

AES España B.V. and Subsidiaries

(An Indirectly Owned Subsidiary of The AES Corporation)

Unaudited Consolidated Financial Statements

As of March 31, 2023

AES España B.V. and Subsidiaries

(An Indirectly Owned Subsidiary of The AES Corporation)

Unaudited Consolidated Statements of Financial Position

As of March 31, 2023 and December 31, 2022

(Expressed in thousands of dollars of the United States of America)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 88,005	\$ 70,328
Accounts receivables trade, net	91,801	138,357
Accounts receivables from related parties	46,701	57,771
Interests receivable from related party	2,371	999
Inventories, net	41,168	44,043
Account receivables for financial lease	466	454
Contracts assets	2,259	1,692
Other non-financial assets	919	1,694
Other financial assets	40,448	33,183
Total current assets	314,138	348,521
Non-current assets:		
Property, plant and equipment, net	651,708	655,228
Intangible assets, net	47,932	48,081
Contracts assets	16,330	15,306
Account receivables for financial lease	5,422	5,872
Right-of-use assets, net	8,915	8,961
Other non-financial assets	5,152	2,534
Other financial assets	1,608	1,705
Investment in affiliate	65,584	63,586
Loan receivable related party	51,988	51,988
Total non-current assets	854,639	853,261
Total assets	\$ 1,168,777	\$ 1,201,782

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(Expressed in thousands of dollars of the United States of America)

	<u>2023</u>	<u>2022</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Account payable suppliers and other liabilities	\$ 88,930	\$ 90,232
Account payable to related parties	67,455	102,940
Loans and interests payable to related party	31,757	31,229
Line of credit payable	—	75,000
Loans payable current, net	22,081	16,012
Income tax payable	41,756	16,046
Lease liabilities	840	852
Total current liabilities	252,819	332,311
Non-current liabilities:		
Bonds payable, net	296,112	295,967
Loans payable non-current, net	219,768	221,558
Deferred income tax, net	62,172	64,247
Lease liabilities	8,547	8,603
Other financial liabilities	310	349
Other non-financial liabilities	8,538	8,539
Total non-current liabilities	595,447	599,263
Total liabilities	848,266	931,574
Stockholders' equity:		
Authorized capital	18	18
Additional paid-in-capital	271,651	271,651
Restricted retained earnings	13,399	13,399
Accumulated (deficit) profit	29,611	(22,120)
Other comprehensive income	5,766	7,198
Subtotal	320,445	270,146
Non-controlling interest	66	62
Total stockholders' equity	320,511	270,208
Total liabilities and stockholder's equity	\$ 1,168,777	\$ 1,201,782

AES España B.V. and Subsidiaries

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Unaudited Consolidated Statements of Income

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of dollars of the United States of America)

	<u>2023</u>	<u>2022</u>
Revenues	\$ 235,925	\$ 227,737
Operating costs and expenses		
Cost of fuel, electricity purchases, transmission costs and others	(114,748)	(193,419)
Operating, general and maintenance expense	(15,774)	(15,091)
Depreciation and amortization	(10,292)	(7,479)
Total operating costs and expenses	(140,814)	(215,989)
Operating income	95,111	11,748
Other (expenses) income		
Interest expense, net	(11,688)	(4,043)
Equity participation in affiliate	3,450	625
Other expense, net	(3,268)	(1,124)
Exchange loss, net	(2,122)	(2,798)
Income before income tax expense	81,483	4,408
Income tax expense	(29,747)	(1,123)
Net income	\$ 51,736	\$ 3,285
Attributable to:		
Non-controlling interest	4	—
Attributable to shareholders of the parent company	51,732	3,285
	\$ 51,736	\$ 3,285
Net income per share	\$ 284	\$ 18

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Unaudited Consolidated Statements of Changes in Stockholders' Equity

As of March 31, 2023

(Expressed in thousands of dollars of the United States of America)

	Number of shares	Authorized capital	Additional paid-in capital	Accumulated deficit	Restricted retaining earnings	Other comprehensive income	Subtotal	Non- controlling interest	Total stockholder's equity
Balance as of January 1, 2022	182	\$ 18	\$ 271,646	\$ (55,434)	\$ 14,767	\$ (622)	\$230,375	\$ 49	\$ 230,424
Net income	—	—	—	133,613	—	—	133,613	13	133,626
Revaluation effect	—	—	—	1,368	(1,368)	—	—	—	—
Dividends paid	—	—	—	(101,667)	—	—	(101,667)	—	(101,667)
Changes in the fair value of derivate instruments	—	—	—	—	—	(40)	(40)	—	(40)
Affiliate derivative instruments	—	—	—	—	—	7860	7,860	0	7,860
Capital increase	—	—	5	—	—	—	5	—	5
Balance as of December 31, 2022	182	18	271,651	(22,120)	13,399	7,198	270,146	62	270,208
Net income	—	—	—	51,731	—	—	51,731	4	51,735
Changes in the fair value of derivative instruments	—	—	—	—	—	21	21	—	21
Affiliate derivative instruments	—	—	—	—	—	(1,453)	(1,453)	—	(1,453)
Balance as of March 31, 2023	182	\$ 18	\$ 271,651	\$ 29,611	\$ 13,399	\$ 5,766	\$320,445	\$ 66	\$ 320,511

AES España B.V. and Subsidiaries

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Unaudited Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of dollars of the United States of America)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income	\$ 51,736	\$ 3,285
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,466	6,590
Amortization of intangible assets	703	171
Amortization of right-of-use assets	123	718
Lease interest, net	124	89
Gain on derivative financial instruments	(7,309)	(4,150)
Income tax expense	29,747	1,123
Amortization of deferred financing costs	552	286
Allowance for doubtful accounts	(33)	122
Loss on retirement of property, plant and equipment	3,327	1,124
Gain on sale of disposals of property, plant and equipment	(64)	—
Equity participation in investment in affiliate	(3,450)	(625)
Stock-based compensation	—	7
Interest expense, net	11,012	3,668
Exchange loss, net	2,122	2,798
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	47,872	(7,264)
Increase in accounts receivable from related parties	12,504	41,684
Decrease (increase) in inventories	2,875	(14,411)
Increase in other assets	(3,388)	(14,995)
Increase in contracts assets	(1,592)	(1,620)
(Decrease) increase in accounts payable suppliers and other liabilities	(1,603)	3,776
Increase in accounts payable to related parties	(38,189)	(5,143)
Increase (decrease) in other liabilities	1,452	(533)
Interest received	195	55
Interest paid	(5,611)	(804)
Income tax paid	(6,791)	(193)
Net cash provided by operating activities	<u>105,780</u>	<u>15,758</u>
Carried forward...	<u>105,780</u>	<u>15,758</u>

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Unaudited Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of dollars of the United States of America)

	<u>2023</u>	<u>2022</u>
Brought forward...	\$ 105,780	\$ 15,758
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(12,637)	(4,034)
Advance payments for the acquisition of property, plant and equipment	(4,369)	(187)
Acquisition of intangible assets	(58)	—
Net cash used in investing activities	(17,064)	(4,221)
Cash flows from financing activities:		
Proceeds from line of credit	30,000	—
Proceeds from new loans	6,000	5,000
Payment of line of credit	(105,000)	—
Payment of loans	(1,982)	(1,902)
Payments of deferred financing costs	—	(66)
Acquisition of property, plant and equipment	(6)	—
Payment of lease liabilities	(50)	(57)
Net cash (used in) provided by financing activities	(71,038)	2,975
Net increase in cash and cash equivalents	17,678	14,512
Cash and cash equivalents at the beginning of the year	70,328	42,805
Cash and cash equivalents at the end of the period	\$ 88,006	\$ 57,317

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Notes to Unaudited Consolidated Statements

As of March 31, 2023

(Expressed in thousands of dollars of the United States of America)

Property, plant and equipment, net

The activity in property, plant and equipment, net as of March 31, 2023 consist of the following:

	As of March 31, 2023						
	Land	Buildings	Generation plant	Spare parts	Office equipment and others	Construction in progress	Total
Cost:							
Beginning balance	\$ 36,815	\$ 20,340	\$ 859,132	\$ 21,621	\$ 8,580	\$ 18,877	\$ 965,365
Additions	—	—	103	—	25	9,698	9,826
Retirements	—	—	(7,835)	—	(59)	—	(7,894)
Reclassifications	—	48	8,098	1,842	193	(10,181)	—
Ending balance	\$ 36,815	\$ 20,388	\$ 859,498	\$ 23,463	\$ 8,739	\$ 18,394	\$ 967,297
Accumulated depreciation:							
Beginning balance	\$ —	\$ 6,934	\$ 292,427	\$ 5,551	\$ 5,778	\$ —	\$ 310,690
Additions	—	185	9,027	—	254	—	9,466
Retirements	—	—	(4,507)	—	(60)	—	(4,567)
Reclassifications	—	—	3,269	(3,269)	—	—	—
Ending balance	—	7,119	300,216	2,282	5,972	—	315,589
Net balance	\$ 36,815	\$ 13,269	\$ 559,282	\$ 21,181	\$ 2,767	\$ 18,394	\$ 651,708

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Interest expense, net

Interest expense, net as of March 31, 2023, consist of the following:

	<u>2023</u>	<u>2022</u>
Interest expense - financial	\$ (12,925)	\$ (5,289)
Interest expense - commercial and others	(184)	(41)
Interest expense - leases	(124)	(89)
Interest expense - related parties	(452)	(208)
Interest capitalized to constructions in progress	251	440
Subtotal	<u>(13,434)</u>	<u>(5,187)</u>
Amortization of deferred financing costs	(552)	(286)
Interest income - commercial	356	104
Interest income - financial	214	183
Interest income - leases	150	147
Interest income - related parties	1,578	996
Subtotal	<u>2,298</u>	<u>1,430</u>
Total	<u>\$ (11,688)</u>	<u>\$ (4,043)</u>