



aes Argentina

2Q - 2023 Earnings Report



October 2, 2023

AES ARGENTINA SECOND QUARTER 2023 RESULTS & HIGHLIGHTS

- AES Argentina Generación S.A. (AES Argentina, AAG, or the Company) reported a Gross Profit for the second quarter of 2023 of AR\$ 3,401 million, a 44% decrease compared to the same period in 2022.
 - Lower Energía Base revenues due to the decrease in generation at San Nicolás and Alicurá, in addition to the effect of inflation when converting 2022 figures into the same purchasing power as current Argentine pesos were the primary drivers for the decrease in Gross Profit in the second quarter of 2023 compared to the same quarter in 2022. The adjustments to energy and capacity tariffs from Resolutions 238/2022, 826/2022 and 59/2023, were the main driver for the increase in Gross Profit that partly compensated this negative variance.
 - Regulatory changes in effect from February 2020 involved a freeze and reduction in tariffs perceived by the Company's legacy plants under Energía Base market framework. Tariffs were converted from US Dollars into Argentine Pesos with monthly adjustments for inflation, however this measure was postponed until new notice amid the COVID-19 pandemic. On May 29, 2021, Resolution 440/2021 was issued, increasing energy and capacity prices under the Energía Base regime, by 29% related to inflation, retroactive from February 2021. On April 18, 2022, Resolution 238/2022 was issued increasing energy and capacity prices under resolution 440/2021 by 30%, retroactive from February 2022 and an additional 10% from June 2022. On December 12, 2022, Resolution 826/2022 was issued, once again modifying energy and capacity prices under the Energía Base regime, increasing tariffs by 20% and 10% since November 2022 (retroactive from September 2022) and December 2022, respectively, in addition to establishing tariff increases in advance of 25% and 28% from February 2023 and August 2023, respectively. In February 2023, Resolution 59/2023 was issued establishing a new voluntary remuneration scheme allowing to convert part of combined cycles' to US dollar denominated remuneration for up to 5 years. AAG's Paraná CCGT adhered to this new scheme in March 2023.
- AAG reported EBITDA of AR\$ 3,584 million for the second quarter of 2023, AR\$3,685 million below the second quarter of 2022's EBITDA.
 - The main driver of the decrease in EBITDA was lower Gross Profit, in addition to a 31% increase in Administrative and Trading Expenses compared to the same period in 2022. Trading expenses increased AR\$339 million primarily due to higher bad debt provisions.
- The Company reported a Net Loss of AR\$92 million for the second quarter of 2023, AR\$165 million positive variation compared to the AR\$257 million Net Loss for the second quarter of 2022. The variance was due primarily to the increase in financial income net of higher financial expenses, in addition to the decrease in income taxes, partly offset by lower EBITDA.
- FONINVEMEM collections, including interest, totaled approximately US\$24 million, net of VAT as of June 30, 2023, year to date.
 - During the first quarter of 2020 FONINVEMEM 1 and FONINVEMEM 2 were fully repaid, with FONINVEMEM 3 remaining outstanding until April 2026, when it will be fully repaid.
- Wind Assets:
 - The 100MW Vientos Bonaerenses wind farm is 80% contracted under a RenovAr PPA and 20% contracted with C&I customers under MATER PPAs
 - The 100MW Vientos Neuquinos wind farm is fully contracted with C&I customers under MATER PPAs
- In July 13, 2023 the Company launched an exchange offer for its outstanding US\$275 million Class A Senior Notes due in 2024, offering 2 options including up to US\$30.5 million in cash and new amortizing 2027s notes, maturing in August 2027 with a 9.50% coupon. Participation in the exchange reached 53.13%.

As of February 1, 2020, the company's functional currency was changed to AR\$ as a result of regulatory changes to the Energía Base framework included in Resolution 31/2020, explained in this report.

REVIEW OF SECOND QUARTER 2023 RESULTS

Income Statement (AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Operating Revenue	47,237	58,517	(11,280)	(19)%	16,469	31,971	(15,502)	(48)%
Cost of Sales	(34,985)	(44,947)	9,962	(22)%	(13,068)	(25,846)	12,778	(49)%
Gross Profit	12,253	13,570	(1,317)	(10)%	3,401	6,124	(2,723)	(44)%
Administrative Expenses	(3,102)	(2,876)	(226)	8 %	(1,667)	(1,442)	(225)	16 %
Trading Expenses	(1,289)	(814)	(475)	58 %	(715)	(376)	(339)	90 %
Other income and expenses	(112)	(69)	(43)	64 %	(76)	(34)	(42)	121 %
Operating Income	7,750	9,812	(2,062)	(21)%	943	4,272	(3,328)	(78)%
Financial Income	12,601	7,897	4,704	60 %	7,758	3,991	3,767	94 %
Financial Expense	(6,699)	(5,925)	(774)	13 %	(3,266)	(2,624)	(642)	24 %
Effect of FX differences	(2,365)	(657)	(1,708)	260 %	(701)	(471)	(230)	49 %
Inflation effect	(12,167)	(11,883)	(284)	2 %	(6,100)	(5,726)	(374)	7 %
Income from Investments in Associates	117	94	23	25 %	61	(61)	122	(201)%
Income (Loss) before Taxes	(763)	(663)	(100)	15 %	(1,305)	(620)	(685)	111 %
Income Tax	1,771	1,887	(116)	(6)%	1,213	363	850	234 %
Net Income	1,008	1,224	(216)	(18)%	(92)	(257)	165	(64)%
EBITDA	13,486	16,229	(2,743)	(17)%	3,584	7,269	(3,685)	(51)%

It is worthy to note that numbers in the analysis along with business explanations are presented in AR\$ rounded to millions; therefore, differences may arise with the financial statements which are presented in thousands AR\$ as of June 30, 2023, to comply with local authorities' requirements. AR\$ Figures have been adjusted for local inflation to be presented in AR\$ of equal purchasing power as of June 30, 2023.

Generation

The Company generated 1,143 GWh during the second quarter of 2023, a 32% decrease compared to last year. Total thermal generation fell 31%, while hydro generation fell 50% between both periods. The 21GWh decrease in wind generation due to less wind, also contributed to the decrease in production. Thermal generation decreased mainly due to lower generation at San Nicolás and, to a lesser extent Paraná, as a consequence of lower dispatch of both plants due to a warmer winter than last year. Lower demand coupled with the recovery of the reservoir level at Alicurá led to a decrease in hydro generation.

Net Generation by Plant (GWh)	YTD				2Q			
	2023	2022	Var (GWh)	Var (%)	2023	2022	Var (GWh)	Var (%)
Paraná	1,285	1,695	(410)	(24)%	571	653	(82)	(13)%
San Nicolás	837	1,035	(198)	(19)%	249	549	(300)	(55)%
Alicurá	345	447	(102)	(23)%	80	268	(188)	(70)%
Cabra Corral	55	48	7	15 %	27	14	13	93 %
El Tunal	15	15	—	— %	9	5	4	80 %
Ullum	58	38	20	53 %	30	6	24	400 %
Sarmiento	28	11	17	155 %	10	1	9	---
Vientos Bonaerenses	194	220	(26)	(12)%	98	106	(8)	(8)%
Vientos Neuquinos	162	191	(29)	(15)%	69	82	(13)	(16)%
Total Generation / Sales	2,979	3,700	(721)	(19)%	1,143	1,684	(541)	(32)%

Operating Revenue

Lower sales to Energía Base as a consequence of lower generation at San Nicolás and Alicurá was the primary driver for the 48% decrease in revenues to AR\$16,469 million in the second quarter of 2023, compared to AR\$31,970 million in the same period in 2022, in addition to the effect of inflation when converting 2022 figures into the same purchasing power as current Argentine pesos. The adjustments to energy and capacity tariffs from Resolutions 238/2022 (the one applied from June 2022 onwards), 826/2022 and 59/2023 (applied from March 2023 to the Company) partly offset the drop in revenues.

Resolution 31/2020 was enacted by Argentina's Secretariat of Electric Energy in February 2020, modifying the regulatory framework for the Energía Base market, under which the Company's thermal and hydro assets operate. The new framework modified the pricing scheme established by Resolution 1/2019. Energy and Capacity rates were converted from US Dollars under Resolution 1/2019, into Argentine Pesos under Resolution 31/2020. An inflation mechanism was established for the new AR\$-denominated rates to be adjusted on a monthly basis, however this measure was temporarily postponed amid the COVID-19 pandemic. Energy Rates were merely converted into AR\$ while Capacity rates were converted into AR\$ and reduced. An additional payment was introduced rewarding plants that generate energy during hours of peak thermal demand on the system.

On May 29, 2021, Resolution 440/2021 was issued which's main modification was a 29% inflation related increase in energy and capacity prices under the Energía Base regime, retroactive from February 2021. On April 18, 2022, Resolution 238/2022 was issued, modifying the established energy and capacity prices of Resolution 440/2021, applying tariff average increases of 30% from February 2022, and an additional 10% from June 2022 onwards. On December 12, 2022, Resolution 826/2022 was issued, once again modifying energy and capacity prices under the Energía Base regime, increasing tariffs by 20% and 10% since November 2022 and December 2022, respectively, in addition to establishing tariff increases in advance of 25% and 28% from February 2023 and August 2023, respectively. For more details see the Regulatory Risk section of this report or Note 3.a of the Financial Statements.

On February 7, 2023, Resolution 59/2023 was issued allowing to convert part of combined cycles' remuneration to US dollar denominated contracts 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. AES Argentina 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 826/2022 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.

Operating Revenue (AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Energy Sales	30,274	39,516	(9,242)	(23)%	8,584	22,720	(14,136)	(62)%
Capacity Sales	11,773	12,545	(772)	(6)%	5,491	6,390	(899)	(14)%
Contract Sales	4,855	6,171	(1,316)	(21)%	2,267	2,702	(435)	(16)%
Other Revenue	336	285	51	18 %	127	158	(31)	(20)%
Total Operating Revenue	47,238	58,517	(11,279)	(19)%	16,469	31,970	(15,501)	(48)%

Cost of Sales

Cost of Sales reached AR\$13,068 million in the second quarter of 2023, a 49% decrease compared to the second quarter of 2022, mainly attributable to lower fuel cost as a result of lower generation at San Nicolás with coal, in addition to a decrease in maintenance costs.

It is important to mention that as per Resolution 12/2019, enacted in December 2019, the company can no longer opt to source its own natural gas for its plants, as was permitted under Resolution 70/2018, leaving CAMMESA as the sole supplier for natural gas. The Company does not incur costs for the natural gas and diesel fuel supplied by CAMMESA. The Company continues to source its own fuel for the coal fired units (1, 2 and 5) at San Nicolás.

Cost of Sales (AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Fuel cost	19,147	27,510	(8,363)	(30)%	5,194	16,610	(11,416)	(69)%
Maintenance	2,770	4,174	(1,404)	(34)%	1,640	2,822	(1,182)	(42)%
Personnel costs	3,075	2,868	207	7 %	1,469	1,433	36	3 %
Insurance	2,987	2,793	194	7 %	1,664	1,382	282	20 %
Depreciation	4,459	5,156	(697)	(14)%	1,970	2,331	(361)	(15)%
Rights and royalties	168	203	(35)	(17)%	50	95	(45)	(47)%
Amortization of intangible assets	812	940	(128)	(14)%	345	539	(194)	(36)%
Purchases of energy and power	197	72	125	173 %	110	50	60	120 %
Related-Party Services	170	202	(32)	(16)%	70	87	(17)	(20)%
Operator Fee	177	167	10	6 %	84	77	7	9 %
Transmission charges	189	137	52	38 %	88	81	7	9 %
Fees and remuneration to third parties	49	66	(17)	(26)%	21	31	(10)	(32)%
Frequency Regulation	118	154	(36)	(24)%	23	55	(32)	(58)%
Travel and transportation	104	73	31	42 %	51	48	3	6 %
Safety services	93	119	(26)	(22)%	51	74	(23)	(31)%
Others	470	313	157	50 %	238	131	107	82 %
Total Cost of Sales	34,985	44,947	(9,962)	(22)%	13,068	25,846	(12,778)	(49)%

Gross Profit

Gross Profit in the second quarter of 2023 reached AR\$3,401 million, a 44% decrease compared to the same period in the previous year. This decrease was mainly driven by lower Energía Base revenues due to lower sales volumes as a consequence of the decrease in dispatch at San Nicolás and Alicurá, in addition to the effect of inflation when converting 2022 figures into the same purchasing power as current Argentine pesos. The adjustments to energy and capacity tariffs from Resolutions 238/2022, 826/2022 and 59/2023, partly offset the negative variation in gross profit.

Administrative & Trading Expenses

Administrative and Trading Expenses reached AR\$2,382 million in the second quarter of 2023, compared to the AR\$1,818 million registered in the same period of 2022. The 31% increase is primarily due to a AR\$157 million increase in Depreciation, in addition to a AR\$120 million higher bad debt provisions associated to changes in the factors taken into consideration in the expected credit losses calculations. The increases in personnel costs as well as related-party services also contributed to the increase in Administrative and Trading Expenses.

Administrative & Trading Expenses (-AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Personnel costs	728	646	82	13 %	356	273	83	30 %
Depreciation	353	252	101	40 %	250	93	157	169 %
Taxes, rates and contributions	1,693	1,497	196	13 %	934	866	68	8 %
Related-Party Services	1,038	975	63	6 %	511	429	82	19 %
Fees and remuneration to third parties	399	307	92	30 %	219	173	46	27 %
Bad Debt Expense	52	(105)	157	---	24	(96)	120	---
Others	128	118	10	8 %	88	80	8	10 %
Total Administrative & Trading Expenses	4,391	3,690	701	19 %	2,382	1,818	564	31 %

EBITDA

The Company reported EBITDA of AR\$3,584 million for the second quarter of 2023, a 51% decrease over the same quarter in 2022 primarily due to lower gross profit, in addition to higher administrative and trading expenses.

EBITDA (AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Net Income	1,008	1,224	(216)	(18)%	(92)	(257)	165	(64)%
Income tax	(1,771)	(1,887)	116	(6)%	(1,213)	(363)	(850)	234 %
Other Income	112	69	43	64 %	76	34	42	121 %
Income from Investments in Associates	(117)	(94)	(23)	25 %	(61)	61	(122)	(201)%
Financial Income	(12,601)	(7,897)	(4,704)	60 %	(7,758)	(3,991)	(3,767)	94 %
Financial Expense	6,699	5,925	774	13 %	3,266	2,624	642	24 %
Effect of FX differences	2,365	657	1,708	260 %	701	471	229	49 %
Inflation effect	12,167	11,883	284	2 %	6,100	5,726	374	7 %
Depreciation and Amortization	5,624	6,348	(724)	(11)%	2,565	2,963	(398)	(13)%
EBITDA	13,486	16,229	(2,743)	(17)%	3,584	7,269	(3,684)	(51)%

Non-Operating Results

The Non-Operating Results of the Company in the second quarter of 2023 totaled AR\$-2,309 million, compared to the AR\$-4,831 million registered in the same period in 2022. The AR\$3,767 million increase in Financial Income was partly offset by the AR\$642 growth in Financial Expense, the AR\$374 million negative variation in Inflation Effect, in addition to the AR\$229 million negative variance in FX differences.

Financial Income grew AR\$3,767 million. This variance is primarily due to higher other financial income associated to increased interest earned on mutual funds, in addition to higher interest income on financial assets mainly related to increased interest accrual on Cammesa accounts receivables. Financial Expense grew AR\$567 million primarily due to an increase in interest expenses on financial debt associated to short-term debt at higher interest rates, that was repaid during the second quarter of 2023.

Lower FX gains on assets partly offset by lower losses on liabilities in the second quarter of 2023, were the main drivers of the negative variance in FX Differences. These drivers are associated mainly to the effect of FX rates on debt denominated in US\$ and FONINVEMEM account receivables, respectively

A AR\$6,100 million negative inflation adjustment was registered in the second quarter of 2023 compared to AR\$5,726 million registered in the second quarter of 2022, both associated to the change in the functional currency of the company to AR\$ in February 2020.

Non-Operating Results (AR\$ Million)	YTD				2Q			
	2023	2022	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Interest Income	6,753	5,176	1,577	30 %	4,490	2,503	1,987	79 %
Other finance income	5,844	2,718	3,126	115 %	3,266	1,487	1,779	120 %
Interest income from related companies	3	3	—	8 %	2	1	1	73 %
Financial Income	12,601	7,897	4,704	60 %	7,758	3,991	3,767	94 %
			—				—	
Interest on financial debt	(6,250)	(5,114)	(1,136)	22 %	(3,073)	(2,506)	(567)	23 %
Interest on tax debts	—	(5)	5	(99)%	—	(1)	1	(100)%
Interest on commercial loans	(78)	(7)	(71)	961 %	(28)	(4)	(24)	600 %
Interest on obligations for long-term benefits	(371)	(246)	(125)	51 %	(165)	(113)	(52)	46 %
Loss on liability early payment	—	(552)	552	---	—	—	—	---
Financial Expense	(6,699)	(5,925)	(775)	13 %	(3,266)	(2,624)	(642)	24 %
			—				—	
FX difference generated by assets	24,826	16,121	8,705	54 %	8,145	9,355	(1,210)	(13)%
FX difference generated by liabilities	(27,191)	(16,778)	(10,413)	62 %	(8,846)	(9,827)	981	(10)%
Hedging instruments	—	—	—	---	—	—	—	---
Total FX Differences	(2,365)	(657)	(1,708)	260 %	(701)	(471)	(229)	49 %
			—				—	
Inflation Effect	(12,167)	(11,883)	(284)	2 %	(6,100)	(5,726)	(374)	7 %
			—				—	
Total Non-Operating Results	(8,630)	(10,568)	1,938	(18)%	(2,309)	(4,831)	2,521	(52)%

Exchange Rate

The average quarterly AR\$/US\$ exchange rate was 97% higher in the second quarter of 2023 compared to the same quarter of 2022. During the second quarter of 2023, the AR\$/US\$ exchange rate rose 26%, while in the same period of 2022, the AR\$/US\$ exchange rate increased 13%. During the twelve-month year ended June 30, 2023, the AR\$/US\$ exchange rate rose 105%.

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Argentine Peso EOP (ARS/US\$)	256.70	203.11	177.16	147.32
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Argentine Peso EOP (ARS/US\$)	125.23	111.01	102.72	98.74

	YTD		
	2023	2022	Var (%)
Argentine Peso AVG (ARS/US\$)	232.19	117.95	97%

Net Income

AES Argentina's Pre-tax Loss reached AR\$1,305 in the second quarter of 2023 down from the AR\$620 million Pre-tax Loss in the second quarter of 2022 primarily due to lower Gross Profit, an increase in Administrative and Trading Expenses and higher financial expenses, partly offset by higher financial income.

AAG recorded a AR\$1,213 million Income tax gain in the six-month period ended June 30, 2023, which positively compares to the Income tax gain of AR\$363 million registered in the same period of 2022. This negative variation is in line with the higher Pre-tax loss recorded in the second quarter of 2023, compared to the Pre-tax loss recorded as of June 30, 2022.

AAG reported a Net Loss of AR\$92 million in the second quarter of 2023, compared to the second quarter of 2022's Net Loss of AR\$257 million primarily due to lower Income tax gain, partly offset by the increase in Pre-tax Income in the second quarter of 2023 explained above.

Cash Flow

Net Cash flow from operations reached AR\$10,829 million in inflows in the six-month period ended June 30, 2023, compared to AR\$6,667 million outflow in the same period in 2022. Operating cash flows grew AR\$17,496 million primarily due to higher collections from Cammesa, in addition to a decrease in tax payments.

Investing cash outflows totaled AR\$3,612 million in the period ended June 30, 2023, compared to a cash inflow of AR\$5,397 million in the same period last year. This variance is primarily due to lower Mutual Funds investments balance as of June 30, 2023, compared to 2022, partly offset by higher interest income on financial assets due to the increase in CAMMESA interest collections and interest on Mutual Funds.

AES Argentina reported an outflow from financing activities of AR\$7,512 million in the six-month period ended June 30, 2023, compared to the net inflow of AR\$1,008 million in the same period in 2022. The main variance was attributable to lower proceeds from short-term loans of AR\$12,569 million in the first six months of 2023, compared to AR\$17,248 million in the same period in 2022, an increase in payments of third-party loans and, to a lesser extent, higher interest payments. As of June 30, 2023, AES Argentina repaid AR\$14,209 million debt compared to AR\$10,785 million paid in the same period in 2022.

The net outflow in cash and cash equivalents during the six-month period ended June 30, 2023, was AR\$3,424 million, compared to the AR\$463 million outflow registered in the same period of 2022.

Total cash and cash equivalents on the Cash Flow statement at the end of June 2023, reached AR\$6,260 million, compared to the AR\$4,197 million as of the period ended June 30, 2022.

Cash Flow Statement Summary (AR\$ Million)	YTD			
	2023	2022	Var (\$)	Var (%)
Net cash from operating activities	10,829	(6,667)	17,496	(262)%
Net cash from investing activities	(3,612)	5,397	(9,009)	(167)%
Net cash from financing activities	(7,512)	1,008	(8,520)	(845)%
Effects of Foreign Exchange Variations	(3,129)	(201)	(2,928)	1,457 %
Total Net Cash Flow for the Period	(3,424)	(463)	(2,962)	---
Cash at the beginning of the period	9,684	4,660	5,024	108 %
Total Cash at the End of the Period	6,260	4,197	2,063	49 %

Total cash and cash equivalents on the Balance Sheet as of June 30, 2023, reached AR\$19,787 million, compared to the AR\$17,593 million as of June 30, 2022. The difference between the balance sheet and Cash Flow figures is explained primarily by the treatment of investment funds balances, which are included in the balance sheet cash and cash equivalents balance, however not included in the cash flow. For more details see the Note 15 of the Financial Statements. It is important to mention that as of June 30, 2023, the company had US\$12 million pledged as collateral for the bank loan with Goldman Sachs, according to the pledge agreement dated February 12, 2020, which is registered as other financial assets, and not cash and cash equivalent on the balance sheet, nor cash flow statement.

FONINVEMEM Receivables

As of June 30, 2023, outstanding FONINVEMEM Receivables associated with the FONINVEMEM fund III totaled US\$118.3 million, net of VAT. FONINVEMEM funds I and II were fully repaid during the first quarter of 2020.

In second quarter of 2023, FONINVEMEM collections, including interest, associated with FONINVEMEM fund totaled approximately US\$11.8 million, net of VAT.

AES Argentina received a 6% stake in the 865MW José de San Martín and a 7% stake in the 868MW Manuel Belgrano, combined cycle plants associated with FONINVEMEM I and II, as per the agreements reached in May 2020 between the Argentine authorities, AES Argentina and the rest of the generation companies who participate in the operating companies who manage the aforementioned plants. Final transfer of these assets has not been formalized as of June 30, 2023. For more details please see Note 3.c.1. of the Financial Statements.

Dividends

The Company paid AR\$127 million in dividends in the period ended June 30, 2023 and AR\$230 million as of June 30, 2022, mainly to fund tax payments of holding companies.

CAPEX

As of June 30, 2023 the Company's CAPEX totaled US\$13 million in second quarter of 2023, compared to a total capex of US\$14 million in the same period of 2022.

Financial Debt

As of June 30, 2023, AES Argentina has a total financial debt of US\$287 million. As of June 30, 2023, 96% of the Company's financial debt liabilities were at fixed interest rates and 100% were US\$-denominated.

On January 26, 2017, the Company issued US\$300 million of 144A/RegS Senior Notes at 7.750% annual interest rate with 7-year tenor and bullet amortization. Since the third quarter of 2021, the Company has acquired a nominal amount of US\$25.5 million of this bond, US\$22.5 million were acquired in 2021 and US\$3 million in the first quarter of 2022.

In May 2019, AES Argentina secured a US\$30 million bank loan with Citibank New York at LIBOR + 5.2% Spread interest rate with 12 quarterly payments, which was repaid in full in June 2022. Also, in May 2019, the Vientos Neuquinos project secured a US\$50 million loan with ICBC Argentina at LIBOR + 5.5% Spread with 15 quarterly payments which was fully repaid in February 2023.

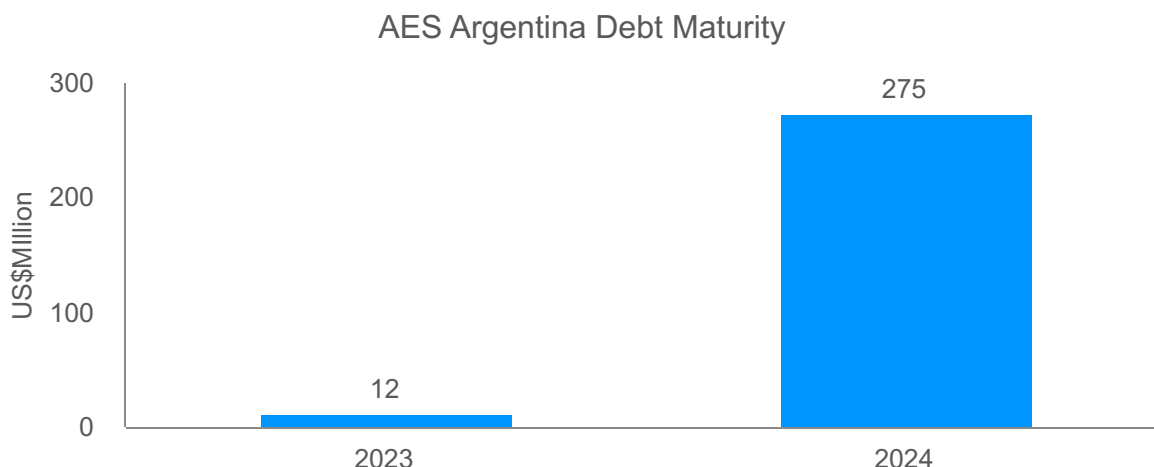
In February 2020, a cash collateralized short-term loan for US\$20 million was raised with Goldman Sachs, at LIBOR + 1.75% Spread interest Rate with due date in February 2021. In February 2021, the Company paid US\$8 million of the outstanding US\$20 million Goldman Sachs Secured Loan. The remaining US\$12 million was refinanced to be paid in August 2023. As of the close of this report, this debt was refinanced to be paid in January 2024.

In addition, in 2022, the company raised approximately US\$35 million short-term bank loans denominated in AR\$ with local banks to finance fuel purchases and fortify the company's liquidity position, all of which were repaid during 2022. In the first quarter of 2023, the company raised approximately US\$35 million short-term bank loans denominated in AR\$ with the same purpose, which was repaid in the second quarter of 2023.

In July 13, 2023 the Company launched an exchange offer for its outstanding US\$275 million Class A Senior Notes due in 2024, offering 2 options including up to US\$30.5 million in cash and new amortizing 2027s notes, maturing in August 2027 with a 9.50% coupon. Participation in the exchange reached 53.13%. Final cash to be paid is US\$29.17 million, while new debt issued reached US\$121.99 million which will be amortized in 4 semiannual installments from February 2026 to August 2027. Outstanding from the original notes is US\$128.65 million.

For more details please see Note 19 of the Financial Statements.

The following graph details AES Argentina’s debt maturity profile, as of June 30, 2023:



Debt Amortization (US\$ Million)		Average Interest Rate	June 30, 2023	
			2023	2024
AAG 2024 Notes	275	7.75%	—	275
GS Secured Loan	12	6.51%	12	—
Total	287	7.70%	12	275

RISK ANALYSIS

MARKET AND FINANCIAL RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument might fluctuate because of a change in market prices. Market risks affecting the Company include Exchange Rate Risk, Interest Rate Risk, and Commodity Price Risk. Financial instruments affected by the market risk include interest-accruing debts and loans, cash deposits, trades receivable and other accounts receivable, available-for-sale financial assets and financial assets at fair value through profits or loss.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates. Variations in Interest rates affect the value of assets and liabilities, accrued interests, as well as the flow of financial assets with variable interest rates.

The grand majority of the Company’s debt, including the US\$275 million in 144A/RegS Senior Notes, has a fixed interest rate while the Company’s medium-term bank loans and main interest incurring assets, FONINVEMEM Receivables, are exposed to variations in LIBOR. AAG has other accounts receivables and debts with CAMMESA that

are exposed to changes to the interest rate set by the grid operator (CAMMESA rate) which is calculated based on LIBOR and the interest rate the ISO achieves with its financial instruments.

As of June 30, 2023, 96% of the Company's interest-bearing liabilities, including CAMMESA loans, had fixed interest rates.

A 10% variation of the LIBOR would have had a AR\$163.0 million impact on the second quarter pretax income.

A 10% variation of the CAMMESA rate would have had a AR\$415 million impact on the second quarter pretax income.

Foreign Currency Risk

The exchange rate risk is the risk of fluctuations in the fair value or the future cash flows of financial instruments due to changes in the exchange rates. The value of those financial assets and liabilities denominated in a currency other than the functional currency of the Company, the AR\$, are subject to variations arising from the fluctuation of exchange rates. The main source of FX exposure is now related to US\$ denominated assets and liabilities.

Since the change in functional currency to US\$ on February 1, 2017, until the dollarization of Energía Base tariffs according to the regulation in force until January 2020, FX exposure was limited as most of the assets and liabilities of the Company were dollar-denominated or dollar-linked. The main exposure came from fixed costs and taxes denominated in AR\$. From February 2020 onwards, after Resolution 31/2020 came in force, tariffs were established in Argentine pesos. The impact of Resolution 31/2020 resulted in a change in functional currency from March 31, 2020 onwards.

According to Argentine tax law, the Company's taxable base is calculated in AR\$ and taxes are paid in AR\$. The variation in the exchange rate can impact the valuation in AR\$ of the Company's US\$ denominated assets and liabilities, which can impact the tax expense.

Foreign currency exchange controls, transfer restrictions, restrictions imposed by the IMF, and other policies of the Argentine government may limit the availability of international and local credit or otherwise adversely affect AES Argentina Generación's business, as well as its ability to repay the notes.

A 10% variation of the US\$/AR\$ exchange rate would have had a AR\$1,027 million impact on the second quarter pretax income.

The following table summarizes the value of assets and liabilities in foreign currencies at their value in AR\$ as of June 30, 2023.

AR\$ million	June 30, 2023
Non-current Assets	58,381
Current Assets	28,006
Total Assets	86,387
Non-current Liabilities	319
Current Liabilities	82,483
Total Liabilities	82,802

Inflation Risks

Changes in the purchasing power of the AR\$ currency affect the value of assets and liabilities, mainly the monetary type.

A 10% variation of the AR\$ real purchasing power would have had a AR\$2,708 million impact on the second quarter pretax income.

Energy Price Risks

The Company faces price risk, as revenues depend directly on tariffs set for the “Energía Base” price structure, which are based on a fixed price remuneration set at the regulator’s discretion. These tariffs are readjusted at the discretion of the regulator.

Commodity Price Risk

Most of the fuel for the Company’s thermal plants is provided by CAMMESA, free of charge. However, the Company itself procures the coal used at the San Nicolás plant’s Unit 1, Unit 2 and Unit 5. The cost of coal is currently reimbursed by CAMMESA, as part of the variable cost payment, effectively mitigating the risk of commodity price fluctuations.

Between the fourth quarter of 2018 and the fourth quarter of 2019, as per Resolution 70, the Company could opt to source its own natural gas and diesel fuel or have CAMMESA to supply it. In December 2019, the Argentine Government repealed Resolution 70, and therefore generation companies can no longer source their own diesel or natural gas, leaving CAMMESA as the sole supplier.

Credit Risk

Credit risk is related to the ability of the Company’s counterparties to meet their financial obligations. The Company’s financing and investment agreements are executed with high-quality local and foreign financial institutions.

The main off-taker of the Company is CAMMESA, who acquires all the energy produced by the Company. CAMMESA is directly funded by the Argentine national treasury. Since December 2016, CAMMESA has been meeting its payment obligations, diminishing the credit risk faced by the Company.

The credit risk associated with CAMMESA is linked to Argentina’s country risk. The Argentine sovereign credit rating has been under pressure due to the rapid depreciation of the AR\$ and the high inflation in recent years.

For more details of the Credit risk and commercial operations with CAMMESA please see Notes 1, 3 and 14 of the Financial Statements.

Liquidity Risk

The Company manages its liquidity to secure the necessary funds to support its business strategy. AES Argentina uses self-generated funds for the payment of its obligations and maintains uncommitted credit lines with premier banks in Argentina, which are disbursed if necessary.

As of June 30, 2023, AES Argentina had AR\$19,787 million in available liquid resources, classified as cash and cash equivalents (including short-term investments) on the balance sheet, compared to AR\$17,593 million as of June 30, 2022. It is important to mention that as of June 30, 2023, the company had US\$12 million restricted, registered as other financial assets, pledged as collateral for the bank loan with Goldman Sachs, according to the pledge agreement dated February 12, 2020, and the outstanding amount.

Country Risk

The Company's operations, properties and customers are located in Argentina, and, as a result, its business is to some extent, dependent upon economic conditions prevailing in Argentina. The changes in economic, political and regulatory conditions in Argentina and measures taken by the Argentine government have had and are expected to continue to have an impact on the Company.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high levels of inflation and currency devaluation, and may experience further volatility in the future.

As a consequence, the Company could in the future be, affected from time to time to varying degrees by economic and political developments and other material events affecting the Argentine economy, such as inflation; price controls; foreign exchange controls; fluctuations in foreign currency exchange rates and interest rates; governmental policies regarding spending and investment, national, provincial or municipal tax increases and other initiatives increasing government involvement with economic activity; civil unrest and local security concerns. The Argentine economy continues to remain vulnerable. It is possible that similar measures could be adopted by the current or future Argentine government or that economic, social and political developments in Argentina, over which the Company has no control, could have a material adverse effect on the Argentine economy and, in turn, adversely affect AES Argentina Generación's financial condition and results of operations.

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

Approximately 40% of AES Argentina Generación's installed capacity is made up of hydroelectric operations, which may be affected by hydrological conditions, a key factor in determining plant dispatch in Argentina. The main river basins which affect the Company's hydroelectric plants' availability include the Limay, San Juan, and Juramento river.

Operational Failures and Maintenance

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

Although the Company performs regular maintenance and operational enhancements to guarantee the commercial availability of its generation plants and operational insurance policies remain in effect, mechanical failures or accidents could result in periods of commercial unavailability. Significant periods of unavailability of AES Argentina Generación's plants as a result of mechanical failure or unplanned maintenance would impact the Company's fulfillment of its availability commitments.

Regulatory Risks

AES Argentina Generación is subject to several different aspects of regulation in Argentina. Modifications to the existing legislation could adversely affect the Company's financial results.

Resolution 1/2019 was enacted by Argentina's Secretariat of Electric Energy in March 2019, modifying the regulatory framework for the Energía Base market, under which the Company's thermal and hydro assets operate. The new framework established different thermal plant capacity tariff structures for peak (summer and winter) and non-peak seasons (spring and fall). During peak seasons January, February, June, July, August and December, the capacity price remained unchanged, at US\$7,000/MW/month, while during non-peak seasons, March, April, May, September, October and November, capacity prices were reduced to US\$5,500/MW/month. A new usage factor was also included a capacity payment structure, which is determined by the plants' usage over the previous 12 months. In addition, Resolution 1/2019 reduced energy prices by US\$1.6/MWh compared to Resolution 19/2017.

In February 2020, Resolution 31/2020 modified the tariff structure established by Resolution 1/2019. Energía Base rates were converted from US Dollars to Argentine Pesos, an inflation-based indexation mechanism was introduced, capacity rates were reduced, and an additional remuneration mechanism was added for plants operating during hours of peak thermal requirement on the system. Energy and Capacity Rates from resolution 1/2019 were converted to Argentine pesos at an exchange rate of 60 AR\$/US\$ under Resolution 31/2020.

All rates are to be adjusted on a monthly basis for local inflation based on an index made up of 60% Consumer price index (IPC) and 40% Wholesale Internal Price Index (IPIM). In April 2020 however, amid the COVID-19 Pandemic, the Argentine authorities postponed until new notice the inflation adjustments. On May 21, 2021, Resolution 440/2021 was issued which's main modification was a 29% inflation related increase in energy and capacity prices under the Energía Base regime, retroactive from February 2021.

Capacity rates for thermal units were reduced between 14% and 45%, while hydro units' capacity rates were reduced approximately 45%. The thermal capacity offered guaranteed availability rate (DIGO) during peak seasons, was reduced 14% to US\$6,000/MW/month (AR\$360,000/MW/month), while during non-peak seasons, the rate was reduced 18% to US\$4,500/MW/month (AR\$270,000/MW/month). Thermal capacity base rates, applicable to plants that do not offer a guaranteed availability (DIGO), were reduced 45%.

The usage factor introduced under Resolution 1/2019 was maintained in the thermal capacity rate structure. The usage factor adjusts thermal capacity rates between 60% and 100% according to the plants' usage over the previous 12 months. Capacity rates for hydro assets were reduced to US\$1,650/MW/month (AR\$99,000/MW/month) for Large hydro (Alicurá), to US\$3,025/MW/month (AR\$181,500/MW/month) for Small hydro (Cabra Corral) and to US\$4,950/MW/month (AR\$297,000) for Renewable hydro (Ullum and El Tunal).

An additional remuneration mechanism was introduced for plants operating during hours of peak requirement on the system. Plants operating during the first and second 25 hours per month of peak thermal demand on the system in summer / winter months and the first 25 hours of maximum thermal requirement in autumn / spring are eligible for the new remuneration framework. The remuneration amount under this mechanism is determined by four factors: the average capacity of the plant during the first or second 25 hours of peak thermal requirement on the system, a capacity rate based on the type of plant, an adjustment factor for the first and second 25 hours of each month, and finally the month of the year in question which are categorized by season. The average capacity of the plant is based on the energy produced, in the case of thermal plants, and operated energy, in the case of hydroelectric plants during the hours of peak thermal requirement on the system.

Rates for generated and operated energy for both hydro and thermal plants under Res 31/2020 were not changed in US\$ terms compared to Resolution 1/2019, however they were converted into AR\$ as were all rates under Energía Base.

On May 29, 2021, Resolution 440/2021 was issued which's main modification was a 29% inflation related increase in energy and capacity prices under the Energía Base regime, retroactive from February 2021. It additionally suppressed an inflation-based indexation mechanism. The prices rates continue to be denominated in Argentine pesos. The rates increase was reflected starting in the second quarter of 2021.

On November 2, 2021, Resolution 1037/2021 was issued, which mainly establishes an additional and transitory remuneration will be recognized for Generation Companies with regards to energy exports from September 2021. This regulation also establishes a Utilization Factor equal to 70% for the determination of the Power Availability Remuneration.

On April 18, 2022, Resolution 238/2022 was issued, modifying the established energy and capacity prices of Resolution 440/2021, applying tariff average increases of 30% from February 2022, and an additional 10% from June 2022 onwards. Additionally by this Resolution, the capacity payment adjustment based on the last 12 months capacity factor (usage factor) was eliminated. This change was be accrued starting in the second quarter 2022 results.

On December 12, 2022, the Energy Secretariat issued Resolution 826/2022, which updated the prices established in Resolution 238/2022. The same became retroactively effective as from September 2022 and establishes the increases in tariffs by 20% and 10% since November 2022 and December 2022, respectively, in addition to establishing tariff increases in advance of 25% and 28% from February 2023 and August 2023, respectively.

		Capacity (Price per MW/Month)						
		Res 826/2022***	Res 826/2022**	Res 238/2022*	Res 440/2021	Res 31/2020	Res 1/2019	
Hydro	Large Hydro	AR\$ 385,705	AR\$ 241,065	AR\$ 182,625	AR\$ 127,710	AR\$ 99,000 (US\$ 1,650)	US\$ 3,000	
	Small Hydro	AR\$ 707,125	AR\$ 441,953	AR\$ 334,813	AR\$ 234,135	AR\$ 181,000 (US\$ 3,025)	US\$ 5,500	
	Renewable Hydro	AR\$ 1,157,114	AR\$ 723,196	AR\$ 547,876	AR\$ 383,130	AR\$ 297,000 (US\$ 4,950)	US\$ 6,300	
Thermal	DIGO Rate	Winter/ Summer	AR\$ 1,402,562	AR\$ 876,601	AR\$ 664,092	AR\$ 464,400	AR\$ 360,000 (US\$ 6,000)	US\$ 7,000
		Spring/Fall	AR\$ 1,051,922	AR\$ 657,451	AR\$ 498,069	AR\$ 348,300	AR\$ 270,000 (US\$ 4,500)	US\$ 5,500
	Base Rate	Large CCGT	AR\$ 392,135	AR\$ 245,084	AR\$ 185,670	AR\$ 129,839	AR\$ 100,650 (US\$ 1,678)	US\$ 3,050
		Large Steam Turbine	AR\$ 559,273	AR\$ 349,546	AR\$ 264,807	AR\$ 185,180	AR\$ 143,550 (US\$ 2,393)	US\$ 4,350
		Small Steam Turbine	AR\$ 668,555	AR\$ 417,847	AR\$ 316,551	AR\$ 221,364	AR\$ 171,600 (US\$ 2,860)	US\$ 5,200
		Small GAS Turbine	AR\$ 591,414	AR\$ 369,634	AR\$ 280,025	AR\$ 195,822	AR\$ 151,800 (US\$ 2,530)	US\$ 4,600
	Utilization Factor	No	No	No	Yes	Yes	Yes	

* Includes all tariff increases of Res 238/2022

** Includes tariff increases as of December 31, 2022

*** Includes tariff increases as of August 2023

		Generated Energy					
		(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(US\$/MWh)	
		Res 826/2022***	Res 826/2022**	Res 238/2022*	Res 440/2021	Res 31/2020	Res 1/2019
Hydro		AR\$ 818	AR\$ 512	AR\$ 388	AR\$ 271	AR\$ 210 (US\$ 3.5)	3.5
Thermal	Natural Gas	AR\$ 936	AR\$ 585	AR\$ 443	AR\$ 310	AR\$ 240 (US\$ 4)	4
	Fuel Oil / Gas Oil	AR\$ 1,637	AR\$ 1,023	AR\$ 775	AR\$ 542	AR\$ 420 (US\$ 7)	7
	Mineral Coal	AR\$ 2,806	AR\$ 1,754	AR\$ 1,328	AR\$ 929	AR\$ 720 (US\$ 12)	12

* Includes all tariff increases of Res 238/2022

** Includes tariff increases as of December 31, 2022

*** Includes tariff increases as of August 2023

		Operated Energy					
		(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(US\$/MWh)	
		Res 826/2022***	Res 826/2022**	Res 238/2022*	Res 440/2021	Res 31/2020	Res 1/2019
Hydro		AR\$ 326	AR\$ 204	AR\$ 154	AR\$108	AR\$ 84 (US\$ 1.4)	1.4
Thermal		AR\$ 326	AR\$ 204	AR\$ 154	AR\$ 108	AR\$ 84 (US\$ 1.4)	1.4

* Includes all tariff increases of Res 238/2022

** Includes tariff increases as of December 31, 2022

*** Includes tariff increases as of August 2023

		Peak System Thermal Requirement Capacity Rate (AR\$/MW)			
		Res 238/2022*	Res 440/2021	Res 31/2020	Res 1/2019
Hydro	Large Hydro	50,729	35,475	27,500	—
	Small Hydro	59,953	41,925	32,500	—
	Renewable Hydro	64,565	45,150	35,000	—
Thermal	All Fuels	69,176	48,375	37,500	—

* Includes all tariff increases of Res 238/2022

		Peak System Thermal Requirement Adjustment Factor	
		Summer & Winter Months	Fall & Spring Months
Hydro & Thermal	First 25 hours	1.2x	0.2x
	Second 25 hours	0.6x	0.0x

For more details of the regulatory framework of Energía Base please see Notes 3 of the Financial Statements or Resolution 31/2020 available [here](#).

Resolution 59/2023

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

Tax Regulation

AES Argentina Generación, its subsidiaries, and affiliates are subject to existing tax legislation in Argentina. Amendments to laws or modifications in tax rates may have a direct impact on earnings.

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.

Argentine companies included in the aforementioned Resolution will comply with this obligation during the months of August, September and October 2023.

AES ARGENTINA GENERACIÓN BALANCE SHEET

As of June 30, 2023, and December 31, 2022

International Financial Reporting Standards (IFRS).

(End of period exchange rate used to convert AR\$ into US\$ for referential purposes is 256.7 AR\$/US\$.)

Assets	AR\$ Million			US\$ Million
	June 30, 2023	December 31, 2022	Var. %	June 30, 2023
Non- Current Assets				
Investments in subsidiaries and associates	377	453	(17)%	1
Property, plant & equipment	108,464	115,109	(6)%	423
Intangible Assets	6,084	6,832	(11)%	24
Inventory	2,967	2,967	— %	12
Accounts receivable from related parties	12	13	(8)%	0
Other financial assets	143	215	(33)%	1
Other non-financial assets	238	474	(50)%	1
Trade & Other accounts receivable	20,067	26,387	(24)%	78
Tax assets	1,904	4,307	(56)%	7
Deferred tax assets	8,619	7,538	14 %	34
Total Non-Current Assets	148,875	164,295	(9)%	580
Current Assets				
Inventory	21,294	19,421	10 %	83
Accounts receivable from related parties	223	118	89 %	1
Other financial assets	3,106	3,231	---	12
Other non-financial assets	2,615	345	658 %	10
Trade & Other accounts receivable	30,931	30,827	— %	120
Cash & Cash equivalents	19,787	17,593	12 %	77
Tax assets	2,048	4,860	(58)%	8
Total Current Assets	80,005	76,396	5 %	312
TOTAL ASSETS	228,881	240,690	(5)%	892

AES ARGENTINA GENERACIÓN BALANCE SHEET

As of June 30, 2023, and December 31, 2022

International Financial Reporting Standards (IFRS).

(End of period exchange rate used to convert AR\$ into US\$ for referential purposes is 256.7 AR\$/US\$)

Liabilities and Shareholders' Equity	AR\$ Million			US\$ Million
	June 30, 2023	December 31, 2022	Var. %	June 30, 2023
Equity				
Issued Equity	1,153	1,153	— %	4
Equity Adjustment	18,362	18,362	— %	72
Irrevocable contributions	485	485	— %	2
Additional paid-in capital	4,701	4,701	— %	18
Legal Reserve	4,843	4,843	— %	19
IFRS special reserve	11,148	11,148	— %	43
Optional Reserves	62,018	59,010	5 %	242
Other Reserves	34,061	35,690	(5)%	133
Retained Earnings	1,001	3,217	(69)%	4
Equity Attributable to Shareholders of Parent	137,771	138,609	(1)%	537
Non-controlling Interest in Controlled Subsidiaries	478	495	(3)%	2
TOTAL EQUITY	138,249	139,103	(1)%	539
Non-Current Liabilities				
Employee benefits	960	900	7 %	4
Tax liabilities	406	606	(33)%	2
Deferred tax liabilities	1,055	1,535	(31)%	4
Provisions	600	648	(7)%	2
Accounts payable to related parties	297	423	(30)%	1
Interest-accruing liabilities	—	73,051	(100)%	—
Total Non-Current liabilities	3,318	77,163	(96)%	13
Current Liabilities				
Employee benefits	1,651	2,372	(30)%	6
Tax liabilities	965	549	76 %	4
Accounts payable to related parties	3,757	3,524	7 %	15
Trade & other accounts payable	5,057	7,017	(28)%	20
Interest-accruing liabilities	75,885	10,961	592 %	296
Total Current liabilities	87,314	24,424	257 %	340
TOTAL LIABILITIES	90,632	101,587	(11)%	353
Total Liabilities and Equity	228,881	240,690	(5)%	892

AES ARGENTINA GENERACIÓN INCOME STATEMENT

For the periods ended June 30, 2023, and June 30, 2022

International Financial Reporting Standards (IFRS)

(Average exchange rate used to convert AR\$ into US\$ for referential purposes is 212.30 AR\$/US\$ for the six-month periods ended June 30, 2023 and 232.19 AR\$/US\$ for the three-month periods ended June 30, 2023)

Income Statement	AR\$ Million			US\$ Million	AR\$ Million			US\$ Million
	YTD			YTD	2Q			2Q
	2023	2022	Var (%)	2023	2023	2022	Var (%)	2023
Operating Revenue	47,237	58,517	(19)%	223	16,469	31,971	(48)%	71
Cost of Sales	(34,985)	(44,947)	(22)%	(165)	(13,068)	(25,846)	(49)%	(56)
Gross Profit	12,253	13,570	(10)%	58	3,401	6,125	(44)%	15
Administrative Expenses	(3,102)	(2,876)	8 %	(15)	(1,667)	(1,442)	16 %	(7)
Trading Expenses	(1,289)	(814)	58 %	(6)	(715)	(376)	90 %	(3)
Other income and expenses	(112)	(69)	62 %	(1)	(76)	(34)	124 %	—
Operating Income	7,750	9,812	(21)%	37	943	4,273	(78)%	5
Financial Income	12,601	7,897	60 %	59	7,758	3,991	94 %	33
Financial Expense	(6,699)	(5,925)	13 %	(32)	(3,266)	(2,624)	24 %	(14)
Effect of FX differences	(2,365)	(657)	260 %	(11)	(701)	(471)	49 %	(3)
Inflation effect	(12,167)	(11,883)	2 %	(57)	(6,100)	(5,726)	---	(26)
Income from Investments in Associates	117	94	24 %	1	61	(61)	(200)%	0
Income (Loss) before Taxes	(763)	(663)	15 %	(4)	(1,305)	(618)	111 %	(5)
Income Tax	1,771	1,887	(6)%	8	1,213	363	234 %	5
Net Income	1,008	1,224	(18)%	5	(92)	(255)	(64)%	—
EBITDA	13,486	16,229	(17)%	64	3,584	7,269	(51)%	15

AES ARGENTINA GENERACIÓN CASH FLOW STATEMENT

For the six months period ended June 30, 2023, and June 30, 2022 (cumulative results)
 International Financial Reporting Standards (IFRS)
 (Average exchange rate used to convert AR\$ into US\$ for referential purposes is \$212.30 AR\$/US\$ for the six-month period ended June 30, 2023)

	AR\$ Million		US\$ Million	
	2023	June 30, 2022	Var (%)	June 30, 2022
Operating Activities				
Net income	1,008	1,224	(18)%	5
Earnings reconciliation adjustments				
Depreciation & amortization expenses	5,624	6,348	(11)%	26
Result due to loss of property, plant and equipment and intangibles	5	10	(48)%	—
FX differences and conversion differences	14,587	10,366	41 %	69
Loss for partial repurchase of negotiable obligations	—	552	---	—
Interest gains and other financial income	(12,601)	(7,897)	60 %	(59)
Income from investments in other companies	(117)	(94)	25 %	(1)
Income tax expenses	(1,771)	(1,887)	(6)%	(8)
Provision expenses	101	156	(35)%	—
Accrued interest expenses	6,302	5,169	22 %	30
Bad debt provision	52	(105)	---	—
Pension plan	418	289	45 %	2
Adjustments for balance sheet accounts variations				
Inventory	(1,873)	(1,418)	32 %	(9)
Trade & other account receivables	(4,025)	(11,138)	(64)%	(19)
Account receivables from related parties	(2,284)	(687)	232 %	(11)
Other non-financial assets	(1,901)	(2,726)	(30)%	(9)
Trade & other account payables	2,618	911	187 %	12
Accounts payable to related parties	449	(700)	(164)%	2
Provisions	11	(33)	(133)%	0
Tax Assets	719	577	25 %	3
Tax Liabilities	1,108	(3,267)	(134)%	5
Employee benefits	(44)	(231)	(81)%	—
Income tax paid	969	(3,261)	(130)%	5
Interests received on trade accounts	1,473	1,171	26 %	7
Net cash flow from operations	10,829	(6,667)	(262)%	51

AES ARGENTINA GENERACIÓN CASH FLOW STATEMENT (CONTINUED)

For the years ended June 30, 2023, and June 30, 2022 (cumulative results)

International Financial Reporting Standards (IFRS)

(Average exchange rate used to convert AR\$ into US\$ for referential purposes is \$212.30 AR\$/US\$ for the six-month period ended June 30, 2023)

	AR\$ Million		US\$ Million	
	2023	June 30, 2022	Var (%)	June 30, 2022
Investment Activities				
Purchase of Property, Plant & Equipment	(2,828)	(3,051)	(7)%	(13)
Purchase of intangible assets	(89)	(122)	(27)%	—
Interests received	5,844	3,244	80 %	28
Dividend Received	177	59	---	1
Capital contribution in a subsidiary	—	—	---	—
Net decrease of common investment funds	(6,680)	5,254	(227)%	(31)
Loans granted to related parties	(35)	—	---	(1)
Collections from loan to related parties	—	13		—
Net cash flows used in investment activities	(3,612)	5,397	(167)%	(17)
Financing Activities				
Proceeds from third-party loans	12,569	17,248	(27)%	59
Payments of third-party loans	(14,209)	(10,785)	32 %	(67)
Interests paid on third-party loans	(5,739)	(5,217)	10 %	(27)
Payment of financial leases	(7)	(7)	— %	0
Dividend payments	(127)	(230)	---	(1)
Net Cash flows from (used in) financing activities	(7,512)	1,008	(845)%	(35)
Effect of FX difference on cash & cash equivalents	(3,129)	(201)	1457 %	(15)
Net Increase in cash & cash equivalents	(3,424)	(463)	640 %	(16)
Opening Cash & Cash Equivalent	9,684	4,660	108 %	46
Ending Cash & Cash Equivalent	6,259	4,197	49 %	29

ABOUT AES ARGENTINA GENERACIÓN

AES Argentina Generación S.A. is a wholly owned subsidiary of the AES Corporation, engaged in power generation in Argentina. It owns and operates a portfolio of seven power plants, four hydro-electrical plants, three thermal power plants and two wind farms located in the Provinces of Buenos Aires, Salta, San Juan, and Neuquén, with a total installed capacity of 2,985 MW, in addition to 16 MW of battery energy storage systems,.

To learn more, please visit www1.aesargentina.com.ar/en

ABOUT THE AES CORPORATION

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

In 2022, The AES Corporation reported \$12.6 billion in revenues and owned and managed \$38 billion in total assets.

To learn more, please visit www.aes.com