

# aes Argentina

## 4Q - 2023 Earnings Report



April 23, 2024

## AES ARGENTINA 2023 RESULTS & HIGHLIGHTS

- AES Argentina Generación S.A. (AES Argentina, AAG, or the Company) reported a Gross Profit for 2023 of AR\$ 17,973 million, a 64% decrease compared to 2022.
  - This Gross Profit negative variation is mainly due to lower sales resulting from the lower dispatch of the Central Termica San Nicolas (CTSN) and Paraná power plants, especially during the fourth quarter, partially offset by a decrease in coal consumption costs at CTSN.
- AAG reported EBITDA of AR\$ 25,610 million for 2023, AR\$17,450 million lower than 2022's EBITDA.
  - This negative EBITDA variation for 2023 is mainly explained by a negative Effect of FX differences of AR\$ 46,890 compared to 2022 together with a decrease of 2023 Gross Profit of AR\$ 31,633 compared to 2022, and a negative inflation effect of 20,258 compared to 2022. This negative variation was partially offset by an increase in financial income of AR\$ 30,473 compared to 2022.
- The Company reported a Net Loss of AR\$98,290 million for 2023, a AR\$105,407 million negative variation compared to the AR\$7,117 million Net Income for 2022. The variation was mainly due to a higher pre tax Loss, due to a lower Goss Profit during 2023 and a higer Non operating Loss of during 2023 compared to 2022, and a increase in Income Tax.
- FONINVEMEM collections in 2023, including interest, totaled approximately US\$ 50 million, net of VAT as of December 31 2023.
  - 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.
- 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 FOURTH QUARTER 2023 RESULTS

Income Statement (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Operating Revenue	156,738	218,232	(61,494)	(28)%
Cost of Sales	(138,765)	(168,626)	29,861	(18)%
<b>Gross Profit</b>	<b>17,973</b>	<b>49,606</b>	<b>(31,633)</b>	<b>(64)%</b>
Administrative Expenses	(13,757)	(12,731)	(1,026)	8 %
Trading Expenses	(7,374)	(17,937)	10,563	(59)%
Other income and expenses	(356)	(362)	6	(2)%
<b>Operating Income</b>	<b>(3,514)</b>	<b>18,576</b>	<b>(22,090)</b>	<b>(119)%</b>
Other income and expenses	(3,874)	156,493	(160)	(102)%
Financial Income	66,959	36,486	30,473	84 %
Financial Expense	(33,848)	(26,903)	(6,945)	26 %
Effect of FX differences	(52,540)	(5,650)	(46,890)	830 %
Inflation effect	(65,132)	(44,874)	(20,258)	45 %
Income from Investments in Associates	181	242	(61)	(25)%
<b>Income (Loss) before Taxes</b>	<b>(87,899)</b>	<b>(21,966)</b>	<b>(65,933)</b>	<b>300 %</b>
Income Tax	(10,391)	29,083	(39,474)	(136)%
<b>Net Income</b>	<b>(98,290)</b>	<b>7,117</b>	<b>(105,407)</b>	<b>---</b>
<b>EBITDA</b>	<b>25,610</b>	<b>43,060</b>	<b>(17,450)</b>	<b>(41)%</b>

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 December 31 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 December 31 2023.

## Generation

The Company generated 5,825 GWh during 2023, a 15% decrease compared to the prior year. Total thermal generation fell 35%, while hydro generation grew 27%, and Wind generation decreased 10% between both periods. Thermal generation decreased mainly due to lower demand and dispatch offset by higher hydroelectric generation in the system. The greatest decrease in output was at the Parana Combined Cycle and CTSN thermal plants during the second half of 2023. The increase in hydro generation is due to higher river inflows in the Comahue Region which led to a 34% increase in production at Alicurá. Lower wind resource availability led to a reduction in output at Vientos Bonaerenses and Vientos Neuquinos to a lesser extent.

Net Generation by Plant (GWh)	FY			
	2023	2022	Var (GWh)	Var (%)
Paraná	1,567	2,443	(876)	(36)%
San Nicolás	1,092	1,636	(544)	(33)%
Alicurá	2,077	1,547	530	34 %
Cabra Corral	126	167	(41)	(25)%
El Tunal	41	47	(6)	(13)%
Ullum	136	106	30	28 %
Sarmiento	30	32	(2)	(6)%
Vientos Bonaerenses	404	456	(52)	(11)%
Vientos Neuquinos	352	380	(28)	(7)%
<b>Total Generation / Sales</b>	<b>5,825</b>	<b>6,814</b>	<b>(989)</b>	<b>(15)%</b>

## Operating Revenue

Operating revenues as of December 31 2023, amounted to AR\$156,737 million, a decrease of 28% compared to 2022, which totaled AR\$218,232 million. This decrease was mainly due to lower dispatch of the Paraná and CTSN power plants, which implied a decrease in physical sales of 876 GWh and 544 GWh, respectively.

The adjustments to energy and capacity tariffs from Resolutions Resolutions 826/2022, (which received a rate adjustment in August 2023) and and resolutions 750/2023 and 869/2023 of September and October respectively, partly offset the decrease in revenues.

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

On February 7, 2023, Resolution 59/2023 was issued allowing to convert part of combined cycles' remuneration to US dollars for up to 5 years. This portion would be paid in Argentine pesos at the official exchange rate. The new remuneration scheme is voluntary and the counterparty is the market administrator, CAMMESA, which requires an availability commitment of 85% from the units. 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 826/22 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.

Operating Revenue (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Energy Sales	84,871	141,382	(56,511)	(40)%
Capacity Sales	48,268	50,795	(2,527)	(5)%
Contract Sales	21,430	24,793	(3,363)	(14)%
Other Revenue	2,168	1,262	906	72 %
<b>Total Operating Revenue</b>	<b>156,737</b>	<b>218,232</b>	<b>(61,495)</b>	<b>(28)%</b>

## Cost of Sales

Cost of sales for the year ended December 31 2023 totaled AR\$138,765 million, a decrease of 18% compared to the AR\$168,626 million for 2022. This decrease was mainly due to a decrease of AR\$33,944 million in fuel costs attributable to lower coal consumption as a result of lower CTSN dispatch, a decrease of AR\$2,985 million in operation and maintenance costs due to lower maintenance activities at the Paraná power plant in 2023 and a decrease of AR\$1,037 million in intangible amortization expense due to the end of the original concession useful life of Alicurá in 2023, all of the above partially offset by the increase of AR\$ 4,808 million in depreciation expense due to the modification of the useful lives of the assets of the Paraná power plant as a result of major maintenance in 2022, an increase of AR\$1,408 million in the cost of insurance in dollars and an increase of AR\$1,420 million in the cost of salaries, social charges and other personnel expenses, as a result of the readjustment of salaries.

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 CTSN.

Cost of Sales (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Fuel cost	66,140	100,084	(33,944)	(34)%
Maintenance	12,235	15,220	(2,985)	(20)%
Personnel costs	13,570	12,150	1,420	12 %
Insurance	12,578	11,170	1,408	13 %
Depreciation	24,300	19,492	4,808	25 %
Rights and royalties	1,734	1,171	563	48 %
Amortization of intangible assets	2,461	3,498	(1,037)	(30)%
Purchases of energy and power	859	1,128	(269)	(24)%
Related-Party Services	598	677	(79)	(12)%
Operator Fee	632	679	(47)	(7)%
Transmission charges	673	509	164	32 %
Fees and remuneration to third parties	224	231	(7)	(3)%
Frequency Regulation	340	484	(144)	(30)%
Travel and transportation	447	394	53	13 %
Safety services	371	427	(56)	(13)%
Others	1,603	1,312	291	22 %
<b>Total Cost of Sales</b>	<b>138,765</b>	<b>168,626</b>	<b>(29,861)</b>	<b>(18)%</b>

## Gross Profit

Gross profit for 2023 reached AR\$17,973 million, 64% lower than the profit of AR\$49,606 million of the previous year. This negative variation is mainly due to lower sales resulting from the lower dispatch of the CTSN and Paraná power plants, partially offset by a decrease in coal consumption costs at CTSN.

## Administrative & Trading Expenses

Administrative and Trading Expenses reached AR\$21,131 million in 2023, a 31% decrease compared to the AR\$30,668 million registered in the 2022. The decrease is primarily due to a reduction in bad debt expense in 2023, which was AR\$13,667 lower than in the 2022 period. The bad debt provisions are associated to changes in the factors taken into consideration in the expected credit losses calculations. The allowance for uncollectible accounts recorded in the third quarter of 2022 was associated with certain accounts receivables with CAMMESA arising from Resolutions 95/2013 and 529/2014 which were intended to retribute certain operating and maintenance expenses, among others, which were modified in subsequent resolutions.

Administrative & Trading Expenses (-AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Personnel costs	3,144	2,794	350	13 %
Depreciation	2,007	1,132	875	77 %
Taxes, rates and contributions	8,566	6,131	2,435	40 %
Related-Party Services	4,571	4,265	306	7 %
Fees and remuneration to third parties	2,010	1,846	164	9 %
Bad Debt Expense	138	13,805	(13,667)	---
Others	695	695	—	— %
<b>Total Administrative &amp; Trading Expenses</b>	<b>21,131</b>	<b>30,668</b>	<b>(9,537)</b>	<b>(31)%</b>

## EBITDA

The Company reported EBITDA of AR\$25,610 million for the 2023 period, a AR\$17,450 million decrease over the 2022 period. This negative variation for the period is mainly explained by a negative Effect of FX differences of AR\$46,890 million compared to 2022 together with a decrease of 2023 Gross Profit of AR\$ 31,633 million compared to 2022, and a negative inflation effect of AR\$20,258 million compared to 2022. This negative variation was partially offset by an increase in financial income of AR\$30,473 million compared to 2022

EBITDA (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Net Income	(98,290)	7,117	(105,407)	---
Income tax	10,391	(29,083)	39,474	(136)%
Other Income	360	206	154	75 %
Income from Investments in Associates	(181)	(242)	61	(25)%
Financial Income	(66,959)	(36,486)	(30,473)	84 %
Financial Expense	33,848	26,903	6,945	26 %
Effect of FX differences	52,540	5,650	46,890	830 %
Inflation effect	65,132	44,874	20,258	45 %
Depreciation and Amortization	28,769	24,122	4,647	19 %
<b>EBITDA</b>	<b>25,610</b>	<b>43,060</b>	<b>(17,450)</b>	<b>(41)%</b>

## Non-Operating Results

The Non-Operating Results of the Company in 2023 totaled a AR\$84,562 million loss, a negative variation compared to the AR\$40,940million loss registered in 2022. The AR\$46,890 million negative variance in FX differences combined with the AR\$6,945 increase in Financial Expense and the AR\$20,258million negative variation in Inflation Effect, were partially offset by the AR\$30,472 million increase in Financial Income.

Financial Income grew AR\$30,472 million. This variance is primarily due to an increase in interest earned on mutual fund investments, in addition to higher interest income on financial assets mainly related to increased interest accrual on CAMMESA accounts receivables.

Financial Expense grew AR\$6,945 million mainly due to a fair value adjustment of the debt, which corresponds to the adjustment applied under IFRS 9 as an effect of the exchange of negotiable obligations carried out in August 2023.

Total FX differences registered a AR\$52,540 million loss for 2023. This is due to a negative variance of AR\$160,562 million in FX Differences on liabilities partly offset by higher FX gains on assets of AR\$117,566 in 2023. These drivers are associated mainly to the effect of FX rates on debt denominated in US\$ and FONINVEMEM account receivables, respectively.

A AR\$65,132 million negative inflation adjustment was registered in 2023 compared to AR\$44,874 million registered in 2022, both associated to the change in the functional currency of the company to AR\$ in February 2020.



Non-Operating Results (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Interest Income	24,006	23,049	957	4 %
Other finance income	42,917	13,427	29,490	220 %
Interest income from related companies	36	10	26	277 %
<b>Financial Income</b>	<b>66,959</b>	<b>36,486</b>	<b>30,472</b>	<b>84 %</b>
Interest on financial debt	(25,826)	(24,283)	(1,543)	6 %
Interest on tax debts	(6)	(12)	6	(51)%
Interest on commercial loans	(293)	(36)	(257)	704 %
Interest on Related Party loans	—	(665)	665	---
Interest on obligations for long-term benefits	(1,224)	(767)	(457)	60 %
Debt fair value adjustment	(6,499)	—	(6,499)	---
Loss on liability early payment	—	(1,139)	1,139	---
<b>Financial Expense</b>	<b>(33,848)</b>	<b>(26,903)</b>	<b>(6,945)</b>	<b>26 %</b>
FX difference generated by assets	202,714	85,148	117,566	138 %
FX difference generated by liabilities	(251,359)	(90,797)	(160,562)	177 %
Hedging instruments	(3,895)	—	(3,895)	---
<b>Total FX Differences</b>	<b>(52,540)</b>	<b>(5,650)</b>	<b>(46,890)</b>	<b>830 %</b>
<b>Inflation Effect</b>	<b>(65,132)</b>	<b>(44,874)</b>	<b>(20,258)</b>	<b>45 %</b>
<b>Total Non-Operating Results</b>	<b>(84,562)</b>	<b>(40,940)</b>	<b>(43,622)</b>	<b>107 %</b>

## Exchange Rate

The average AR\$/US\$ exchange rate was 272% higher in 2023 compared to 2022. During the twelve-month year ended December 31 2023, the AR\$/US\$ exchange rate EOP rose 356%.

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Argentine Peso EOP (ARS/US\$)	808.45	349.95	256.70	203.11
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Argentine Peso EOP (ARS/US\$)	177.16	147.32	125.23	111.01

	FY		
	2023	2022	Var (%)
Argentine Peso AVG (ARS/US\$)	643.07	172.90	272%

## Net Income

AES Argentina's Pre-tax Loss reached AR\$87,899 million in 2023, a negative variation compare to the AR\$21,966 million Pre-tax Loss in 2022, This variation is mainly explained by a lower Gross Profit of AR\$31,633 million compared to last year, derived from a lower generation mainly in the fourth quarter, and the negative variance in Non-Operating Results of AR\$43,622 million compared to last year.

AAG recorded AR\$10,391 million in Income tax for 2023 compared to the Income tax gain of AR\$29,083 million registered in 2022. This negative variance is mainly explained by an effect in 2023 of unrecognized deferred tax assets (for more information see the Note 2.3.7 and Note 10), together with a difference from the restatement of PP&E and intangible assets, and an effect of accounting restatement. These effects mainly explain the negative variation of AR\$39,474 million in Income Tax.

Due to the reasons stated above, in 2023 AAG reported a Net Loss of AR\$98,290 million in 2023, a negative variation compared to 2022's Net Income of AR\$7,117 million.

## Cash Flow

Net Cash flow from operations reached AR\$9,028 million in inflows in the Twelve-month period ended December 31 2023, compared to AR\$31,108 million outflow in the same period in 2022. Operating cash flows decrease AR\$22,080 million. The variation is due to a Net Loss of 98,290 million compared to the Net Income of AR\$7,117. million in 2022.

Investing cash outflows totaled AR\$2,289 million in the period ended December 31 2023, compared to a cash inflow of AR\$5,513 million in the same period last year. This variance is primarily due to larger net contributions in investment funds which led to higher Mutual Funds investments balance as of December 31 2023, compared to 2022, partly offset by higher interest income on other financial assets.

AES Argentina reported an outflow from financing activities of AR\$20,572 million in the Twelve-month period ended December 31 2023, compared to the net outflow of AR\$25,664 million in the same period in 2022. The variation is mainly explained by higher proceeds from loans from third parties of AR\$97,689 million in 2023, compared to AR\$77,960 million in 2022. This effect was partially offset by higher interest paid on third party loans.

The Effects of Foreign Exchange Variations during the Twelve-month period ended December 31 2023, was a positive AR\$6,585 million, a positive variation compared to the AR\$587 loss in 2022.

The net outflow in cash and cash equivalents during the Twelve-month period ended December 31 2023, was AR\$7,249 million, compared to the AR\$10,371 million inflow registered in the same period of 2022.

Total cash and cash equivalents on the Cash Flow statement at the end of December 31 2023, reached AR\$12,742 million, compared to the AR\$19,991 million as of the period ended December 31 2022.

Cash Flow Statement Summary (AR\$ Million)	FY			
	2023	2022	Var (\$)	Var (%)
Net cash from operating activities	9,028	31,108	(22,080)	(71)%
Net cash from investing activities	(2,289)	5,513	(7,802)	(142)%
Net cash from financing activities	(20,572)	(25,664)	5,092	(20)%
Effects of Foreign Exchange Variations	6,585	(587)	7,172	(1,222)%
<b>Total Net Cash Flow for the Period</b>	<b>(7,249)</b>	<b>10,371</b>	<b>(17,619)</b>	<b>---</b>
Cash at the beginning of the period	19,991	9,620	10,371	108 %
<b>Total Cash at the End of the Period</b>	<b>12,742</b>	<b>19,991</b>	<b>(7,249)</b>	<b>(36)%</b>

Total cash and cash equivalents on the Balance Sheet as of December 31 2023, reached AR\$60,117 million, compared to the AR\$36,320 million as of December 31, 2022. This variation is explained by a higher amount in mutual funds of AR\$47,374 million as of December 31, 2023, compared to AR\$16,328 million as of December 31, 2022.

The difference between the balance sheet and Cash Flow figures is explained primarily by the treatment of investment fund 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 December 31 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 December 31 2023, outstanding FONINVEMEM Receivables associated with the FONINVEMEM fund III totaled US\$98 million, net of VAT. FONINVEMEM funds I and II were fully repaid during the first quarter of 2020.

FONINVEMEM collections, including interest, totaled approximately US\$ 50 million, net of VAT as of December 31 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.

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 December 31 2023. For more details please see Note 3.c.1. of the Financial Statements.

## Dividends

The Company paid AR\$261 million in dividends in the period ended December 31 2023 and AR\$476 million as of December 31 2022, mainly to fund tax payments of holding companies.

## CAPEX

As of December 31 2023 the Company's CAPEX totaled US\$7,191 million in 2023, compared to a total capex of US\$7,779million in 2022.

## Financial Debt

As of December 31 2023, AES Argentina has a total financial debt of US\$293 million. As of December 31 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.

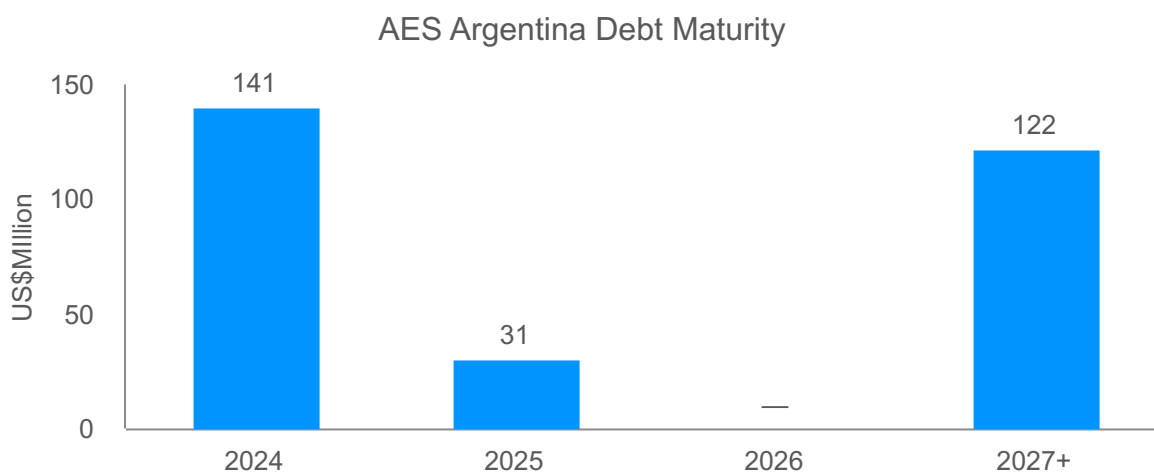
In addition, in 2022, the company raised approximately US\$35 million short-term bank loans denominated in AR\$ with local banks to finance fuel purchases and fortify the company's liquidity position, all of which were repaid during 2022. In the first quarter of 2023, the company raised approximately 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%. Final cash to be paid is US\$29.2 million, while

new debt issued reached US\$122 million which will be amortized in 4 semiannual installments from February 2026 to August 2027. Outstanding from the original notes is US\$129 million.

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

The following graph details AES Argentina’s debt maturity profile, as of December 31 2023:



Debt Amortization (US\$ Million)		Average Interest Rate	December 31 2023			
			2024	2025	2026	2027+
AAG 2024 Notes	129	7.75%	129			
AAG ON Class 2 2027	122	9.50%				122
AAG ON Class 1 2025	31	8.00%		31		
GS Secured Loan	12	7.11%	12			
<b>Total</b>	<b>293</b>	<b>8.19%</b>	<b>141</b>	<b>31</b>	<b>—</b>	<b>122</b>

## 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 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 December 31 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\$445.0 million impact on the 2023 pretax income.

A 10% variation of the CAMMESA rate would have had a AR\$508 million impact on the fourth 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\$6,204 million impact on the fourth quarter pretax income.

The following table summarizes the value of assets and liabilities in foreign currencies at their value in AR\$ as of December 31 2023.

AR\$ million	December 31, 2023
Non-current Assets	156,167
Current Assets	94,281
<b>Total Assets</b>	<b>250,448</b>
Non-current Liabilities	128,349
Current Liabilities	155,535
<b>Total Liabilities</b>	<b>283,884</b>

### 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\$1,789 million impact on the 2023 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 December 31 2023, AES Argentina had AR\$60,117 million in available liquid resources, classified as cash and cash equivalents (including short-term investments) on the balance sheet, compared to AR\$36,320 million as of December 31 2022. It is important to mention that as of December 31 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 the Secretariat of Energy modified the pricing scheme of the electric energy commercialized in the "Energía Base" regulatory framework established by Resolution 440/2021 by means of Resolution 238/2022, effective as from the economic transactions of the months of February and June 2022. Additionally, the application of the Usage Factor that could reduce the capacity payment based on the generation of the last 12 months was eliminated and a new charge "Remuneration to Exports" related to energy exports from Argentina to Brazil was created.

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

On December 12, 2022, Resolution 826/2022 was issued, once again modifying energy and capacity prices under the Energía Base regime, increasing tariffs by 20% and 10% since November 2022 and December 2022, respectively, in addition to establishing tariff increases in advance of 25% and 28% from February 2023 and August 2023, respectively. On September 6, 2023 and on October 27, 2023, the Ministry of Energy issued Resolutions 750/2023 and 869/2023, through which tariffs were increased by 23% and 28% from September and November 2023, respectively.

		Capacity (Price per MW/Month)						
		(AR\$/MW/ month)	(AR\$/MW/ month)	(AR\$/MW/ month)	(AR\$/MW/ month)	(US\$/MW/month)		
		Res 869/2023	Res 750/2023	Res 826/2022*	Res 440/2021	Res 31/2020	Res 1/2019	
Hydro	Large Hydro	AR\$ 607,254	AR\$ 474,417	AR\$ 385,705	AR\$ 127,710	AR\$ 99,000 (US\$ 1,650)	US\$ 3,000	
	Small Hydro	AR\$ 1,113,298	AR\$ 869,764	AR\$ 707,125	AR\$ 234,135	AR\$ 181,000 (US\$ 3,025)	US\$ 5,500	
	Renewable Hydro	AR\$ 1,821,760	AR\$ 1,423,250	AR\$ 1,157,114	AR\$ 383,130	AR\$ 297,000 (US\$ 4,950)	US\$ 6,300	
Thermal	DIGO Rate	Winter/ Summer	AR\$ 2,208,195	AR\$ 1,725,152	AR\$ 1,402,562	AR\$ 464,400	AR\$ 360,000 (US\$ 6,000)	US\$ 7,000
		Spring/Fall	AR\$ 1,656,146	AR\$ 1,293,864	AR\$ 1,051,922	AR\$ 348,300	AR\$ 270,000 (US\$ 4,500)	US\$ 5,500
	Base Rate	Large CCGT	AR\$ 617,337	AR\$ 482,326	AR\$ 392,135	AR\$ 129,839	AR\$ 100,650 (US\$ 1,678)	US\$ 3,050
		Large Steam Turbine	AR\$ 880,520	AR\$ 687,906	AR\$ 559,273	AR\$ 185,180	AR\$ 143,550 (US\$ 2,393)	US\$ 4,350
		Small Steam Turbine	AR\$ 1,052,573	AR\$ 822,323	AR\$ 668,555	AR\$ 221,364	AR\$ 171,600 (US\$ 2,860)	US\$ 5,200
		Small GAS Turbine	AR\$ 931,122	AR\$ 727,439	AR\$ 591,414	AR\$ 195,822	AR\$ 151,800 (US\$ 2,530)	US\$ 4,600
	Utilization Factor	No	No	No	Yes	Yes	Yes	

\* Resolution 826/2022 issued in December 2022, retroactive to September, with adjustments in December 2022, February 2023 and August 2023.

		Generated Energy					
		(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(AR\$/MWh)	(US\$/MWh)	
		Res 869/2023	Res 750/2023	Res 238/2022*	Res 440/2021	Res 31/2020	Res 1/2019
Hydro		AR\$ 1,288		AR\$ 388	AR\$ 271	AR\$ 210 (US\$ 3.5)	3.5
Thermal	Natural Gas	AR\$ 1,473	AR\$ 1,151	AR\$ 443	AR\$ 310	AR\$ 240 (US\$ 4)	4
	Fuel Oil / Gas Oil	AR\$ 2,578	AR\$ 2,014	AR\$ 775	AR\$ 542	AR\$ 420 (US\$ 7)	7
	Mineral Coal	AR\$ 4,417	AR\$ 3,541	AR\$ 1,328	AR\$ 929	AR\$ 720 (US\$ 12)	12

\* Resolution 826/2022 issued in December 2022, retroactive to September, with adjustments in December 2022, February 2023 and 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
<b>Hydro</b>	AR\$ 326	AR\$ 204	AR\$ 154	AR\$108	AR\$ 84 (US\$ 1.4)	1.4
<b>Thermal</b>	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
<b>Hydro</b>	Large Hydro	50,729	35,475	27,500	—
	Small Hydro	59,953	41,925	32,500	—
	Renewable Hydro	64,565	45,150	35,000	—
<b>Thermal</b>	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
<b>Hydro &amp; Thermal</b>	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 US\$ + 85% of said prices for spring and autumn. The price of energy generated with natural gas is set at the equivalent of 3.5 US\$/MWh and with diesel oil at 6.1 US\$/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 <sup>(1)</sup>				
Since	Up to	Will Pay	Plus % of	On the surplus of
—	14,301,209	—	25%	—
14,301,209	143,012,092	3,575,302	30%	14,301,209
143,012,092	onwards	42,188,567	35%	143,012,092

(1) Amounts expressed in Argentine pesos.

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

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

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

## AES ARGENTINA GENERACIÓN BALANCE SHEET

As of December 31 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 808.45 AR\$/US\$.)

Assets	AR\$ Million			US\$ Million
	December 31, 2023	December 31, 2021	Var. %	December 31, 2023
<b>Non- Current Assets</b>				
Investments in subsidiaries and associates	432	936	(54)%	1
Property, plant & equipment	275,046	237,637	16 %	340
Intangible Assets	12,927	14,104	(8)%	16
Inventory	9,288	6,125	52 %	11
Accounts receivable from related parties	14	26	(46)%	0
Other financial assets	144	444	(68)%	0
Other non-financial assets	238	978	(76)%	0
Trade & Other accounts receivable	46,537	54,475	(15)%	58
Tax assets	790	8,891	(91)%	1
Deferred tax assets	2,962	15,563	(81)%	4
<b>Total Non-Current Assets</b>	<b>348,379</b>	<b>339,179</b>	<b>3 %</b>	<b>431</b>
<b>Current Assets</b>				
Inventory	17,067	40,093	(57)%	21
Accounts receivable from related parties	697	244	186 %	1
Other financial assets	9,782	6,671	47 %	12
Other non-financial assets	7,283	712	923 %	9
Trade & Other accounts receivable	55,229	63,642	(13)%	68
Cash & Cash equivalents	60,117	36,320	66 %	74
Tax assets	4,340	10,034	(57)%	5
<b>Total Current Assets</b>	<b>154,516</b>	<b>157,715</b>	<b>(2)%</b>	<b>191</b>
<b>TOTAL ASSETS</b>	<b>502,895</b>	<b>496,894</b>	<b>1 %</b>	<b>622</b>

## AES ARGENTINA GENERACIÓN BALANCE SHEET

As of December 31, 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 808.45 AR\$/US\$)

Liabilities and Shareholders' Equity	AR\$ Million			US\$ Million
	December 31, 2023	December 31, 2021	Var. %	December 31, 2023
<b>Equity</b>				
Issued Equity	1,153	1,153	— %	1
Equity Adjustment	39,134	39,134	— %	48
Irrevocable contributions	1,000	1,000	— %	1
Additional paid-in capital	9,706	9,706	— %	12
Legal Reserve	9,999	9,999	— %	12
IFRS special reserve	23,014	23,014	— %	28
Optional Reserves	128,034	121,824	5 %	158
Other Reserves	90,118	73,680	22 %	111
Retained Earnings	(97,620)	6,641	(1570)%	(121)
<b>Equity Attributable to Shareholders of Parent</b>	<b>204,536</b>	<b>286,151</b>	<b>(29)%</b>	<b>253</b>
Non-controlling Interest in Controlled Subsidiaries	386	1,022	(62)%	—
<b>TOTAL EQUITY</b>	<b>204,922</b>	<b>287,172</b>	<b>(29)%</b>	<b>253</b>
<b>Non-Current Liabilities</b>				
Employee benefits	1,403	1,858	(24)%	2
Tax liabilities	578	1,251	(54)%	1
Deferred tax liabilities	4,786	3,168	51 %	6
Provisions	1,197	1,338	(11)%	1
Accounts payable to related parties	568	874	(35)%	1
Interest-accruing liabilities	126,309	150,810	(16)%	156
<b>Total Non-Current liabilities</b>	<b>134,840</b>	<b>159,299</b>	<b>(15)%</b>	<b>167</b>
<b>Current Liabilities</b>				
Employee benefits	4,880	4,898	— %	6
Tax liabilities	1,395	1,133	23 %	2
Accounts payable to related parties	11,733	7,276	61 %	15
Trade & other accounts payable	23,672	14,487	63 %	29
Interest-accruing liabilities	121,452	22,629	437 %	150
<b>Total Current liabilities</b>	<b>163,132</b>	<b>50,422</b>	<b>224 %</b>	<b>202</b>
<b>TOTAL LIABILITIES</b>	<b>297,972</b>	<b>209,722</b>	<b>42 %</b>	<b>369</b>
<b>Total Liabilities and Equity</b>	<b>502,895</b>	<b>496,894</b>	<b>1 %</b>	<b>622</b>



## AES ARGENTINA GENERACIÓN INCOME STATEMENT

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

International Financial Reporting Standards (IFRS)

(Average exchange rate used to convert AR\$ into US\$ for referential purposes is 296.61 AR\$/US\$ for the Twelve-month periods ended December 31, 2023.

Income Statement	AR\$ Million			US\$ Million
	FY			FY
	2023	2022	Var (%)	2023
Operating Revenue	156,738	218,232	(28)%	528
Cost of Sales	(138,765)	(168,626)	(18)%	(468)
<b>Gross Profit</b>	<b>17,973</b>	<b>49,606</b>	<b>(64)%</b>	<b>61</b>
Administrative Expenses	(13,757)	(12,731)	8 %	(46)
Trading Expenses	(7,374)	(17,937)	(59)%	(25)
Other income and expenses	(356)	(362)	(2)%	(1)
<b>Operating Income</b>	<b>(3,514)</b>	<b>18,576</b>	<b>(119)%</b>	<b>(12)</b>
Financial Income	66,959	36,486	84 %	226
Financial Expense	(33,848)	(26,903)	26 %	(114)
Effect of FX differences	(52,540)	(5,650)	830 %	(177)
Inflation effect	(65,132)	(44,874)	45 %	(220)
Income from Investments in Associates	181	242	(25)%	1
<b>Income (Loss) before Taxes</b>	<b>(87,895)</b>	<b>(22,123)</b>	<b>297 %</b>	<b>(296)</b>
Income Tax	(10,391)	29,083	(136)%	(35)
<b>Net Income</b>	<b>(98,286)</b>	<b>6,960</b>	<b>(1,512)%</b>	<b>(331)</b>
<b>EBITDA</b>	<b>25,610</b>	<b>43,060</b>	<b>(41)%</b>	<b>86</b>

## AES ARGENTINA GENERACIÓN CASH FLOW STATEMENT

For the Twelve months period ended December 31, 2023, and December 31 2022 (cumulative results)  
 International Financial Reporting Standards (IFRS)  
 (Average exchange rate used to convert AR\$ into US\$ for referential purposes is \$296.61 AR\$/US\$ for the Twelve-month period ended in December 31, 2023)

	AR\$ Million			US\$ Million
	December 31		Var (%)	December 31
	2023	2022		2023
<b>Operating Activities</b>				
<b>Net income</b>	<b>(98,290)</b>	<b>7,117</b>	<b>(1481)%</b>	<b>(331)</b>
<b>Earnings reconciliation adjustments</b>				
Depreciation & amortization expenses	28,769	24,122	19 %	97
Result due to loss of property, plant and equipment and intangibles	14	106	(87)%	—
FX differences and conversion differences	112,214	46,978	139 %	378
Loss for partial repurchase of negotiable obligations	6,499	1,139	---	22
Interest gains and other financial income	(66,959)	(36,486)	84 %	(226)
Income from investments in other companies	(181)	(242)	(25)%	(1)
Income tax expenses	10,391	(29,083)	(136)%	35
Provision expenses	356	362	(2)%	1
Accrued interest expenses	25,876	24,882	4 %	87
Bad debt provision	138	13,805	---	—
Pension plan	1,379	905	52 %	5
<b>Adjustments for balance sheet accounts variations</b>				
Inventory	23,418	(12,590)	(286)%	79
Trade & other account receivables	(9,700)	(6,386)	52 %	(33)
Account receivables from related parties	(20,255)	(10,242)	98 %	(68)
Other non-financial assets	(5,380)	1,436	(475)%	(18)
Trade & other account payables	(15,430)	2,416	(739)%	(52)
Accounts payable to related parties	2,650	6,156	(57)%	9
Provisions	(101)	144	(170)%	0
Tax Assets	797	1,749	(54)%	3
Tax Liabilities	995	2,207	(55)%	3
Employee benefits	4,277	2,464	74 %	14
Income tax paid	2,053	(15,400)	(113)%	7
Interests received on trade accounts	5,499	5,551	(1)%	19
<b>Net cash flow from operations</b>	<b>9,028</b>	<b>31,108</b>	<b>(71)%</b>	<b>30</b>

## AES ARGENTINA GENERACIÓN CASH FLOW STATEMENT (CONTINUED)

For the years ended December 31, 2023, and December 31 2022 (cumulative results)  
 International Financial Reporting Standards (IFRS)  
 (Average exchange rate used to convert AR\$ into US\$ for referential purposes is \$296.61 AR\$/US\$ for the Twelve-month period ended December 31, 2023)

	AR\$ Million			US\$ Million
	December 31		Var (%)	December 31
	2023	2022		2023
<b>Investment Activities</b>				
Purchase of Property, Plant & Equipment	(7,191)	(7,779)	(8)%	(24)
Purchase of intangible assets	(435)	(813)	(46)%	(1)
Sale of intangible assets	—	—	---	—
Interests received	42,917	14,488	196 %	145
Dividend Received	664	122	---	2
Capital contribution in a subsidiary	(19)	—	---	—
Sale of short term investment	—	3,061	---	—
Purchase of short term investment	—	(1,605)	---	—
Net decrease of common investment funds	(38,153)	(1,987)	1820 %	(129)
Loans granted to related parties	(72)	17,419	---	(1)
Collections from loan to related parties	—	(17,393)	---	—
Cobro de Intereses a entidades relacionadas	—	—	---	—
<b>Net cash flows used in investment activities</b>	<b>(2,289)</b>	<b>5,513</b>	<b>(142)%</b>	<b>(7)</b>
<b>Financing Activities</b>				
Proceeds from third-party loans	97,689	77,960	25 %	329
Guarantee deposit	(239)	—	---	(1)
Payments of third-party loans	(77,100)	(78,536)	(2)%	(260)
Interests paid on third-party loans	(40,640)	(24,597)	65 %	(137)
Bond buyback payments	—	—	---	—
Proceeds from related party loans	—	3,418	---	—
Payments of related party loans	—	(3,404)	---	—
Payment of financial leases	(21)	(28)	(25)%	0
Dividend payments	(261)	(476)	---	(1)
<b>Net Cash flows from (used in) financing activities</b>	<b>(20,572)</b>	<b>(25,664)</b>	<b>(20)%</b>	<b>(69)</b>
Effect of FX difference on cash & cash equivalents	6,585	(587)	(1222)%	22
<b>Net Increase in cash &amp; cash equivalents</b>	<b>(7,249)</b>	<b>10,371</b>	<b>(170)%</b>	<b>(24)</b>
Opening Cash & Cash Equivalent	19,991	9,620	108 %	67
<b>Ending Cash &amp; Cash Equivalent</b>	<b>12,743</b>	<b>19,991</b>	<b>(36)%</b>	<b>43</b>

## 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](http://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 \$13 billion in revenues and owned and managed \$45 billion in total assets.

To learn more, please visit [www.aes.com](http://www.aes.com)