Financial Statements

AES Panamá Generation Holding, S.R.L.

As of December 31, 2020,
and for the period from 20 March to 31 December 2020
with the Report of the Independent Auditors

CONTENT

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Independent Auditor's Report

To the Shareholders of
AES Panamá Generation Holdings, S.R.L.

Opinion

We have audited the financial statements of AES Panamá Generation Holdings, S.R.L., (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of income, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Panama (Decree No. 26 of May 17, 1984), 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Debt Payable:

Debt payable is an integral part of the business model of AES Panamá Generation Holdings, S.R.L., as it is the key source of funds used by the business to finance new projects and improvements to the existing assets of affiliated companies. Debt payable represents 95% of the Company's total liabilities. On August 14, 2020, the Company carried out an international bond issue for $1,380,000 and on August 10, 2020, it signed a collective loan agreement with five banks for $105,000.

Each of the debt agreements has its own set of terms and conditions and, therefore, an audit work was required to evaluate the treatment of the agreements, their accounting records and disclosures in the financial statements. Given the importance of debt payable in the Company's statement of position, it was considered a key audit matter for AES Panamá Generation Holdings, S.R.L.

We carry out, among others, the following procedures:

- We read all debt agreements in order to have an understanding of the terms associated with banking institutions and covenants.
- We reviewed the disbursements received from the banks.
- We obtained confirmations from the banks as of December 31, 2020, to confirm all the debt payable, including balances, terms and conditions.
- We reviewed the maturity schedule of the debt payable and its correct current and non-current classification.
- We recalculated the interest accrued for the period from March 20 to December 31, 2020.
- We evaluated the appropriate disclosures in the notes to the financial statements.

Other Information

Other information consists of the annual report Form IN-A presented to the Securities Market Superintendency, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.

- 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 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 financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Víctor M. Ramírez.

Ernst & Young

Panama, Republic of Panama
March 31, 2021

AES Panama Generation Holdings, S.R.L.
Statement of Financial Position
As of December 31, 2020
(Expressed in thousands of dollars of the United States of America)

Notes			
	ASSETS		
	Current assets		
4	Cash	$	683
5	Restricted cash		581
6	Accounts receivable affiliates		269
6	Loan and interest receivables from affiliates		35,666
	Prepaid expenses		13
	Total current assets		**37,212**
	Non-current assets		
6	Loan receivable from affiliates		1,442,605
	Other accounts receivable		1
9	Right-of-use assets, net		42
	Total non-current assets		**1,442,648**
	TOTAL ASSETS	**$**	**1,479,860**

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

Notes			
	LIABILITIES AND STOCKHOLDERS' EQUITY		
	Current liabilities		
	Accounts payable:		
	Suppliers	$	96
6	Accounts payable from affiliates		1,232
12	Loan and interest payable		5,332
13	Income tax payable		316
	Accrued expenses and other liabilities		7
7	Loans payable		30,099
	Total current liabilities		**37,082**
	Non-current liabilities		
9	Other liabilities		39
13	Deferred liability		1
7	Loans payable		62,606
8	Bonds payable		1,380,000
	Total non-current liabilities		**1,442,646**
	STOCKHOLDERS' EQUITY		
10	Authorized capital		100
	Retained earnings		32
	Total stockholders' equity		**132**
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**1,479,860**

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

AES Panama Generation Holdings, S.R.L.
Statement of Income
For the period from March 20 to December 31, 2020
(Expressed in thousands of dollars of the United States of America)

Notes			
11	Operating and general expenses	$	(2,428)
6	Interest income		27,073
12	Interest expense		(24,296)
	Operating income		**349**
13	Income tax expense		317
	Net income	**$**	**32**
	Net profit per share	$	0.32

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

AES Panama Generation Holdings, S.R.L.
Statements of Changes in Stockholders' Equity
For the period from March 20 to December 31, 2020
(Expressed in thousands of dollars of the United States of America)

	Notes	**Authorized Capital**	**Retained earnings**	**Total stockholders' equity**
Balance as of March 20, 2020		$ —	$ —	$ —
Capital contribution	10	100	—	100
Net income		—	32	32
Balance as of December 31, 2020		**$ 100**	**$ 32**	**$ 132**

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

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

Notes		
	Cash flow from operating activities:	
	Net Income	$ 32
	Adjustment to reconcile net income to net cash provided by operating activities:	
6	Interest income	(27,073)
12	Interest expense	24,296
13	Income tax expenses	317
9	Amortization right-of-use assets	2
	Cash flows before working capital movements	**(2,426)**
	Prepaid expenses	(14)
6	Accounts receivable -affilates	(269)
6	Loans disbursement to affiliates	12,297
	Accounts payable	96
	Accounts payable -affiliates	1,232
	Accrued expenses payable and other liabilities	7
	Interest received - affiliates	21,506
	Net cash flows provided by operating activities	**32,429**
	Cash flows from investing activities	
5	Restricted cash	(581)
6	Loans provided to affiliates	(1,485,000)
	Net cash used in investing activities	**(1,485,581)**
	Cash flows from financing activities	
	Interest payment	(18,968)
7	Proceeds from loans	105,000
7	Principal payments	(12,297)
8	Proceeds from bonds	1,380,000
10	Capital contribution	100
	Net cash provided by financing activities	**1,453,835**
	Net increase in cash and cash equivalents	683
	Cash and cash equivalents at the beginning of the year	—
	Cash and cash equivalents at the end of the period	**$ 683**

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

1. Organization and nature of operations

By deed of incorporation 1,508 dated March 20, 2020, AES Panamá Generation Holdings S.R.L. (the "Company") was established, with address in the Republic of Panama, Panama Pacifico, Arraiján. The purpose of the company is the management, administration and/or support of operations, strategic planning services, business development and training of personnel; control of operations and/or logistics; technical assistance, technical support; logistics and marketing; development and research; financial or administrative assistance; electronic processing of any activity and technical service to customers who have acquired certain products.

The Company's shareholders are AES EDC Holding, L.L.C. and AES Foreign Energy Holdings, LLC both based on Wilmington, Delaware, United State of America, each owned 100% by The AES Corporation (the Corporation), a global energy company based in Arlington, Virginia, United States of America. The stake is 50% each, the Company's initial capital consists of 100,000 shares at a nominal value of $1 one dollar.

The Company's main offices are located in Panama Pacifico, Arraiján, Panama, Republic of Panama.

2. Basis of Preparation

Declaration of Compliance

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Council.

The financial statements were authorized by the controller for issuance as of March 31, 2021.

Basis for measurement

The financial statements have been prepared on the basis of historical cost, except for certain items that have been valued as indicated in the accounting policies detailed in Note 3.

Presentation currency

The functional currency of the Company is the dollar of the United States of America, which is the currency used in the Company’s activities and significant contracts.The monetary unit of the Republic of Panama is the balboa. The balboa is on par and is free exchange with the dollar of the United States of America and is freely convertible.

Significant estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires the administration to make judgments, estimates and assumptions that affect the reported amounts in assets, liabilities, revenues and expenses. Actual results might differ from these estimates.

2. Basis of Preparation (continued)

Significant estimates and assumptions

Estimates and assumptions are reviewed periodically. The results of the revisions of accounting estimates are recognized in the period in which they have been reviewed and any other future periods that they affect.

The relevant estimates that are particularly susceptible to significant changes are related to the fair value of financial instruments.

3. Summary of Accounting Policies

The accounting policies described below have been implemented in these financial statements.

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.

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The Company does not choose to irrevocably designate the measurement of financial assets at fair value through profit or loss.

Classification and Measurement

Financial assets (including loans and accounts receivable) 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.

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 solely payments of principal and interest on the principal amount outstanding.

Summary of Accounting Policies Most Significant (continue)

Classification and Measurement (continued)

Financial assets at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, is 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 the statement of income 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 solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not measured at amortized cost or fair value in other comprehensive results, as described above, are measured at fair value from results.

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 and cash equivalents, restricted cash and receivable affiliates.

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.

Cash and cash equivalents

The Company considers cash and cash equivalents, cash, current and savings account deposits and term deposits with original maturities not greater than 3 months from the date of acquisition.

Restricted cash

Restricted cash includes cash, which have restricted disposition. The nature of the restriction originates according to signed agreement, which aims to establish a structured mechanism for the administration of loan funds.

3. Summary of Accounting Policies Most Significant (continued)

Financial liabilities

Recognition and measurement

Financial liabilities (including loans and accounts payable) are initially recognized at fair value plus costs directly attributable to the transaction. In case of maintaining a financial liability for trading, it would be measured at fair value with changes in profit and loss.

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.

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, the original liability is derecognised and a new liability is booked. The difference in the respective carrying amounts is recognized in the statements of income.

Provisions

A provision is recognized if, as a result of a past event, the Company has a legal or implied obligation, which can be reliably estimated and the output of resources to be required to comply with the obligation is likely. Provisions are determined on the basis of future cash flows discounted at an early tax rate that reflects the assessment of the value of money in current markets.

Interest income

Interest income corresponds to interest earned by the Company from loan agreements with AES Panamá S.R.L., AES Changuinola S.R.L., Gas Natural Atlántico, S. R.L. and Costa Norte LNG Terminal, S. de R.L., (see Note 12).

3. Summary of Accounting Policies Most Significant (continued)

Income tax

Income tax for the year includes both current and deferred tax. Income tax is recognized in the income statement of the current year, except for taxes related to elements directly linked to the estate, in which case they will be recognized in the stockholders' equity. (Note 13)

Deferred income tax is calculated on the basis of the liability method, considering temporary differences in reported assets and liabilities for financial purposes and amounts used for tax purposes.

The value resulting from these differences shall be recognized as a deferred tax asset or liability in the statement of financial position and is based on the way in which the temporary differences are made in the respective fiscal year, using the income tax rate in force at the date of the corresponding fiscal year.

Deferred income tax assets are recognized to the extent that sufficient taxable benefits are likely to be available in the future, against which temporary differences may be used.

Leases

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

Right-of-use assets
The Company recognizes right-of-use asset at the commencement date of the lease. Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight line basis over the shorter between the lease term and the estimated useful life of the asset. The estimated useful life on the right-of-use asset is as follows:

	Useful life
Office Spaces	3 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflect the exercise of a purchase option, its amortization is calculated using the estimated useful life of the asset. At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

3. Summary of Accounting Policies Most Significant (continued)

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 applied the short-term lease recognition exemption to its short-term leases of machinery and equipment, if those leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low value assets are recognized as expenses on a straight-line basis over the lease term.

4. Cash and cash equivalents

As of December 31, 2020, the cash is composed of the following:

Bank Deposits	**$ 683**

5. Restricted cash

As of December 31, 2020, the restricted cash is composed of the following:

Bank deposits	**$ 581**

The balance sheets presented in this account correspond to funds from principal and interest collections, through the loans transferred to the affiliated companies AES Panamá S.R.L., AES Changuinola S.R.L., Gas Natural Atlántico, S. de R.L and Costa Norte, S. de R.L. The use of funds in this account is limited to specific activities of this operation.

6. Balance and Transactions with Affiliates Company

As of December 31, 2020 the balances with affiliates, are as follows:

Accounts receivable		
AES Panamá, S.R.L.	$	69
AES Changuinola, S.R.L.		66
Gas Natural Atlántico S. de R.L.		67
Costa Norte LNG Terminal S. de R.L.		67
	$	**269**

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

6. Balance and Transactions with Affiliates Company (continued)

Accounts payable:		
AES Panamá, S.R.L.	$	575
AES Global Power Holdings B.V.		498
AES Latin America, S.R.L.		159
	$	**1,232**

Guarantee fee agreement

On November 26, 2020, the Company entered into a guarantee agreement with AES Global Power Holdings through which the Company agreed to compensate AES Global Power Holdings with a guarantor fee for guaranteeing the loan and bonds with its share of stake in AES Panama, S.R.L, AES Changuinola S.R.L., Gas Natural Atlantico S. de R.L. and Costa Norte LNG Terminal S. de R.L.

The term of the agreement extends throughout the contractual terms of the loan and bonds or at any time they are extinguished, whichever comes first. The payment of the fee is required on each month of May and November throughout the term of the agreement. The fee is determined by an annual interest rate of 0.40% over the Company's aggregate outstanding principal of the loan and bond.

The fee paid during the period from March 20 to December 31, 2020, amounts in $2,241, included in the line of operating and general expenses in the statement of income.

Loans receivable

On August 14, 2020, the Company entered into individual loan agreements with AES Panamá S.R.L., AES Changuinola S.R.L., Gas Natural Atlántico, S. de R.L and Costa Norte, S. de R.L. (the "Affiliates" when mentioned together). Through these agreements the Company ceded to the Affiliates $1,485,000, the total amount of funds borrowed by the Company through the loan and bonds (see notes 7 and 8).

The loan agreements with the Affiliates share the same terms and conditions included in the Company's loan and bond agreements. Interest rates on both loans range from 3.75% to 5.13%.

A detail of the loans granted to the Affiliates is as follows:

		Loans (A)		**Loans (B)**		**Total**
AES Panamá S.R.L.	$	12,341	$	512,968	$	525,309
AES Changuinola S.R.L.		—		231,689		231,689
Gas Natural Atlántico, S. de R.L		83,533		432,483		516,016
Costa Norte, S. de R.L.		9,126		202,860		211,986
Total	**$**	**105,000**	**$**	**1,380,000**	**$**	**1,485,000**

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

6. Balance and Transactions with Affiliated Company (continued)

A detail of the loans and interest receivable balances with affiliates as of December 31, 2020, is as follows:

Loan and interest receivable - current		
Interest receivable		
AES Panamá, S.R.L.	$	1,880
AES Changuinola, S.R.L.		834
Gas Natural Atlántico S. de R.L.		2,013
Costa Norte LNG Terminal S. de R.L.		840
	$	**5,567**
Loan receivable - current		
AES Panamá, S.R.L.		4,721
Gas Natural Atlántico S. de R.L.		22,878
Costa Norte LNG Terminal S. de R.L.		2,500
	$	30,099
Loan and interest receivable with affiliates - current	**$**	**35,666**
Loan receivable - non current		
Loan A		
AES Panamá, S.R.L.	$	5,323
Gas Natural Atlántico S. de R.L.		51,640
Costa Norte LNG Terminal S. de R.L.		5,642
Total loan A	**$**	**62,605**
Loan B		
AES Panamá, S.R.L.	$	512,968
AES Changuinola, S.R.L.		231,689
Gas Natural Atlántico S. de R.L.		432,483
Costa Norte LNG Terminal S de R.L		202,860
Total Loan B	**$**	**1,380,000**
Total loan receivable - non current	**$**	**1,442,605**

As of December 31, 2020, the Affiliates made the following principal and interest payments:

		Principal		**Interests**
AES Panamá S.R.L.	$	2,297		7,266
Gas Natural Atlántico, S. de R.L		9,015		7,783
Costa Norte, S. de R.L.		985		3,242
AES Changuinola S.R.L.		—		3,215
	$	**12,297**	**$**	**21,506**

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

6. Balance and Transactions with Affiliated Company (continued)

During the period from March 20 to December 31, 2020, the following transactions with affiliates were included in the Company's income statement:

Interest income		
AES Panamá, S.R.L.	$	9,146
AES Changuinola, S.R.L.		4,048
Gas Natural Atlántico S. de R.L.		9,796
Costa Norte LNG Terminal S de R.L		4,083
	$	**27,073**
Operating and general expenses		
AES Global Power Holdings B.V.	$	2,242
AES Latin America, S.R.L.		156
	$	**2,398**

7. Loans payable

On August 10, 2020, the Company entered into a syndicated loan agreement with five banks, where The Bank of Nova Scotia (Panama), S.A. acts as an administrative agent. The agreement include both, a $105,000 loan and $50,000 revolving credit facility. The loan was fully disbursed on August 14, 2020, its term extends until 31 May 2023, interest payments are determined on the basis of a 6-month LIBOR rate plus a variable margin that range between 3.5% and 4.5%, subject to the credit rating assigned to the bonds (see note 8). The interest and principal amortization is required on the months of May and November of each year throughout the loan.

During 2020 the Company made interest and principal payments for $12,297 and $1,188, respectively. The interest payments are recorded and presented as interest expense in the income statement.

As of December 31, 2020, the Company has not used the $50,000 revolving credit facility, its use is intended, only if necessary, for principal payments related to the Company's debt. The Company pays a commitment fee over the unused principal of the credit facility determined as 35% of the interest rate applicable to the loan at each interest payment date.

In 2020 the rate applicable to the first charge was 1.3125% for a charge of $207, included in the area of interest expense in the income statement.

As of December 31, 2020, the loan payable balance is as follows:

Current	$	30,099
Non-current		62,606
	$	**92,705**

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

7. Loans payable (continued)

Loan maturity for the next four years are detailed as follows:

2021	$	30,099
2022		35,472
2023		27,134
	$	**92,705**

8. Bonds payable

As of December 31, 2020, the balances of bonds payable are detailed below:

Bonds	**$**	**1,380,000**

On August 14, 2020, the Company made an international issuance for $1,380,000, with a 10-years term at a fixed annual interest rate of 4.375%. The amortization of interest and principal is required on each month of May and November throughout the the term of the bonds; first principal amortization begins in May 2023. Issuance documents do not require the Company to maintain debt service reserves or letters of credit to guarantee interest or principal payments.

As a result of this issuance, and in addition to the Guarantee Agreement referred to in note 6, the Company's assets are transferred to its creditors as collateral.

During the period between March 20, 2020 and December 31, 2020 the Company paid interest for $17,777, these are presented as interest expenses in the income statement.

The maturity of the bonds for the following years is as follows:

2023	$	24,709
2024		46,820
2025		20,228
2026		21,578
Going forward		1,266,665
	$	**1,380,000**

9. Leases

On July 7, 2020, the Company signed an office lease agreement with London & Regional Panama, S.A., through the agreement the Company rented an office space of eighty-one square meters for a 36-months period starting on November 2020. The monthly lease fee is $1 annually indexed to Panama's consumer price index.

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

The Company accounts its leases under IFRS 16, as such recognizes a right-of-use asset and lease liability determined by the present value of the lease payments expected to be made throughout the term of the lease.

The following is a rollforward of the right-of-use asset throughout 2020:

Right of use asset		
Initial balance as of March 20	$	—
Leases		44
less-amortization		(2)
Endindg Balance	**$**	**42**

The following is a rollforward of the lease liability throughout 2020:

Lease Liability		
Initial balance as of March 20	$	—
Leases		(41)
Payments		2
Endindg Balance	**$**	**(39)**

10. Stockholders' Equity

The balance of the equity is as detailed below:

Balance at the beginning of the period, 2020 shares issued and outstanding		100
Balance at the end of the period, 2020 of installments/shares issued and		100
Basic calculation of income per share:		
Net income	$	32
Total shares		100
Net income per share	**$**	**0.32**

11. Operating and general expenses

The operating and general expenses for the period from March 20 to December 31, 2020 are detailed as follows:

Operating expenses	$	30
General expenses		2,398
Operating and general expenses	**$**	**2,428**

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

12. Interest Expenses

The interest expense for the period from March 20 to December 31, 2020 is detailed as follows:

Interest debt -premium	$	1,488
Interest debt - bond		22,808
Total	**$**	**24,296**

13. Income tax expense

As of December 31, 2020, income tax is integrated as follows:

Current	$	316
Deferred		1
Total	**$**	**317**

In Panama, Law No. 41 of July 2004, which creates a special regime for the establishment and operation of the Panama Pacific Special Economic Area, regulates companies registered under this regime.

AES Panama Generation Holdings, S.R.L., in the Panama-Pacific area registry, gives it the status of company of the Panama Pacific area to carry out the following activities: office administration, including the management and financial and treasury management and administration of group companies in Panama, provision of intragroup financing services, including the provision of loans to companies in the same economic group.

According to Article 60, Companies in the Panama-Pacific area, the developer and the operator, both for their internal operations and their external or export operations, will be subject to payment, in accordance with the current tax legal rules of this law, however, the above the most important source of income of the company is an activity not incentivized so the tax rate will be 25%.

In addition, legal entities whose taxable income exceeds $1,500 per year will calculate income tax by applying the corresponding tax rate to which is greater between:

a) The taxable net income calculated by the established (traditional) method.

b) The net taxable income resulting from applying four point sixty-seven per cent (4.67 per cent) to total taxable income (Alternative Income Tax Calculation Method - CAIR).

As of December 31, 2020, the Company generated a tax return so that the estimate of current income tax has been determined under the traditional method by applying a rate of 25% to the taxable rate.

13. Income tax expense (continued)

In accordance with Article 710 of the current Tax Code, tax payers shall make their advance income tax payments on the basis of the determination of the estimated return for the previous financial year divided into three items to be paid quarterly in June, September and December.

For the period 2020, no estimated income tax payments were made, because operations began in 2020.

According to applicable tax regulations, the Company's income tax returns are subject to review by the tax authorities for the past three years. The company started operations on March 20 and this would be its first period subject to review.

As of December 31, 2020, the Company reflects a balance of $1 related to deferred income tax.

Dividend tax

The accordance with Article 58 of Law 41 of 2004, "all activities, businesses, services, transactions or transactions within the Panama-Pacific Area shall be one hundred per cent free of direct and indirect taxes"., therefore, they shall be exempt from the payment of dividend tax regardless of whether they are of local or foreign source. This year it is not planned to distribute dividends

Transfer Pricing Law

In accordance with Law No. 69 of December 26, 2018 Art. 9, establishes transfer pricing regulations for Companies that conduct transactions with related parties and are established in colon-free zones, operate in the Panama-Pacific Special Economic Area or any other Zone, are subject to the transfer pricing regime in accordance with Article 762 , provided that such transactions have an effect as income, cost or deductions on the determination of the taxable amount for income tax purposes, in the fiscal period in which the transaction is carried out.

In the tax payers must comply annually, with the obligation to submit a transfer pricing report (report 930) six months after the closing date of the fiscal period, In addition, they must have a study containing the information and analysis supporting whether its transactions with related parties are in accordance with the provisions established in the fiscal code.

The Company estimates that transactions with related parties will have no significant impact on the 2020 income tax provision.

Executive Decree No.46 of 2019 establishes the obligation to submit the country-by-country report, for companies that are resident for tax purposes in Panama and that belong to a multinational group.

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

14. Fair Value of Financial Instruments

The Company established a process to determine fair value of financial instruments. The determination of fair value considers market quoted prices. Nevertheless, in 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.

The estimated fair values for financial liabilities as of December 2021 are as follows:

Financial Liabilities:		**Book Value**		**Fair Value**
Loan payable	$	92,705	$	92,705
Bonds payable		1,380,000		1,499,784
	$	**1,472,705**	**$**	**1,592,489**

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

The fair value of the Company's debts is based on information available as of December 31, 2020. The Company has no knowledge or evidence of factors that may significantly affect its estimate of fair value.

The loan was contracted at variable rate accordingly, the Company considers that its fair value resembles the book value as of December 31, 2020. The bonds were issued at a fixed rate, the determination of their fair value was determined using the market quote issued by the Bolsa de Valores de Panamá, S.A. The amounts assessed are the principal of the debts and exclude provisioned interest.

Hierarchy of fair value of reasonable financial instruments

All assets and liabilities measured at fair value or on which the Company makes fair value disclosures are classified within the fair value hierarchy. Such classification is based on the lower level of information used to determine such value and which is significant for the determination of fair value as a whole. The fair value hierarchy consists of the following three levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2020, the Company has not reclassified between hierarchical levels.

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

Risk and Capital Management

The Company has exposure to the following risks in the use of financial instruments:

- Liquidity risk
- Interest rate risk
- Market risk

This note presents information on the Company's exposures to each of the aforementioned risks, the Company's objectives, policies and procedures for measuring and managing the Company's risk and capital management. The financial statements also include additional quantitative disclosures.

The Board of Directors is responsible for establishing and monitoring the Company's risk management reference framework. The Board of Administrators, which is responsible for the development and monitoring of the Company's risk management policies.

Liquidity risk

It consists of the risk that the Company will not be able to meet all of its obligations due, among others, to the deterioration in the quality of affiliated receivables.

The Company's Management monitors liquidity risk through cash flow planning to ensure compliance with commitments. Monitoring consists of the preparation of a projected report of expected cash flows and scheduled disbursements, which is reviewed monthly.

In order to project expected cash flows, the Company considers the date of collection of its financial instruments and scheduled disbursements based on the maturity date of the obligations.

The following table summarizes the maturities of financial liabilities on uncontaminated contractual payments that exist as of December 31, 2020:

	Less than 3 months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Bonds	$ —	$ —	$ 113,335	$ 1,266,665	$ 1,380,000
Loan	—	30,099	62,606	—	92,705
Accounts payable-suppliers	96	—	—	—	96
Accounts payable-affiliate	1,232	—	—	—	1,232
Interest payable	5,332	—	—	—	5,332
	$ 6,660	**$ 30,099**	**$ 175,941**	**$ 1,266,665**	**$ 1,479,365**

14. Fair Value of Financial Instruments (continued)

Interest rate risk

The Company is not significantly exposed to interest rate fluctuations, as it maintains a fixed interest rate for bonds issued that correspond to most of its debt (Note 8). On the other order, the loan is exposed to fluctuations in the LIBOR rate, this is an international benchmark rate that fluctuates based on interbank market conditions. The Company expects no significant impact on its financial statements as a result of the volatility of the LIBOR rate on the associated cash flows this loan (Note 7).

Market Risk

On 11 March 2020, the World Health Organization raised the public health emergency caused by the coronavirus outbreak (COVID-19) to the international pandemic. The rapid evolution of events, at national and international level, is an unprecedented health crisis, impacting the macroeconomic environment and business developments. To address the economic and social impact of COVID-19, among other measures, the Government of Panama has approved a number of extraordinary urgent measures to address the COVID-19 Pandemic.

For the above, the Company has not had and expects no negative impact on its financial situation.

15. Subsequent Events

Subsequent events were evaluated by the administration up to March 31, 2021, when the Controller authorized the issuance of the audited financial statements.