



aes Andes

4Q - 2023 Earnings Report



February 26, 2024

AES ANDES 2023 FULL YEAR AND FOURTH QUARTER RESULTS

AES Andes S.A. (hereinafter referred to as AES Andes, or the Company) recorded EBITDA of US\$143 million in the fourth quarter of 2023, down 38% from the US\$232 million achieved in the same period of 2022 primarily due to lower gross profit in Colombia, Chile and Argentina.

- EBITDA in the Chilean market reached US\$124 million, a 28% decrease from the fourth quarter of 2022. The main driver was the expiration of fuel-indexed Power Purchase Agreements (PPAs) resulting in lower regulated and unregulated contract margins, in addition to higher insurance costs and higher development expenses. These negative variations were partly offset by an increase in unregulated contract sales volumes, increased renewable generation and lower energy purchases costs.
- EBITDA in Colombia reached US\$11 million in the fourth quarter of 2023, a US\$39 million decrease compared to the same period of 2022. The main driver for this decrease is lower generation in the fourth quarter of 2023 due to the presence of El Niño phenomenon which led to higher spot purchase prices and the anticipation of generation and energy sales in the third quarter of 2023, resulting in higher energy purchases in the fourth quarter of 2023.
- EBITDA in Argentina reached US\$9 million during the fourth quarter of 2023, representing a US\$1 million decrease compared to the same quarter in 2022. The main drivers were lower Energía Plus margins associated to a decrease in contract prices and higher other costs of sales, partly offset by an increase in Energía Base sales due higher prices.

Net Loss Attributable to Parent (“Net Loss”) reached US\$40 million in the fourth quarter of 2023, which negatively compares to the Net Income Attributable to Parent (“Net Income”) of US\$96 million in the fourth quarter of 2022. The main drivers for this negative variation relates to the decrease in EBITDA, a negative effect in foreign currency exchange differences and higher other losses primarily due to the impairment in Property, Plant and Equipment at Norgener after the announcement to accelerate its disconnection, partly offset by lower income tax expense.

AES Andes recorded an accumulated EBITDA of US\$686 million in 2023, US\$126 million lower than the US\$811 million recorded in 2022. The main variations in the accumulated EBITDA in the different markets in which the Company operates are detailed below:

- In Chile, the negative variation of US\$151 million is mainly explained by a decrease in the margin of regulated and non-regulated contracts associated with the termination of contracts with fuel price indexation, higher insurance costs, both in coal plants and new renewable plants that came into operation in 2023, and higher development expenses in solar and hydrogen projects. These negative effects were partially offset by higher sales volumes to non-regulated customers, together with higher generation from renewables, a decrease in power purchase costs associated with lower market prices as a result of favorable hydrology, and a decrease in fuel prices.
- In Colombia, the positive variation of US\$42 million is mainly explained by an increase in sales volumes to the spot market, especially in the third quarter of the year, taking advantage of the flexibility of the reservoir in a context of attractive prices and as a result of better hydrological conditions for AES Colombia during the El Niño phenomenon compared to the rest of the SIN system, which was partially offset by higher energy purchases at higher prices for the supply of contracts.
- In Argentina, the negative variation of US\$18 million is mainly explained by the effect of the US\$17 million insurance recovery recognized in 2022. Additionally, higher sales volume of contracts in the Energy Plus market in 2023 and higher revenues in the Base Energy regime due to better availability and higher prices were offset by lower generation due to system demand and an increase in operating costs associated with insurance premiums.

During the year ended December 31, 2023, AES Andes reported a Net Loss of US\$175 million, compared to the net income of US\$277 million recorded the previous year. The decrease in net income is mainly due to the lower Gross Profit and the negative effects recorded in the non-operating result, which were partially offset by a positive variation of US\$128 million in income tax, mainly generated by the impact in Chile of the impairment in property, plant and

equipment mentioned in the preceding paragraphs, net of the increase in Colombia as a result of higher profits in 2023 and an increase in the tax rate.

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\$)	FY				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Revenue	2,741,650	2,578,962	162,688	6 %	611,138	692,729	(81,591)	(12)%
Gross Profit	607,090	698,610	(91,520)	(13)%	131,881	206,073	(74,192)	(36)%
EBITDA*	685,602	811,473	(125,871)	(16)%	143,171	231,792	(88,621)	(38)%
Net Income (attributable to AES Andes)	(174,866)	276,663	(451,529)	---	(39,963)	96,351	(136,314)	---
Net Cash from Operations	966,051	314,773	651,278	207 %	241,227	190,955	50,272	(41)%
Earnings per Share	(0.017)	0.027	(0.044)	---	(0.004)	0.009	(0.013)	---

(*) 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

a. Renewable energy PPAs

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.

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 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 Thermolectric 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.

In late 2022 AES Andes launched 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 2023, the open season process was completed, in which market information and important learning for the industry and the project was obtained. AES Andes continues to review the best alternative, based on the information obtained in the open season process, in order to move forward with the project.

c. Maverick

The AES Corporation implemented in AES Andes a new and innovative technology known as "Maverick", which revolutionizes 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 is located near the Alfalfal I power plant and consists of a 10 MW battery system for energy storage in run-of-river hydroelectric power plants and received its commercial authorization during the third quarter of 2020. On December 5, 2023, the Company obtained from CEN the entry into commercial operation of the Virtual Reservoir II project, a 50 MW project with a 5-hour storage capacity in the Virtual Reservoir system at the Alfalfal hydroelectric power 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 per 5 hours. As of December 31, 2023, 13 MW and 12MW-5hr were injecting energy to the SEN.

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 of December 31, 2023 Chile Renovables SpA has acquired the Los Cururos, Andes Solar Ila, Los Olmos, Campo Lindo and Andes Solar IIB projects and only the acquisition of Mesamávida remains within the framework of this agreement.

As a result of this transaction and including all the projects involved in this agreement, AES Andes expects to receive funds for an approximate amount of US\$441 millions. AES Andes received in 2023 US\$49.5 millions for the sale of Campo Lindo and US\$207.6 millions for the sale of Andes Solar IIB, while in 2022 it received US\$116.5 millions for the sale of Andes Solar Ila and Energía Eólica Los Olmos SpA. Additionally, during the year 2021 it had received US\$53.5 millions for the sale of the participation in Parque Eólico Los Cururos SpA.

On December 21, 2023, AES Andes and GIP have entered into a series of contracts to expand by 693MW their joint investments in the development companies of the following renewable energy projects: Bolero Solar Park, Andes Solar IV and San Matías Wind Farm, together with expansions of the solar parks called Andes Solar IIA and Andes Solar IIB. As a consequence of this transaction, the parties have valued 49% of the renewable projects at US\$441.4 millions of which GIP invested US\$332.6 millions in December 2023. The difference will be invested as the conditions established in the agreements entered into by the parties are met and the renewable projects reach commercial operation (with the exception of Bolero Solar Park, which is already in that stage). As part of this transaction, a new subsidiary of the Company, called Chile Renovables II SpA, was incorporated and will be used within the framework of this series of contracts.

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 December 31, 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 December 31, 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 and December 28, 2023, AES Andes received the funds for the second and third sale of DDP in the amount of US\$5 million and US\$5 million, respectively.

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

The following table summarizes the new generation units and storage systems that entered into operation in 2022 and 2023 or were acquired in that period:

aes Chile		1.101 MW + 162 MW BESS			
Project	Location	Technology	Installed Capacity	BESS	COD or aquisition date
Los Olmos	Mulchén	wind	110 MW	–	19/01/2022
Alto Maipo	San Jose de Maipo	Hydro	531 MW	–	14/04/2022 (1)
Campo Lindo	Los Ángeles	Wind	66 MW	–	03/04/2023
Bolero	Antofagasta	Solar	146 MW	–	09/06/2023
Andes Solar IIb	Antofagasta	Solar	180 MW	112 MW-5hr	17/07/2023
Virtual Reservoir II	Región Metropolitana	BESS	–	50 MW-5hr	05/12/2023
Mesamávida	Los Ángeles	Wind	68 MW	–	29/12/2023 (2)

(1) previously on 03/26/2022, the Las Lajas power plant and unit 2 of the Alfalfal 2 power plant had come into operation.

(2) previously 58 MW had started operations on 07/29/2022 and 5 MW on 12/21/2022.MW

b. Projects under construction

The following tables shows the projects under construction in Chile and Colombia, and their progress as of December 31, 2023


462 MW + 386 MW BESS

Project	location	Technology	Installed Capacity	Progress	Construction Completed
Andes Solar IV ¹	Antofagasta	Solar	226 MW	95%	2024
		BESS	135 MW-5hr		
San Matías ²	Los Ángeles	Wind	65 MW	98%	2024
Andes IIA BESS	Antofagasta	BESS	80 MW-3hr	37%	2025
Andes Solar III	Antofagasta	Solar	171 MW	NTP Dic-23	2026
		BESS	171 MW-3hr		

(1) as of 12.31.2023 13MW and 12MW-5hr were already injecting electricity to the SEN.
 (2) as of 12.31.2023 17MW were already injecting electricity to the SEN.

c. Projects Under Development

The Company continues to accelerate the development of a significant portion of its renewable projects portfolio of nearly 5.4 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 Antofagasta, projects are being developed that will also have battery systems that will optimize the generation of renewable energy sources, including 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), as well as the incorporation of the battery storage system to the Bolero solar farm for 136 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 renewable energy and reliability charge auctions by the Colombian National Mining and Energy Planning Unit ("UPME"). In addition, at the end of 2023, AES Colombia obtained the environmental license to connect the projects in Guajira to the 500 kV transmission line.

Decarbonization

AES Andes will continue applying technological innovations to provide the flexibility that the system requires and advance in the incorporation of renewable energies to 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 to make available for the system to retire and/or cease coal operations of its coal power generation complexes, which represents a total of 1,693 MW of installed capacity.

Through its transformation, by 2027, AES Andes expects to have reduced 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

On May 31, 2021, the National Energy Commission approved the definitive disconnection of the units - two steam turbines and one gas turbine - that make up the Laguna Verde Power Plant (58 MW), located in the town of the same name in the municipality 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 generating companies in the sector reached voluntary agreements with the Chilean Government to disconnect and cease operation of a number of coal-fired power plants. Subsequently, on December 26, 2020, Supreme Decree No. 42 was published which, among other things, created a new operating status "Strategic Reserve Operating Status" (Estado Operativo de Reserva Estratégica, ERE).

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

Meanwhile, the Ventanas 2 unit was authorized to be subject to 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 withdrawal, disconnection and early and definitive cessation of operations of the mentioned unit of the National Electric System (SEN) with effect on December 31, 2023, and also to leave without effect the request for the ERE of said unit. Finally, 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 of December 31, 2023.

On July 6, 2021, AES Andes agreed with the Ministry of Energy of the Republic of Chile an amendment to the Disconnection and Cessation of Operations Agreement signed on June 4, 2019. By virtue of this amendment to the Agreement, the Company has made available the Ventanas 3 and 4 generation units (both owned by the subsidiary Eléctrica Ventanas SpA) of the Ventanas Complex; and the Angamos 1 and 2 units (both owned by the subsidiary Eléctrica Angamos SpA) that make up the Angamos Power Plant, with installed capacities of 267 MW, 272 MW, 277 MW and 281 MW respectively and jointly, a total of 1.097 MW, to cease coal-fired operation as of January 1, 2025, at the earliest date that the safety, sufficiency and economy of the system allow.

On May 25, 2023, AES Andes informed the CNE, the Superintendence of Electricity and Fuels and the CEN, 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. Subsequently, on December 7, 2023, AES Andes requested the CNE the early and definitive withdrawal, disconnection and cessation of operations from the SEN of the coal-fired generation units Norgener 1 and 2, effective March 31, 2024, which was approved by the CNE on February 9, 2024. As a result of the announcements made, AES Andes recorded an impairment loss on Property, Plant and Equipment and other assets affecting net income of US\$ 215 million in 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 objectives of emissions reduction and the official goals of the energy transition pathway.

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 molten 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 water, generating the steam necessary to reach a power of 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. In its development it is intended to occupy a large part of the infrastructure and the same power line of Central Angamos, so it does not involve modifications and interventions in the land. On November 29, 2023, the project obtained environmental approval from the Antofagasta Environmental Commission.

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 The capital stock of AES Andes was reduced from US\$1,975,633,416 to US\$1,843,633,143, which is fully subscribed and paid. The decrease of US\$132,000,273 was paid 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 December 31, 2023.

Voluntary cancellation of the registration of the Company's shares in the Securities Registry of the Financial Market Commission (CMF).

At the Extraordinary Shareholders' Meeting No. 53 held on August 10, 2023, shareholders approved the cancellation of the registration of the Company's shares in the securities registry of the CMF.

As part of the delisting process of the Company, on November 3, 2023, AES Andes filed a request to obtain the voluntary cancellation of the registration of the Company's shares in the Securities Registry of the CMF, after meeting all the necessary conditions as per the sixth paragraph of Article 2 of the Corporations Law. As of the date of issuance of these Financial Statements, the CMF continues to review the application.

Credit Rating

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

On November 7, 2023, Fitch Ratings affirmed AES Andes S.A.'s international long-term foreign and local currency issuer credit ratings ('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 5.5GW in Chile, Colombia, and Argentina as of December 31, 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 fourth quarter of 2023, operating 3.5GW of coal, hydro, biomass, wind and solar plants, and 236MW of batteries.

Reservoir levels in the system at the end of the fourth quarter of 2023, were 75% higher, while hydrological inflows during the quarter increased by 14% compared to the same period of 2022. Hydro generation increased 14% and solar generation increased by 22%, while wind generation increased 5%. Average spot prices in the fourth quarter in Chile were impacted by better hydrology due to higher rainfalls and lower coal, diesel and natural gas prices, in addition to the increase in renewable generation on the system.

Total energy demand grew 0.7% compared to the same period of 2022, to an average monthly demand of 6,508 GWh per month in the fourth quarter of 2023. The main reason for this increase is the 2.5% higher demand from regulated customers in the fourth quarter of 2023 compared to the fourth quarter in 2022, while demand from unregulated customers was 1.1% lower.

These factors led to a 53% decrease in the average marginal costs in the north and a 54% decrease in the central part of the system compared to the fourth quarter of 2022.

AES Andes and its subsidiaries produced 12% of the electricity on the SEN in the fourth quarter of 2023, while it contributed 10% in the fourth quarter of 2022.

The table below shows the main SEN variables as of December 31, 2023, and 2022.

		FY		4Q	
		2023	2022	2023	2022
Demand growth	(%)	1.4 %	2.6 %	0.7 %	1.2 %
Average monthly consumption	(GWh)	6,486	6,399	6,508	6,460
Average spot price Northern Chile	US\$/MWh	79	102	46	97
Average spot price Central Chile	US\$/MWh	82	108	38	82

In the fourth quarter of 2023, Operating revenue in Chile reached US\$428 million, down 24% from the same quarter in the prior year. AES Andes' sales revenues to unregulated customers decreased US\$63 million due to a decrease in average contract prices partly offset by a 368GWh increase in sales volumes. Regulated customer contract revenues fell by US\$60 million, as a result of lower sales volumes of 124GWh, in addition to a drop in coal prices which are used to index the price on regulated contracts. Meanwhile, revenues from the Spot market fell US\$17 million as a result of the decrease in spot prices, partly offset by a 141GWh increase in spot sales volumes.

Transmission revenue increased US\$2 million compared to the fourth quarter of 2022, which was partly offset by the increase in transmission costs of US\$1 million.

Other Operating revenue includes revenue from coal sales and services provided to companies within the AES Group. Other Operating Revenues fell US\$1 million mainly attributable to lower coal sales, in addition to the effect from the valuation of derivatives associated with contracted energy sales.

During the fourth quarter of 2023, fuel consumption costs fell US\$90 million compared to the same period of the previous year due a 135% decrease in coal prices to 154 US\$/ton, partly offset by a 337GWh increase in coal-fired generation.

The 27% increase in coal-fired generation is explained primarily due to higher availability of all AES Andes' coal plants in the fourth quarter of 2023 compared to the same period in 2022. Hydro generation increased 84GWh due a 33% increase in inflows compared to the fourth quarter of 2022. Wind generation increased 42GWh primarily due to the start of operations of a second stage at the Mesamávida wind farm at the end of 2022 and the start of operations at the Campo Lindo wind farm in 2023, while solar generation increased 125GWh, primarily due to the incorporation of Bolero solar to AES Andes' portfolio and the start of operations at Andes Solar IIB in 2023.

Purchases of energy and capacity decreased US\$40 million due to lower spot prices in the system, in addition to the 335GWh decrease in spot purchases volumes, partly offset by the 134GWh increase in contracted purchases volumes from other generators.

Other costs of fuel increased US\$2 million primarily due to higher green taxes as a result of higher coal-fired generation. Another negative variation relates to a US\$19 million insurance recovery recorded in the fourth quarter of 2022 derived from business interruption insurance coverage at Angamos.

The US\$13 million increase in Other Costs of Sales relates to increased insurance premiums for coal plants and the additional renewable plants insured in the portfolio, higher maintenance costs, in addition to the negative effects from the valuation of fuel costs derivatives.

Depreciation decreased US\$12 million due to lower depreciation at Norgener after the impairment registered in the second and fourth quarters of 2023 as a consequence of the announcements of the disconnection of the coal plant as of December 31, 2025 and subsequently as of March 31, 2024, partly offset by depreciation associated to the start of operations of Mesamávida, Campo Lindo and Andes IIB.

Gross Profit in Chile in the fourth quarter of 2023 fell by 22% to US\$116 million. The main negative variations includes a decrease in regulated and unregulated contract margins associated to the expiration of contracts with indexation to fuel prices and higher operational costs in the fourth quarter of 2023 compared to the same quarter of 2022, which were partly offset by an increase in unregulated sales volumes, lower energy purchases at lower spot prices and higher generation from renewable assets that came online in 2023.

Chile (ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Regulated customer sales	379,230	482,015	(102,785)	(21)%	82,366	141,880	(59,514)	(42)%
Unregulated customer sales	1,015,720	1,107,576	(91,856)	(8)%	258,322	321,800	(63,478)	(20)%
Spot sales	432,349	345,372	86,977	25 %	64,502	81,576	(17,074)	(21)%
Transmission revenue	92,882	81,222	11,660	14 %	18,892	17,044	1,848	11 %
Other operating revenues	15,354	49,994	(34,640)	(69)%	4,304	3,535	769	22 %
Total Operating Revenue	1,935,535	2,066,179	(130,644)	(6)%	428,386	565,835	(137,449)	(24)%
Cost of Sales								
Fuel consumption	(797,942)	(807,232)	9,290	(1)%	(110,908)	(201,317)	90,409	(45)%
Fuel cost of sales	(674)	(33,771)	33,097	(98)%	(190)	(23)	(167)	726 %
Energy and capacity purchases	(267,895)	(296,903)	29,008	(10)%	(64,568)	(104,727)	40,159	(38)%
Other fuel costs	(77,833)	(79,790)	1,957	(2)%	(18,560)	(16,840)	(1,720)	10 %
Transmission tolls	(82,589)	(73,360)	(9,229)	13 %	(15,374)	(14,249)	(1,125)	8 %
Operation Personnel Expenses	(62,559)	(52,774)	(9,785)	19 %	(15,523)	(12,780)	(2,743)	21 %
Insurance recovery	—	18,700	(18,700)	(100)%	—	18,700	(18,700)	(100)%
Other cost of sales	(174,377)	(138,368)	(36,009)	26 %	(54,846)	(41,539)	(13,307)	32 %
Depreciation and amortization	(143,618)	(159,270)	15,652	(10)%	(32,814)	(44,902)	12,088	(27)%
Total Cost of Sales	(1,607,487)	(1,622,768)	15,281	(1)%	(312,783)	(417,677)	104,894	(25)%
Total Gross Profit	328,048	443,411	(115,363)	(26)%	115,603	148,158	(32,555)	(22)%

Chile	YTD				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Distribution Companies	2,526	2,933	(407)	(14)%	609	733	(124)	(17)%
Unregulated Customers	8,086	7,415	671	9 %	2,267	1,899	368	19 %
Spot	703	279	424	152 %	219	41	178	434 %
Spot Re-Routing	1,079	1,043	36	3 %	119	156	(37)	(24)%
Total Energy Sales	12,394	11,670	724	6 %	3,214	2,829	385	14 %
Energy Purchases (GWh)								
Other Generators	1,389	1,050	339	32 %	406	272	134	49 %
Spot	1,753	1,475	278	19 %	566	901	(335)	(37)%
Total Energy Purchases	3,142	2,525	617	24 %	972	1,173	(201)	(17)%

Chile	YTD				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Net Generation (GWh)								
Coal	7,209	7,599	(390)	(5)%	1,589	1,252	337	27 %
Hydro	731	662	69	10 %	252	168	84	50 %
Biomass	30	31	(1)	(3)%	5	7	(2)	(29)%
Wind	786	616	170	28 %	208	166	42	25 %
Solar	496	237	259	109 %	188	63	125	198 %
Total Generation	9,252	9,145	107	1 %	2,242	1,656	586	35 %

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 fourth quarter of 2023 were lower than in the fourth quarter of 2022, and they were also lower in the basin where AES Colombia's hydroelectric operations, Chivor and Tunjita are located.

System-wide inflows were 25% above the historical average in the fourth quarter of 2022, while in 2023, fourth-quarter inflows were 15% below average. Hydro conditions during the fourth quarter of the year, resulted in year-over-year reservoir levels to decrease to 70% at the end of December 2023, 9% below reservoir levels at the end of December 2022.

Inflows for the catchment basin of Chivor during the fourth quarter of 2023 were 46% below the historical average, while in 2022, fourth-quarter inflows were 3% above the historical average.

In the fourth quarter of 2023, average spot market prices went up 165% in local currency and 214% in US Dollars, compared to the same period in 2022 driven by system-wide lower inflows and inflows expectations in the coming months affected by the El Niño Phenomenon, in addition to higher demand and higher thermal generation.

		YTD		4Q	
		2023	2022	2023	2022
Demand growth	(%)	4.3 %	3.4 %	5.9 %	0.5 %
Average monthly consumption	(GWh)	6,663	6,388	6,816	6,436
Average spot price	US\$/MWh	131	51	177	56

During the fourth quarter of 2023, hydro generation at AES Colombia decreased 581GWh compared to the same period of 2022, as a result of lower inflows in the region Chivor plant is located in addition to the commercial decision in the third quarter of 2023 to increase generation to capture extraordinarily high spot prices in the system. Solar generation increased 7GWh driven by the start of operations at Brisas Solar plant in December 2022.

In the fourth quarter of 2023, revenues in Colombia increased by US\$54 million due to a US\$42 million increase in Spot revenue as a result of higher average spot prices, despite the 430GWh decrease in spot sales volume. Contract sales increased US\$4 million primarily explained by the 63GWh increase in contract sales volume in addition to the appreciation of the Colombian peso in the fourth quarter of 2023. Other revenues increased US\$8 million in the fourth quarter of 2023 compared to the same period in 2022 as a result of a positive valuation of implicit derivative instruments associated with contracted energy sales compared a negative valuation in the fourth quarter of 2022.

The cost of energy and capacity purchases increased US\$89 million. Higher average spot prices was the main driver for this cost increase, in addition to a 105GWh increase in energy purchases from the spot market and a 102GWh increase in contracted energy purchases.

Transmission costs remained fairly stable at US\$5 million. Other costs of sales increased US\$1 million primarily due to insurance costs.

Gross Profit in Colombia for the fourth quarter of 2023 decreased US\$37 million compared to the same period of last year, primarily due to less generation as a consequence of the negative effect in inflows from el Niño Phenomenon and higher energy generation in the third quarter of 2023. These effects resulted in higher energy purchases volumes at higher prices in the fourth quarter of 2023.

Colombia (ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Contract sales	284,638	284,277	361	— %	65,552	61,400	4,152	7 %
Spot sales	417,246	124,119	293,127	236 %	89,945	47,576	42,369	89 %
Other operating revenues	4,444	8,411	(3,967)	(47)%	4,269	(3,663)	7,932	(217)%
Total Operating Revenue	706,328	416,807	289,521	69 %	159,766	105,313	54,453	52 %
Cost of Sales								
Energy and capacity purchases	(366,257)	(127,630)	(238,627)	187 %	(126,204)	(37,631)	(88,573)	235 %
Transmission Costs	(17,125)	(21,557)	4,432	(21)%	(4,534)	(4,164)	(370)	9 %
Operation Personnel Expenses	(6,480)	(5,114)	(1,366)	27 %	(2,026)	(1,014)	(1,012)	100 %
Other cost of sales	(38,149)	(30,749)	(7,400)	24 %	(9,571)	(8,287)	(1,284)	15 %
Depreciation and amortization	(11,534)	(11,517)	(17)	— %	(3,049)	(2,620)	(429)	16 %
Total Cost of Sales	(439,545)	(196,567)	(242,978)	124 %	(145,384)	(53,716)	(91,668)	171 %
Total Gross Profit	266,783	220,240	46,543	21 %	14,382	51,597	(37,215)	(72)%

Colombia	YTD				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Contracts	4,136	3,839	297	8 %	953	890	63	7 %
Spot	3,122	2,746	376	14 %	436	866	(430)	(50)%
Total Energy Sales	7,258	6,585	673	10 %	1,389	1,756	(367)	(21)%
Energy Purchases (GWh)								
Other purchases	523	258	265	103 %	160	58	102	176 %
Spot	2,322	1,961	361	18 %	650	545	105	19 %
Total Energy Purchases	2,845	2,219	626	28 %	810	603	207	34 %
Net Generation (GWh)								
Hydro	4,262	4,255	7	— %	541	1,122	(581)	(52)%
Solar	151	111	40	36 %	38	31	7	23 %
Total Generation	4,413	4,366	47	1 %	579	1,153	(574)	(50)%

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.

On February 7, 2023, Resolution 59/2023 was issued allowing for part of combined cycles' Energía Base's remuneration to be denominated 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.

The Ministry of Energy has modified the price scheme for the "Energía Base" regulatory framework established by Resolution 440/2021 on a continuous basis for the last 2 years due to the increase in the inflation rate, incorporating adjustments through various resolutions (which are summarized in the Regulatory Risk - Argentina section) and which represented accumulated rate increases for the Energía Base regime of 89% and 152% for 2022 and 2023 respectively.

		YTD		4Q	
		2023	2022	2023	2022
Demand growth	(%)	1.6 %	3.6 %	(3.8)%	3.2 %
Average monthly consumption	(GWh)	11,748	11,563	11,086	11,521

During the fourth quarter of 2023, TermoAndes' generation decreased 390GWh compared to the same period of 2022, as a result of lower dispatch, lower Bolivian gas availability in Argentina and higher hydro generation in the system.

Energía Plus contract revenues increased US\$1 million due to the 25GWh growth in sales volumes, partly offset by lower contract prices.

Energía Base spot market revenues increased US\$1 million as a result of the increase in tariffs associated with Resolutions 826/2022, 59/2023 and 750/2023, while spot energy volume sales fell 390GWh due to the lower generation mentioned earlier.

Energy and capacity purchases grew US\$2 million, due to the 25GWh energy purchases volumes increase in the fourth quarter of 2023 compared to the same period last year.

Other costs of sales increased US\$1 million primarily explained by higher maintenance and insurance costs compared to the fourth quarter of 2022. Depreciation grew US\$3 million as a result of the change of the functional currency from Argentine peso to US dollar at Termoandes in July 2023, which resulted in an adjustment in the value of its assets.

Quarterly Gross Profit in Argentina fell US\$4 million driven by lower Energía Plus contract margins as a result of lower contract prices and increased operational costs associated with insurance and maintenance costs, partly offset by higher Energía Base sales prices.

Argentina (ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Contract sales	68,784	65,066	3,718	6 %	15,872	14,573	1,299	9 %
Spot sales	31,837	31,249	588	2 %	7,778	7,181	597	8 %
Other operating revenues	1,933	1,395	538	39 %	475	248	227	92 %
Total Operating Revenue	102,554	97,710	4,844	5 %	24,125	22,002	2,123	10 %
Cost of Sales								
Energy and capacity purchases	(31,354)	(32,609)	1,255	(4)%	(6,981)	(5,443)	(1,538)	28 %
Operation personnel expenses	(4,628)	(4,075)	(553)	14 %	(1,277)	(881)	(396)	45 %
Insurance recovery	—	17,222	(17,222)	---	—	—	—	---
Other cost of sales	(22,759)	(16,960)	(5,799)	34 %	(5,964)	(4,896)	(1,068)	22 %
Depreciation and amortization	(29,435)	(25,251)	(4,184)	17 %	(7,162)	(4,279)	(2,883)	67 %
Total cost of sales	(88,176)	(61,673)	(26,503)	43 %	(21,384)	(15,499)	(5,885)	38 %
Total Gross Profit	14,378	36,037	(21,659)	(60)%	2,741	6,503	(3,762)	(58)%

Argentina	YTD				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Energy Sales (GWh)								
Contracts	1,118	978	140	14 %	284	259	25	10 %
Spot	2,603	3,439	(836)	(24)%	561	951	(390)	(41)%
Total Energy Sales	3,721	4,417	(696)	(16)%	845	1,210	(365)	(30)%
Energy Purchases (GWh)								
Spot	1,118	978	140	14 %	284	259	25	10 %
Total Energy Purchases	1,118	978	140	14 %	284	259	25	10 %
Net Generation (GWh)								
Natural Gas	2,603	3,439	(836)	(24)%	561	951	(390)	(41)%
Total Generation	2,603	3,439	(836)	(24)%	561	951	(390)	(41)%

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

(ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract energy and capacity sales	1,748,372	1,938,934	(190,562)	(10)%	422,112	539,653	(117,541)	(22)%
Spot energy and capacity sales	881,432	500,740	380,692	76 %	162,225	136,333	25,892	19 %
Transmission revenue	92,882	81,222	11,660	14 %	18,892	17,044	1,848	11 %
Other operating revenue	18,964	58,066	(39,102)	(67)%	7,909	(301)	8,210	(2,728)%
Total Operating Revenue	2,741,650	2,578,962	162,688	6 %	611,138	692,729	(81,591)	(12)%
Fuel consumption	(797,942)	(807,232)	9,290	(1)%	(110,908)	(201,317)	90,409	(45)%
Fuel cost of sales	(674)	(33,771)	33,097	(98)%	(190)	(23)	(167)	726 %
Energy and capacity purchases	(665,506)	(457,142)	(208,364)	46 %	(197,753)	(147,801)	(49,952)	34 %
Other fuel costs	(77,833)	(79,790)	1,957	(2)%	(18,560)	(16,840)	(1,720)	10 %
Transmission tolls	(99,714)	(94,917)	(4,797)	5 %	(19,908)	(18,413)	(1,495)	8 %
Operation personnel expenses	(73,667)	(61,963)	(11,704)	19 %	(18,826)	(14,675)	(4,151)	28 %
Insurance recovery	—	35,922	(35,922)	---	—	18,700	(18,700)	---
Other cost of sales	(234,637)	(185,421)	(49,216)	27 %	(70,087)	(54,486)	(15,601)	29 %
Depreciation and amortization	(184,587)	(196,038)	11,451	(6)%	(43,025)	(51,801)	8,776	10 %
Total Cost of Sales	(2,134,560)	(1,880,352)	(254,208)	14 %	(479,257)	(486,656)	7,399	(2)%
Gross Profit	607,090	698,610	(91,520)	(13)%	131,881	206,073	(74,192)	(36)%
Other operating revenues	1,098	1,667	(569)	(34)%	53	—	53	#DIV/0!
Selling, general and administrative expenses	(94,325)	(90,429)	(3,896)	4 %	(26,479)	(24,889)	(1,590)	6 %
Other operating expense	(20,385)	(14,427)	(5,958)	41 %	(7,630)	(3,623)	(4,007)	111 %
Other gains and losses	(296,533)	10,709	(307,242)	(2,869)%	(34,798)	4,116	(38,914)	(945)%
Financial income	82,054	22,432	59,622	266 %	23,834	9,431	14,403	153 %
Financial expense	(215,708)	(155,947)	(59,761)	38 %	(56,610)	(44,215)	(12,395)	28 %
Earnings impairments and losses reversal (NIIF 9)	42	(409)	451	(110)%	(88)	140	(228)	---
Foreign currency exchange differences	(155,695)	17,149	(172,844)	(1,008)%	(68,797)	16,277	(85,074)	(523)%
Result by readjustment units	(26,039)	(31,490)	5,451	(17)%	—	(7,007)	7,007	(100)%
Net Income Before Tax	(118,401)	457,865	(576,266)	(126)%	(38,634)	156,303	(194,937)	(125)%
Income tax	(17,968)	(145,515)	127,547	---	6,688	(46,503)	53,191	---
Net Income After Tax	(136,369)	312,350	(448,719)	---	(31,946)	109,800	(141,746)	---
Income Attributable to								
Shareholders of Parent	(174,866)	276,663	(451,529)	---	(39,963)	96,351	(136,314)	---
Non-controlling interest	38,497	35,687	2,810	8 %	8,017	13,449	(5,432)	(40)%
Net Income	(136,369)	312,350	(448,719)	---	(31,946)	109,800	(141,746)	---

Consolidated Operating Revenue

Operating Revenue fell US\$82 million in the fourth quarter of 2023, compared to the same period in 2022, reaching US\$611 million. The decrease was driven primarily by lower contract and spot sales revenues in Chile. Higher contract and spot sales in Colombia and Argentina, in addition to positive variations of the valuation of implicit derivative instruments associated with contracted energy sales in Colombia partly offset the decrease in revenues in Chile.

Consolidated Cost of Sales

Cost of Sales decreased US\$7 million in the fourth quarter of 2023. 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 were the primary drivers for this decrease. Higher energy and capacity purchases in Colombia, a negative variation from an insurance recovery recorded in the fourth quarter of 2022, along with increased insurance premiums, and maintenance costs in Chile, Colombia and Argentina partly offset the negative variations.

Consolidated Gross Profit

Gross Profit decreased 36% to US\$132 million in the fourth quarter of 2023 compared to the fourth quarter of 2022. This quarterly performance is explained by decreases of US\$37 million in Colombia, US\$33 million in Chile and US\$4 million in Argentina.

(ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue								
Chile	1,935,535	2,066,179	(130,644)	(6)%	428,386	565,835	(137,449)	(24)%
Argentina	102,554	97,710	4,844	5%	24,125	22,002	2,123	10%
Colombia	706,328	416,807	289,521	69%	159,766	105,313	54,453	52%
Consolidation adjustments	(2,767)	(1,734)	(1,033)	60%	(1,139)	(421)	(718)	171%
Total Operating Revenue	2,741,650	2,578,962	162,688	6%	611,138	692,729	(81,591)	(12)%
Cost of Sales								
Chile	(1,607,487)	(1,622,768)	15,281	(1)%	(312,783)	(417,677)	104,894	(25)%
Argentina	(88,176)	(61,673)	(26,503)	43%	(21,384)	(15,499)	(5,885)	38%
Colombia	(439,545)	(196,567)	(242,978)	124%	(145,384)	(53,716)	(91,668)	171%
Consolidation adjustments	648	656	(8)	(1)%	294	236	58	25%
Total costs of sales	(2,134,560)	(1,880,352)	(254,208)	14%	(479,257)	(486,656)	7,399	(2)%
Total Gross Profit	607,090	698,610	(91,520)	(13)%	131,881	206,073	(74,192)	(36)%

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 fourth quarter of 2023 compared to the same period of 2022. Higher IT costs as well as increased Personnel and travel expenses were partly offset by lower legal and consulting costs.

	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Personnel and travel expenses	30,534	33,135	(2,601)	(8)%	8,839	8,293	546	7 %
Legal and consulting costs	16,590	17,054	(464)	(3)%	5,238	5,711	(473)	(8)%
IT costs	28,601	23,991	4,610	19 %	7,914	6,657	1,257	19 %
Stamp Taxes	7,434	5,072	2,362	47 %	1,665	1,757	(92)	(5)%
Leasing expenses	1,341	3,701	(2,360)	(64)%	211	73	138	189 %
Other	9,825	7,476	2,349	31 %	2,612	2,398	214	9 %
Total SG&A	94,325	90,429	3,896	4 %	26,479	24,889	1,590	6 %

EBITDA

(ThUS\$)	YTD				4Q			
	2023	2022	Var(\$)	Var (%)	2023	2022	Var(\$)	Var (%)
Revenue	2,741,650	2,578,962	162,688	6 %	611,138	692,729	(81,591)	(12)%
Cost of Sales	(2,134,560)	(1,880,352)	(254,208)	14 %	(479,257)	(486,656)	7,399	(2)%
Gross Profit	607,090	698,610	(91,520)	(13)%	131,881	206,073	(74,192)	(36)%
Depreciation (-)	184,587	196,038	(11,451)	(6)%	43,025	51,801	(8,776)	(17)%
Operating Margin	791,677	894,648	(102,971)	(12)%	174,906	257,874	(82,968)	(32)%
Other Operating Revenues	1,098	1,667	(569)	(34)%	53	—	53	#DIV/0!
Selling, General and Administrative Expenses	(94,325)	(90,429)	(3,896)	4 %	(26,479)	(24,889)	(1,590)	6 %
Other Operating Expense	(20,385)	(14,427)	(5,958)	41 %	(7,630)	(3,623)	(4,007)	111 %
Other (costs) income not included in EBITDA*	7,537	20,014	(12,477)	(62)%	2,321	2,430	(109)	(4)%
EBITDA	685,602	811,473	(125,871)	(16)%	143,171	231,792	(88,621)	(38)%

(*) 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\$143 million in the fourth quarter of 2023, 38% lower than that of the same period in 2022.

This negative variation is mainly explained by lower EBITDA contribution from Chile, Colombia and Argentina.

Chile's quarterly EBITDA fell by US\$49 million compared to the fourth quarter of 2022 due to less margin generated from contract sales after the expiration of coal-indexed contracts at the end of 2022, in addition to higher operational costs related to insurance and higher development expenses on solar and hydrogen projects, partly offset by higher unregulated sales as a result of an increase in volume, lower spot energy purchases and higher generation from renewables.

Colombia's quarterly EBITDA decreased US\$39 million due to lower generation in wake of the commercial decision in the third quarter of increase generation to capture extraordinarily high spot prices that resulting in higher energy purchases volumes in the fourth quarter of 2023, partly offset by increased spot sales due to higher spot prices, in addition to the appreciation of the Colombian peso.

Argentina's EBITDA fell US\$1 million driven by lower Energía Plus contract prices, lower Energía Base sales volumes due to lower dispatch at Termoandes, in addition to higher maintenance costs and insurance costs, partly offset by higher Energía Plus sales prices.

(ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Chile	387,403	537,965	(150,562)	(28)%	123,908	172,711	(48,803)	(28)%
Colombia	259,578	217,377	42,201	19 %	10,649	49,706	(39,057)	(79)%
Argentina	38,621	56,131	(17,510)	(31)%	8,614	9,375	(761)	(8)%
Total EBITDA	685,602	811,473	(125,871)	(16)%	143,171	231,792	(88,621)	(38)%

Non-Operating Results

(ThUS\$)	YTD				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Other gains and losses	(296,533)	10,709	(307,242)	---	(34,798)	4,116	(38,914)	---
Financial income	82,054	22,432	59,622	266 %	23,834	9,431	14,403	153 %
Financial expense	(215,708)	(155,947)	(59,761)	38 %	(56,610)	(44,215)	(12,395)	28 %
Earnings impairments and losses reversal (NIIF 9)	42	(409)	451	---	(88)	140	(228)	---
Foreign currency exchange differences	(155,695)	17,149	(172,844)	---	(68,797)	16,277	(85,074)	(523)%
Result by readjustment units	(26,039)	(31,490)	5,451	(17)%	—	(7,007)	7,007	---

The Company reported US\$35 million in Other Losses in the fourth quarter of 2023 compared to US\$4 million of Other Gains in the same period of 2022, a US\$39 million negative variance comparing both periods. The main drivers for this negative variance relates to a US\$22 million loss registered in the fourth quarter of 2023 from the impairment of Property, Plant and Equipment at Norgener coal-fired units as a consequence of the Company's request to accelerate the disconnection of these units to March 31, 2024, in addition to debt payment costs at AES Colombia..

Financial Expenses grew US\$12 million, primarily explained by higher financial debt at AES Colombia and AES Andes and increased interest rates. Financial Income increased US\$14 million primarily as a consequence of higher interest earned in Argentina due to an increase in financial investments at higher interest rates, in addition to higher interests accrued in Chile from the stabilization fund mechanism (MPC).

At AES Andes, Foreign currency exchange differences registered a US\$85 million negative variation in the fourth 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 negative effect of the depreciation of the Argentine peso over cash and accounts receivables at Termoandes.

Results by readjustment units registered a positive variation of US\$7 million between the fourth quarter of 2023 compared to the same period of 2022, explained by the fact that no readjustment was applied since 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.

	December 31, 2023			December 31, 2022			December 31, 2021			
			Var (%)			Var (%)			Var (%)	
Chile (\$/US\$)	\$	877.12	\$	855.86	2 %	\$	855.86	\$	844.69	1 %
Colombia (Col\$/US\$)	\$	3,822.05	\$	4,810.20	(21)%	\$	4,810.20	\$	3,981.16	21 %
Argentina (Ar\$/US\$)	\$	808.45	\$	177.16	356 %	\$	177.16	\$	102.72	72 %

Income Tax

Between the fourth quarters of 2022 and 2023, income tax experienced a positive variance from an expense of US\$47 million in the fourth quarter of 2022 to a gain of US\$7 million in the same period of 2023. This variation is in line with the decrease in Pretax Income.

Net Income

The Company reported a Net Loss Attributable to AES Andes Shareholders of US\$40 million for the fourth quarter of 2023, down US\$136 million compared to the Net Income Attributable to Shareholders of Parent of US\$96 million in the fourth quarter of 2022.

Non-Controlling Interests in net income fell US\$5 million primarily due to lower Net Income at Cochrane, where AES Andes has 57% ownership, partly offset by 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 December 31, 2023 was US\$228 million, 22% above than at the end of the fourth quarter of 2022.

AES Andes' reported a net cash inflow of US\$140 million in the twelve months ended December 31, 2023, compared with the net cash inflow of US\$93 million in the same period of 2022.

(ThUS\$)	FY			
	2023	2022	Var	Var (%)
Net cash from operating activities	966,051	314,773	651,278	207 %
Net cash from investing activities	(549,004)	(548,291)	(713)	— %
Net cash from financing activities	(277,089)	326,683	(603,772)	(185)%
Total Net Cash Flow for the Period	139,958	93,165	46,793	50 %
Effects of Foreign Exchange Variations	(98,369)	(18,828)	(79,541)	422 %
Cash at the beginning of the period	186,070	111,733	74,337	67 %
Total Cash at the End of the Period	227,659	186,070	41,589	22 %

Net Operating Cash Flow totaled US\$966 million as of December 31, 2023, up US\$651 million year-over-year, mainly due to the positive effect of US\$652 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 of US\$131 million and

lower coal purchases, in addition to collections of an additional US\$45 primarily received from CAMMESA in Argentina. These positive effects were partly offset by a US\$14 million increase in income taxes payments as well as lower collections than in 2022 that were associated to derivative settlements and to an insurance recovery at Termoandes.

Net Investment Activities Cash outflows experienced an increase of only US\$1 million compared to the twelve months of 2022, totaling a US\$549 million net outflow as of December 31, 2023. This was mainly due to the US\$111 million purchase of Bolero Solar in 2023, lower VAT recovery and Termoandes insurance payments received in 2022 for a total of US\$36 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\$154 million.

Net Financing Cash outflows in 2023, totaled US\$277 million as of December 31, 2023, which negatively compares to the US\$327 million inflow in the same period of 2022. The main drivers for this variation were the US\$900 million decrease in inflows from long-term borrowings compared to 2022, US\$95 million higher interest payments, a decrease in proceeds associated to suppliers financing of US\$122 million, and US\$134 million higher debt repayments compared to the twelve months of 2022. These negative variations were partly offset by a US\$254 million increase in proceeds from short-term borrowings, in addition to US\$422 million increase in contributions from partners to the Company's renewable projects.

Financial Debt

As of December 31, 2023, AES Andes' debt totaled US\$2,750 million, of which approximately 69% effectively had a fixed interest rate. The remaining 31% of the Company's debt is subject to variable interest rates.

As of December 31, 2023, approximately 91% of AES Andes' debt was denominated in USD. Of the remaining debt, 1% was denominated in Chilean UF (former Eléctrica Santiago's bonds) and 8% in Colombian pesos (including the leasing executed by AES Colombia to finance the Tunjita Project, and corporate debt in Colombia).

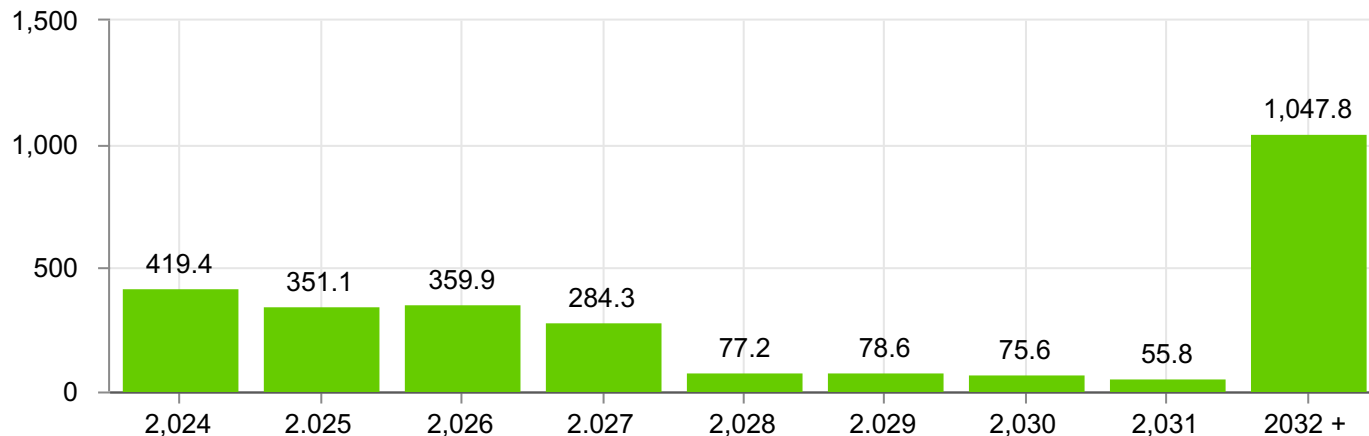
In the second quarter of 2022, AES Andes increased the size of its Green Loan Facility by US\$150 million to a total of US\$400 million. The Green Loan has semiannual amortizations and a final maturity in November 2026.

In December 2023, AES Andes prepaid the equivalent to US\$262 million in bank facilities in Colombia.

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 6.53% 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					
			December 31, 2023					
			2024	2025	2026	2027	2028	2029 +
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\$ 425 M Senior Notes due 2025	117.5	5.00%	—	117.5	—	—	—	—
UF\$ 1.0 M Senior Notes due 2024	15.6	7.50%	15.6	—	—	—	—	—
AES Andes ST Loan	165.0	6.96%	165.0	—	—	—	—	—
Angamos US\$ 800 M Notes due 2029	34.7	4.88%	6.3	6.3	6.3	6.3	6.3	3.1
Cochrane US\$ 430 M Notes due 2027	225.5	5.50%	60.1	65.6	67.4	32.4	—	—
Cochrane US\$ 485 M Local Notes due 2034	485.0	6.25%	—	—	—	12.0	67.4	405.6
Total Fixed Rate	1,887.7		247.0	189.4	73.7	50.7	73.7	1,253.2
AES Andes Green Loan	346.8	7.16%	53.6	80.0	213.2	—	—	—
AES Andes Scotia	50.0	7.34%	—	—	—	50.0	—	—
AES Andes Bank Loan	50.0	6.96%	50.0	—	—	—	—	—
AES Andes SMBC-MIZ due 2027	150.0	6.86%	—	—	—	150.0	—	—
AES Andes Citi due 2026	35.0	7.54%	—	—	35.0	—	—	—
Colombia LT due 2027 (COP)	120.9	14.84%	30.2	30.2	30.2	30.2	—	—
Colombia LT due 2025/2026 (COP)	87.6	15.26%	35.2	48.1	4.4	—	—	—
Colombia LT due 2030 (COP)	21.7	17.09%	3.4	3.4	3.4	3.4	3.4	4.7
Total Variable Rate	862.0		172.4	161.7	286.2	233.6	3.4	4.7
Total	2,749.7	6.53%	419.4	351.1	359.9	284.3	77.2	1,257.8

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 December 31, 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 December 31, 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\$9 million. 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\$10million. In the period ended December 31, 2023, approximately 74% of the Company's revenues and 79% of its cost of sales were denominated in U.S. dollars, while in the period ended December 31, 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 December 31, 2023, contract and spot sales in Colombia represented 26% 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 December 2023, a 10% devaluation in the COP/USD exchange rate would have generated a positive impact of approximately US\$1million 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 December 31, 2023, a 10% devaluation in the ARS/USD exchange rate would have generated a negative impact of approximately US\$4 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 December 31, 2023, 52% of investments and current account balances are denominated in U.S. dollars, 15% in Chilean pesos, 14%

in Colombian pesos and 19% 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 December 31, 2023, and December 31, 2022:

	December 31, 2023	December 31, 2022
USD	91.0 %	85.0 %
U.F.	1.0 %	1.0 %
COP	8.0 %	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 December 31, 2023, and December 31, 2022.

	December 31, 2023	December 31, 2022
Fixed or with Swap	69.0 %	65.0 %
Variable	31.0 %	35.0 %

As of December 31, 2023, a 10% increase in variable interest rates would have a US\$6 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 December 31, 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 December 31, 2023, AES Andes had US\$228 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. Additionally, as of December 31, 2023, AES Andes has committed and unused credit lines of approximately US\$255 million, in addition to uncommitted and unused credit lines of approximately US\$220 million.

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 (MPC)

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.

On January 16, 2024, a new tariff stabilization bill was submitted. The bill introduces improvements to the current MPC mechanism, among which the following highlights:

- The MPC fund is increased from US\$1,800 million to US\$5,500 million.
- Term of payment of the fund until December 2035
- Bill seeks to normalize tariffs from the 2nd half of 2024 (eliminates consumption brackets).
- The state guarantee for the additional US\$3.7 billion will only cover up to 30%.
- Establishes a subsidy for 40% of the most vulnerable among the population.

On January 29, 2024, the Mining and Energy Commission approved the bill in general and in particular, with minor modifications and it is subject to review by the Finance Commission, which will be resumed during March 2024.

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.

On November 29, 2023, the Ministry of Energy began the last stage of processing the modifications, submitting the document for review by the Comptroller's Office. The new regulation is expected to be in force starting during the first half of 2024.

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.

As of the date of issuance of these Financial Statements, it has not been placed on the docket of the Congressional Committees 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 docket of the Congressional Committees for discussion.

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 docket of the Congressional Committees for discussion.

Green Tax Compensation System in Chile

The Ministry of Finance announced a corrective tax bill focused on modifying the current green tax regime. The reform would contemplate modifications to the current value of the tax, as well as to 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 gradual regime, 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.

Among 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 into the system at a variable operating cost higher than the marginal cost. With the above, the higher proportion of current compensations is eliminated, 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,

and establishes technical provisions for the implementation of Article 8° of Law N°20,780, which mandates the implementation of the compensation indicated in the previous paragraph.

Likewise, it is established that the amendment will be applicable from the preparation of the Balances of Compensations published by the National Electric Coordinator in 2024, with the purpose of determining the calculations for compensations of payments for tax on emissions associated with the operations of the generating companies throughout the year 2023.

On September 28, 2023, AES Andes filed an appeal before the Comptroller General of the Republic to challenge the decision of the authority, in order to reinstate the regulatory provisions to properly implement the green tax compensation established in the final paragraph of Article No. 8 of Law No. 20,780.

As of the date of issuance of these Financial Statements, there is no pronouncement from the Comptroller's Office.

Energy Transition Bill

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

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

On December 13, the Ministry of Energy, after the realization of technical tables aimed at generating a space for discussion with the industry has presented in the Mining and Energy Commission of the Senate that the bill would be framed in:

- i. Storage bidding,
- ii. Improvements associated with the transmission segment,
- iii. Reallocation of tariff revenues, and
- iv. Transitory increase of the tax on electricity generation sources to finance a subsidy to the most vulnerable families in Chile.

The bill was approved in general in the Senate Chamber on December 19, 2023.

On January 12, 2024, indications to the bill were presented which confirm the Ministry's intention to limit the bill to:

1. Establishing a potential Storage Tender for a maximum of 500 MW.
2. Improvements associated with the transmission segment
3. Reassignment of Tariff Revenues.

Regarding the transitory increase of the tax on electricity generation sources, this was not included in the indications presented at the date of issuance of these financial statements.

Renewable Quota Law

On October 26, 2022, the Ministry of Energy initiated 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 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 from 2023 to 2030 was established and would only apply to new supply contracts signed as of January 1, 2023, so there is a low risk of non-compliance.

The bill also established the obligation of the National Electric Coordinator to maintain an energy tracking and registration system through public traceability of energy from origin to end, in addition to increasing the limit for distributed generation to 500kW (currently 300kW), increasing the potential for residential self-generation, which would imply lower energy consumption by regulated customers.

On April 3, 2023, the bill was approved in general and particular in the Chamber of the Chamber of Deputies in its first legislative procedure. For 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 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".

Bill that "Ensures water certainty for the different productive uses of water".

On November 16, 2020, a bill was introduced to ensure water certainty for the different productive uses of water (Bulletin No. 13,891-09), which amended 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 over non-consumptive water rights, as well as to establish that electric concessionaires of hydroelectric 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 detained water reserves. It also establishes that the concessionaires will have to refrain from injecting energy or power to the system by using water as the basis of their activity, when this implies a prejudice to the irrigators who obtain water from the same source or its tributaries, with which there must be a coordination between electricity generation and irrigation activity.

In the case of territories under a water shortage decree, concessionaires may not inject energy 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 this does not affect the future availability of the resource.

The current wording of the bill would be focused on regulating the conflicts that occur between reservoir hydroelectric generation 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.

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 character of "real right" of the water use rights ("DA"), it considers burdens for the holders of DA, among which it contemplates a peremptory term for their registration in the Real Estate Registry and in the Public Water Registry. It also establishes that the new DAs that are constituted will have time limits, up to 30 years, which may be extended.

It establishes a prioritization or preference for subsistence, human consumption and sanitation uses over productive uses, both for the granting of DA and for limitations on their exercise. The Reform also establishes the human right to water and sanitation. It also grants the General Directorate of Water, among others:

- the power to impose water redistribution measures, always guaranteeing the prioritization of human consumption, sanitation and domestic subsistence uses in certain areas in case of insufficient water resources; and

- the power to establish minimum ecological flows for new DAs, as well as in the case of transfers of the exercise of a DA and with respect to existing DAs in areas declared under official biodiversity protection. With respect to the latter, existing use rights must be compatible with the objectives of such areas.

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 a DA in the event of affecting an aquifer or surface water source, and furthermore, 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.

Other bills related to Water issues

As for other influential bills that may be of interest, those relevant and with processing movements in the last 5 years are indicated:

- [Bulletin N°16504-33](#): The basis of the project is defined as: "to perfect the control procedures that currently exist in water matters, granting new legal tools to the General Water Directorate for the fulfillment of such tasks and to modernize and strengthen the control procedures, in particular by introducing a simplified procedure for a set of specific procedures". It is currently in its first constitutional procedure.
- [Bulletin No. 14805-12](#): Amends Law No. 19,300, on General Bases of the Environment, to incorporate as a typology of the Environmental Impact Assessment System, those projects that use water. It also establishes that the projects that enter through the new typology contained in letter t) must be evaluated by means of an Environmental Impact Study. It is currently in the first constitutional proceeding.
- [Bulletin N°13179-09](#): Establishes standards for water efficiency and adaptation to climate change, understanding water efficiency as the capacity to reduce the use of water and its extraction from natural sources. The MOP may finance works aimed at water efficiency, efficiency indicators will be developed for different productive sectors, obligations will be established in relation to the protection of natural watercourses and a national water efficiency plan will be prepared. It is currently in its first constitutional procedure.
- [Bulletin N°13266-33](#): Amends the Water Code to limit the granting of water use rights in regions where there are communes affected by a water shortage decree. It is currently in the first constitutional procedure.
- [Bulletin N°14446-09](#): Its purpose is to "Create a new national institutional framework for water resources to strengthen their governance, planning, regulation, investment in infrastructure and management, as well as to facilitate the administration of information and oversight of the sector". It is currently in its first constitutional proceeding.

Watershed Governance

According to the Public Account of the year 2022, the Chilean Government is interested in Basin Governance through the Basin Councils, composed of a public-private round table representing different stakeholders of 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, Itata, Biobío, Toltén, Valdivia, Maullín, Aysén, Coastal Basins between Seno Andrew and R. Hollemberg and islands to the east.

Regarding the possibility of legal existence, on December 15, 2023 the Comptroller General of Chile ruled on the request made by several water user organizations against the implementation of the Pilot Basin Councils, supporting them. The opinion pointed out that there are no regulatory impediments to the implementation of these coordination and participation instances that seek to gather information and experiences in the service of the execution of future public policies.

Regulation that establishes the procedure for the preparation, review and updating, as well as monitoring and reporting of strategic water resources plans in river basins (PERHC).

On January 4, 2024, the aforementioned regulation was approved, in accordance with the provisions of Articles N°293 bis of the Water Code and N°13 of Law N° 21,455. These regulations establish three phases for the development of a PERHC: a) preparation; b) implementation and follow-up; and c) revision and updating.

This roundtable will collaborate in the development of the PERHC, in the citizen participation activities required during the elaboration, revision and updating phases, and will promote agreements and commitments between the State agencies and the private actors identified as implementers of the PERHC measures.

On the other hand, the regulation establishes - in terms of citizen participation - that any person or group of persons will have the right to participate, in an informed manner, in at least the elaboration, revision and updating of the PERHC.

Constitutional Assembly

On December 17, 2023, the mandatory plebiscite was held to determine whether to approve or reject the new constituent proposal, the result of which was to reject this new proposed text, thus maintaining the current Constitution and confirming that there will not be a new plebiscite to modify this text.

COLOMBIA

Measures for the commercialization of energy for the regulated market

On January 19, 2024 Resolution CREG 101 033 of 2023 was published, which modified the proposal of Resolution 701 021 of 2023 and adjusted the time reduction for contracting processes through the Centralized Information System for Public Bidding (SICEP), reducing from 66 days to 44 working days, optimizing the following procedures: i) Maximum time between the date of publication of solicitation documents for consultation and the publication of definitive documents; 2) Deadline for the preparation of qualifying requirements and offers; iii) Maximum deadline for the verification of compliance with qualifying requirements and iv) Maximum deadline for the signing of contracts. This issue does not generate any practical impact to AES Colombia.

The second proposal included in Res 701 021 of 2023 referred to the creation of surplus contracting models for generators and resulted in CREG Resolution 101 036 of 2024, which is final and was issued on February 8, 2024. By means of this resolution the CREG implemented the option to enter into bilateral contracts between Generators and Distributors in order to reduce the exposure of the latter to spot market prices. The resolution allows a special contract called "conditional payment for generation" (PAG) which is dispatched if the generator has a generation higher than that of the signed contracts. This structure does not represent an additional risk for AES Colombia and is under analysis by the entity.

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 with the national government and also through the representation of associations such as Acolgen, Andesco, Ser Colombia and the Hydrogen Association.

National Development Plan 2022-2026

On May 19, 2023, 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 were set 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

On March 3, 2023, the CREG presented a regulatory proposal to modify Resolution CREG 075 of 2021 to include a new condition that allows modifying the date of entry into operation of a generation project, if and only if it has an execution progress of more than 60%. This option can only be chosen once and the maximum additional term granted for the entry into operation will be up to one year.

With the current regulation and this new modification, the date of entry into operation of the the Company's Casa Eléctrica and Apotolorry (JK1 and JK2) projects could be deferred, whose main inconvenience lies in the delay of the Colectora transmission line being developed by Grupo de Energía de Bogotá, which will connect AES Colombia's wind projects in La Guajira with the National Interconnected System.

Hydrogen progress in Colombia

The implementation of the Hydrogen Roadmap, which consists of three phases:

- Phase 1: Laying the foundations for hydrogen: Actions to be carried out in the short term (period of less than 2 years), such as definition of laws or elaboration of technical studies and training plans to establish solid foundations for the correct development of the market.
- Phase 2: Enabling and driving market development: Tasks aimed at promoting the use of low-emission hydrogen. These measures will be carried out in the short/medium term (period of less than 5 years). Early measures focus on incentivizing and mitigating the risk of early entrants, while later measures will seek to achieve hydrogen scale-up along the entire value chain.
- Phase 3: Monitor and enable new uses: Actions to be carried out in the medium/long term in order to follow up and guarantee the correct implementation of the measures of the previous periods, as well as to make possible the entry of hydrogen in those applications of lesser maturity. This monitoring phase is considered in the medium/long term since these actions will be carried out cyclically.

The government through the Ministry of Mines and Energy is leading all hydrogen advances and has issued regulations that allow giving benefits of Law 1715 of 2014 to projects that aim at green hydrogen production. We maintained the trade leadership to promote an agile and beneficial regulation to develop this market by participating in the trade discussions of the two associations where we are affiliated, such as the Colombian Hydrogen Association and the Hydrogen Technical Committee of the National Association of Colombian Businesspeople (ANDI).

Energy Regulatory Agenda 2024

The Regulatory Agenda defined by the Energy and Gas Regulatory Commission (CREG) for the year 2024 establishes several issues overdue from previous years and some associated with the El Niño phenomenon. The following aspects can be highlighted:

- Regulation of crises associated in the occurrence of the El Niño Phenomenon.
- Ex-ante surveillance of market power in the spot market.
- Promulgation of a new wholesale market regulation.
- Modification of the rules for the allocation of Firm Energy Obligations (OEF) to existing plants when no expansion auction is held.
- Adjustment of the methodology for calculating the Firm Energy for the Reliability Charge for hydroelectric plants.
- Technical requirements for shared connections of generators.
- Hydrogen regulation
- Revision of vertical integration and market share rules.

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.

Through a decree of necessity and urgency (DNU) 55/2023, the national government declared an emergency in the energy sector and provided for the intervention of the electricity and gas regulatory entities. The emergency was declared in the segments of generation, transportation and distribution of electric power under federal jurisdiction and transportation and distribution of natural gas. The decree instructs the Secretariat of Energy of the Nation to establish the mechanisms for the "sanction of prices under conditions of competition and free access, to maintain in real terms the levels of income and to cover the investment needs".

Within the tariff revision process pursuant to Article 43 of Law 24.065, as provided by DNU 55/2023, the National Electricity Regulatory Entity (ENRE) held on Friday, January 26 the public hearing to temporarily adjust the tariffs of the distribution companies. In this sense, the electricity distributors requested increases that imply average increases in the final tariff of up to 89%, that the transitional tariff be adjusted on a monthly basis and automatically to avoid new mismatches in a context characterized by the high nominal nature of the economy due to the strong inflation.

According to the ENRE, distributors will be able to calculate their remuneration based on the Own Distribution Cost (CPD), which will be indexed monthly and will be weighted based on adjustments to salaries by 55%, the Wholesale Internal Price Index. Higher, by 25% and the Consumer Price Index by 20%.

Likewise, companies will have to present an investment plan for the year 2024 that adjusts to 25% of the recognized remuneration, which must be oriented towards investments in electrical infrastructure, prioritizing network security, system reliability and quality of the service.

Resolution 59/2023

On February 7, 2023, the Energy Secretariat published Resolution 59/2023, which allows converting a portion of the remuneration of combined cycle plants to U.S. dollars for a period of up to 5 years. This portion would be paid in Argentine pesos at the official exchange rate against 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 U\$/MW-month plus 65% of the power price set by resolution for the Base Energy regulatory framework in winter and summer, and plus 85% of such prices for spring and autumn. The price of energy generated with natural gas is set at the equivalent of U\$/MWh 3.5 and with diesel oil at U\$/MWh 6.1.

Energia Base Regulatory Framework

The Secretariat of Energy (SE) modified the pricing scheme for electricity marketed under the "Base Energy" regulatory framework established by Resolution 440/2021 continuously during the last 2 fiscal years due to the increase in the inflationary rhythm, incorporating percentage adjustments through several resolutions, which are summarized as follows:

Effective date	Applicable increase	Resolution	Issue date
February 2022	30%	Res. 238/22	April 18, 2022
June 2022	10%		
November 2022	20%	Res. 826/22	December 12, 2022
December 2022	10%		
February 2023	25%		
August 2023	28%		
September 2023	23%	Res. 750/23	September 23, 2023
November 2023	28%	Res. 869/23	October 27, 2023

On February 8, 2024, the Energy Secretariat issued Resolution 9/24, which establishes a 74% increase in the remunerations established in Resolution 869/2023 issued on October 27, 2023, in order to update such remunerations to economically reasonable and efficient conditions, effective as from the economic transactions corresponding to February 2024 and in order to ensure the reliability and sustainability of the Wholesale Electricity Market (MEM).

Energy 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.

The "Ente Nacional Regulador del Gas" (ENARGAS) through Resolution 704/2023 called for a public hearing where the "transitory adjustment" of natural gas tariffs will be discussed. It was held virtually on January 8, 2024. The new Secretary of Energy indicated that a "new conceptualization" of subsidies will be made, with a "gradual transfer" of the price for the "progressive readjustment" of these state transfers. In this context, the natural gas distribution and transportation companies also presented their proposals for tariff readjustment based on the delays accumulated in recent years, to which they added the application of a monthly update index based on the evolution of wholesale prices, as from February 1. The Secretary indicated that the current segmentation will be maintained until April 1, 2024, and the new subsidy scheme will come into effect as from that date, after a public hearing to be held for that purpose.

In addition to the repeals and amendments established by DNU 70/23, previously, by means of DNU 55/23, the National Executive Power declared the emergency of the National Energy Sector with respect to the segments of generation, transportation and distribution of electric power under federal jurisdiction, and transportation and distribution of natural gas until December 31, 2024. It is intended to consider the observations and adopt, if applicable, the recommendations made by the control bodies on the contractual renegotiation processes and tariff revisions carried out in compliance with Law No. 25,561 and its amending and complementary rules. In addition, ENRE's and ENARGAS' Procurement and Contracting management must be evaluated and reported.

Additionally, proposals for changes have been included in the "Omnibus Law" bill currently being discussed in the National Congress, and such proposals could generate an extra increase in the cost of natural gas for households that have access to the network.

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 bill 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.

Decree No. 1/2022 Establishes Emission Standard for Artificial Luminosity generated by outdoor lighting.

On October 18, 2023, Supreme Decree No. 1 was published in the Official Gazette, which "Establishes a standard for the emission of artificial luminosity generated by outdoor lighting, based on the revision of Decree No. 43, of 2012", by the Ministry of the Environment.

This standard has nationwide application and its objective is to control emissions from outdoor lighting, prevent light pollution, protect the astronomical quality of the night skies, people's health and biodiversity in Special Protection Areas.

This emission standard establishes emission limits among other types of lighting for pedestrian, vehicular and industrial lighting. Certification of compliance with emission limits must be obtained for the sale and installation of lighting fixtures, granted by agencies authorized by the SEC. For the certification of existing sources, a certification process may be chosen according to the procedure and conditions established by the SMA by means of a resolution, which must be issued within a term no longer than 6 months from the publication of this decree in the Official Gazette.

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.
 -

This standard is about to be submitted to the Committee of Ministers for Sustainability and Climate Change for a vote. Once approved by the Committee, it will be submitted to the Comptroller General of the Republic for approval.

Review of the Emission Standard for Thermoelectric 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).

Decree No. 30/2023 Modification of the Environmental Impact Assessment System Regulations

This Proposal seeks to amend the Regulations of the Environmental Impact Assessment System (RSEIA) established by D.S. N°40 of 2012 of the MMA with the objective of:

- i. incorporate the variable "climate change" in accordance with Article N°40 of Law N°21,455, Framework Law on Climate Change;
- ii. an improvement of citizen participation in 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"; and
- iii. to reconcile its provisions with Law No. 20.920, which establishes the "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 Environmental Impact Statements (EISs) and the extension of the possibility of Citizen Environmental Participation (PACs) for almost all types of EISs is highlighted.

Supreme Decree N°30 of 2023 (DS N°30/2023) was published in the Official Gazette on February 1, 2024. As of this date, investment projects that enter into environmental evaluation will be subject to the new requirements established therein.

Environmental Bills

As of the date of issuance of the Consolidated Financial Statements, the following bills are in process:

- Bill that "Amends various legal bodies, in order to strengthen the environmental institutionality and improve its efficiency" (Bulletin 16552-12),
- Bill that "Strengthens and improves the effectiveness of environmental regulation enforcement and compliance by the Superintendence of the Environment" (Bulletin 16553-12),
- Bill that "Establishes a Framework Law of Sectorial Authorizations and introduces modifications in the legal bodies indicated" (Bulletin 16566-03).

AES Andes monitors the evolution of these projects to analyze possible impacts on the business.

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.

On December 4, 2023, the Federal Administration of Public Revenues published in the Official Gazette General Resolution No. 5453, whereby the obligation to pay a new extraordinary advance payment of income tax was established 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 million.
- The taxable income tax rate reaches those companies whose main activity is the generation of conventional thermal energy.

In this opportunity, Termoandes S.A. is obliged to comply with such resolution, having to pay an extraordinary advance payment in 3 equal and consecutive installments due as from December 22, 2023.

AES ANDES CONSOLIDATED BALANCE SHEET

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

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Assets (ThUS\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Current Assets				
Cash and Cash Equivalents	227,659	186,070	41,589	22 %
Other Current Financial Assets	10,761	9,004	1,757	20 %
Other Current Non-Financial Assets	36,900	15,548	21,352	137 %
Trade and Other Receivables	686,258	781,521	(95,263)	(12)%
Related Party Receivables	25,411	16,015	9,396	59 %
Inventory	189,252	530,036	(340,784)	(64)%
Taxes Receivables	27,433	13,875	13,558	98 %
Total Current Assets	1,203,674	1,552,069	(348,395)	(22)%
Non-Current Assets				
Other Non-Current Financial Assets	9,302	13,268	(3,966)	(30)%
Other Non-Current Non-Financial Assets	1,462	13,247	(11,785)	(89)%
Trade and Other Receivables	74,859	42,794	32,065	75 %
Related Parties Receivables	1,422	2,360	(938)	(40)%
Intangible Assets	81,817	79,388	2,429	3 %
Property, Plant and Equipment	3,593,735	3,395,834	197,901	6 %
Assets for rights of use	61,000	57,306	3,694	6 %
Net Current Tax assets, Non-Current	19,033	66,284	(47,251)	(71)%
Net Deferred Tax assets	306,414	190,510	115,904	61 %
Total Non-current Assets	4,149,044	3,860,991	288,053	7 %
Total Assets	5,352,718	5,413,060	(60,342)	(1)%

AES ANDES CONSOLIDATED BALANCE SHEET

As of December 31, 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\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Current Liabilities				
Other Current Financial Liabilities	486,260	242,053	244,207	101 %
Current Leasing Liabilities	6,749	5,858	891	15 %
Trade and Other Payables	529,169	658,613	(129,444)	(20)%
Related Party Payables	21,631	16,295	5,336	33 %
Provisions	15,668	5,315	10,353	195 %
Current Tax Payable	50,030	40,915	9,115	22 %
Employee Benefits	5,135	4,242	893	21 %
Other Current Non-Financial Liabilities	29,225	27,345	1,880	7 %
Total Current Liabilities	1,143,867	1,000,636	143,231	14 %
Non-Current Liabilities				
Other Non-Current Financial Liabilities	2,292,324	2,649,353	(357,029)	(13)%
Non-Current Leasing Liabilities	77,705	76,863	842	1 %
Provisions	93,551	137,939	(44,388)	(32)%
Non- Current Deferred Tax Liabilities	208,944	155,226	53,718	35 %
Employee Benefits	23,818	25,731	(1,913)	(7)%
Other Non-Current Non-Financial Liabilities	31,780	39,301	(7,521)	(19)%
Total Non-Current Liabilities	2,728,122	3,084,413	(356,291)	(12)%
Total Liabilities	3,871,989	4,085,049	(213,060)	(5)%
Net Equity				
Issued Capital	1,843,925	2,095,925	(252,000)	(12)%
Retained Earnings (Losses)	(988,708)	(813,842)	(174,866)	21 %
Share premium	48,812	48,812	—	— %
Treasury shares in portfolio	(415)	—	(415)	---
Other Components of Equity	11,232	11,029	203	2 %
Other Reserves	(233,107)	(304,297)	71,190	(23)%
Total Equity Attributable to Shareholders of Parent	681,739	1,037,627	(355,888)	(34)%
Non-controlling interests	798,990	290,384	508,606	175 %
Total Net Equity	1,480,729	1,328,011	152,718	11 %
Total Liabilities and Equity	5,352,718	5,413,060	(60,342)	(1)%

AES ANDES CONSOLIDATED INCOME STATEMENT

For the periods ended December 31, 2023, and December 31, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Income Statement (ThUS\$)	FY				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
	Operating Revenue	2,741,650	2,578,962	162,688	6 %	611,138	692,729	(81,591)
Cost of Sales	(2,134,560)	(1,880,352)	(254,208)	14 %	(479,257)	(486,656)	7,399	(2)%
Gross Profit	607,090	698,610	(91,520)	(13)%	131,881	206,073	(74,192)	(36)%
Other Operating Revenues	1,098	1,667	(569)	(34)%	53	—	53	---
Selling, general and administrative Expenses	(94,325)	(90,429)	(3,896)	4 %	(26,479)	(24,889)	(1,590)	6 %
Other Operating Expenses	(20,385)	(14,427)	(5,958)	41 %	(7,630)	(3,623)	(4,007)	111 %
Other Gains / Losses	(296,533)	10,709	(307,242)	---	(34,798)	4,116	(38,914)	(945)%
Financial Income	82,054	22,432	59,622	266 %	23,834	9,431	14,403	153 %
Financial Expense	(215,708)	(155,947)	(59,761)	38 %	(56,610)	(44,215)	(12,395)	28 %
Earnings impairments and losses reversal (NIIF 9)	42	(409)	451	(110)%	(88)	140	(228)	(163)%
Foreign Currency Exchange Differences	(155,695)	17,149	(172,844)	---	(68,797)	16,277	(85,074)	---
Result by readjustment units	(26,039)	(31,490)	5,451	(17)%	— \$	(7,007)	7,007	---
Net Income before Taxes	(118,401)	457,865	(576,266)	---	(38,634)	156,303	(194,937)	---
Income Tax Expense	(17,968)	(145,515)	127,547	(88)%	6,688	(46,503)	53,191	---
Net Income	(136,369)	312,350	(448,719)	---	(31,946)	109,800	(141,746)	---
Income Attributable to Shareholders of Parent	(174,866)	276,663	(451,529)	---	(39,963)	96,351	(136,314)	---
Income Attributable to Non-Controlling Interests	38,497	35,687	2,810	8 %	8,017	13,449	(5,432)	(40)%
Net Income (Loss)	(136,369)	312,350	(448,719)	---	(31,946)	109,800	(141,746)	---
EBITDA	685,602	811,473	(125,871)	(16)%	143,171	231,792	(88,621)	(38)%

AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended December 31, 2023, and December 31, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

Consolidated Cash Flow Statement (ThUS\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Operating Activities				
Receipts from Customers	3,059,612	2,806,393	253,219	9 %
Other Receipts from Operating Activities	144	—	144	---
Payments to Suppliers	(1,917,465)	(2,316,715)	399,250	(17)%
Payments made to Employees	(86,351)	(76,075)	(10,276)	14 %
Other Payments for Operating Activities	(112,914)	(159,242)	46,328	(29)%
Dividends Received	5,727	2,911	2,816	97 %
Interests Received	60,955	16,262	44,693	275 %
Income Tax Paid	(51,638)	(37,213)	(14,425)	39 %
Other Operating Outflows from Operating Activities	7,981	78,452	(70,471)	(90)%
Net Operating Activities Cash Flows	966,051	314,773	651,278	207 %
Investing Activities				
Cash flows used to obtain control of subsidiaries or other businesses	(110,935)	—	(110,935)	---
Loans to Related Parties	—	(50,668)	50,668	---
Proceeds from de Sale of Property, Plant and Equipment	8	9,533	(9,525)	---
Purchases of Property, Plant and Equipment	(439,452)	(593,094)	153,642	(26)%
Proceeds from Long-Term Assets	(1,170)	—	(1,170)	---
Receipts from Related Parties	430	48,074	(47,644)	(99)%
Other Outflows from Investing Activities	2,115	37,864	(35,749)	(94)%
Net Investing Activities Cash Flows	(549,004)	(548,291)	(713)	— %

AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended December 31, 2023, and December 31, 2022.

International Financial Reporting Standards (IFRS).

Amounts expressed in thousands of US dollars unless otherwise indicated,

(Continuation)

Consolidated Cash Flow Statement (ThUS\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Financing Activities				
Proceeds from the sale of minority interests	538,477	116,476	422,001	362 %
Payments for acquiring or redeeming the entity's shares	(416)	—	(416)	---
Proceeds from the issuance of other equity instruments	—	2,128	(2,128)	---
Payments for other participation in equity	(252,001)	(256,001)	4,000	(2)%
Proceeds from Long –Term Borrowings	35,000	934,803	(899,803)	(96)%
Proceeds from Short –Term Borrowings	384,318	130,228	254,090	195 %
Payments of Loans	(642,150)	(508,319)	(133,831)	26 %
Payments on Financial Leasing	(7,266)	(7,655)	389	(5)%
Payments to non-controlling interests	(66,697)	(35,633)	(31,064)	87 %
Interest paid	(244,457)	(149,332)	(95,125)	64 %
Other Inflows (Outflows) of Cash and Cash Equivalent	(21,897)	99,988	(121,885)	(122)%
Net Financing Activities Cash Flows	(277,089)	326,683	(603,772)	(185)%
Increase in Net Cash and Cash Equivalent before Effects of Foreign Currency Exchange Differences	139,958	93,165	46,793	50 %
Effects of Foreign Exchange Variations on Cash and Cash Equivalents	(98,369)	(18,828)	(79,541)	422 %
Increase (Decrease) in Net Cash and Cash Equivalents	41,589	74,337	(32,748)	(44)%
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	227,659	186,070	41,589	22 %

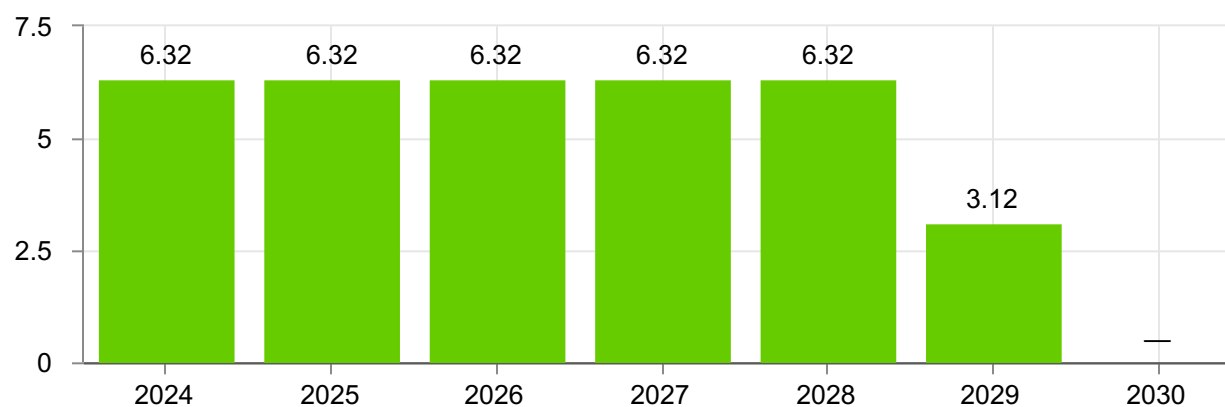
Annex 1: Empresa Eléctrica Angamos SpA.

Summarized income statement and balance sheet for the periods ended December 31, 2023, and December 31, 2022. International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	FY				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract sales	264,484	268,479	(3,995)	(1)%	46,849	66,478	(19,629)	(30)%
Spot sales	141,631	75,557	66,074	87 %	30,360	25,687	4,673	18 %
Transmission revenue	3,563	807	2,756	342 %	341	54	287	531 %
Other operating revenues	22,373	31,041	(8,668)	(28)%	11,580	3,246	8,334	257 %
Operating Revenues	432,051	375,884	56,167	15 %	89,130	95,465	(6,335)	(7)%
Fuel consumption	(270,507)	(191,530)	(78,977)	41 %	(41,876)	(64,065)	22,189	(35)%
Fuel cost of sales	(502)	(248)	(254)	102 %	(190)	(222)	32	(14)%
Energy and capacity purchases	(10,818)	(17,155)	6,337	(37)%	(4,714)	(1,274)	(3,440)	270 %
Transmission tolls	(4,832)	(4,389)	(443)	10 %	(762)	(308)	(454)	147 %
Other fuel costs	(31,264)	(29,217)	(2,047)	7 %	(7,723)	(7,561)	(162)	2 %
Insurance recovery	—	18,700	(18,700)	---	—	18,700	(18,700)	---
Other cost of sales	(51,659)	(48,867)	(2,792)	6 %	(12,558)	(11,173)	(1,385)	12 %
Depreciation and amortization	(3,548)	(5,597)	2,049	(37)%	717	(1,448)	2,165	---
Total Costs of Sales	(373,130)	(278,303)	(94,827)	34 %	(67,106)	(67,351)	245	— %
Total Gross Profit	58,921	97,581	(38,660)	(40)%	22,024	28,114	(6,090)	(22)%
Other operating revenues	1,065	550	515	94 %	43	550	(507)	(92)%
Administrative expenses	(1,047)	(843)	(204)	24 %	(213)	(199)	(14)	7 %
Other income(Losses)	427	598	(171)	(29)%	102	263	(161)	(61)%
Financial Income	187	188	(1)	(1)%	90	24	66	275 %
Financial expenses	(3,437)	(2,752)	(685)	25 %	(528)	(504)	(24)	5 %
Earnings impairments and losses reversal (NIIF 9)	(98)	—	(98)	---	10	—	10	---
Foreign currency exchange differences	(39)	413	(452)	(109)%	571	2,846	(2,275)	(80)%
Net Income (Loss) before Taxes	55,979	95,735	(39,756)	(42)%	22,099	31,094	(8,995)	(29)%
Income Tax Income (Expense)	(15,367)	(28,042)	12,675	(45)%	(5,980)	(10,161)	4,181	(41)%
Net Income (Loss)	40,612	67,693	(27,081)	(40)%	16,119	20,933	(4,814)	(23)%
EBITDA	64,267	104,712	(40,445)	(39)%	21,616	30,370	(8,754)	(29)%

Balance Sheet (ThUS\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Assets				
Current Assets	165,304	207,466	(42,162)	(20)%
Non-Current Assets	37,924	59,591	(21,667)	(36)%
Total Assets	203,228	267,057	(63,829)	(24)%
Liabilities				
Current Liabilities	91,763	103,744	(11,981)	(12)%
Non-Current Liabilities	66,227	84,161	(17,934)	(21)%
Total Liabilities	157,990	187,905	(29,915)	(16)%
Total Net Equity	45,238	79,152	(33,914)	(43)%
Total Liabilities and Equity	203,228	267,057	(63,829)	(24)%

Angamos Debt Amortization Schedule (US\$ mn)



Angamos Energy Generation, Purchases and Sales

Energy (GWh)	FY				4Q			
	2023	2022	Var (GWh)	Var (%)	2023	2022	Var (GWh)	Var (%)
Sales								
Unregulated	2,499	2,013	486	24 %	530	435	95	22 %
Spot	306	18	288	1,600 %	121	1	120	12,000 %
Total Sales	2,805	2,031	774	38 %	651	436	215	49 %
Purchases								
Spot	1	7	(6)	(86)%	—	—	—	---
Total Purchases	1	7	(6)	---	—	—	—	---
Thermal Generation	2,804	2,024	780	39 %	651	436	215	49 %

Angamos generated 651GWh in the fourth quarter of 2023, up 215GWh from the fourth quarter of 2022, due to higher dispatch and higher availability compared to fourth quarter of 2022 when Angamos Unit 1 and Angamos Unit 2 were offline for maintenance in November 2022 and October 2022, respectively.

Contract sales revenue for the fourth quarter was US\$47 million, a decrease of 30% or US\$20 million, due to lower contract prices compared to the fourth quarter of 2022.

Spot energy sales increased by US\$5 million, which is explained by an increase in physical sales of 120GWh, in addition to higher capacity revenues, complementary services and other compensations in the spot market.

Other operating revenues increased US\$8 million associated to an early termination of a service agreement between Angamos and Cochrane, located adjacent to Angamos.

Fuel Consumption costs decreased 35%, which represented an decrease of US\$22 million due to lower coal prices compared to the same quarter of the previous year, despite the increase in generation.

Insurance recovery registered a negative variation of US\$19 million due to the recovery obtained in December 2022 derived from a business interruption insurance coverage at Angamos. Energy and Capacity purchase costs increased US\$3 million due to spot market reliquidations and adjustments at the end of the year in the fourth quarter of 2023 compared to the same period in 2022.

Other cost of sales increased US\$1 million primary due to higher insurance premiums. Depreciation decreased US\$2 million as a result of an accounting adjustment in the Asset Retirement Obligation.

On a quarterly basis, Angamos's Gross Profit decreased US\$6 million to US\$22 million, while EBITDA decreased from US\$30 million to US\$22 million. This variation is mainly explained by the negative effect coming from the insurance recovery registered in December 2022, partly offset by the positive variation in other operating revenues related to the early termination of a contract with Cochrane.

The variance in Non-Operating results between the fourth quarter of 2023 and the fourth quarter of 2022 relates to the US\$2 million negative effect from FX differentials which is mainly due to the depreciation of the Chilean peso during the fourth quarter of 2023 and its impact on account receivables in in this currency.

Income tax expense decreased by US\$4 million, mainly explained by a decrease in pre-tax income during the fourth quarter of 2023.

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

As of December 31, 2023, Angamos had a total debt of US\$35 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 balance of Angamos at the end of December 31, 2023 was US\$11million, US\$6 million higher than the balance at December 31, 2022.

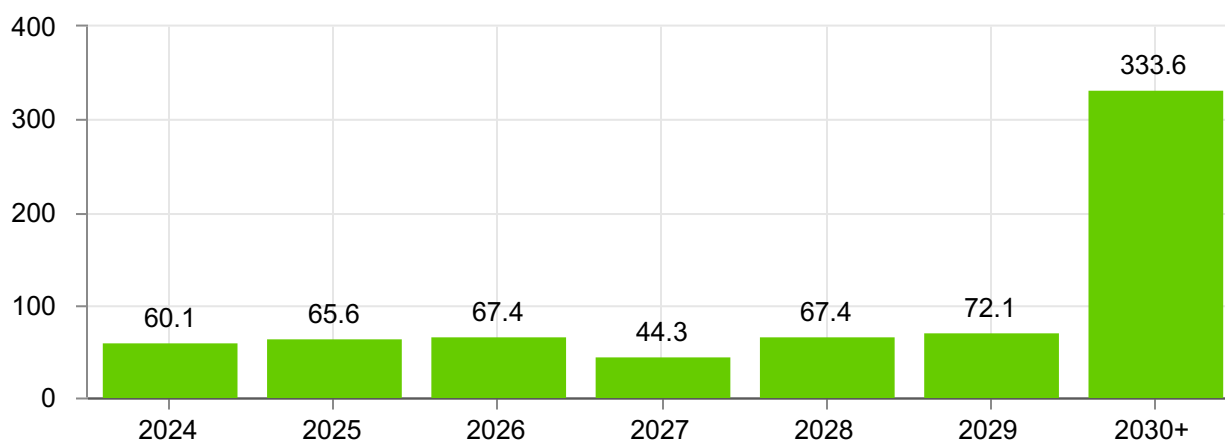
Annex 2: Empresa Eléctrica Cochrane SpA.

Summarized income statement and balance sheet for the periods ended December 31, 2023, and December 31, 2022. International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement (ThUS\$)	FY				4Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Contract sales	337,070	390,611	(53,541)	(14)%	88,971	118,559	(29,588)	(25)%
Spot sales	191,648	182,823	8,825	5 %	14,013	49,295	(35,282)	(72)%
Transmission revenue	15,111	16,206	(1,095)	(7)%	3,328	2,670	658	25 %
Other operating revenues	80	37	43	116 %	9	5	4	---
Operating Revenues	543,909	589,677	(45,768)	(8)%	106,321	170,529	(64,208)	(38)%
Fuel consumption	(218,641)	(278,046)	59,405	(21)%	(29,085)	(86,530)	57,445	(66)%
Energy and capacity purchases	(16,011)	(19,052)	3,041	(16)%	(3,634)	(4,755)	1,121	(24)%
Other fuel costs	(15,329)	(16,331)	1,002	(6)%	(3,496)	(3,212)	(284)	9 %
Transmission tolls	(14,112)	(13,901)	(211)	2 %	(2,391)	(3,048)	657	(22)%
Other cost of sales	(73,791)	(60,205)	(13,586)	23 %	(25,134)	(14,677)	(10,457)	71 %
Depreciation	(56,431)	(57,454)	1,023	(2)%	(14,155)	(14,420)	265	(2)%
Total Costs of Sales	(394,315)	(444,989)	50,674	(11)%	(77,895)	(126,642)	48,747	(38)%
Total Gross Profit	149,594	144,688	4,906	3 %	28,426	43,887	(15,461)	(35)%
Administrative expenses	(1,431)	(1,691)	260	(15)%	(485)	(447)	(38)	9 %
Impairment gain (loss) IFRS9	(97)	(10)	(87)	---	52	(10)	62	---
Other income(Losses)	1	(481)	482	(100)%	3	(350)	353	(101)%
Financial Income	1,412	152	1,260	---	637	126	511	---
Financial expenses	(52,906)	(55,887)	2,981	(5)%	(12,734)	(13,647)	913	(7)%
Foreign currency exchange differences	(1,277)	439	(1,716)	---	992	4,085	(3,093)	(76)%
Net Income (Loss) before Taxes	95,296	87,210	8,086	9 %	16,891	33,644	(16,753)	(50)%
Income Tax Income (Expense)	(25,722)	(23,945)	(1,777)	7 %	(4,561)	(9,482)	4,921	(52)%
Net Income (Loss)	69,574	63,265	6,309	10 %	12,330	24,162	(11,832)	(49)%
EBITDA	206,323	202,132	4,191	2 %	42,528	58,280	(15,752)	(27)%

Balance Sheet (ThUS\$)	December 31, 2023	December 31, 2022	Var (\$)	Var (%)
Assets				
Current Assets	200,367	207,420	(7,053)	(3)%
Non-Current Assets	778,313	839,473	(61,160)	(7)%
Total Assets	978,680	1,046,893	(68,213)	(7)%
Liabilities				
Current Liabilities	138,222	131,722	6,500	5 %
Non-Current Liabilities	718,035	777,873	(59,838)	(8)%
Total Liabilities	856,257	909,595	(53,338)	(6)%
Total Net Equity	122,423	137,298	(14,875)	(11)%
Total Liabilities and Equity	978,680	1,046,893	(68,213)	(7)%

Cochrane Amortization Schedule (US\$ mn)



Cochrane Energy Generation, Purchases and Sales

Energy (GWh)	FY				4Q			
	2023	2022	Var	Var (%)	2023	2022	Var	Var (%)
Sales								
Unregulated	1,246	1,500	(254)	(17)%	419	367	52	14 %
Spot Re-Routing	1,027	852	175	21 %	68	157	(89)	(57)%
Total Sales	2,273	2,352	(79)	(3)%	487	524	(37)	(7)%
Purchases								
Spot	57	79	(22)	---	57	—	57	—
Total Purchases	57	79	(22)	---	57	—	57	—
Thermal Generation	2,216	2,273	(57)	(3)%	430	524	(94)	(18)%

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 decreased by 94GWh in the fourth quarter of 2023 compared to the same period in 2022. The variation is due to a the unavailability of unit 2 during November and December 2023.

Revenues decrease US\$64 million compared to the same period of the previous year, mainly explained by a decrease in sales to non-regulated customers of US\$30 million due to lower contract prices as a result of the indexation to coal prices, partly offset by a 52GWh increase in energy sales volumes, in addition to higher fixed charges of contracts denominated in US\$ and indexed to US inflation. Spot market sales also decreased by US\$35 million due to lower energy sales volumes of 89GWh as a result of the lower generation mentioned earlier.

Transmission revenues slightly increased by US\$0.7 million when compared to the same period in 2022, mainly associated with higher customer withdrawals, while transmission costs slightly decreased by US\$0.7 million.

Costs of sales decreased US\$49 million which is mainly explained by a reduction in fuel consumption costs of US\$57 million, due to lower average coal prices, in addition to lower physical consumption associated with a decrease in generation of 94 GWh. Energy and capacity purchases decreased US\$1 million, despite higher energy purchases volumes of 57GWh due to spot compensations registered in the fourth quarter of 2022.

Other costs of sales experienced a US\$10 million increase as a result of the an early termination of a service agreement between the related company Angamos and Cochrane and an increase in maintenance costs due to activities performed at unit 2 in November and December 2023.

On a quarterly basis, Cochrane's Gross Profit reached US\$28 million, a 35% decrease from the fourth quarter of 2022 gross profit, while EBITDA registered in the fourth quarter of 2023 was US\$43 million, 27% down from the same period last year. The main reason behind these variations is lower contract margins as a result of the spike in coal prices in the last months of 2022, higher maintenance costs, in addition to the early termination of a contract with Angamos.

Non-Operating results for the fourth quarter of 2023 totaled a US\$11 million loss, a variation of 13% compared to the US\$10 million loss registered in the same period in 2022, primarily due to the negative effect in foreign currency exchange differences. Foreign currency exchange differences recorded a negative variation of US\$3 million in the fourth quarter of 2023 when compared the same period of 2022, mainly as a result of 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 December 2023.

Net income for the three-month period ended December 2023 was US\$12 million, 49% lower than the US\$24 million net income for fourth quarter of 2022.

Total debt for Cochrane as of December 31, 2023 was US\$711 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\$225 million, maturing in 2027.

Cash and cash equivalent at the end of December 31, 2023 was US\$73 million, a US\$47 million increase compared to US\$25 million on December 31, 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 5,524MW 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 3,752MW, comprised of 1,921MW of thermoelectric, 771MW of hydroelectric, 370MW of wind, 442MW of solar photovoltaic, 13MW of biomass capacity and 236MW 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 2023, The AES Corporation reported \$13 billion in revenues and owned and managed \$45 billion in total assets.

To learn more, please visit www.aes.com