for generation projects

The CREG presented a regulatory proposal to modify CREG resolution 075 of 2021 in order to include a new condition that allows modifying a generation project start of operations date, if and only if, has an execution progress greater than 60%. This option can only be claimed once and the maximum additional term granted for the start of operation will be up to one year.

With the current regulation and this new modification, the start of operations at the JK1 and JK2 projects could be deferred, whose main challenge lies in the delay of the transmission line developed by Grupo de Energía de Bogotá which will connect AES Colombia's wind projects in La Guajira with the National Interconnected System.

Offshore Wind Generation Roadmap

The government with the support of the World Bank launched the text of the roadmap to promote offshore wind energy production as it contributes to the development of the energy sector in the medium and long term in Colombia and provides recommendations on the next steps in terms of policy formulation, planning and development of bankable projects.

The government is likely to formalize the process of how offshore wind project exploitation zones will be awarded and the maximum capacities that can be developed in each of these areas are yet to be defined. It is being evaluated whether the development of this type of resources would require an auction of long-term energy contracts, which could affect the price formation of the renewable auctions held in 2019 and 2021.

Energy Regulatory Agenda 2023

The Regulatory Agenda defined by the Energy and Gas Regulatory Commission (CREG) for 2023 establishes several of the issues contemplated in the Roadmap for a Just Energy Transition. The following aspects can be highlighted:

- Review of the regulation of the reliability charge
- Regulation for the development of the hydrogen market.
- New MEM regulations (binding dispatch and intraday market).
- New commercialization models (energy communities, distributed resources).
- Adjustments to the Statute of Risk of Shortages.
- Smart Metering
- Updating of the SIN Networks Code (Operation, Planning and Connection Code).
- Promotion of international connections

ARGENTINA

Update of electricity tariffs of distributors

Within the framework of the Public Hearing held in February 2022, the Ente Nacional Regulador de la Electricidad (National Electricity Regulatory Entity) applied what was determined by the Energy Secretariat regarding the values defined for the Energy Price approved by Resolution SE N°105/2022 (average increase of 17%), and on the other hand, an average adjustment of 41% for transporters and 4% for distributors of national jurisdiction (metropolitan area of Buenos Aires).

Work continues on the so-called "tariff segmentation" with users divided into groups according to their income level. Increases due to subsidy reductions and tariff chart updates continue with an 8% increase in the VAD (Distribution Added Value) approved by the ENRE through Resolution 554/2022 and 555/2022 for EDENOR and EDESUR distributors. The last tariff increase was in May 2023, through Resolution 398/2022 where the new tariff charts were published.

Energía Base Regulatory Framework

On April 18, 2022 the Secretariat of Energy modified the pricing scheme of the electric energy commercialized in the "Energía Base" regulatory framework established by Resolution 440/2021 by means of Resolution 238/2022, effective

as from the economic transactions of the months of February and June 2022. Additionally, the application of the Usage Factor that could reduce the capacity payment based on the generation of the last 12 months was eliminated and a new charge "Remuneration to Exports" related to energy exports from Argentina to Brazil was created.

In December 2022, the Energy Secretariat issued Resolution 826/2022, which updates the prices established in Resolution 238/2022. This Resolution was retroactively effective as from September 2022 and establishes the increases to be made in the remuneration of energy in the months of November and December 2022, and February and August 2023. To date, work continues on updating the price for the months after August 2023.

Resolution 59/2023

On February 7, 2023, the Energy Secretariat published Resolution 59/2023, which allows to dollarize part of the remuneration of combined cycle plants for a period of up to 5 years, to be paid in Argentine pesos at the official exchange rate with respect to the U.S. dollar. The new remuneration scheme is voluntary and the agreement has as counterpart the market administrator CAMMESA, which requires a unit availability commitment of 85%. TermoAndes agreed to adhere to this new scheme during March 2023. The updated power prices are 2,000 USD + 65% of the power price set by Resolution 826/22 in winter and summer, and 2,000 U\$S + 85% of said prices for spring and autumn. The price of energy generated with natural gas is set at the equivalent of 3.5 U\$S/MWh and with diesel oil at 6.1 U\$S/MWh.

Energía Plus Regulatory framework

In relation to the Energy Plus Program, created by Resolution SE 1281/2006 and through which Termoandes was authorized to enter into contracts with Large Users to commercialize energy, a communication was received from CAMMESA dated July 3, 2020 informing that all contracts entered into under said program would have expired on October 31, 2020, due to the termination of the 10-year term defined in the original project. However, a subsequent notification was received from CAMMESA authorizing those contracts initiated on November 1, 2020 and at the same time allowing to continue entering into contracts on a conditional basis until the Energy Secretariat analyzes the background context of the Energy Plus Service.

Natural gas commercialization

On December 22, 2022, the Energy Secretariat published Resolution 860/2022, to implement the commercialization schemes between gas producing companies and CAMMESA or Generators as part of the "Plan for the reinsurance and enhancement of the federal production of hydrocarbons, internal self-supply, exports, import substitution and expansion of the transportation system for all hydrocarbon basins of the country 2023-2028" issued by Decree 730/2022.

Resolution 860/2022 establishes the firm volumes of natural gas for the Generation sector represented by CAMMESA and the Generating Agents. It also establishes the option to adhere to the centralized dispatch which implies the operational assignment to CAMMESA by the Generators of the product and the contracted transportation capacity, in addition to incorporating in the dispatch rules a priority order number defined for the Natural Gas according to its origin in order to minimize the total cost of supply considering the contractual obligations. Additionally, it establishes, for the Generators with contracts under the Energy Plus Service Program, the option of requesting CAMMESA to supply natural gas, so that such generation covers their contracts at the cost of supply of each generator.

On January 6, 2023, the Energy Secretariat issued Resolution 6/2023, whereby it updates the terms of Resolution 860/2022 and the tariff charts for consumers of the three groups. Likewise, it establishes a bonus on natural gas prices for General Service "P" users who are registered or will be registered in the Registry of MSMEs, created by Resolution No. 220/2019 of the former Secretariat of Entrepreneurs and Small and Medium Enterprises of the former Ministry of

Production and Labor. Then, by means of Resolution 113/2023, the Energy Secretariat established a bonus in the natural gas tariff charts for beneficiaries of social programs.

Environmental Regulation

AES Andes, its subsidiaries, and associates are subject to environmental regulations, which, among others, require environmental impact studies for project development and regulatory permits previous to modifications of operational procedures that have environmental impacts not yet evaluated or new projects. AES Andes cannot guarantee that governmental authorities will effectively grant any requested environmental approval.

New and increasingly demanding environmental regulations are continuously under development, which may modify operations and or require additional investments to comply with such regulation.

CHILE

Law No. 21,595 - Law on Economic and Environmental Crimes

On August 17, 2023, Law No. 21,595, the Economic Crimes Law, was published in the Official Gazette, which seeks to expand the criminal liability of companies, systematize economic and environmental crimes and establish appropriate penalties. This law introduces amendments to the Criminal Code and to Law No. 20,393 on Criminal Liability of Legal Entities and seeks to effectively hold individuals and companies that commit crimes in the development of business activities.

The project includes the regulation of crimes against the environment, establishing effective prison sentences, in addition to the patrimonial responsibility of companies and their controllers.

Law N°21,600 creates the Biodiversity and Protected Areas Service

On September 6, 2023, Law No. 21,600 was published in the Official Gazette, creating the Biodiversity and Protected Areas Service and the National System of Protected Areas. The purpose of this Law is the conservation of biological diversity and the protection of the country's natural heritage, through the preservation, restoration and sustainable use of genes, species and ecosystems, with emphasis on those of high environmental value or that, due to their threatened or degraded condition, require measures for their conservation.

Law No. 21526 amends Law No. 19,300, on General Bases of the Environment, to establish restrictions on the evaluation of projects in areas declared latent or saturated.

On May 29, 2023, this Law was published, which amends Law 19,300 on the Bases of the Environment, incorporating the obligation to enter by means of an Environmental Impact Study for projects with significant impact that want to enter a latent or saturated zone. In addition, the evaluation procedure may be terminated early when a critical impact is generated.

Critical impact means an alteration to the environment, especially to health and/or environmental components, caused, directly or indirectly, by a project or activity that cannot be mitigated, repaired or adequately compensated.

Revision of the Noise Emission Standard for Stationary Sources

The Ministry of Environment (MMA), through Resolution No. 1195/2019, initiated the revision of the emission standard for thermoelectric power plants (DS38/2011 of the MMA).

On March 10, 2023, Resolution Ex. 180/23 was issued by the Ministry of the Environment, which approves the Preliminary Project and submits it to Public Consultation for a period of 60 working days, which was in effect until June 7, 2023, and in which the Company's observations were presented.

Among the most relevant issues for our activities is the incorporation of specific conditions for Wind Farms:

- Requirements for construction work.
- The separation of background noise to correct the background noise to establish the regulatory limit in rural areas, being different its measurement method,
 - Concepts such as Acoustic Descriptor, change of Corrected Sound Pressure Level to Equivalent Sound Pressure Level,
 - Reduces the influence of occasional or unexpected noise are incorporated.

The concept is maintained that the limits to be met by an emitting source are associated with the location of the receiver exposed to the noise generated by it and the mechanism to establish the limits considers the existing territorial planning instrument in the commune, and depending on the combination of land uses allowed in the location of the receiver, a homologation is generated to one of the zones defined in the Emission Standard. For the homologation it considers the internalization of the criteria currently established in a resolution of the SMA and incorporates them to the normative text.

New emission standard for thermoelectric power plants

The Ministry of Environment (MMA), through Resolution No. 130/2020, initiated the revision of the emission standard for thermoelectric power plants (DS13/2011 of the MMA).

On June 13, 2023, Resolution Ex. 569/23 of the Ministry of the Environment was issued, which approves the Preliminary Project and submits it to Public Consultation for a period of 60 working days, ending on September 14, 2023.

The preliminary draft proposes a reduction in emission limits for PM, SO₂ and NO_x for existing sources 5 years after the standard is published (approximately 2030).

Revision of the Regulation of the Environmental Impact Assessment System.

This Proposal seeks to amend the Regulation of the Environmental Impact Assessment System (RSEIA) established by D.S. No. 40, of 2012, of the Ministry of the Environment with the objective of:

- i. Substantially incorporating the climate change variable in accordance with Article 40 of Law No. 21.455, Framework Law on Climate Change.
- ii. An improvement in citizen participation in the framework of the environmental impact assessment procedure, in accordance with the "Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and the Caribbean", also known as the "Escazú Agreement".
- iii. Duly harmonize its provisions with Law No. 20.920, which Establishes a Framework for Waste Management, Extended Producer Responsibility and Promotion of Recycling (hereinafter, "REP Law").

Additionally, the impact of the extension of the extraordinary review (25 Quinquies) for the Environmental Impact Statements (Days) and the extension of the possibility of Citizen Environmental Participation (PACs) for almost all types of EISs is highlighted. This proposed modification has been approved by the Ministry of the Environment under Decree No. 30 and has been reviewed by the Comptroller's Office for its legality control.

Tax Regulation

AES Andes, its subsidiaries, and affiliates are subject to existing tax legislation in each country where they operate. Amendments to laws or modifications in tax rates may have a direct impact on earnings.

CHILE

On February 4, 2022, Law No. 21,420 was enacted, the initial purpose of which is to finance a Universal Guaranteed Pension (PGU) by increasing the amount and coverage of certain pensions, modifying the tax regulations in several aspects, among which the following are noteworthy:

- Single tax of 10% on capital gains on instruments with stock market presence (Article 107 of the Income Tax Law - LIR). The new regulation will tax the higher value obtained in the disposal of instruments and securities with stock market presence, which until now have been considered as income, with a single tax rate of 10%. Institutional investors, whether domestic or foreign, will continue to be exempt from taxation. The tax will be applied to transactions carried out 6 months after the month following the month of publication of the law in the Official Gazette.
- VAT on the rendering of services as a general rule. The tax will not affect those service providers who issue fee slips and professional partnerships.
- Repeal of the credit of Article 33 bis of the LIR (investments in fixed assets) for large companies. The taxpayers of the First Category Tax that during the fiscal year acquire new fixed assets, finished construction or taken in leasing, are entitled to apply a credit against such tax calculated on 4 to 6% of its value. As from January 1, 2023, such benefit will be eliminated with respect to taxpayers whose average annual sales in the last three years exceed UF 100,000.

The Government is currently discussing a "new fiscal pact" through which it wants to retake some initiatives contained in the bill presented to Congress in July 2022 and which was rejected, but leaving out some of the initiatives that implied more structural reforms, focusing now on control and powers of the SII, as well as measures that seek to promote investment and productivity, such as semi-instantaneous depreciation and the transitory reduction of stamp tax, as well as to encourage the development of new industries such as green hydrogen.

COLOMBIA

On December 13, 2022, Law 2277 (tax reform) was approved, introducing significant changes to tax regulations. The following are the main issues included in the reform:

1. Corporate Income Tax
 - a. Tax rate
 - General rate: the current rate of 35% is maintained.
 - Minimum tax: a minimum effective income tax rate of 15% is established. A specific calculation formula has been designed for this purpose.
 - Surcharge: a surtax on income tax is established for taxpayers whose main economic activity is the generation of electricity through water resources, equivalent to 3% during the taxable years 2023, 2024, 2025 and 2026. Such surtax is subject to an advance payment of 100%.
 - b. Deductions, benefits, tax credits
 - Limitation of the amount of income not constituting income, special deductions and tax credits to 3% of the net taxable income for the year (before including profits).

- Profit derived from the sale of shares listed on the Colombian Stock Exchange will be exempt to the extent that the shares sold do not represent more than 3% of the outstanding shares (today the threshold is 10%).
- The election to use the industry and commerce tax as (i) a tax credit (reduction of the income tax for the year) or (ii) a deduction (reduction of the taxable base) is eliminated. Taxpayers may only use option (ii).
- Elimination of the special regime for mega investments and Special Economic and Social Zones (ZESE).
- Increase of the tax credit for investments in science and technology to 30% (currently 25%).

2. Occasional Earnings

- The occasional profit rate is increased to 15% (currently 10%).

3. Tax on dividends

- a. The withholding tax rate applicable on dividends distributed to non-residents from income that has been taxed at the level of the distributing company is increased to 20% (currently 10%). The special rates provided for in double taxation treaties ("DTA") will continue to be applicable.
- b. The withholding rate applicable on dividends distributed to domestic entities from the profit that has been taxed at the level of the distributing company is increased to 10% (currently 7.5%).

4. Other relevant topics

- a. Reintroduction of the national stamp tax on real estate transactions. The applicable rate varies between 1.5% and 3.5% depending on the size of the transaction.
- b. Reduction of the tax interest rate and penalties. Under certain circumstances, those taxpayers who have omitted the obligation to file returns or who correct their national tax returns may apply a reduced interest rate and a penalty for untimeliness or inaccuracy (as applicable) reduced by 60%.
- c. VAT : elimination of "VAT free" days.
- d. Wealth tax
 - Introduction of a permanent wealth tax applicable to those who own assets in Colombia whose value is equivalent to or exceeds 72,000 UVT as of January 1 of each year.
 - Taxpayers (among others): (i) resident and non-resident individuals and (ii) non-resident legal entities, which are not income tax filers, that own assets in Colombia other than shares in Colombian entities, accounts receivable or portfolio investments that comply with the exchange regime in force in the country.
- e. Environmental taxes
 - Tax on single-use plastic products.
 - National carbon tax

ARGENTINA

On June 16, 2021, the National Executive Power enacted Law 27,630 through which it provided for a 7% withholding on dividends distributed to individuals and beneficiaries abroad and established a scale for the calculation of income tax as from fiscal years beginning on January 1, 2021 and subsequent years. The scale applicable for fiscal years beginning on January 1, 2023 is:

Accumulated Net Taxable Profit ⁽¹⁾					
Since	Up to	Will Pay	Plus % of	On the surplus of	
—	14,301,209	—	25%	—	
14,301,209	143,012,092	3,575,302	30%	14,301,209	
143,012,092	onwards	42,188,567	35%	143,012,092	

(1) Amounts expressed in Argentine pesos.

On July 21, 2023, the Federal Administration of Public Revenues published in the Official Gazette General Resolution 5391, by means of which, it was established the obligation to pay an extraordinary advance payment of Income Tax under the following premises:

- 15% of the Tax Income before offsetting with tax losses from previous years, when such Tax Income is equal to or exceeds AR\$ 600,000,000 without applying the deduction of tax losses from previous periods.
- The companies have not determined Income Tax.

The Argentine companies included in the aforementioned Resolution will comply with this obligation during the months of August, September and October 2023. None of the companies included in the Termoandes group were affected by the issuance of this Resolution.

AES ANDES CONSOLIDATED BALANCE SHEET

As of September 30, 2023, and December 31, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Assets (ThUS\$)	September 30, 2023	December 31, 2022	Var (\$)	Var (%)
Current Assets				
Cash and Cash Equivalents	282,989	186,070	96,919	52 %
Other Current Financial Assets	10,886	9,004	1,882	21 %
Other Current Non-Financial Assets	49,915	15,548	34,367	221 %
Trade and Other Receivables	741,816	781,521	(39,705)	(5)%
Related Party Receivables	25,744	16,015	9,729	61 %
Inventory	228,435	530,036	(301,601)	(57)%
Taxes Receivables	13,671	13,875	(204)	(1)%
Total Current Assets	1,353,456	1,552,069	(198,613)	(13)%
Non-Current Assets				
Other Non-Current Financial Assets	9,864	13,268	(3,404)	(26)%
Other Non-Current Non-Financial Assets	6,399	13,247	(6,848)	(52)%
Trade and Other Receivables	63,399	42,794	20,605	48 %
Related Parties Receivables	1,788	2,360	(572)	(24)%
Intangible Assets	79,536	79,388	148	— %
Property, Plant and Equipment	3,524,808	3,395,834	128,974	4 %
Assets for rights of use	55,428	57,306	(1,878)	(3)%
Net Current Tax assets, Non-Current	65,767	66,284	(517)	(1)%
Net Deferred Tax assets	313,951	190,510	123,441	65 %
Total Non-current Assets	4,120,940	3,860,991	259,949	7 %
Total Assets	5,474,396	5,413,060	61,336	1 %

AES ANDES CONSOLIDATED BALANCE SHEET

As of September 30, 2023, and December 31, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Liabilities and Shareholders' Equity (ThUS\$)	September 30, 2023	December 31, 2022	Var (\$)	Var (%)
Current Liabilities				
Other Current Financial Liabilities	503,435	242,053	261,382	108 %
Current Leasing Liabilities	6,779	5,858	921	16 %
Trade and Other Payables	575,106	658,613	(83,507)	(13)%
Related Party Payables	29,092	16,295	12,797	79 %
Provisions	13,471	5,315	8,156	153 %
Current Tax Payable	62,285	40,915	21,370	52 %
Employee Benefits	3,854	4,242	(388)	(9)%
Other Current Non-Financial Liabilities	25,194	27,345	(2,151)	(8)%
Total Current Liabilities	1,219,216	1,000,636	218,580	22 %
Non-Current Liabilities				
Other Non-Current Financial Liabilities	2,620,938	2,649,353	(28,415)	(1)%
Non-Current Leasing Liabilities	77,187	76,863	324	— %
Provisions	142,799	137,939	4,860	4 %
Non- Current Deferred Tax Liabilities	190,205	155,226	34,979	23 %
Employee Benefits	26,630	25,731	899	3 %
Other Non-Current Non-Financial Liabilities	33,213	39,301	(6,088)	(15)%
Total Non-Current Liabilities	3,090,972	3,084,413	6,559	— %
Total Liabilities	4,310,188	4,085,049	225,139	6 %
Net Equity				
Issued Capital	1,975,422	2,095,925	(120,503)	(6)%
Retained Earnings (Losses)	(948,745)	(813,842)	(134,903)	17 %
Share premium	48,812	48,812	—	— %
Other Components of Equity	11,029	11,029	—	— %
Other Reserves	(273,260)	(304,297)	31,037	(10)%
Total Equity Attributable to Shareholders of Parent	813,258	1,037,627	(224,369)	(22)%
Non-controlling interests	350,950	290,384	60,566	21 %
Total Net Equity	1,164,208	1,328,011	(163,803)	(12)%
Total Liabilities and Equity	5,474,396	5,413,060	61,336	1 %

AES ANDES CONSOLIDATED INCOME STATEMENT

For the periods ended September 30, 2023, and September 30, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Income Statement (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue	2,130,512	1,886,233	244,279	13 %	752,015	669,255	82,760	12 %
Cost of Sales	(1,655,303)	(1,393,696)	(261,607)	19 %	(510,798)	(506,266)	(4,532)	1 %
Gross Profit	475,209	492,537	(17,328)	(4)%	241,217	162,989	78,228	48 %
Other Operating Revenues	1,045	1,667	(622)	(37)%	331	466	(135)	(29)%
Selling, general and administrative Expenses	(67,846)	(65,540)	(2,306)	4 %	(23,029)	(21,307)	(1,722)	8 %
Other Operating Expenses	(12,755)	(10,804)	(1,951)	18 %	(5,431)	(3,089)	(2,342)	76 %
Other Gains / Losses	(261,735)	6,593	(268,328)	---	966	2,080	(1,114)	(54)%
Financial Income	58,220	13,001	45,219	348 %	24,724	5,938	18,786	316 %
Financial Expense	(159,098)	(111,732)	(47,366)	42 %	(60,095)	(39,221)	(20,874)	53 %
Earnings impairments and losses reversal (NIIF 9)	130	(549)	679	(124)%	83	(799)	882	(110)%
Foreign Currency Exchange Differences	(86,898)	872	(87,770)	---	(43,706)	13,063	(56,769)	(435)%
Result by readjustment units	(26,039)	(24,483)	(1,556)	6 %	—	\$ (12,385)	12,385	---
Net Income before Taxes	(79,767)	301,562	(381,329)	(126)%	135,060	107,735	27,325	25 %
Income Tax Expense	(24,656)	(99,012)	74,356	(75)%	(61,328)	(36,368)	(24,960)	69 %
Net Income	(104,423)	202,550	(306,973)	---	73,732	71,367	2,365	3 %
Income Attributable to Shareholders of Parent	(134,903)	180,312	(315,215)	---	64,883	63,311	1,572	2 %
Income Attributable to Non-Controlling Interests	30,480	22,238	8,242	37 %	8,849	8,056	793	10 %
Net Income (Loss)	(104,423)	202,550	(306,973)	---	73,732	71,367	2,365	3 %
EBITDA	542,431	579,681	(37,250)	(6)%	259,414	189,324	70,090	37 %

AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended September 30, 2023, and September 30, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Consolidated Cash Flow Statement (ThUS\$)	September 30, 2023	September 30, 2022	Var (\$)	Var (%)
Operating Activities				
Receipts from Customers	2,384,241	2,120,129	264,112	12 %
Payments to Suppliers	(1,461,763)	(1,800,170)	338,407	(19)%
Payments made to Employees	(65,696)	(60,724)	(4,972)	8 %
Other Payments for Operating Activities	(104,795)	(140,648)	35,853	(25)%
Dividends Received	3,760	1,889	1,871	99 %
Interests Received	40,972	9,098	31,874	350 %
Income Tax Paid	(84,810)	(31,490)	(53,320)	169 %
Other Operating Outflows from Operating Activities	12,915	25,734	(12,819)	(50)%
Net Operating Activities Cash Flows	724,824	123,818	601,006	485 %
Investing Activities				
Cash flows used to obtain control of subsidiaries or other businesses	(110,925)	—	(110,925)	---
Loans to Related Parties	—	(50,668)	50,668	---
Proceeds from de Sale of Property, Plant and Equipment	—	9,533	(9,533)	---
Purchases of Property, Plant and Equipment	(331,491)	(450,877)	119,386	(26)%
Proceeds from Long-Term Assets	(845)	—	(845)	---
Other Outflows from Investing Activities	685	23,447	(22,762)	(97)%
Net Investing Activities Cash Flows	(442,576)	(420,491)	(22,085)	5 %

AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended September 30, 2023, and September 30, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

(Continuation)

Consolidated Cash Flow Statement (ThUS\$)	September 30, 2023	September 30, 2022	Var (\$)	Var (%)
Financing Activities				
Proceeds from the sale of minority interests	49,514	116,476	(66,962)	(57)%
Proceeds from the issuance of other equity instruments	—	2,128	(2,128)	---
Payments for other participation in equity	(120,001)	(132,000)	11,999	(9)%
Proceeds from Long –Term Borrowings	35,000	577,261	(542,261)	(94)%
Proceeds from Short –Term Borrowings	322,435	66,202	256,233	387 %
Payments of Loans	(221,344)	(191,971)	(29,373)	15 %
Payments on Financial Leasing	(4,813)	(5,840)	1,027	(18)%
Payments to non-controlling interests	(30,588)	(14,002)	(16,586)	118 %
Interest paid	(165,688)	(99,765)	(65,923)	66 %
Other Inflows (Outflows) of Cash and Cash Equivalent	(108)	51,764	(51,872)	(100)%
Net Financing Activities Cash Flows	(136,095)	370,253	(506,348)	(137)%
Increase in Net Cash and Cash Equivalent before Effects of Foreign Currency Exchange Differences	146,153	73,580	72,573	99 %
Effects of Foreign Exchange Variations on Cash and Cash Equivalents	(49,234)	(18,435)	(30,799)	167 %
Increase (Decrease) in Net Cash and Cash Equivalents	96,919	55,145	41,774	76 %
Cash and Cash Equivalents at the Beginning of Period	186,070	111,733	74,337	67 %
Cash and Cash Equivalent at the End of Period	282,989	166,878	116,111	70 %

Annex 1: Empresa Eléctrica Angamos SpA.

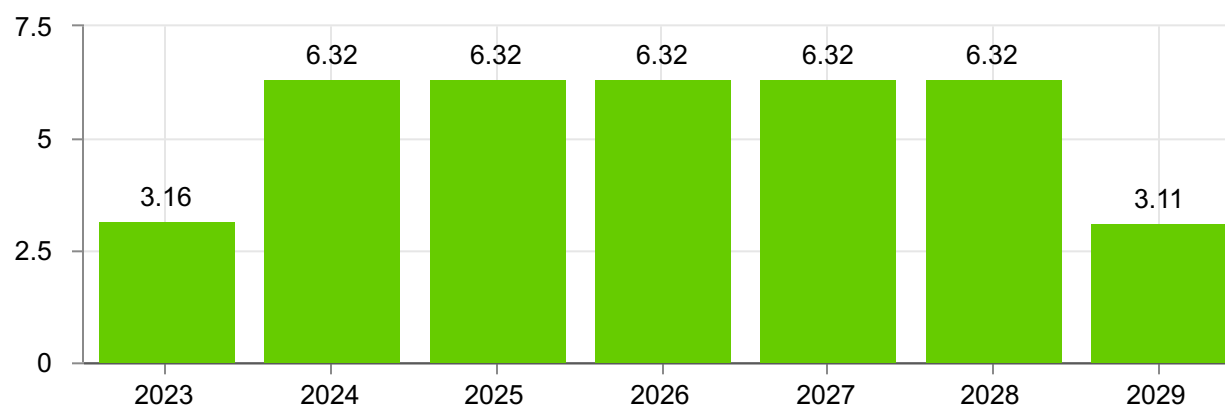
Summarized income statement and balance sheet for the periods ended September 30, 2023, and September 30, 2022.

International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract sales	214,351	199,392	14,959	8 %	54,098	66,603	(12,505)	(19)%
Spot sales	114,554	52,479	62,075	118 %	29,773	18,966	10,807	57 %
Transmission revenue	3,222	753	2,469	328 %	2,770	224	2,546	1137 %
Other operating revenues	11,815	27,795	(15,980)	(57)%	3,795	9,073	(5,278)	(58)%
Operating Revenues	343,942	280,419	63,523	23 %	90,436	94,866	(4,430)	(5)%
Fuel consumption	(228,943)	(127,492)	(101,451)	80 %	(51,242)	(55,431)	4,189	(8)%
Energy and capacity purchases	(6,104)	(15,881)	9,777	(62)%	(2,228)	(4,872)	2,644	(54)%
Transmission tolls	(4,070)	(4,081)	11	— %	(1,422)	(770)	(652)	85 %
Other cost of sales	(39,103)	(37,695)	(1,408)	4 %	(13,206)	(13,655)	449	(3)%
Other fuel costs	(23,541)	(21,656)	(1,885)	9 %	(7,849)	(7,635)	(214)	3 %
Insurance recovery	—	—	—	---	—	—	—	---
Depreciation and amortization	(4,264)	(4,148)	(116)	3 %	(1,460)	(1,398)	(62)	4 %
Total Costs of Sales	(306,025)	(210,953)	(95,072)	45 %	(77,407)	(83,761)	6,354	(8)%
Total Gross Profit	37,917	69,466	(31,549)	(45)%	13,029	11,105	1,924	17 %
Administrative expenses	(942)	(645)	(297)	46 %	(370)	(308)	(62)	20 %
Other income(Losses)	331	335	(4)	(1)%	124	67	57	85 %
Financial Income	98	164	(66)	(40)%	45	3	42	1400 %
Financial expenses	(2,909)	(2,248)	(661)	29 %	(533)	(699)	166	(24)%
Foreign currency exchange differences	(611)	(2,433)	1,822	(75)%	(3,801)	(1,100)	(2,701)	246 %
Net Income (Loss) before Taxes	33,884	64,639	(30,755)	(48)%	8,494	9,068	(574)	(6)%
Income Tax Income (Expense)	(9,387)	(17,881)	8,494	(48)%	(2,293)	(2,890)	597	(21)%
Net Income (Loss)	24,497	46,758	(22,261)	(48)%	6,201	6,178	23	— %
EBITDA	42,648	74,339	(31,691)	(43)%	14,589	12,651	1,938	15 %

Balance Sheet (ThUS\$)	September 30, 2023	December 31, 2022	Var (\$)	Var (%)
Assets				
Current Assets	248,730	207,472	41,258	20 %
Non-Current Assets	49,773	59,591	(9,818)	(16)%
Total Assets	298,503	267,063	31,440	12 %
Liabilities				
Current Liabilities	113,029	103,750	9,279	9 %
Non-Current Liabilities	81,590	84,161	(2,571)	(3)%
Total Liabilities	194,619	187,911	6,708	4 %
Total Net Equity	103,884	79,152	24,732	31 %
Total Liabilities and Equity	298,503	267,063	31,440	12 %

Angamos Amortization Schedule (US\$ mn)



Angamos Energy Generation, Purchases and Sales

Energy (GWh)	YTD				3Q			
	2023	2022	Var (GWh)	Var (%)	2023	2022	Var (GWh)	Var (%)
Sales								
Unregulated	1,968	1,578	390	25 %	654	509	145	28 %
Spot	185	17	168	---	61	17	44	259 %
Spot Re-Routing*	—	—	—	---	—	—	—	---
Total Sales	2,153	1,595	558	35 %	715	526	189	36 %
Purchases								
Spot	—	7	(7)	(100)%	—	5	(5)	---
Total Purchases	—	7	(7)	---	—	5	(5)	---
Thermal Generation	2,153	1,588	565	36 %	715	521	194	37 %

*Rerouted energy or Spot Re-Routing refers to the difference between the customer's contracted energy and their actual energy withdrawal. When Angamos has the available generation capacity to cover this differential, the energy is sold on the spot market, and the margin is passed through to the customer. Rerouted energy is included as a discount on the monthly invoice to the customers (in contract sales) and is included as income from spot sales.

Angamos generated 715GWh in the third quarter of 2023, up 194GWh from the third quarter of 2022, due to higher dispatch and higher availability compared to third quarter of 2022 when Angamos Unit 2 was offline for maintenance.

Contract sales revenue for the third quarter was US\$54 million, a decrease of 19% or US\$13 million, due to lower coal costs compared to the third quarter of 2022.

Spot energy sales increased by US\$11 million, which is explained by an increase in physical sales of 44GWh, higher capacity revenues, complementary services and other compensations in the spot market.

Fuel Consumption costs decreased 8%, which represented an decrease of US\$4 million due to lower coal prices compared to the same quarter of the previous year, despite the increase in generation.

Energy and Capacity purchase costs decreased due to lower energy purchases from the spot market of 5 GWh in the third quarter of 2023 compared to the same period in 2022.

In relation to Other Cost of Sales there was no significant variation.

On a quarterly basis, Angamos's Gross Profit increased from US\$11 million to US\$13 million, while EBITDA increase from US\$13 million to US\$15 million. This variation is mainly explained by a higher margin on the sale of energy to AES Andes as a result of higher sales volume, lower fuel costs and lower energy and power purchases.

The variance in Non-Operating results between the third quarter of 2023 and the third quarter of 2022 relates to the US\$3 million negative effect from FX differentials which is mainly due to the depreciation of the Chilean peso during the third quarter of 2023 and its impact on account receivables in in this currency.

Income tax expense decreased by US\$1 million, mainly explained by a decrease in income before tax during the third quarter of 2023.

Angamos achieved net income of US\$6 million in the third quarter of 2023. There is no significant variation compared to the same period in 2022.

As of September 30, 2023, Angamos had a total debt of US\$38 million, corresponding to the balance of the 144/A bond denominated in USD maturing in 2029, which has a fixed rate and is denominated in US dollars.

The cash and cash equivalent at the end of September 30, 2023 was US\$9 million, US\$8 million lower than the balance at September 30, 2022.

Annex 2: Empresa Eléctrica Cochrane SpA.

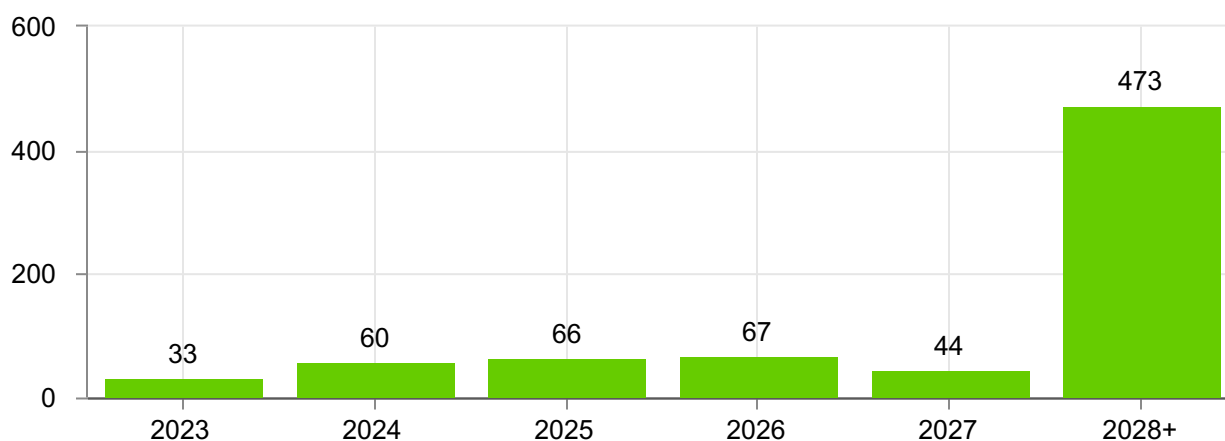
Summarized income statement and balance sheet for the periods ended September 30, 2023, and September 30, 2022.

International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	YTD				3Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract sales	248,099	272,052	(23,953)	(9)%	85,093	109,744	(24,651)	(22)%
Spot sales	177,635	133,528	44,107	33 %	41,219	39,004	2,215	6 %
Transmission revenue	11,783	13,536	(1,753)	(13)%	3,414	2,924	490	17 %
Other operating revenues	71	32	39	122 %	57	5	52	---
Operating Revenues	437,588	419,148	18,440	4 %	129,783	151,677	(21,894)	(14)%
Fuel consumption	(189,556)	(191,516)	1,960	(1)%	(49,467)	(74,768)	25,301	(34)%
Energy and capacity purchases	(8,825)	(13,623)	4,798	(35)%	(2,264)	(5,261)	2,997	(57)%
Other fuel costs	(11,833)	(13,119)	1,286	(10)%	(3,828)	(4,479)	651	(15)%
Transmission tolls	(11,721)	(10,853)	(868)	8 %	(4,641)	(3,296)	(1,345)	41 %
Other cost of sales	(52,209)	(46,202)	(6,007)	13 %	(16,891)	(14,234)	(2,657)	19 %
Depreciation	(42,276)	(43,034)	758	(2)%	(14,125)	(14,376)	251	(2)%
Total Costs of Sales	(316,420)	(318,347)	1,927	(1)%	(91,216)	(116,414)	25,198	(22)%
Total Gross Profit	121,168	100,801	20,367	20 %	38,567	35,263	3,304	9 %
Administrative expenses	(946)	(1,237)	291	(24)%	(165)	(360)	195	(54)%
Impairment gain (loss) IFRS9	(149)	(7)	(142)	---	(89)	— %	---	---
Other income(Losses)	(2)	(131)	129	(98)%	1	54	(53)	(98)%
Financial Income	775	26	749	---	322	23	299	---
Financial expenses	(40,172)	(42,240)	2,068	(5)%	(13,023)	(13,872)	849	(6)%
Foreign currency exchange differences	(2,269)	(3,646)	1,377	---	(4,670)	(149)	(4,521)	3,034 %
Net Income (Loss) before Taxes	78,405	53,566	24,839	46 %	20,943	20,959	(16)	— %
Income Tax Income (Expense)	(21,161)	(14,463)	(6,698)	46 %	(5,655)	(5,647)	(8)	— %
Net Income (Loss)	57,244	39,103	18,141	46 %	15,288	15,312	(24)	— %
EBITDA	163,795	143,859	19,936	14 %	52,959	49,700	3,259	7 %

Balance Sheet (ThUS\$)	September 30, 2023	December 31, 2022	Var (\$)	Var (%)
Assets				
Current Assets	254,693	207,420	47,273	23 %
Non-Current Assets	799,847	839,473	(39,626)	(5)%
Total Assets	1,054,540	1,046,893	7,647	1 %
Liabilities				
Current Liabilities	134,350	131,722	2,628	2 %
Non-Current Liabilities	757,390	777,873	(20,483)	(3)%
Total Liabilities	891,740	909,595	(17,855)	(2)%
Total Net Equity	162,800	137,298	25,502	19 %
Total Liabilities and Equity	1,054,540	1,046,893	7,647	1 %

Cochrane Amortization Schedule (US\$ mn)



Cochrane Energy Generation, Purchases and Sales

Energy (GWh)	YTD				3Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Sales								
Unregulated	827	1,133	(306)	(27)%	374	390	(16)	(4)%
Spot Re-Routing	959	695	264	38 %	269	134	135	101 %
Total Sales	1,786	1,828	(42)	(2)%	643	524	119	23 %
Purchases								
Spot	—	79	(79)	---	—	(44)	44	44
Total Purchases	—	79	(79)	---	—	(44)	44	44
Thermal Generation	1,786	1,749	37	2 %	643	480	163	34 %

Rerouted energy or Spot Re-Routing refers to the difference between the customer's contracted energy and their actual energy withdrawal. When Cochrane has the available generation capacity to cover this differential, the energy is sold on the spot market, and the margin is passed through to the customer. Rerouted energy is included as a discount on the monthly invoice to the customers (in contract sales) and is included as income from spot sales.

Cochrane's generation increased by 163GWh in the third quarter of 2023 compared to the same period in 2022. The variation is due to an increase in sales to spot

Revenues decrease US\$22 million compared to the same period of the previous year, mainly explained by a decrease in revenues from energy sales of non-regulated contracts of US\$25 million due to lower energy sales volumes of 16GWh partially offset by higher prices of fixed charges of contracts denominated in US\$ and indexed for US inflation. This effect was partially offset by an increase in spot market sales of US\$2 million due to higher energy sales volumes of 135GWh.

Transmission revenues slightly decreased by 17% respect the same period in 2022, mainly associated with lower customer withdrawals.

Costs of sales decreased US\$25 million which is mainly explained by a reduction in fuel consumption costs of US\$25 million, due to lower average coal prices, offset by higher physical consumption associated with a higher generation of 163 GWh.

On a quarterly basis, Cochrane's Gross Profit reached US\$39 million, a 9% increase from the third quarter of 2022, while EBITDA registered in the third quarter of 2023 was US\$53 million, 7% up than the same period last year. The main reason behind these variations is due to the fixed charge associated with Cochrane's contract.

Non-Operating results for the third quarter of 2023 totaled a negative US\$17 million a variation of 25% compares to the US\$14 million loss registered in the same period in 2022. This variation is mainly due to the negative variation of the foreign currency exchange differences. The foreign currency exchange differences recorded a negative variation of US\$5 million in the third quarter of 2023 respect the same period of 2022, primarily due to the impact of the a depreciation of the Chilean peso in the quarter against the U.S. dollar on the company's local currency asset position for the period ended September 2023.

Net income for the period ended September 2023 was US\$15 million, there was no significant variation with respect to the compared to 15 million for September 30, 2022.

Total debt for Cochrane as of September 30, 2023 was US\$743 million and is comprised of (i) a local bond denominated in USD with a face value of US\$485 million maturing in 2034, and (ii) a 144/A guaranteed bond denominated in USD for US\$258 million, maturing in 2027.

Cash and cash equivalent at the end of September 30, 2023 was US\$125 million, a US\$109 increase compared to US\$16 million on September 30, 2022.

ABOUT AES ANDES

AES Andes generates and sells electricity in Chile, Colombia, and Argentina with the mission of improving lives by accelerating a more secure and sustainable energy future. The Company operates 5,635MW in the region along with an extensive portfolio of renewable energy projects under development. The Company is one of the main power generation companies in the region, with a diversified portfolio including hydro, wind, solar, energy storage, biomass, gas and coal-fired power plants.

In Chile, AES Andes owns and operates 3,863MW, comprised of 2,129MW of thermoelectric, 771MW of hydroelectric, 348MW of wind, 429MW of solar photovoltaic, 13MW of biomass capacity and 174MW of battery energy storage systems, in addition to seawater desalination plants and transmission lines. AES Andes also owns hydroelectric and solar plants in Colombia with a total capacity of 1,129 MW and a natural gas combined cycle plant in Argentina with an installed capacity of 643 MW. AES Andes is 99.5% owned by The AES Corporation.

To learn more about AES Andes, please visit www.aesandes.com/en/investors

ABOUT THE AES CORPORATION

The AES Corporation (NYSE: AES) is a Fortune 500 global energy company accelerating the future of energy. Together with our many stakeholders, we're improving lives by delivering the greener, smarter energy solutions the world needs. The company's diverse workforce is committed to continuous innovation and operational excellence while partnering with our customers on their strategic energy transitions and continuing to meet their energy needs today.

In 2022, The AES Corporation reported \$13 billion in revenues and owned and managed \$38 billion in total assets.

To learn more, please visit www.aes.com