

Dominican Power Partners

(An indirectly owned subsidiary of The AES Corporation)

Independent Auditor's Report
Special Purpose Financial Statements
December 31, 2024

Dominican Power Partners

(An indirectly owned subsidiary of The AES Corporation)

Special Purpose Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dominican Power Partners

Opinion

We have audited the special purpose financial statements of Dominican Power Partners (the Company) incorporated in Cayman Islands, which comprise the special purpose statement of financial position as at December 31, 2024, and the special purpose statement of income, special purpose statement of changes in stockholders' equity and special purpose statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of material accounting policies.

In our opinion the accompanying special purpose financial statements present fairly, in all material respects of the financial position of the Company as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. This special purpose financial statements are not intended to comply with any local or statutory requirements in the Cayman Islands and/or in any country where the Company operate. The special purpose financial statements are prepared to assist the shareholders in evaluating the overall performance of the Company and complying with the financial institutions requirements of presenting audited special purpose financial statements. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

To the Shareholders of Dominican Power Partners

Responsibilities of management and those charged with governance for the special purpose financial statements

Management is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

To the Shareholders of Dominican Power Partners

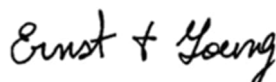
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

The partner in charge of the audit resulting in this independent auditor's report is Maylen A. Guerrero Pimentel (CPA No.5296).

SIMV Registry SIVAE- 022



April 8, 2025
Torre Empresarial Reyna II,
Suite 900, Floor 9,
Pedro Henríquez Ureña No. 138
Santo Domingo, Dominican Republic

Dominican Power Partners

(An indirectly owned subsidiary of The AES Corporation)

Special Purpose Statements of Financial Position

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- $\text{\$}$)

		<u>2024</u>	<u>2023</u>
<i>Notes</i>	ASSETS		
	Current assets:		
5	Cash	\$ 34,972	\$ 42,406
6	Account receivable trade, net	93,802	63,266
7	Account receivable from related parties	105,008	80,607
7	Loans and interest receivables from related parties	36,012	33,517
	Inventories of spare parts, net	3,677	3,067
8	Other non-financial assets	6,490	4,735
21	Prepaid income tax	8,757	1,866
	Total current assets	<u>288,718</u>	<u>229,464</u>
	Non-current assets:		
9	Property, plant and equipment, net	256,708	248,793
10	Intangible assets, net	38	116
11	Right of use assets, net	834	268
8	Other non-financial assets	1,988	3,482
	Total non-current assets	<u>259,568</u>	<u>252,659</u>
	Total assets	<u>\$ 548,286</u>	<u>\$ 482,123</u>

Dominican Power Partners

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Special Purpose Statements of Financial Position (continued)

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

		<u>2024</u>	<u>2023</u>
	LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes	Current liabilities:		
12	Account payable suppliers and other liabilities	\$ 16,691	\$ 20,781
7	Account payable to related parties	93,195	13,067
7	Interest payable to related party	15	215
11	Lease liabilities	260	276
	Total current liabilities	<u>110,161</u>	<u>34,339</u>
	Non-current liabilities:		
7	Loan payable to related party	51,988	51,988
11	Lease liabilities	543	—
13	Bonds payable, net	259,068	258,696
15	Other non-financial liabilities	11,996	3,501
	Long term compensation	108	123
21	Deferred income tax, net	31,923	34,527
	Total non current liabilities	<u>355,626</u>	<u>348,835</u>
	Total liabilities	<u>465,787</u>	<u>383,174</u>
	Stockholders' equity:		
16	Common shares	15,000	15,000
16	Contributed capital	104,976	104,976
16	Additional paid in capital	1,329	1,266
	Accumulated deficit	(47,394)	(31,014)
16	Restricted retained earnings	8,588	8,721
	Total stockholders' equity	<u>82,499</u>	<u>98,949</u>
	Total liabilities and stockholders' equity	<u>\$ 548,286</u>	<u>\$ 482,123</u>

The accompanying notes are an integral part of these special purpose financial statements.

Dominican Power Partners

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Special Purpose Statements of Income

For the years ended December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- $\$$)

Notes		<u>2024</u>	<u>2023</u>
	Revenues:		
	Electricity sales - contracts	\$ 391,171	\$ 374,509
	Electricity sales- intercompany and spot market	1,404	21,566
7	Total revenues	<u>392,575</u>	<u>396,075</u>
	Operating costs and expenses		
7	Electricity purchases	(51,700)	(56,562)
7	Fuel and fuel related costs	(219,383)	(186,033)
18	Operating, general and maintenance expenses	(28,139)	(28,497)
9, 10, 11	Depreciation and amortization	(18,585)	(18,975)
	Total operating costs and expenses	<u>(317,807)</u>	<u>(290,067)</u>
	Operating income	74,768	106,008
	Other income (expense)		
19	Interest expense, net	(17,305)	(17,241)
20	Other expense, net	(4,398)	(441)
	Exchange (loss) gain, net	(19)	510
	Income before income tax expense	<u>53,046</u>	<u>88,836</u>
21	Income tax	(18,007)	(31,286)
	Net income	<u>\$ 35,039</u>	<u>\$ 57,550</u>
17	Net income per share (expressed in dollars of the United States of America)	<u>\$ 2.34</u>	<u>\$ 3.84</u>

The accompanying notes are an integral part of these special purpose financial statements.

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Special Purpose Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

	Notes	Number of shares	Common shares	Contributed capital	Additional paid in capital	Accumulated deficit	Restricted retained earnings	Total stockholders' equity
Balance as of January 1, 2023		15,000,100	\$ 15,000	\$ 104,976	\$ 1,195	\$ (46,661)	\$ 9,208	\$ 83,718
Net income		—	—	—	—	57,550	—	57,550
Effect of revaluation due to deemed cost	16	—	—	—	—	487	(487)	—
Dividends paid	7	—	—	—	—	(42,390)	—	(42,390)
Capital increase	16	—	—	—	71	—	—	71
Balance as of December 31, 2023		15,000,100	15,000	104,976	1,266	(31,014)	8,721	98,949
Net income		—	—	—	—	35,039	—	35,039
Effect of revaluation due to deemed cost	16	—	—	—	—	133	(133)	—
Dividends paid	7	—	—	—	—	(51,552)	—	(51,552)
Capital increase	16	—	—	—	63	—	—	63
Balance as of December 31, 2024		15,000,100	\$ 15,000	\$ 104,976	\$ 1,329	\$ (47,394)	\$ 8,588	\$ 82,499

The accompanying notes are an integral part of these special purpose financial statements.

Dominican Power Partners

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Special Purpose Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- $\text{\$}$)

Notes		<u>2024</u>	<u>2023</u>
	Cash flows from operating activities		
	Net income	\$ 35,039	\$ 57,550
	Adjustments to reconcile net income to net cash provided by operating activities:		
6	Allowance for doubtful accounts	29	4
9	Depreciation	18,111	18,516
9, 20	Loss on retirement of property, plant and equipment	4,642	443
10	Amortization of intangible assets	116	112
11	Amortization of right-of-use assets	358	347
11	Interest expense on lease liabilities	16	12
13, 19	Amortization of deferred financing costs	362	346
19	Interest expense, net	16,927	16,895
21	Income tax expense	18,007	31,286
	Stock-based compensation	117	199
	Exchange loss (gain), net	19	(510)
		<u>93,743</u>	<u>125,200</u>
	Changes in operating assets and liabilities:		
	(Increase) decrease in accounts receivable trade	(34,442)	77,926
	Increase in accounts receivable from related parties	(26,896)	(31,250)
	Increase in inventories	(610)	(220)
	Increase in prepaid expenses and other assets	(261)	(4,910)
	(Decrease) increase in accounts payable suppliers and others	(13,451)	5,918
	Increase (decrease) in accounts payable and liabilities accrued to related parties	79,928	(33,523)
	Increase (decrease) in accrued and other expenses	8,910	(1,289)
		<u>106,921</u>	<u>137,852</u>
	Cash provided by operating activities		
	Income tax paid	(26,136)	(39,061)
	Interest received	3,877	2,674
	Interest paid	(16,119)	(16,083)
		<u>68,543</u>	<u>85,382</u>
	Net cash provided by operating activities		
		<u>\$ 68,543</u>	<u>\$ 85,382</u>
	Carried forward.....		
		<u>\$ 68,543</u>	<u>\$ 85,382</u>

Dominican Power Partners

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Special Purpose Statements of Cash Flows (continued)

For the years ended December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- $\text{\$}$)

	<u>2024</u>	<u>2023</u>
<i>Notes</i>		
Brought forward.....	<u>$\text{\\$}$ 68,543</u>	<u>$\text{\\$}$ 85,382</u>
Cash flows from investing activities		
9 Property, plant and equipment payments	(13,144)	(1,991)
8 Advances payments for the acquisition of property, plant and equipment	(1,843)	(3,340)
10 Acquisition of intangible assets	<u>—</u>	<u>(104)</u>
Net cash used in investing activities	<u>(14,987)</u>	<u>(5,435)</u>
Cash flows from financing activities		
7 Dividends paid	(51,552)	(42,390)
11 Payments to capital of lease liabilities	(413)	(361)
9 Property, plant and equipment payments	<u>(9,025)</u>	<u>(1,043)</u>
Net cash used in financing activities	<u>(60,990)</u>	<u>(43,794)</u>
(Decrease) increase net in cash	(7,434)	36,153
Cash at the beginning of the year	<u>42,406</u>	<u>6,253</u>
Cash at the end of the year	<u>$\text{\\$}$ 34,972</u>	<u>$\text{\\$}$ 42,406</u>
Supplementary disclosure of non-cash operating activities:		
9 Property, plant and equipment purchases not paid at year end	<u><u>$\text{\\$}$ 17,034</u></u>	<u><u>$\text{\\$}$ 11,837</u></u>

The accompanying notes are an integral part of these special purpose financial statements.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

1. Organization and nature of operations

Dominican Power Partners (“the Company” or “DPP”) is a limited liability company and was organized under the laws of the Cayman Islands and was incorporated on November 14, 1995. For purposes of these financial statements, the terms "The Company" or "DPP" refer to the branch of Dominican Power Partners registered under the same name in Santo Domingo, Dominican Republic. The Company is a subsidiary of AES DPP Holding, LTD. which in turn is an indirect subsidiary of The AES Corporation (“the Parent Company” or “AES”). On June 30, 1997, DPP was acquired by Parent Company through several subsidiaries wholly owned by AES.

DPP has a registered branch in Santo Domingo, Dominican Republic that owns the Los Mina V and VI generation units and an energy storage unit. The units have an installed generation capacity of 368 MWh and consist of two combined-cycle turbo-gas turbine-generators, a battery unit for energy storage and other equipment necessary for electricity generation. DPP began commercial operations on May 4, 1996, and has an operating permit until June 30, 2027. During 2002 and 2003, the plants received a consistent upgrade in the installation of a compression system and an evaporator cooler. In March 2003, the Company implemented the conversion to natural gas fueling, resulting in a cleaner generation plant. In June 2017, the project to convert the gas units to combined cycle steam and the installation of the storage unit were completed.

The Company contracts with customers in the market of large entities who are allowed to generate their own electricity or contract directly with generators, or the unregulated market (usually known as "Non-Regulated Users"). The Company has a total of 3 contracts with Non-Regulated Users with a total of 8.8 MWh of contracted capacity as of December 31, 2024 and 10 contracts with a total of 28 MWh of capacity as of December 31, 2023.

For the year ended December 31, 2024 and 2023, Management evaluated and considered the Company to be a single segment of power generation and sale in the Dominican Republic.

The administrative office is located at 86 Rafael Augusto Sánchez Street, Roble Corporate Center Building, 5th floor, Piantini Extension, in Santo Domingo, Dominican Republic.

The Company's financial statements as of December 31, 2024, were authorized by Management for issuance on April 8, 2025.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

2. Basis of preparation

(a) Basis of preparation

The special purpose financial statements of Dominican Power Partners have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) based on a historical cost basis, except for certain items that have been valued as indicated in the accounting policies detailed in Note 3.

These special purpose financial statements are not intended to comply with any local or statutory requirements in Cayman Islands and/or in any country where the Company and its subsidiaries operates. The special purpose financial statements are prepared to assist the shareholders in evaluating the overall performance of the Company and complying with the financial institutions requirements of presenting audited special purpose financial statements.

Any mention of the financial statements in the notes corresponds to these special purpose financial statements.

(b) Presentation currency

The functional currency of the Company is the Dominican peso; however, the Company has adopted the United States dollar (\$) as the functional and presentation currency of its financial statements because this currency better reflects the events and transactions carried out by the Company. The adoption of the U.S. dollar as the functional currency was mainly based on the fact that this currency is used for energy and services sales prices, principal purchases of goods and services, and the Company's financing activities.

Monetary assets and liabilities denominated in foreign currency are translated into the Company's functional currency at the exchange rate in effect on the dates of the statement of financial position; the effect of changes in exchange rates is recognized in the income statement in the foreign exchange (loss) gain account, net. As of December 31, 2024, the exchange rate for dollar of the United States of America (US\$) against the Dominican peso (RD\$) was RD61.32 (2023: RD\$58.26) and the annual average exchange rate was RD\$59.57 (2023: RD\$56.16).

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

2. Basis of preparation (continued)

(c) Classification of assets and liabilities in current and non-current

The Companies present assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when the Company:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

(d) Use of estimates and assumptions

The preparation of the financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The main judgments, estimates and assumptions made by the Company are: estimated for expected credit losses, allowance for obsolete inventory, useful lives of property, plant and equipment and intangible assets, impairment of non-financial assets, valuation of deferred income tax assets and unbilled estimated income.

Dominican Power Partners

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

3. Summary of material accounting policies

The accounting policies described below have been consistently applied in the years presented in these financial statements by the Company.

(a) Financial instruments

Initial recognition and measurement

Financial instruments are initially recognized when the Company becomes a contractual party of the instrument, with the exception of accounts receivable that are initially recognized when they originate.

A financial instrument, with the exception of accounts receivable that do not contain a significant financing component, is initially measured at its fair value plus transaction costs that are directly attributable to its acquisition or issue. Account receivables that do not contain a significant financing component are initially measured at the transaction price.

At initial recognition, financial assets are classified as: amortized cost, fair value through other comprehensive income in equity and fair value through statement of comprehensive income. The Companies do not choose to irrevocably designate the measurement of financial assets at fair value through profit or loss or other comprehensive income in equity.

Financial liabilities are initially recognized at fair value plus the costs directly attributable to the transaction. In the case of maintaining a financial liability for trading, it would be measured at fair value through profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Classification and measurement

Financial assets:

Financial assets are not reclassified after initial recognition unless the Company changes the business model to manage financial assets, in which case all affected financial assets are reclassified on the first day of the first presentation period after the change in the business model, which is revised annually.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

3. Summary of material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- It is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, exchange gains or losses and impairment are recognized in profit or loss. Any gain or loss at the time of derecognizing assets is recognized in profit or loss.

A financial asset is measured at fair value through other comprehensive income in equity if the following conditions are met:

- It is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments recognized at fair value through other comprehensive income are subsequently measured at fair value. Interest income, calculated using the effective interest method, exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. When the assets are derecognized, the gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Investments in equity instruments recognized at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividend represents a recovery of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and they are not reclassified to profit or loss.

All financial assets that are not measured at amortized cost or fair value through other comprehensive income, as described above, are measured at fair value through profit or loss. This measurement category includes all derivative financial instruments.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

3. Summary of material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

Financial asset: evaluation of the business model

The Company performs an annual evaluation of its operations to determine how it manages its financial assets, designates its business model and the groups of financial assets to achieve a specific business objective, which will not depend on the intentions of management for an individual instrument.

The levels of aggregations considered by the administration to perform the evaluation of the business model are five: cash, accounts receivable trade, other accounts receivable and related parties.

The Company's business model is to recover the contractual cash flows at maturity in order to comply with the administration's objectives. In situations of credit or liquidity risks, the Company may consider the sale of financial assets; however, the frequency, value and timing of sales of financial assets in prior periods are evaluated to determine whether they represent a change in the way financial assets are managed.

Financial assets: Solely Payments of Principle and Interest test ("SPPI")

As part of the classification process, the Companies evaluate the contractual terms to identify whether or not it meets the SPPI test.

- **Principal:** The purpose of this test is to define whether the fair value of the financial assets recognized at the beginning has changed over the estimated life of the financial asset.
- **Interest:** the most significant elements for the evaluation of the SPPI test are typically the value of money over time and credit risk, the Companies apply estimates and other factors that they consider relevant in the test such as: the currency in which the financial asset is denominated and the period for which the interest rate is defined.

In the realization of this test, it is evaluated whether the financial asset contains any contractual term that could change the terms or the amount of the cash flows in a way that does not comply with the test, such as: Contingent events, terms that can adjust the rate, payment and extension features; and convertibility.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

3. Summary of material accounting policies (continued)

(a) Financial instruments (continued)

Financial assets: Solely Payments of Principle and Interest test ("SPPI") (continued)

A prepaid feature is consistent with the characteristics of solely principal and interest payments if the prepayment amount substantially represents the amounts of the principal and interest pending payment, which could include reasonable additional compensation for early termination of the contract.

Financial asset derecognition

The Company derecognizes financial assets only when the contractual rights to receive through cash flows have expired; or when the Company has transferred the financial assets and substantially all the risks and rewards inherent in ownership of the asset.

If the Company does not transfer and retain substantially all the risks and rewards of ownership of the transferred financial assets, the Company continues to recognize the financial asset and also recognizes a liability according to a criterion that reflects the rights and obligations that it has retained.

Cash

The Company considers as cash its bank and cash deposits with initial maturity dates that are less than three months.

Cash are managed under a business model of held to maturity to recover the contractual cash flows and are measured at its amortized cost.

Account receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are initially recognized at the amount of the respective documents or invoices. Accounts receivable are subsequently valued at their amortized cost less an estimate for the valuation of these accounts receivable.

The allowance for expected credit losses, if any, is estimated considering the customer's collection history, the age of the balances owed, as well as specific evaluations of individual balances. Accounts receivable are subject to commercial interest, which are determined in accordance with the regulations of the electricity sector and in accordance with the terms established in the energy sales contracts.

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Notes to the Special Purpose Financial Statements

December 31, 2024 and 2023

(Expressed in thousands of dollars of the United States of America- \$)

3. Summary of material accounting policies (continued)

(a) Financial instruments (continued)

Accounts receivable (continued)

The book value of accounts receivable is reduced for impairment through the use of the allowance account for possible uncollectible accounts, if any.

When the account receivable is considered irrecoverable, it is written off against the allowance for possible uncollectible accounts. Changes in the book value of the allowance account for possible uncollectible accounts are recognized in the statement of comprehensive income.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For the determination and valuation of the expected credit losses, the Company adopted the simplified approach and the presumption of "default" after 90 days, for all customers with the exception of accounts receivable from government customers for which the default was defined as 365 days. In the case of accounts receivable from related parties, non-compliance will be from 365 days; however, some balances may be excluded when there is evidence of conditions that could reasonably justify their exclusion, such as payment agreements or settlements of new guarantees, among others.

In the estimation of impairment, the Company uses historical information on the behavior of the portfolio and of the recoveries during the last three years, excluding balances with guarantees. This matrix is reviewed every three years, unless there are new conditions or changes that materially affect the behavior of the recovery of financial assets.

With the objective of incorporating prospective information, the Company uses historical information and analyzed variables that affect and help to predict the behavior of the recoverability of financial assets, none of which showed an adequate correlation. However, the Company periodically performs qualitative risk analyses to identify changes in the estimated losses. As of December 31, 2024 and 2023, the Company determined that there are no indications of significant changes in the balances of doubtful accounts.

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3. Summary of material accounting policies (continued)

(b) Financial liabilities: Recognition and measurement

Financial liabilities are initially recognized at fair value plus costs directly attributable to the transaction. After initial recognition, financial liabilities are measured at amortized cost; any difference between the financial liability (net of transaction costs) and the value of the deferred financing cost is recognized in the statements of comprehensive income over the period of the loans using the effective interest method. The Company recognizes gains or losses in the statements of comprehensive income of the period when the financial liability is written off.

The amortized cost of a financial instrument is defined as the amount at which the financial instrument was measured on the date of initial recognition less capital payments, plus or minus the accumulated amortization, applying the effective interest rate method, of any difference between the initial amount and the amount due, less any provision.

The effective interest rate method is a method of calculating the amortized cost of a financial instrument (or group of instruments) and of allocating interest income and expense over the relevant period.

Derecognition of financial liabilities

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of income.

(c) Fair value of financial instruments

The value of current financial assets and current financial liabilities is estimated to be equal to the reported carrying amounts due to the short-term maturity of these instruments. Long-term financial debt has a fixed interest rate and its fair value is not estimated to be equal to its book value. For those financial instruments for which there is no active financial market, the fair value is determined using valuation techniques.

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3. Summary of material accounting policies (continued)

(d) Inventory

Inventories, which mainly consist of materials and spare parts, used for the maintenance of generation equipment, are recorded at the lower of their cost or net realizable value. Cost is determined using the average cost method. The Company performs periodical physical inventories and any identified difference is adjusted in the statement of income.

(e) Property, plant and equipment

Property, plant and equipment were recorded at their fair values for the only time in the initial adoption of IFRS made in 2009, applying the fair value or revaluation as cost attributed to certain buildings and electricity generation assets net of deferred income tax corresponding to the increase in the fair value of these assets. The adjustment was recorded against the initial balance of restricted retained earnings for the 2009 fiscal period.

Property, plant, and equipment is initially stated at acquisition cost. Property, plant and equipment is presented net of accumulated depreciation and accumulated impairment losses, if any. The cost includes important investments for the improvement and replacement of critical parts for the generation units that extend the useful life or increase the capacity and meet the conditions for its recognition.

When assets are sold or written off, the corresponding cost and accumulated depreciation are eliminated from the accounts, and the resulting gain or loss is reflected in the statements of comprehensive income. When property, plant and equipment have different useful lives, they are accounted for separately.

Depreciation

Depreciation is calculated according to the useful lives of the respective assets using the straight-line method. The useful life is reviewed annually.

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3. Summary of material accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation (continued)

The depreciation rates used are based on the estimated useful lives of the assets and are detailed below:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	30 to 65 years
Generation equipment	8 to 40 years
Office equipment and others	4 to 7 years
Vehicles	4 to 8 years

Capital spare parts, including rotatable spare parts, are included in generation plant and are depreciated over their estimated useful life after the part is placed in service.

Major and minor maintenance

Disbursements for major maintenance represent the reconditioning of the plant or other assets. These expenses are capitalized and amortized based on the useful life of each asset.

Minor maintenance expenses are charged directly to operating, general and maintenance expense in the statements of income.

Construction in progress

Construction costs of the projects include costs of salaries, engineering costs, insurance, interest and other costs. Construction in progress balances are stated at cost and transferred to electricity generation assets when an asset group is ready for its intended use.

(f) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets at the end of each year in order to identify impairments or when facts or circumstances indicate that the amounts recorded may not be recoverable.

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3. Summary of material accounting policies (continued)

(f) Impairment of non-financial assets (continued)

Assets subject to amortization or depreciation are reviewed at the end of each accounting period. Impairment exists when circumstances or changes indicate that the book value cannot be recovered. An impairment loss is recognized for the amount of excess book value compared to its recoverable amount, which represents the higher of fair value less costs to sell and value in use.

To assess impairment, assets are grouped at their lowest level for which there are separately identifiable cash flows. Any loss due to permanent impairment of an asset is recorded in the statement of income.

(g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liability and adjusted by the amount of recognized lease liabilities, the initial direct costs incurred and the lease payments made to any remeasurement of lease liabilities.

Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	1 year
Corporate office and parking	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortization is calculated using the estimated useful lives of the assets.

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3. Summary of material accounting policies (continued)

(g) Leases (continued)

Lease liabilities

At the lease commencement date, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed lease payments less any incentive lease receivable, variable lease payments less any incentive lease receivable, variable lease payments dependent on an index or rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term asset and equipment leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The low-value asset recognition exemption also applies to office equipment leases that are considered low-value.

Payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the term of the lease.

(h) Provisions

A provision is recognized when the Company has a present obligation, legal or constructive, as the result of a past event, the amount of the obligation can be measured reliably and it is probable that the Company will require cash resources to settle the obligation. The amount of the provisions recorded are assessed periodically and the necessary adjustments are recorded in the results of the year.

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3. Summary of material accounting policies (continued)

(i) Commitments and contingencies

All losses from contingent liabilities arising from claims, litigation, agreements, penalties and others, are recognized when it is probable that the liability will have to be incurred and the amounts of expenses could be reasonably estimated.

(j) Revenue recognition

The Company obtains its revenue from the sale of electricity through contracts or the spot market. Revenue is recognized when control of the goods or services has been transferred to customers for an amount that reflects the consideration to which we expect to be entitled in exchange for such goods or services.

The electricity is sold to customers such as distribution companies, unregulated users and other generators.

Sales contracts, based on specific circumstances and facts, may have one or more performance obligations as the promise to deliver power, capacity, natural gas and other services may or may not be different depending on the nature of the market and the terms of the contract. As performance obligations are generally met over time and use the same method to measure progress, performance obligations meet the criteria to be considered a series.

When measuring the progress of the satisfaction of a performance obligation, the Company applies the "right to invoice" to the client and recognizes the income for the amount counter-borrowed, at a value that corresponds directly to the obligation that has been completed to date.

For contracts containing multiple performance obligations, the Company allocates revenue to each obligation based on the independent relative selling price, for which it uses a market or expected cost plus margin approach.

Additionally, the Company allocates variable consideration to one or more, but not all, distinct goods or services that form part of a single performance obligation when (1) the variable consideration relates specifically to the efforts to transfer the distinct good or service and (2) the variable consideration depicts the amount to which the Company expects to be entitled in exchange for transferring the promised good or service to the customer.

Revenue from generation contracts is recognized using an output method, as energy and capacity delivered best depicts the transfer of goods or services to the customer. Performance obligations including energy or ancillary services are generally measured by the MWh delivered; the capacity is measured using MWh.

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3. Summary of material accounting policies (continued)

(j) Revenue recognition (continued)

When energy or capacity is sold or purchased in the spot market, the Company assesses the facts and circumstances to determine gross versus net presentation of spot revenues and purchases. Generally, the nature of the performance obligation is to sell surplus energy or capacity above contractual commitments, or to purchase energy or capacity to satisfy deficits. Generally, on an hourly basis, a generator is either a net seller or a net buyer in terms of the amount of energy or capacity transacted in the spot market. In these situations, the Company recognizes revenue for the hours where the generator is a net seller and cost of sales for the hours where the generator is a net buyer.

(k) Income tax expense

Income tax expense for the year includes both current tax and deferred tax. The current income tax expense refers to the estimated tax payable on the taxable profit of the year, using the income tax rate enacted at the date of the statement of financial position and any adjustment related to previous years. The deferred income tax is calculated based on the liability method, considering the temporary differences between the carrying amount of the assets and liabilities.

The Company offsets the deferred tax asset with deferred tax liability and it is reviewed as of the date of each statement of financial position.

The carrying amount of a deferred tax asset is subject to review at the date of each statement of financial position.

The Companies reduce the amount of the balance of the deferred tax asset, to the extent that it is considered likely that it will not have sufficient taxable profits in the future to allow charging against it a part or the entire benefits from the deferred tax assets. Furthermore, as of each financial period close, the Companies reconsider the deferred tax assets to include those that have not been recognized previously.

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4. Changes in accounting policies

The accounting policies adopted by the Company for the preparation of its financial statements as of December 31, 2024 are consistent with those that were used for the preparation of its financial statements as of December 31, 2023.

(I) Changes in standards applicable to 2024.

The modifications to International Financial Reporting Standards (IFRS) and interpretations were first applied in 2024, but they did not significantly impact the Company's financial statements. The modifications and interpretations include:

The amendments and interpretations are:

- Amendments to IFRS 16 - Lease Liabilities in a Sale and Leaseback Transaction
- Classification of Liabilities as Current or Non-Current - Amendments to IAS 1
- Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7

(II) Future Changes in Accounting Policies

IFRS Accounting Standards or their interpretations and amendments issued, but not yet effective, as of the date of issue of the Company's financial statements are described below. The standards or interpretations and amendments described are only those that, in the judgment of management, may have a material effect on the Company's financial disclosures, position or performance when applied at a future date. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of interchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify when entities should assess whether a currency is interchangeable with another currency and when it is not, and how an entity determines the exchange rate to be applied when a currency is not interchangeable. The amendments also require information that enables users of its financial statements to assess how the lack of exchangeability of a currency affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments will be effective for annual periods beginning on or after 1 January 2025. Early application is permitted provided that this fact is disclosed. By applying the amendments, entities will not be able to restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

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4. Changes in accounting policies (continued)

IFRS 18 Presentation and disclosures in financial statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of financial statements. IFRS 18 introduces new requirements for the presentation of information within the income statement, including specific totals and subtotals. In addition, entities must classify all income and expenses within the income statement into one of five categories: operating activities, investing activities, financing activities, income taxes and discontinued operations, of which the first three categories are new.

It also requires entities to disclose newly defined performance measures by management, subtotals of income and expenses and includes new requirements for aggregating and disaggregating financial information based on identified “functions” arising from the primary financial statements and notes.

Limited-scope amendments were issued to IAS 7 Statement of Cash Flows, including changing the starting point when determining cash flows from operations using the indirect method from “net profit or loss” to “operating profit or loss” and removing the optionality around the classification of dividend and interest cash flows. Consequently, further amendments were made to many other standards.

IFRS 18 and the amendments to the other standards are effective for periods beginning on or after 1 January 2027; however, early application is permitted provided this fact is disclosed. IFRS 18 will be applied retrospectively.

The Company is currently working to identify all the effects that the amendments will have on the primary financial statements and the notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply the reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS accounting standards. To be eligible, at the end of the reporting period, the entity: (i) must be a subsidiary as defined in IFRS 10, (ii) cannot have public accountability, and (iii) must have a controlling entity (bottom or intermediate level of consolidation) that prepares consolidated financial statements that are available for public use and comply with IFRS accounting standards. IFRS 19 is effective for periods beginning on or after January 1, 2027, with earlier application permitted.

The Standard is not expected to have a material impact on the Company's financial statements.

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5. Cash

As of December 31, cash are detail as follow:

	<u>2024</u>	<u>2023</u>
Cash in US dollars	\$ 31,396	\$ 37,796
Cash in Dominican Pesos	3,576	4,610
Total	<u>\$ 34,972</u>	<u>\$ 42,406</u>

Cash and cash equivalents balances include overnight that earned interest at rates between 0.63% - 2.88% (2023 : 1.25% - 3.75%).

6. Accounts receivable trade, net

The accounts receivable trade, net, consist of the following:

	<u>2024</u>	<u>2023</u>
Account receivable trade - net		
Empresa Distribuidora de Electricidad del Este, S.A.	\$ 21,485	\$ 9,735
EDENORTE Dominicana, S.A.	30,250	9,860
EDESUR Dominicana, S.A.	8,919	9,736
Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE)	1,776	1,776
Unbilled revenue	31,392	32,083
Others	23	90
Sub-total	<u>93,845</u>	<u>63,280</u>
Estimated for expected credit losses	(43)	(14)
Accounts receivable trade, net	<u>\$ 93,802</u>	<u>\$ 63,266</u>
Estimated for expected credit losses		
Beginning balance	\$ (14)	\$ (119)
Increase	(29)	(4)
Decrease	—	109
Total estimated for expected credit losses	<u>\$ (43)</u>	<u>\$ (14)</u>

Accounts receivable generate interest according to regulations in the electricity sector and according to the terms established in the energy sale contracts.

Unbilled revenue correspond to the estimated income from power generation for the last days of December 31, 2024, which is dispatched monthly and reconciled with the electricity market regulator in the Dominican Republic.

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4. Changes in accounting policies (continued)

A detail of the age of accounts receivable, including those with a delay in their recovery but not impaired and including an impairment estimate for expected credit losses for a part of those with an age of 91 days or more after December 31 of each period, are presented below:

	<u>2024</u>	<u>2023</u>
Current	\$ 58,858	\$ 61,297
31 to 60 days	23,076	174
61 to 90 days	10,080	—
91 days and more, net of estimated for expected credit losses	1,788	1,795
Total	<u><u>\$ 93,802</u></u>	<u><u>\$ 63,266</u></u>

7. Balances and transactions with affiliated companies

As of December 31, the balances receivable and payable are as follows:

	<u>2024</u>	<u>2023</u>
Accounts receivable from related parties		
AES Andres DR, S. A.	\$ 104,686	\$ 80,302
AES Argentina Generación, S. A.	179	179
Others	66	66
AES Latin América S. de R.L.	62	60
AES España B.V.	15	—
Total accounts receivable from related parties	<u><u>\$ 105,008</u></u>	<u><u>\$ 80,607</u></u>
Loans and interest receivable from related party:		
AES España, B.V. - loans receivable	\$ 34,603	\$ 32,199
AES España, B.V. - interests receivable	1,409	1,318
Total loans and interest receivable from related party	<u><u>\$ 36,012</u></u>	<u><u>\$ 33,517</u></u>

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7. Balances and transactions with affiliated companies (continued)

	<u>2024</u>	<u>2023</u>
Accounts payable to related parties		
AES Andres DR, S. A.	\$ 92,603	\$ 12,915
AES Latin América S. de R.L.	422	117
AES Engineering, LLC	15	15
AES Big Sky, L.L.C.	129	—
The AES Corporation, Inc.	—	8
Others	26	12
Total accounts payable to related parties	<u><u>\$ 93,195</u></u>	<u><u>\$ 13,067</u></u>
Interest payable to related party		
AES España, B.V.	\$ 15	\$ 215
Total interest payable to related party	<u><u>\$ 15</u></u>	<u><u>\$ 215</u></u>
Loan payable to related party		
AES España, B.V.	\$ 51,988	\$ 51,988
Total loan payable to related party	<u><u>\$ 51,988</u></u>	<u><u>\$ 51,988</u></u>

Loans and interest receivable - AES España, B.V.

On June 15, 2023, the Company signed an amendment to the loan agreement signed on December 15, 2022 with its affiliate AES España B.V. which consolidated 2 previous loan agreements at an SOFR+ 2.10%. Additionally, it indicated the capitalization of outstanding interest to date in the amount of \$1,016 and an extension of the maturity term to June 14, 2024. As of December 31, 2023, the outstanding amount of this loan was \$32,199. On May 31, 2024, the Company signed a new amendment to the agreement capitalizing interest in the amount of \$2,404 and increasing the amount to \$34,603, with the maturity of this new agreement being December 15, 2025.

As of December 31, 2024, interest receivable from these loans amounts to \$1,409 (2023: \$1,318) and is recorded in the statements of financial position as part of the current assets under the heading of loans and interest receivable from related parties.

As of December 31, 2024, interest income related to these loans amounted to \$2,495 (2023: \$2,289) and is presented in the income statements under the heading of financial costs, net. (see note 19).

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7. Balances and transactions with affiliated companies (continued)

Loan and interest payable - AES España B.V.

On May 4, 2021, the Company entered into a loan agreement with its affiliate AES España B.V. for a maximum amount of \$51,988 with a rate defined as the reference rate of the United States of America published by the Wall Street Journal plus the spread of the Emerging Bond index for the Dominican Republic, at the end of 2023 this rate turned out to be 10.70% (2023: 11.47%).

Interest payments are semi-annual, while principal will be paid when due on May 4, 2028. The funds received were used to pay the international bonds in advance (see note 14).

As of December 31, 2024, the interest payable derived from this loan amounts to \$15 (2023: \$215) and is recorded in the statements of financial position as part of the current liabilities under the heading of interest payable to related parties.

For the year ended December 31, 2024, interest expense related to this loan amounts to \$6,431 (2023: \$6,699) and is presented in the income statements under the heading of financial costs, net. (see note 19).

Dividends

During the year ended December 31, 2024, the Company declared dividends of \$51,552 (2023: \$42,390) representing \$3.44 of earnings per share (2023: \$2.83 of earnings per share). The distribution of dividends is made based on tax accounting in Dominican pesos.

The transactions with related parties in 2024 and 2023, are summarized below:

<u>Affiliate</u>	<u>Transaction type</u>	<u>Revenues</u>		<u>Costs and Expenses</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
AES Andres DR, S. A.	Energy, capacity and LNG	\$ 28,432	\$ 35,542	\$ (218,619)	\$ (186,035)
AES España, B.V.	Interest on loans and guarantee charge	2,495	2,289	(6,822)	(7,089)
AES Latin América S. de R.L.	Various services	765	734	(4,820)	(5,743)
AES Dominicana Renewable Energy, S.A.	Energy, firm capacity and frequency regulation	—	700	—	—
Fluence Energy, L.L.C.	Various services	—	—	(138)	(120)
AES Big Sky, L.L.C.	Various services	—	—	(1,388)	(1,043)
AES Global Insurance Corporation	Insurance	—	—	(8,773)	(7,660)
Total		\$ 31,692	\$ 39,265	\$ (240,560)	\$ (207,690)

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7. Balances and transactions with affiliated companies (continued)

The main contracts with related parties are as follows:

Natural gas purchase and sale agreements - AES Andres DR, S. A. ("ANDRES")

DPP maintains agreements for the sale and purchase of natural gas ("The Gas Purchase Agreement") and the Natural Gas Transportation Agreement with its affiliate AES Andres DR, S.A. ("ANDRES"), which began with the completion of construction in ANDRES of the Liquefied Natural Gas (LNG) facility and the gas pipeline in March 2003. Both contracts expired on March 31, 2023. On April 1, 2023 was signed a new contract with an expiration date on March 31, 2033.

For the year ending December 31, 2024, the costs associated with these contracts are presented in the statements of income as part of cost of revenues - fuel and fuel-related costs for \$218,568 (2023: \$186,032).

Purchase Power Agreement (PPA) - ANDRES

The Company maintains an energy sale agreement with the related company AES Andres DR, S.A. ("ANDRES") through which the Company sells energy and supported firm capacity. This contract began on June 1, 2017 and remains in effect indefinitely unless both parties agree to terminate it. For the year ended December 31, 2024, energy sales related to this contract included as part of electricity sales revenue in the statements of income amounted to \$28,432 (2023: \$35,542).

During the year ended December 31, 2024, the Company purchased energy from ANDRES on the spot market for \$51 (2023: \$3) and did not sell to it in 2024 (2023: \$21).

Others - AES Dominicana Renewable Energy, S.A. ("ADRE")

During the year ended December 31, 2024, the Branch did not sell energy on the spot market to AES Dominicana Renewable Energy, S.A., ("ADRE") (2023: \$700).

Insurance agreement - AES Global Insurance Corporation

The Company maintains an insurance policy against all risks with the related party AES Global Insurance Corporation (AGIC), which covers all operational risks including machinery breakdown and business interruption. The expense for this concept for the year ended December 31, 2024 was \$8,773 (2023: 7,660) included in the statements of income in the operating, general and maintenance expenses as insurance. (see note 18).

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7. Balances and transactions with affiliated companies (continued)

Guarantee agreement - AES España, B.V.

On April 7, 2017, the Company obtained a guarantee agreement with AES España, B.V., an affiliate company, which acts as guarantor of the Corporate Bonds Issuance Program approved by and registered with the Superintendence of Securities of the Dominican Republic obtained by the Company on December 13, 2016 (see note 15). The Company agreed to pay a guarantee charge equivalent to 0.15% of the total bonds issued on the last day of the corresponding calendar year. For the year ended December 31, 2024, the Company recorded guarantee charges of \$391 (2023: \$390), which are included in the statements of income in the operating, general and maintenance expense as management fees. (see note 18).

Other services - Fluence Energy, LLC

On June 1, 2017, the Company entered into a service agreement with related Fluence Energy, LLC ("FLUENCE"), a related company owned by The AES Corporation, whereby FLUENCE will temporarily provide technical services as detailed in such agreement to work on the development of projects at the Company. This contract is valid for one year and is automatically renewed unless terminated by one of the parties. Expenses for these services for the year ended December 31, 2024 were \$138 (2023: \$120) and are presented in the income statement under the heading of general, operation and maintenance expenses as other operating and administrative expenses such as contracted services (see note 18).

Management Agreement- AES Latin America S. de R.L.

The Company maintains a management agreement with AES Latin America S. de R.L., to provide general assistance in the processes of operation, finance, business planning, human resources, insurance, information technology, among others to ensure competitiveness. For the year ended December 31, 2024, expenses related to this contract amounted to \$4,820 (2023: \$5,743) included in the statements of income in operating, general and maintenance expenses as contracted services. (see note 18).

Additionally, this agreement establishes that the Company invoices as other income, certain costs incurred by local personnel, which for the year 2024 amounted to \$765 (2023: \$734) and are included in the statements of income in the item of revenue.

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7. Balances and transactions with affiliated companies (continued)

Global service agreement- AES Big Sky, L.L.C.

The Company signed a global corporate services agreement on January 1, 2020 with the related AES Big Sky, L.L.C., for technology, human resources, operations and commercial services necessary to ensure competitiveness in the Dominican energy market. The services will be provided by AES Big Sky directly or through its affiliates or subcontractors. The contract is valid for 5 years and will be automatically renewed for successive periods of one year, in agreement with the parties. The established payment is the actual cost assumed by AES Big Sky plus applicable taxes.

For the year ended December 31, 2024, fee expenses related to this contract included in the statements of income in operating, general and maintenance expenses as contracted services were \$1,388 in 2023 (2023: \$1,043). (see note 18).

Remuneration of key personnel:

The compensation of the Company's executives during the years ended December 31, 2024 and 2023, amounted to \$1,054 and \$998, respectively. These amounts include fixed monthly compensation, variable bonuses according to performance, long-term compensation and other compensation.

8. Other non-financial assets

As of December 31, the other non-financial assets are detailed as follow:

	<u>2024</u>	<u>2023</u>
Current:		
Advance payment for the maintenance agreement (see note 15)	\$ 4,153	\$ 2,719
Prepaid insurance	2,306	1,973
Prepayments to vendors	31	20
Prepaid assets	—	10
Other prepayments	—	13
Total current assets	<u><u>\$ 6,490</u></u>	<u><u>\$ 4,735</u></u>
Non-current:		
Advance payments for the acquisition of property, plant and equipment	\$ 1,843	\$ 3,340
Guarantee deposits	145	142
Total non-current assets	<u><u>\$ 1,988</u></u>	<u><u>\$ 3,482</u></u>

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8. Other non-financial assets (continued)

Prepaid assets correspond to computer application contracts hosted in the cloud. They are agreements in which the Company does not have ownership, but accesses and uses them as needed through the Internet or a dedicated line. Once the implementation phase is completed, it is amortized to general, operation and maintenance expenses over the useful life of the contract.

The guarantee deposits correspond to time deposit that are used as collateral for loans to employees which are not expected to be used in a period of 12 months and accrue interest at an annual rate ranging between 9% and 6% (2023: 6%).

9. Property, plant and equipment, net

The movement of property, plant and equipment during the years ended December 31, 2024 and 2023, is as follow:

As of December 31, 2024								
	Land	Buildings	Generation plant	Office equipment and others	Vehicles	Spare parts	Construction in progress	Total
Cost:								
Beginning balance	\$ 9,256	\$ 7,422	\$ 436,551	\$ 3,214	\$ 577	\$ 10,824	\$ 1,795	\$469,639
Additions	—	—	23,522	150	—	17	7,018	30,707
Retirements	—	—	(10,124)	—	—	(4,450)	—	(14,574)
Reclassifications	—	22	(9,637)	71	—	10,903	(1,398)	(39)
Ending balance	9,256	7,444	440,312	3,435	577	17,294	7,415	485,733
Accumulated depreciation:								
Beginning balance	—	3,077	207,534	2,519	393	7,323	—	220,846
Additions	—	301	17,398	359	53	—	—	18,111
Retirements	—	—	(6,245)	—	—	(3,687)	—	(9,932)
Reclassifications	—	—	(5,624)	—	—	5,624	—	—
Ending balance	—	3,378	213,063	2,878	446	9,260	—	229,025
Net balance	<u>\$ 9,256</u>	<u>\$ 4,066</u>	<u>\$ 227,249</u>	<u>\$ 557</u>	<u>\$ 131</u>	<u>\$ 8,034</u>	<u>\$ 7,415</u>	<u>\$256,708</u>

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9. Property, plant and equipment, net (continued)

As of December 31, 2023								
	Land	Buildings	Generation plant	Office equipment and others	Vehicles	Spare parts	Construction in progress	Total
Cost:								
Beginning balance	\$ 9,256	\$ 7,394	\$ 434,519	\$ 2,933	\$ 507	\$ 9,120	\$ 2,480	\$466,209
Additions	—	—	—	96	—	30	4,904	5,030
Retirements	—	—	(1,527)	—	(130)	—	—	(1,657)
Reclassifications	—	28	3,559	185	200	1,674	(5,589)	57
Ending balance	9,256	7,422	436,551	3,214	577	10,824	1,795	469,639
Accumulated depreciation:								
Beginning balance	—	2,758	190,875	2,170	465	7,276	—	203,544
Additions	—	319	17,792	349	56	—	—	18,516
Retirements	—	—	(1,086)	—	(128)	—	—	(1,214)
Reclassifications	—	—	(47)	—	—	47	—	—
Ending balance	—	3,077	207,534	2,519	393	7,323	—	220,846
Net balance	\$ 9,256	\$ 4,345	\$ 229,017	\$ 695	\$ 184	\$ 3,501	\$ 1,795	\$248,793

The costs of interest capitalized during the year ended December 31, 2024 amounted to \$400 (2023: \$100.0). The interest rate used to determine the amount of finance costs that were eligible to capitalize as of December 31, 2024 was 0.6% (2023: 0.6%), which is the average effective rate.

Reclassifications and adjustments include \$38 reclassified as intangible.

The main constructions in process as of December 31, 2024, correspond to major maintenance of the Los Mina VI and Los Mina VII units to be completed in 2025 and to various projects of the operation.

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9. Property, plant and equipment, net (continued)

The reconciliation of property, plant and equipment to the total amount of payments for the acquisition of property, plant and equipment from the statement of cash flows is as follows:

	<u>2024</u>	<u>2023</u>
Additions of property, plant and equipment	\$ 30,707	\$ 5,030
Plus: Purchases of property, plant and equipment not paid for at the end of year	11,837	10,151
Less: Purchases of property, plant and equipment not paid at the end of the previous year	(17,034)	(11,837)
Less: Advances to suppliers of property, plant and equipment	<u>(3,340)</u>	<u>(310)</u>
Total payments for acquisition of property, plant and equipment	<u>\$ 22,170</u>	<u>\$ 3,034</u>
Payments disclosed in the cash flow statement:		
Payments for acquisition of property, plant and equipment - investment activities	(13,144)	(1,991)
Payments for acquisition of property, plant and equipment - financing activities	<u>(9,025)</u>	<u>(1,043)</u>
Total payments disclosed in the cash flow statement	<u>\$ (22,169)</u>	<u>\$ (3,034)</u>

10. Intangible assets, net

As of December 31, intangible assets are detailed as follow:

	<u>2024</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Licenses and software systems	<u>\$ 2,677</u>	<u>\$ (2,639)</u>	<u>\$ 38</u>
	<u>2023</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Carrying amount</u>
Licenses and software systems	<u>\$ 2,639</u>	<u>\$ (2,523)</u>	<u>\$ 116</u>

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10. Intangible assets, net (continued)

The estimated useful lives are the following:

Licenses	3 years
Software	3 years

The movement of intangible assets is as follows:

	Licenses and software systems
Balance as of January 1, 2023	\$ 285
Additions	67
Reclassification	(124)
Amortization of the year	(112)
Balance as of December 31, 2023	116
Reclassification	38
Amortization of the year	(116)
Balance as of December 31, 2024	\$ 38

The following table summarizes the estimated amortization expense by category of intangible assets for the next years:

2025	\$ 19
2026	16
2027	3
Total	\$ 38

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11. Lease

Below are the carrying amounts of right-of-use assets recognized and the movements during the year 2024 and 2023:

	Land	Corporate offices and parking lots	Total
As of January 1, 2023	\$ 156	\$ 236	\$ 392
Additions (includes adjustments for inflation)	218	5	223
Amortization expense	(211)	(136)	(347)
As of December 31, 2023	163	105	268
Additions (includes adjustments for inflation)	223	701	924
Amortization expense	(219)	(139)	(358)
As of December 31, 2024	\$ 167	\$ 667	\$ 834

The carrying amounts of lease liabilities and movements during the year are shown below:

	2024	2023
As of January 1	\$ 276	\$ 402
Additions	924	223
Accretion of interest	16	12
Payments	(413)	(361)
As of December 31	\$ 803	\$ 276
Current lease liabilities	\$ 260	\$ 276
Non-current lease liabilities	\$ 543	\$ —

The maturity analysis of lease liabilities is disclosed in Note 22.

The following are the amounts recognized in statements of income:

	2024	2023
Amortization expense of right-of-uses assets (included in depreciation and amortization expenses)	\$ 358	\$ 347
Interest expense on lease liabilities (included in interest expense, net) (note 19)	16	12
Expense relating to leases of low-value assets (including in operating, general and maintenance expense) (note 18)	52	16
Total amount recognized in statements of income	\$ 426	\$ 375

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11. Lease (continued)

The Company maintains the following lease agreements as a lessee.

Land:

- The Company maintains a lease agreement with Empresa Generadora de Electricidad Itabo, S. A., for the lease of land, buildings and structures located in the old energy complex Los Mina, effective from October 1, 2014 and automatically renewed under the same conditions. This agreement will remain in effect until the Company exercises its purchase option right as established in the Option Agreement.

Corporate offices and parking lots:

- The Company maintains a lease agreement for its corporate offices and parking lots since March 2020 until September 30, 2024. In April 2024, a new contract was signed with an expiration date of October 2029.

12. Account payable suppliers and other liabilities

As of December 31, accounts payable are detailed as follow:

	<u>2024</u>	<u>2023</u>
Other taxes other than income tax	\$ 4,709	\$ 3,000
Maintenance agreement short term (see note 15)	4,679	5,930
Electricity purchases payable	2,616	5,172
Suppliers	1,992	3,383
Other accrued liabilities	1,884	2,425
Incentive compensations payable	811	871
Total accounts payable	<u><u>\$ 16,691</u></u>	<u><u>\$ 20,781</u></u>

Accounts payable to suppliers are due for up to 45 days from the date of issue of the respective documents or invoices, are not subject to any discount for prompt payment and most of them are payable in the currency of issue of the invoice, purchases of electricity payable generate interest if they are not paid at maturity.

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13. Bonds payable, net

The balance of local bonds payable, net of deferred financing costs, is detailed as follow:

	<u>2024</u>	<u>2023</u>
Bonds payable	\$ 260,000	\$ 260,000
Deferred financing cost, net	(932)	(1,304)
Bonds payable, net	<u>\$ 259,068</u>	<u>\$ 258,696</u>

The detail of the movement of the year of deferred financing costs, net is presented of the following:

	<u>2024</u>	<u>2023</u>
Deferred financing costs at the beginning of the year	\$ 1,304	\$ 1,678
Capitalized financing costs	(10)	(28)
Amortization	(362)	(346)
Total deferred financing cost at the end of the year	<u>\$ 932</u>	<u>\$ 1,304</u>

The distribution of tranches related to this local bonds program was as follows:

Local bonds payable	<u>Rate</u> %	<u>Maturity</u>	<u>Amounts</u>
Tranche 1	6.25	February 2027	\$ 50,000
Tranche 2	6.25	April 2027	50,000
Tranche 3	6.25	May 2027	50,000
Tranche 4	6.25	June 2027	50,000
Tranche 5	6.00	August 2027	35,000
Tranche 6	5.90	November 2027	25,000
			<u>\$ 260,000</u>

The Company maintains a Corporate Bonds Issuance Program approved by and registered with the Securities Superintendency of the Dominican Republic on December 13, 2016. The issuance program was for a maximum amount of \$300 million of which the Company executed \$260 million which were distributed in tranches throughout 2017. The use of the funds defined for this issue was the payment of the syndicated loan signed in 2014 to finance the construction of the combined cycle. AES España, B.V. acts as guarantor of this program of issuance of corporate bonds.

The interest payments are due quarterly with a single and definitive principal payment on each due date of each tranche.

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13. Bonds payable, net (continued)

The Company incurred costs for the issuance of these bonds of \$3,265, which were deferred and amortized under the effective interest method during the term of the debt contract.

As a consequence of the issuance of local bonds, the Company must comply with certain obligations established by the Securities Market Law No.19-00 and Application Regulation No. 664-12, specifically article 49 (Issuer Obligations); Article 212 (Financial information) and Article 50 (Activities not authorized to the issuer).

As of December 31, 2024, the Company is in compliance with these duties and obligations.

Changes in liabilities from financing activities

2024	Balance as of January 1, 2024	Cash flows- received	Cash flows- payments	Amortization of deferred financing costs	Other adjustments	Balance as of December 31, 2024
Loan and interest payable related parties	\$ 51,988	\$ —	\$ —	\$ —	\$ —	\$ 51,988
Local bonds payable, net	258,696	—	—	372	—	259,068
Lease liabilities	276	—	(413)	—	940	803
Total	\$310,960	\$ —	\$ (413)	\$ 372	\$ 940	\$ 311,859

2023	Balance as of January 1, 2023	Cash flows- received	Cash flows- payments	Amortization of deferred financing costs	Other adjustments	Balance as of December 31, 2023
Loan and interest payable related parties	\$ 51,988	\$ —	\$ —	\$ —	\$ —	\$ 51,988
Local bonds payable, net	258,322	—	—	374	—	258,696
Lease liabilities	402	—	(361)	—	235	276
Total	\$310,712	\$ —	\$ (361)	\$ 374	\$ 235	\$ 310,960

14. Fair value

The Company established a process to determine fair value of financial instruments. The determination of fair value considers market quoted prices. Nevertheless, on many occasions no quoted market prices exist for several of the Company's financial instruments. In cases in which market quoted prices are not available, the fair value is based on estimates using current value or other valuation techniques. These techniques are affected significantly by the assumptions employed, including the discount rate and future cash flows.

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14. Fair value (continued)

	<u>Book Value</u>		<u>Fair Value</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Financial liabilities				
Other financial liabilities	\$ 12,104	\$ 3,624	\$ 12,104	\$ 3,624
Lease liabilities	\$ 803	\$ 276	\$ 803	\$ 276
Loan payable related party	\$ 51,988	\$ 51,988	\$ 51,988	\$ 51,988
Bonds payable, net	\$ 260,000	\$ 260,000	\$ 258,996	\$ 256,726

The following methods and assumptions were used to estimate fair values:

- The carrying amount of certain financial assets, including cash and equivalents, restricted cash, short term investment in time deposit, accounts receivable, loan receivable related party and certain financial liabilities including accounts payable to suppliers and related parties and other current liabilities, due to their short maturity nature, is considered equal to their fair value.
- The Company calculates the fair value of loans payable to related parties based on information available at the date of the statements of financial position. The fair value is estimated based on the interest rate and other characteristics of the loan. These loans were contracted at a variable rate, therefore, the Company considers that their book value resembles a close approximation to their fair value.
- For bonds payable that are arranged at fixed interest rates and expose the Company to fair value interest rate risk, Management estimates the fair value of the Company's borrowings by discounting their future cash flows at market rates and is classified at Level 2 in the hierarchy of fair value.

15. Commitments and contingencies

Commitments

Energy sales contract with CDEEE and with Distribution Companies (Distros) and with Distribution Companies (Distros)

On January 27, 2023, the Company signed three sales agreements for the supply of energy and capacity with the distribution companies for 225MWh distributed as follows: EDESUR Dominicana, S.A, (EDESUR) up to 75MWh, EDENORTE Dominicana, S.A, (EDENORTE) up to 75MWh, Empresa Distribuidora de Electricidad del Este, S.A, up to 75MWh, The effective date of commencement of these contracts is 10 February 2023.

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15. Commitments and contingencies (continued)

On March 13, 2024, amendments to these contracts were signed, being distributed as follows: EDESUR Dominicana, S.A, (EDESUR) up to 100MWh, EDENORTE Dominicana, S.A, (EDENORTE) up to 100MWh, Empresa Distribuidora de Electricidad del Este, S.A, up to 100MWh; The expiration of these contracts was set for January 31, 2025. By letter of notification dated September 26, 2024, the Branch extended the term of the contract until December 31, 2025 in accordance with the clauses established in the contract.

The energy and capacity sales associated with these contracts are presented in the income statement in the amount of \$347,551 in 2024 (2023 \$283,602).

Energy sales contract with Non-regulated Users

The Company contracts with customers in the market of large entities who are allowed to generate their own electricity or contract directly with generators, or the unregulated market (usually known as "Non-Regulated Users"). The Company has a total of 3 contracts with Non-Regulated Users with a total of 8.8 MWh of contracted capacity as of December 31, 2024 and 10 contracts with a total of 28 MWh of contracted capacity as of December 31, 2023.

Maintenance Agreement

In 2018, the Company and Siemens Power Generation Services Company LTD entered into a maintenance agreement for the periods between 2018 and 2031. The total amount to be paid for this contract is \$57,600 million during its term.

As of December 31, 2024, the Company has received \$45,960 in spare parts related to this contract.

The balances related to this agreement include other current non-financial assets corresponding to advances granted for \$4,153 (2023: \$2,719) and balance payable of \$16,675 (2023: \$9,431) of which the current portion is for \$4,679 (2023: \$5,930), and non-current in other liabilities for \$11,996 (2023: \$3,501).

Other commitments

The Dominican Republic Labor Code requires severance benefits be paid to employees terminated without justified cause. The amount of this compensation depends on the time the employee has worked and other factors. The Company recognizes the expense for these severance benefits as incurred.

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15. Commitments and contingencies (continued)

Guarantees

Since November 5, 2019, the Company became the unconditional and irrevocable guarantor in conjunction with its related party AES Andres DR. S.A. and AES España, B.V., of a loan agreement of their related party AES Dominicana Renewable Energy, S.A. in the amount up to \$50,000. As of December 31, 2024, the Company was not requested to execute this guarantee.

Since May 4, 2021 the Company became the unconditional and irrevocable guarantor in conjunction with its related party AES Andres DR. S.A. of the international bonds issued by their related party AES España. B.V., in the amount of \$300,000, with maturity date of May 2028. As of December 31, 2024, the Company was not requested to execute this guarantee.

Line of credit

The Company maintains an uncommitted pre-approved credit facility in conjunction with its related companies ANDRES and AES España B.V. with Banco Scotiabank, S.A. in the amount of \$115,000. For the periods ended December 31, 2024 and 2023, the Company made no moves from this credit facility.

The Company maintains a pre-approved credit facility with Banco Multiple BHD, S.A. in the amount of \$30,000. For the periods ended December 31, 2024 and 2023, the Company made no moves from this credit facility.

16. Authorized capital

Capital in shares and contributed capital

Capital subscribed and paid of the Company amounts to \$15,000 and is made up of 15,000,100 ordinary shares with a value of \$100 each in the name of AES DPP Holding, Ltd. Additionally, the Company received a \$104,976 million of contribution that it recognized as contributed capital.

Additional paid in capital

Some employees of the Company are granted with a long-term compensation plan established by The AES Corporation Inc., which was made up of a cash amount in a period of three years after they were granted, if they still remain with the Company.

This compensation is based on meeting certain financial targets manage by the Company.

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16. Authorized capital (continued)

For the year ended December 31, 2024, \$63 (2023: \$71) was recorded for this item, which is reported in the line of general, operation and maintenance expenses under the heading of salaries and other benefits. In addition, the balance of the additional paid-in principal as of December 31, 2024 is \$1,329 (2023: \$1,266).

Restricted Retained Earnings

In 2009 with the first-time adoption of the International Financial Reporting Standards (IFRS), the Company applied the fair value or revaluation option as deemed cost to certain buildings and electric generation assets. As of December 31, 2024, the adjustment for this concept is \$8,588 (2023: \$8,721), net of the effects of depreciation expense, asset disposals and deferred income tax transferred to the accumulated deficit in 2024 in the amount of \$133 (2023: \$487).

17. Net income per share

Net income per share measures the performance of an entity over the reported period and it is calculated by dividing the earnings for common shareholders by the weighted average number of common shares outstanding during the year. Outstanding shares for the years 2024 and 2023, were 15,000,100 and there is no difference between basic and diluted profit. For the years ended December 31, basic and diluted net earnings per share were calculated as follows:

	<u>2024</u>	<u>2023</u>
Number of shares issued and outstanding at the beginning and end of the year	<u>15,000,100</u>	<u>15,000,100</u>
<u>Basic calculation of earnings per share:</u>		
Net income	\$ 35,039	\$ 57,550
Total outstanding shares	<u>15,000,100</u>	<u>15,000,100</u>
Net income per share (expressed in dollars of the United States of America)	<u>\$ 2.34</u>	<u>\$ 3.84</u>

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18. Operating, general and maintenance

For the year ended December 31, 2024 and 2023, operating, general and maintenance expenses are detailed as follows:

	<u>2024</u>	<u>2023</u>
Insurance (note 7)	\$ 8,832	\$ 7,807
Maintenance expenses	7,413	4,639
Contracted services (note 7)	6,208	6,787
Bad debt loss expenses	—	2,996
Salaries, wages and benefits	3,941	3,761
Others operating and administrative expenses	586	1,466
Consultants and legal fees	578	515
Management fees (note 7)	529	510
Expenses related to leases of low value (note 11)	52	16
Total	<u>\$ 28,139</u>	<u>\$ 28,497</u>

Consulting expenses and legal fees include expenses for professional audit services amounting to \$131 as of December 31, 2024 (2023: \$131)

The Company recognized in 2023 \$2,996 of uncollectible account loss expenses related to interest receivable balance with CDEEE for the years 2018 and 2019.

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19. Interest expenses, net

For the year ended December 31, 2024 and 2023, interest expense, net are detailed as follows:

	<u>2024</u>	<u>2023</u>
Interest expense - commercial	\$ —	\$ (477)
Interest expense - leases (note 11)	(16)	(12)
Interest expense - financial	(15,449)	(16,014)
Interest expense - related party (note 7)	(6,431)	(6,699)
Subtotal	<u>\$ (21,896)</u>	<u>\$ (23,202)</u>
Interest income - commercial	\$ 1,811	\$ 3,283
Interest income - financial	647	735
Interest income - related party (note 7)	2,495	2,289
Subtotal	<u>4,953</u>	<u>6,307</u>
Amortization of deferred financing costs (note 15)	(362)	(346)
Total interest expense, net	<u><u>\$ (17,305)</u></u>	<u><u>\$ (17,241)</u></u>

Accounts receivable and payable from the spot electricity market generate monthly interest, according to the Central Bank rate, plus a penalty of eighteen (18%) as established in Article 355 of the General Law of the Electricity Sector. The average interest rate applied in dollars as of December 31, 2024 was 8.26% (2023: 7.77%) and in Dominican pesos as of December 31, 2024 it was 15.29% (2023: 14.36%).

Interest and other costs incurred in connection with the financing received are recognized as financial expenses when incurred using the effective interest rate method.

20. Other expense, net

For the year ended December 31, 2024 and 2023, other expenses, net are detailed as follows:

	<u>2024</u>	<u>2023</u>
Loss on retirement of property, plant and equipment	\$ (4,644)	\$ (443)
Others	246	2
Total	<u><u>\$ (4,398)</u></u>	<u><u>\$ (441)</u></u>

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21. Income tax

As of December 31, the income tax receivable (income tax payable) is detailed as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,866	\$ (9,768)
Income tax paid	26,136	39,061
Other credits	22	18
Current income tax	(19,002)	(27,427)
Exchange rate	(265)	(18)
Income tax receivable	<u><u>\$ 8,757</u></u>	<u><u>\$ 1,866</u></u>

As of December 31, the deferred income tax is detailed as follow:

	<u>2024</u>	<u>2023</u>
Assets:		
Other temporary differences	\$ 153	\$ 146
Total deferred tax asset	<u><u>153</u></u>	<u><u>146</u></u>
Liabilities:		
Accelerated tax depreciation, asset revaluation and inflationary effects	(32,017)	(32,149)
Financial instruments	(59)	(2,524)
Total deferred tax liability	<u><u>(32,076)</u></u>	<u><u>(34,673)</u></u>
Total deferred income tax liability, net	<u><u>\$ (31,923)</u></u>	<u><u>\$ (34,527)</u></u>

The deferred income tax variance of \$2,604 includes \$1,609 from foreign exchange transactions recorded as net foreign exchange gain in the income statement.

The reconciliation between the statutory tax rate with the effective tax rate of the Company as a percentage of profit before tax for the year ended December 31, 2024 and 2023, detailed of following:

	<u>2024</u>	<u>2023</u>
Statutory income tax rate	27 %	27 %
Permanent differences		
Retention of dividends	11 %	5 %
Result from change in foreign currency	(4) %	(1) %
Other permanent differences	(8) %	4 %
Effective rate	<u><u>26 %</u></u>	<u><u>35 %</u></u>

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21. Income tax (continued)

The income tax returns of the Company are subject to review by the tax authorities for the past three years including the year ended December 31, 2024, according to the current tax regulations.

For the year ended December 31, 2024 and 2023, the income tax expense is detailed of the following:

	<u>2024</u>	<u>2023</u>
Current	\$ 19,002	\$ 27,427
Deferred	(995)	3,859
Total income tax expense	<u>\$ 18,007</u>	<u>\$ 31,286</u>

DPP is a company incorporated with limited liability in the Cayman Islands which operates in the Dominican Republic through a Branch office and, therefore, is not subject to the payment of income taxes in the Cayman Islands. For Dominican tax purposes, DPP's Branch is considered a foreign entity, therefore subject to the Dominican tax regime applicable to business activities established by Law 11-92 of May 31, 1992, plus its subsequent amendments. Even though the Branch has the US dollar as its functional currency, income tax calculations are determined in local currency, the Dominican peso.

Current income tax

The current income tax is calculated based on Law 11-92, Tax Code of the Dominican Republic, its regulations and its modifications. The tax used to determine the income tax at December 31, 2024 and 2023 was 27% of the net taxable income.

Tax on assets

The tax on assets corresponds to 1% of the taxable assets. For electricity companies, taxable assets correspond to the total fixed assets, net of accumulated depreciation. The Company is subject to liquidating the income tax for the period based on the greater amount between 1% of the taxable assets or the amount determined according to the net taxable income determined on the rate in force on each date.

This tax may be used as a credit against the income tax as follows: if the income tax is greater than the tax on assets, there is no obligation to pay the latter; otherwise, the difference between the income tax paid and the tax on assets must be paid. The Company records the tax on assets expense in the statements of income in operating, general and maintenance expense. As of December 31, 2024 the income tax was greater than the tax on assets.

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21. Income tax (continued)

Dividends

Through Law 253-12 of November 13, 2012, the 29% withholding is replaced by a final payment of 10%. Likewise, this 10% tax is established for branches and permanent establishments when they remit their profits to their Headquarters or Main Offices.

Loss carryforward

According to Article I of Law No. 557-05, which modifies letter K of Article No. 287 of the Tax Code, applicable as of January 1, 2006, losses incurred by corporations in their economic activities may be compensated during the following fiscal periods, without exceeding five years.

However, only 20% may be compensated per year. In the fourth year, this 20% may not exceed 80% of the net taxable income, and in the fifth year it must not exceed 70%. The portion not used each year cannot be used in the following periods. As of December 31, 2024 and 2023, the Company has no losses pending compensation.

The Company's Management applied the fair value as an exception to the attributed cost and the adjustment of \$35,241 corresponding to the increase in the fair value of these assets recorded against restricted retained earnings. As established by IAS 12, it is required to record a deferred income tax liability on property, plant and equipment recorded at fair value. The deferred tax calculation for the period ended December 31, 2024 amounts to \$2,679 (2023: \$2,946). The application of the deferred income tax liability is made through the annual depreciation expense recorded in excess of the revalued assets, which is recorded in the statement of income.

The Company adjusts its depreciable assets for inflation to determine the tax base, as allowed by the current tax code. Additionally, the Company uses a tax benefit through the application of accelerated depreciation, according to the method established in current legislation, for tax purposes. Therefore, the difference between the tax and accounting base of depreciable property, plant and equipment according to IFRS includes both effects.

In compliance with current transfer pricing regulations, the Company reviewed the transactions with related parties and estimates that the operations carried out during the years ended December 31, 2024 and 2023, do not have a significant impact on the income tax provision.

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22. Risk and capital management

The Company's main financial liabilities include loans, interest and commercial accounts payable. The main objective of these financial liabilities is to finance the operations and offer guarantees to back its operations. The Company has cash, short term deposits and accounts receivable that are the direct result of its operations. The Company is exposed to market risk, fuel price risk, exchange rate risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks with the support of the Financial Risk Committee, which assesses financial risks and the management framework used, guaranteeing that the identification, measurement and administration of financial risk is based on the policies and procedures established by the Company. All of the activities with derivative instruments with risk management purposes are carried out by specialist teams that have the knowledge, experience and adequate supervision. The Company has a policy not to trade derivative financial instruments with speculative purposes.

Top Management reviews and agrees on policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows for financial instruments fluctuate due to changes in market prices. For the Company, market risk is affected mainly by: fuel price risk, exchange rate risk, interest risk, credit risk and liquidity risk.

Fuel price risk

In the Dominican Republic there are no sources of fuel for generation, therefore the country is a net importer that covers 82% of the generation with fossil fuels. The fuel used by DPP's generating units is natural gas, which it obtains through contract with AES Andres DR. The high prices of fuel can increase generation costs, thus affecting financial condition and operating results. Price fluctuations are transferred to the sales price of energy through the Power Purchase Agreement ("PPA"), given that this contract includes indexation mechanisms that adjust the price based on increases or decreases in fuel prices.

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22. Risk and capital management (continued)

Interest rate risk

The Company maintains a Corporate Bonds Issuance Program approved by and registered with the Securities Superintendency of the Dominican Republic on December 13, 2016. The issuance program was for a maximum amount of \$300 million of which the Company executed \$260 million which were distributed in tranches throughout 2017. The use of the funds defined for this issue was the payment of the syndicated loan signed in 2014 to finance the construction of the combined cycle.

AES España, B.V., acts as guarantor of this program of issuance of corporate bonds. The distribution of tranches during 2017 related to this local bond program is as follows: fixed annual rate of 6.25% for the first four tranches of \$50.0 million each, 6.00% for the fifth tranche of \$35.0 million and 5.90% for the sixth tranche of \$25.0 million; therefore, the Company is not exposed to fair value interest rate risk.

Credit risk

This is the risk that a debtor or issuer of a financial asset owned by the Company does not fulfill a payment, fully and on time, in conformity with the terms and conditions agreed at the time the Company acquired or originated the financial asset.

Revenue from contract sales with energy distribution companies represented approximately 89% of total sales in 2024 (2023: 72%), and the balance of accounts receivable from distribution companies represent 21% of total current assets as of December 31, 2024 (2023: 13%). Consequently, DPP's accounts receivable are exposed to the potential credit loss of this entity.

Company's Management has financial instruments with a moderate risk, since it concentrates its sales in one distributor and a related company that in turn concentrates its sales on the same distributor, which depends on a subsidy granted by the Dominican government to cover its cash shortages. The Government is currently focused on seeking self-sustainability for the electricity sector and attempting to achieve governmental efficiency, therefore to date accounts receivable have not been penalized.

Financial instruments and cash deposits: the credit risk of balances with banks and financial institutions is managed by the treasury department in conformity with the Company's policy. Investments of fund surpluses are only conducted with authorized parties and within the credit limits assigned to each entity. Top management reviews these limits annually, and these may be updated during the year, subject to approval by the Finance Committee. These limits are established to minimize the concentration of risk and to mitigate potential financial losses from a counterparty's non-compliance.

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22. Risk and capital management (continued)

Credit risk (continued)

The maximum exposure of the credit risk components of the statement of financial position as of December 31, 2024 and 2023, is the carrying amount.

Liquidity risk

This is the risk that the Company will be unable to fulfill all of its obligations due to impairment in the quality of the client portfolio, excessive concentration of liabilities, lack of liquidity of assets, or the financing of long-term assets with short-term liabilities, among other.

Historically in the Dominican Republic distributors have presented weak operating performance related to their levels of energy losses and collection from clients, problems that affect their payment capacity to generators, thus the electric sector is highly dependent on the government subsidy and decisions regarding its regulation.

To mitigate the risk of liquidity and credit concentration, the Company may make sales of accounts receivable due or near maturity. These sales are mainly made on the government portfolio at par value or with premium, with the purpose of covering the commitments generated by the operations and reducing the use of cash provided by financing activities. During the year ended December 31, 2024 the Company did not sell any accounts receivable (2023: \$2,908).

The Company monitors liquidity risk by planning cash flows and constantly monitoring accounts receivable to ensure compliance with commitments. As of December 31, 2024, DPP had a cash and cash equivalent balance of \$34,972 (2023: \$42,406).

The table below summarizes the maturity of the Company's financial liabilities based on payment commitments:

As of December 31, 2024	<i>Less than 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Accounts payable	\$ 12,012	\$ 4,679	\$ —	\$ —	\$ 16,691
Accounts payable to related parties	592	92,603	—	—	93,195
Loan and interest payable to related party	—	15	51,988	—	52,003
Bonds payable	—	—	259,068	—	259,068
Lease liabilities	77	183	543	—	803
Other non-current financial liabilities	—	—	11,996	—	11,996
	\$ 12,681	\$ 97,480	\$ 323,595	\$ —	\$ 433,756

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22. Risk and capital management (continued)

As of December 31, 2023	<i>Less than 3 months</i>	<i>From 3 to 12 months</i>	<i>From 1 to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
Accounts payable	\$ 14,851	\$ 5,930	\$ —	\$ —	\$ 20,781
Accounts payable to related parties	13,067	—	—	—	13,067
Loan and interest payable to related party	—	215	—	51,988	52,203
Bonds payable	—	—	258,696	—	258,696
Lease liabilities	96	180	—	—	276
Other non-current financial liabilities	—	—	3,624	—	3,624
	<u>\$ 28,014</u>	<u>\$ 6,325</u>	<u>\$ 262,320</u>	<u>\$ 51,988</u>	<u>\$ 348,647</u>

Exchange risk

Exchange rate risk is the risk that the fair value or future cash flows of financial instruments fluctuates as a result of variation in exchange rates. The Company's exposure to exchange risk is mainly related to the operating activities (when revenues and expenses are denominated in a currency different from the functional currency).

However, given that the Company's functional currency is the dollar, and that its revenues, costs and investments in property, plant and equipment are determined mainly in US dollars, there is no significant exposure to exchange risk.

The main balance denominated in Dominican pesos corresponds to accounts receivable from the spot market. During the year 2024, approximately 94% (2023: 93%) of the Company's ordinary revenues are denominated in dollars.

The following table presents a sensitivity analysis of the effect of a reasonable variation in the exchange rate of the Dominican peso on the Company's financial statements:

	Exchange rate variation	Effect on income before income tax expense	Effect on total stockholders' equity
As of and for the year ended December 31, 2024	+5%	\$ (1,436)	\$ (1,436)
	-5%	\$ 1,510	\$ 1,510
As of and for the year ended December 31, 2023	+5%	\$ (1,324)	\$ (1,324)
	-5%	\$ 1,392	\$ 1,392

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22. Risk and capital management (continued)

Capital management

The main objective of the Company's capital management is to ensure that it maintains a solid credit rating and capital indicators to support the business and maximize value to the shareholders. The Company manages its capital structure and makes adjustments in light of the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the payment of dividends to shareholders, capital returns to shareholders or issue new shares.

23. Subsequent events

The Company is not aware of other relevant events that have occurred since the closing date of the year and the approval of the financial statements, which require disclosures or adjustments to the financial statements as of December 31, 2024.