

Unaudited interim financial statements

AES Panamá, S.R.L.

*As of September 30, 2020 and December 31, 2019 and for the
nine month periods ended September 30, 2020 and 2019*

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AES Panamá, S.R.L.**Unaudited Interim Statements of Financial Position****As of September 30, 2020 and December 31, 2019***(Expressed in thousands of dollars of the United States of America)*

	<u>2020</u>	<u>2019</u>
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 88,980	\$ 29,608
Accounts receivable:		
Trade	4,296	5,859
Related parties	59,288	64,393
Affiliates	7,062	3,374
Others	338	213
Inventories, net	5,735	5,720
Prepaid income tax, net	—	13,016
Prepaid expenses	2,726	1,798
Total current assets	<u>168,425</u>	<u>123,981</u>
Non-current assets		
Property, plant and equipment, net	519,757	482,155
Other accounts receivable - related parties	8,694	—
Intangible assets, net	9,784	4,514
Advances to suppliers	3,126	1,880
Investment in affiliate	47,027	48,634
Prepaid expenses	385	—
Restricted cash	2,732	2,540
Right-of-use asset, net	119,793	124,735
Other assets	28	28
Total non-current assets	<u>711,326</u>	<u>664,486</u>
TOTAL ASSETS	<u><u>\$ 879,751</u></u>	<u><u>\$ 788,467</u></u>

AES Panamá, S.R.L.**Unaudited Interim Statements of Financial Position (Continued)****As of September 30, 2020 and December 31, 2019***(Expressed in thousands of dollars of the United States of America)*

	<u>2020</u>	<u>2019</u>
	(Unaudited)	(Audited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable:		
Suppliers	\$ 5,337	\$ 16,332
Related parties	2,014	9,264
Affiliates	19,609	8,860
Loan and interest payable - affiliate	7,819	—
Interest payable	—	466
Income tax payable	2,084	—
Accrued expenses and other liabilities	17,333	16,292
Total current liabilities	<u>54,196</u>	<u>51,214</u>
Non-current liabilities		
Seniority premium	39	646
Accounts payable	9,815	741
Loan payable - affiliate	511,617	—
Bonds payable, net	—	373,274
Deferred income tax, net	79,197	81,360
Asset retirement obligation	1,500	1,500
Other liabilities	145,958	142,430
Total non-current liabilities	<u>748,126</u>	<u>599,951</u>
STOCKHOLDERS' EQUITY		
Authorized capital	115,365	115,365
Additional paid-in-capital	14,586	14,535
(Accumulated déficit) retained earnings	(14,757)	9,646
Deemed tax	(260)	(161)
Other comprehensive loss	(37,505)	(2,083)
Total stockholders' equity	<u>77,429</u>	<u>137,302</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 879,751</u>	<u>\$ 788,467</u>

AES Panamá, S.R.L.**Unaudited Interim Statements of Comprehensive Income****For the nine months ended September 30, 2020 and 2019***(Expressed in thousands of dollars of the United States of America)*

	<u>2020</u>	<u>2019</u>
	(Unaudited)	
Revenue		
Electricity sales	\$ 219,064	\$ 253,185
Operating costs and expenses		
Electricity purchases	76,570	121,622
Other costs of electricity sales	4,827	20,297
Transmission costs	3,692	4,933
Operating, general and maintenance expense	41,021	39,851
Depreciation, amortization and impairment	54,241	28,659
Total operating costs and expenses	<u>180,351</u>	<u>215,362</u>
Operating income	38,713	37,823
Other (expenses) income		
Interest expense, net	(27,063)	(24,224)
Accretion expense	—	(47)
Other (expense) income, net	(5,947)	150
Equity loss in investment in affiliate	(1,665)	(11)
Total other expenses, net	<u>(34,675)</u>	<u>(24,132)</u>
Income before income tax expense	4,038	13,691
Income tax expense	3,441	4,895
Net income	<u>\$ 597</u>	<u>\$ 8,796</u>
Net other comprehensive loss that will be reclassified to profit or loss in subsequent periods:		
Realized derivative instrument	(35,480)	—
Other comprehensive loss of derivative instruments	(35,480)	—
Amortization of other comprehensive income of affiliate	58	59
Other comprehensive (loss) income	<u>(35,422)</u>	<u>59</u>
Total other comprehensive (loss) income	<u>\$ (34,825)</u>	<u>\$ 8,855</u>

AES Panamá, S.R.L.

Unaudited Interim Condensed Statements of Changes in Stockholders' Equity

For the nine months ended September 30, 2020

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

	<u>Authorized capital</u>	<u>Additional paid-in- capital</u>	<u>Retained earnings (accumulated déficit)</u>	<u>Deemed tax</u>	<u>Other comprehensive loss</u>	<u>Total shareholders' equity</u>
Balance as of January 1, 2020	\$ 115,365	\$ 14,535	\$ 9,646	\$ (161)	\$ (2,083)	\$ 137,302
Net Income	—	—	597	—	—	597
Realized derivative instrument	—	—	—	—	(35,480)	(35,480)
Other comprehensive income of affiliate	—	—	—	—	58	58
Total other comprehensive income	—	—	597	—	(35,422)	(34,825)
Share based compensation	—	51	—	—	—	51
Balance as of September 30, 2020 (unaudited)	\$ 115,365	\$ 14,586	\$ (14,757)	\$ (260)	\$ (37,505)	\$ 77,429

AES Panamá, S.R.L.**Unaudited Interim Statements of Cash Flow****For the nine months ended September 30, 2020 and 2019***(Expressed in thousands of dollars of the United States of America)*

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities	(Unaudited)	
Net income	\$ 597	\$ 8,796
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	20,852	25,216
Right-of-use asset amortization	9,515	9,636
Amortization	3,777	3,435
Amortization of other comprehensive income	10	9
Loss on assets impairment	29,602	—
Gain on sale of property, plant and equipment	—	(15)
Loss on retirement of property, plant and equipment	67	1,106
Obsolescence provision	—	5
Accretion expenses	—	47
Interests income	(289)	(742)
Interests expense	26,687	24,759
Loss on early extinguish of debt	5,625	—
Amortization of deferred financing costs	903	795
Amortization of bond premium	(283)	(342)
Write-off of deferred financing costs	1,750	(246)
Equity loss in investment in affiliate	1,665	11
Income tax expense	3,441	4,895
Share-based compensation	51	53
Cash flows before working capital movements	<u>103,970</u>	<u>77,418</u>
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,311)	13,589
(Increase) decrease in inventories	(15)	661
(Increase) decrease in prepaid expenses	(1,498)	1,650
Decrease in other long-term assets	4,942	—
Increase (decrease) in accounts payable	1,658	(1,073)
Decrease in income tax receivable	230	—
Decrease in accrued expenses and other liabilities	(19,957)	(9,518)
(Decrease) increase in seniority premium	(607)	23
(Decrease) increase in other long-term liabilities	(31,327)	4,784
Interest received	274	738
Income tax paid	—	(16,961)
Net cash provided by operating activities	<u>56,359</u>	<u>71,311</u>
Carried forward....	\$ 56,359	\$ 71,311

AES Panamá, S.R.L.**Unaudited Interim Statements of Cash Flow (Continued)****For the nine months ended September 30, 2020 and 2019***(Expressed in thousands of dollars of the United States of America)*

	<u>2020</u>	<u>2019</u>
	(Unaudited)	
Brought forward...	\$ 56,359	\$ 71,311
Cash flows from investing activities		
Advance payments for the acquisition of property, plant and equipment	—	(281)
Acquisition of property, plant and equipment	(10,557)	(5,526)
Acquisition of intangible assets	(50)	(734)
Proceeds from the sale of property, plant and equipment	—	15
Asset acquisition, net of cash acquired	(74,578)	—
Restricted cash	(192)	(328)
Net cash used in investing activities	<u>(85,377)</u>	<u>(6,854)</u>
Cash flows from financing activities		
Payment of interest	(15,843)	(11,250)
Proceeds from new loan - affiliate	520,653	—
Proceeds from line of credit	22,900	—
Payment of line of credit	(22,900)	(12,000)
Proceeds from new loans	72,000	—
Payment of loan	(72,000)	—
Payment of bonds	(375,000)	—
Payments of lease liabilities	(970)	(237)
Payment of financing for property, plant and equipment	(312)	(376)
Payment of financing costs	(9,513)	—
Premium payment of early extinguishment debt	(5,625)	—
Dividends paid	(25,000)	(4,315)
Capital reduction	—	(19,000)
Net cash provided by (used in) financing activities	<u>88,390</u>	<u>(47,178)</u>
Net increase in cash and cash equivalents	59,372	17,279
Cash and cash equivalents at the beginning of the year	29,608	15,841
Cash and cash equivalents at the end of the period	<u>\$ 88,980</u>	<u>\$ 33,120</u>

AES Panama, S. R. L. reports Net income of \$0.6 million for the nine months ended September 30, 2020

Panamá, November 30, 2020 - Today AES Panama, S. R. L. announced the results for the third quarter of 2020. AES Panamá, S. R. L. operate, maintain and manage of the hydroelectric powers plants Bayano, Esti, La Estrella and Los Valles, the power plants has a nominal installed capacity of 482 ("MW"). On May 8, 2020, acquired 100% of the equity interest in Unión Eólica Panameña S.A. (UEP, or the Canal Project). UEP is a wind project located in the Republic of Panama and has an installed capacity of 55MW composed of 22 Goldwind GW109/2500 turbines, each with a capacity of 2.5MW. The Company sells electricity under long term power purchase agreements with distribution companies in the Panamanian Electricity Market and Regional Electricity Market. The Financial Statements, used to prepare the financial and statistical information herein, are prepared and presented in accordance with International Financial Reporting Standard ("IFRS").

Revenues decreased by (\$34.1) million in the nine months of 2020 compared to the same period of 2019.

Table 1: Summary Financial Results

(Millions of US\$)	Sep-2020	Sep-2019	Var	Var%
Revenues	219.1	253.2	(34.1)	(10)%
Operating cost and expenses	180.4	215.4	(35.0)	(20)%
Operating income	38.7	37.8	0.9	— %
Operating income margin	17.7%	14.9%	(2.6)%	(20)%
EBITDA ¹	102.7	76.8	25.9	30 %
Net income	0.6	8.8	(8.2)	(90)%
Net Cash Provided by Operating Activities	56.4	71.3	(14.9)	(20)%

¹ Operating Income plus depreciation, amortization and impairment plus right of use amortization

Analysis of Unaudited Financial Statements
Table 2: Summary of Results for third quarter 2020

	September	
	2020	2019
Revenues	219.1	253.2
Electricity sales	219.1	253.2
Operating cost and Expenses	180.4	215.4
Electricity purchases	76.6	121.6
Other costs of electricity sales	4.9	20.3
Transmission costs	3.7	4.9
Operating, general and maintenance expense	41.0	39.9
Depreciation, amortization and impairment	54.2	28.7
Other income (expenses)	(34.1)	13.3
Interest expense, net	(27.1)	(24.2)
Other (expense) income, net	(5.9)	0.2
Equity loss in investment in affiliate	(1.7)	—
Net Cash Provided by Operating Activities	56.4	71.3
Net income	0.6	8.8
(Increase) decrease in accounts receivable	(1.3)	13.6
(Increase) decrease in inventories	—	0.7
(Increase) decrease in prepaid expenses	(1.5)	1.7
Decrease in other long-term assets	4.9	—
Increase (decrease) in accounts payable	1.6	(1.0)
Decrease in income tax receivable	0.2	—
Interest received	0.3	0.7
Decrease in accrued expenses and other liabilities	(20.0)	(9.5)
(Decrease) increase in seniority premium	(0.6)	—
Income tax paid	0.0	(17.0)
(Decrease) increase in other long-term liabilities	(31.3)	4.8
Non Cash adjustment	103.5	68.5
Free Cash Flow provided /1	45.6	64.3
Net Cash provided by Operating Activities	56.4	71.3
Capex Maintenance and environment	(10.8)	(7.0)

¹ A non-GAAP financial measure defined as net cash from operating activities less capital expenditure (Capex) of maintenance and environmental.

Key Drivers of the third quarter Results (2020 vs. 2019)

- **Revenues** decreased (\$34.1) million or 10% from \$253.2 million in 2019 to \$219.1 million in 2020. This variation was mainly due to lower sales associated with the barge, Estrella de Mar I, firstly due to the entry into operations of GANA I, as well as the completion of its PPAs in June 2020.
- **Operating Costs and Expenses** decreased (\$35.0) million or 20%. This variation was attributed to (i) decrease in purchased energy by (\$45.0) million, due to a decrease in purchases from the spot market, decrease in the purchase prices in 2020 compared to 2019, (ii) decrease in Other costs of electricity sales by (\$15.4) million, mainly due to lower fuel consumption costs associated with the barge, Estrella de Mar I, (iii) Increase in depreciation expense by \$25.5 million, mainly due to the impairment recognized to the barge, Estrella de Mar I, by \$29.6 million, offset by a decrease in depreciation expense of US\$4.0 million mainly due to the end of the useful life of assets in the plant Los Valles.
- **Other income (expense)** increased (\$10.7) million compared to the same period of 2019, mainly related to the fact that during 2020 there were losses due to anticipated prepaid debt for (\$7.4) million resulting from the payment of the penalty for early prepaid of the bonds and the write-off of deferred financing costs, offset by a decrease in asset retirement expenses in 2020 compared to 2019 of US\$1.0 million
- **Net Cash provided by Operating Activities** decreased by (\$14.9) million. This variation was mainly attributed to a decrease in accounts receivable as consequence of lower electricity sales, decrease in accrued expenses and other liabilities and a decrease in net income, compared to the same period in 2019; partially offset by increase in accounts payables and decrease in Income tax paid.
- **Free Cash Flow** decreased by (\$18.7) million from \$64.3 million in 2019 to \$45.6 million in 2020. Mainly due to the decrease in net cash provided by operating activities by (\$14.9) million, explained above and an increase in maintenance and environmental CAPEX by (\$3.8) million.