


AES Andes

2Q - 2021
Earnings Report

August 4, 2021

AES ANDES SECOND QUARTER OF 2021 RESULTS

AES Andes S.A. (hereinafter referred to as AES Andes, or the Company) recorded EBITDA of US$349 million in the second quarter of 2021, 68% above the US$207 million achieved in the same period in 2020 primarily due to higher gross margin in Chile, Colombia and Argentina between both periods.

- EBITDA in the Chilean market reached US$286 million, a 61% increase from the second quarter of 2020. The main driver was the positive impact related to the partial accrual of the settlement agreement reached in August 2020 with the BHP subsidiaries MEL and Spence at Angamos (net of the recovery of emission taxes booked in the second quarter of 2020). This positive variance was offset in part by lower earnings from contract sales and higher maintenance costs due to the 76-day programmed maintenance at Angamos Unit 2.

- EBITDA in Colombia reached US$48 million in the second quarter of 2021, a US$25 million increase compared to the same period in 2020. The main drivers for this improvement are the increase in contracted margins resulting from the decrease in energy purchases costs as a result of the decrease in spot prices due to wetter hydrology in the system, in addition to a 510% increase in spot sales volume as a result of higher generation. The increase in transmission costs related to the higher generation and sales volume partly offset the positive variation in EBITDA.

- EBITDA in Argentina reached US$15 million during the second quarter of 2021, representing a 135% increase. Higher Energía Plus sales volumes due to higher demand from C&I customers, in addition to an increase in Energía Base rates applied to spot sales related to an inflation adjustment, positively impacted EBITDA in Argentina. Higher spot sales volume as a result of higher generation related to a 24-day maintenance at Termoandes in the second quarter of 2020 also contributed to the increase in EBITDA.

Net Loss Attributable to Parent (“Net Loss”) reached US$443 million in the second quarter of 2021, which negatively compares to the Net Income Attributable to Parent ("Net Income") of US$$62 million in the second quarter of 2020. The main drivers for this decrease relates to higher other losses of US$871 million between both quarters due to impairments at the nonstrategic coal-fired assets Angamos and Ventanas Units 3 and 4, as a consequence of the intention to accelerate the retirement of these units as soon as January 2025. To a lesser extent, the reduction in Equity earnings from US$28 million to zero in 2021, after AES Andes impaired the value of its investment in Guacolda in the third quarter of 2020, also contributed to the negative variation in Net Income. Lower Income Taxes of US$194 million primarily associated to the impairment previously mentioned, higher EBITDA, and a US$25 million reduction in financial expenses due to lower debt balance in the second quarter of 2021, partly offset the negative impact in Net Income.

CONSOLIDATED FINANCIAL SUMMARY

Numbers presented in the text of the report have been rounded to millions; therefore, differences may arise with the financial statements.

Financial Summary (ThUS$)	**YTD**			**2Q**		
	2021	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Revenue	1,493,638	1,114,604	34 %	776,868	572,261	36 %
Gross Profit	619,093	275,649	125 %	319,068	158,411	101 %
EBITDA*	688,391	369,132	86 %	348,732	207,092	68 %
Net Income (attributable to AES Andes)	(266,282)	137,718	(293)%	(442,700)	61,689	(818)%
Net Cash from Operations	86,804	147,124	(41)%	(40,506)	79,470	(41)%
Earnings per Share	**(0.026)**	**0.016**	**(263)%**	**(0.043)**	**0.007**	**(714)%**

(*) EBITDA is calculated as the sum of gross profit plus administrative expenses, depreciation, and other minor adjustments.

2021 HIGHLIGHTS AND RECENT EVENTS

Greentegra Strategy Execution

At the Extraordinary Shareholders' Meeting held on April 23, 2021, the Company's shareholders approved the change of the corporate name from “AES Gener S.A.” to "AES Andes S.A."

AES Andes continues to expand its portfolio, incorporating new customers, increasing the supply of new energy contracts through its Greentegra strategy.

Innovative Solutions

In 2020, the Company executed renewable Power Purchase Agreements (PPAs) for 4TWh per year. Since the launch of its Greentegra Strategy, the Company has executed renewable PPAs totaling 10.5TWh per year in Chile and Colombia, on top of the 0.8TWh per year contracted by Alto Maipo, to green the energy supply of its new and existing customers.

AES Andes offers flexibility to its customers through various energy solutions supporting their transition to a sustainable supply.

a. Green Hydrogen:

Chile has natural, economic and infrastructure conditions, that place it in an excellent position to become a world leader in the production and export of green hydrogen, an emission-free fuel that will play a fundamental role in the implementation of the net zero carbon emission plan for the country.

In this context, AES Andes signed a memorandum of understanding (MOU) with a major international hydrogen producer to carry out a feasibility study for the execution of a large green hydrogen-based ammonia production project in the country. This agreement was executed in February of this year and the project will potentially require more than 800 MW of new renewable energy capacity.

b. Maverick

The AES Corporation chose AES Andes to test a new and innovative solar technology called Maverick, developed by the Australian company 5B that which will employ cutting edge prefabricated modular PV technology which significantly reduces deployment time and minimizes the use of land per MW of installed capacity. A 10MW solar pilot will be included at our Andes Solar IIb project. This technology will provide the Company with a new competitive advantage to offer competitive and renewable energy solutions to its customers.

c. Battery Energy Storage Systems

The Company seeks to strengthen the energy generation process with the use of batteries, with a 24/7 supply and supporting the entry of renewable capacity into the electrical system.

The Company’s Virtual Reservoir Energy Storage pilot project in Chile entered operations in August, 2020. The proof of concept is located next to the existing Alfalfal I run-of-river hydro plant close to Santiago. The Lithium ion system has a 10MW / 5 hour capacity and allows the run of river hydro plant to store energy and later inject it into the grid during times of high demand. The Company is evaluating expanding the Virtual Reservoir system up to 250MW at the hydro complex outside of Santiago, and is now moving ahead with second phase of 40MW / 5 hour capacity. AES Andes is a pioneer and leader in Latin America in energy storage with 52MW in operation in northern Chile. On November 4, 2020, the Run of River plus storage project won the prestigious Avonni Award for the most innovative Energy initiative in Chile.

The new expansion of the Andes Solar Hub, the 180 MW Andes Solar IIb project, will include the largest lithium battery storage system in Latin America with a capacity of 112 MW for 5 hours.

d. Water Desalinization

Through different alternatives, AES Andes offers desalinated water that can be used in industrial processes, or treated water to be made drinkable. In recent years, the Company has obtained environmental permits for this process and is currently working on the development of this market and on commercialization proposals.

Capital Structure and Financing

Through different initiatives, the Company has secured the funds to carry out its transformation process. These funds have been entirely dedicated to strengthening its capital structure, prepaying debt, and accelerating the renewable growth plan under execution.

a. Incorporation of Global Infrastructure Partners (GIP) as strategic partner

On July 15, 2021, Global Infrastructure Partners (GIP) was incorporated as partner in the Company's renewable growth. GIP will own 49% and AES Andes 51% of the shares of the affiliate Chile Renovables SpA, owner of Parque Eólico Los Cururos SpA, whose wind farm is currently in operation. As the renewable projects Andes Solar IIa, Andes Solar IIb, Los Olmos, Mesamávida and Campo Lindo, totaling 733MW, reach full COD and the other conditions agreed between the parties are met, they will be acquired by Chile Renovables SpA.

As a result of this transaction and including all the listed projects, AES Andes expects to receive funds for a total of US$ 441 million between 2021 and 2023.

b. Capital Increase

At the Shareholders Meeting held on April 16, 2020, the shareholders approved a capital increase of up to US$500 million though the issuance of up to 5,000,000,000 shares that were registered in Chilean securities regulator, the CMF, on July 22, 2020.

At the Shareholders Meeting held on October 1, 2020, the shareholders approved the proposal of the Company's Board of Directors to extend the term – by 180 days – to set the final price and start capital increase. The Company's Board of Directors agreed to set at $110 per share the placement price of the 1,980,000,000 shares under the Capital Increase. In total, 1,976 million shares were subscribed, which is equivalent to 99.8% of the total shares placed under the capital increase, for a total amount of approximately US$ 306 million.

These funds will be used to finance the construction of solar, wind and battery energy projects destined to supply the new contracts signed since the beginning of the execution of the Company's new strategy.

c. Account Receivables related to Law number 21,185, Mechanism for Stabilizing Electric Power Prices

On January 20, 2021 and January 27, 2021, the Company reached an agreement with Goldman Sachs & Co. LLC and Goldman Sachs Lending Partners LLC for a committed amount of up to US$ 90.11 million, and with Inter-American Investment Corporation ("IDB Invest") for a committed amount of up to US$ 44.08 million, respectively, pursuant to which, subject to certain conditions, the Company will sell to Chile Electricity PEC SpA ("Chile PEC"), who undertakes to buy accounts receivable against various electric power distribution companies, in accordance with the provisions of Law number 21,185, which "Creates a Transitory Mechanism for Stabilizing Electric Power Prices for Clients Subject to Regulation of Rates", and Exempt Resolution number 72, of the National Energy Commission (together the" Stabilization Mechanism"), .

In the first quarter of 2021 AES Andes materialized the sale of the first and second group of accounts receivable as a result of the Stabilization Law enacted in November 2019, for a nominal value of US$77.6 million.

On June 21, 2021, AES Andes reached an agreement with AllianzGI Noteholder, pursuant to which, under certain conditions, the later undertakes to finance the purchase of account receivables for a committed amount of up to US$ 32.44 million.

On June 30, 2021, the Company materialized the sale of the third group of accounts receivable as a result of the Stabilization Law enacted in November 2019, for a nominal value of US$16.1 million.

As of June 30, 2021, AES Andes registered account receivables totaling US$21 million related to the stabilization Law enacted in November 2019.

d. Sale of a Minority Stake at Cochrane SpA

On September 4, 2020, AES Andes subsidiary Norgener Inversiones SpA sold a non-controlling percentage of the shares issued by Norgener's subsidiary, Inversiones Cochrane SpA, which in turn owns 60% of Empresa Electrical Cochrane SpA (Cochrane), to TIF Inversiones SpA (TIF) owned by Toesca Infraestructura II Fondo de Inversión, for a total of US$113 million.

e. Angamos's agreement with BHP subsidiaries MEL and Spence and debt prepayments

In August 2020, Angamos reached a settlement agreement with Minera Escondida and Minera Spence for the early termination of the Power Purchase Agreements as soon as August 2021, and Angamos received a US$720 million cash payment reflecting the present value of the fixed charges through 2029, as stipulated in the PPAs, and resolving all pending commercial and legal disputes between the Companies.

The cash payment was recorded in the third quarter of 2020, while the US$720 million net settlement amount will be recorded as revenue spread between the income statements of 2020 and 2021. A portion of these proceed was used to prepay debt at Angamos level, while approximately US$200 million will be used to fund green projects at AES Andes level. In the first half of 2021, a total of US$327 million have been recognized associated with the termination of these contracts. and US$8 million related to the recovery of emission tax pass though.

In September and October 2020, Angamos performed a partial prepayment at its 144/A bond for a total of US$ 255.5 million and US$ 53.6 million, respectively, prepaid the Banco Estado's US$50.98 million loan and the US$83.81 million loan with Banco BCI and Banco Itaú. As of June 30, 2021, outstanding debt at Electrica Angamos was US$71 million.

Considering that as of 2022 Angamos will no longer supply energy to contracts, the Company carried out an impairment test of Property, Plant and Equipment of Angamos, whose income will come exclusively from its activity in the spot market. This analysis concluded that the value of said assets was not recoverable and impairment losses were recorded that impacted the Company's net income by US$ 372 million in 2020.

f. Cochrane's Refinancing Process

In July 2020 AES Andes' subsidiary Empresa Eléctrica Cochrane issued US$485 million in local notes, the largest USD-denominated bond issuance in Chile. The notes amortize between 2027 and 2034 and carry an interest rate of 6.25%. This issuance was a planned liability management transaction involving the repayment of the Local Bridge loan issued in October 2019, as part of the larger transaction executed to prepay Cochrane's existing Project Finance Facility, allowing the Company to access a corporate-style, more flexible financing structure, releasing US$70 million of inefficient cash sitting in restricted accounts.

g. Local UF Bond Prepayment

On July 2, 2021, the Company announced to Series N bondholders the prepayment of all outstanding debt at the Local UF bond totaling UF 3.3 million. This operation was executed on July 30, 2021. To finance this prepayment and the associated US$ 11.7 million derivative instruments, the Company issued US$ 101 million in short-term debt and used its own cash from operations.

Renewable Growth

One of the ultimate objectives of AES Andes is to reduce carbon intensity of its portfolio which is supported by its renewable pipeline of projects. The Company continues to make progress in its plan to integrate 2.3 GW of new renewable capacity, which will represent 58% of its generation assets in 2024.

a. Alto Maipo Project

Construction of the 531MW Alto Maipo Hydroelectric Project is moving ahead. The total project completion to date is 98%, with all 74.6 kilometers of tunnels excavated to date, eliminating all geological risk. Electromechanical work at both powerhouses Alfalfal II and Las Lajas are well advanced and both powerhouses are expected to begin generating in the second half of 2021.

b. Projects under construction

The following tables shows the projects under construction in Chile and Colombia, and their progress as of June 30, 2021

AES Chile	Technology	Installed Capacity	Progress	Construction Completion
Alto Maipo	Hydro	531 MW	98%	2021
Los Olmos	Wind	110 MW	78%	2021
Mesamávida	Wind	68 MW	44%	2021
Andes Solar IIb	Solar Battery	180 MW 112 MW-5hr	37%	2022
Campo Lindo	Wind	73 MW	21%	2022

AES Colombia	Technology	Installed Capacity	Progress	COD
San Fernando	Solar	61 MW	83%	2021

c. Projects Under Development

The Company continues to accelerate the development of a significant portion of its portfolio of renewable projects of more than 4,000MW in Chile. In addition to the projects that are already under construction, the Company is in advanced stages of developing non-conventional renewable energy projects that are already contracted, including San Matías (108MW) and Rinconada (258 MW) wind projects in the Eighth Region, and a new expansion of the Andes Solar Hub that will also incorporate a battery storage system to optimize solar generation (237 MW + 148 MW-5hr).

The new expansion of the battery storage system, Virtual Reservoir II adjacent to the existing Alfalfal I run-of-river hydro plant close to Santiago, for a 40MW / 5 hours capacity is in advanced stages of development, and will allow the run of river hydro plant to store energy and later inject it into the grid during times of high demand displacing more inefficient sources of energy and increasing the penetration of renewable generation.

AES Andes continues to advance with the diversification of its Colombian operations. In 2019, the Company acquired the 648 MW Jemeiwaa-Kai portfolio in the Alta Guajira region, which has guaranteed transmission capacity for most of its projects and world-class capacity factors of 54% on average. Two projects in the portfolio, Casa Eléctrica (187 MW) and Apotolorru (77 MW), already have been awarded with supply contracts and reliability charge at recent renewable energy auctions of the National Mining and Energy Planning Unit of Colombia (" UPME ").

Decarbonization

AES Andes continues to apply technological innovations to provide the flexibility that the system requires and to advance in the incorporation of renewable energies into the country's energy matrix.

As part of its commitment to the country to reduce carbon emissions, in 2018 the Company pledged to not build new coal plants. Through its transformation, in 2024, AES Andes will have reduced its carbon emissions by 44%, compared to 2017.

a. Shut down of Laguna Verde plant

AES Andes took a new step in its process of accelerating the transition to renewable energy. In line with this effort, the Company announced on April 20, 2021, the definitive closure of the Laguna Verde Power Plant (58 MW), located in the town of the same name in the Valparaíso county. The Company requested the National Energy Commission (CNE) the definitive disconnection of the plants units, two steam turbines and one gas unit.

b. Guacolda Sale agreement

On February 23, 2021, AES Andes entered into a sale agreement for the sale of its 50% stake in the Guacolda subsidiary for US$34 million subject to normal adjustments for this type of transaction. On July 14, 2021, the sale was approved by the National Economic Prosecutor's Office (Fiscalía Nacional Económica) and on July, 20, 2021 the transfer of shares to the new owner was executed. Capital Advisors, through El Aguila Energy II SpA now owns and controls 100% of Guacolda Energía.

c. Decarbonization Agreement

On December 29, 2020, the Company formally requested the shutdown of Units 1 and 2 of the Ventanas complex. Both plants will go to a State of Strategic Reserve (ERE) and will be available as a backup to the grid if there is an energy crisis or an extraordinary situation that puts the security and sufficiency of the system at risk, in which case they could be called upon by the grid ISO. Ventanas 1 entered the Strategic Reserve State and Ventanas 2 is expected to do so as soon as August 2021, in line with the start of operations of the second transformer 220/110 kV - 300 MVA of the Agua Santa Substation. Given a delay experienced in the completion of the expansion of this Substation, we expect Ventanas 2 will enter into ERE no sooner than May, 2022.

As a result AES Andes recorded a loss due to impairment of Property, Plant and Equipment, that impacted the Company's net income by US$ 224 million in 2020.

On July 6, 2021, AES Andes signed with the Chilean Ministry of Energy an amendment to the Disconnection and Cease of Operations Agreement signed on June 4, 2019. In light of this amendment, AES Andes has made available Units 3 and 4 of Ventanas Complex and Angamos Units 1 and 2, with installed capacities of 267 MW, 272 MW, 277 MW y 281 MW, respectively and jointly a total of 1,097 MW, to cease its operations based on coal from January 1, 2025, as soon as the safety, sufficiency and competitiveness of the system allows it.

As a result AES Andes recorded a loss due to impairment of Property, Plant and Equipment, that impacted the Company's net income by US$ 870 million in 2020.

AES Andes and its subsidiaries have committed, to date, the disconnection of a total of 1,419 MW of coal units, which includes the Ventanas Complex located in the County of Puchuncaví, in Valparaíso Region and Angamos Complex, located in the Mejillones County, in the Antofagasta Region.

The Company continues to work with the authorities and its customers to establish future steps in its decarbonization process with the view of achieving the strategic emission reduction objectives and the official goals of Chile's energy roadmap.

Dividends

At the Extraordinary Shareholders' Meeting, held on April 23, 2021, shareholders approved to pay an eventual dividend for US$ 47.7 million equivalent to US$ 0.0046083 per share, charged to future reserves, dividends and accumulated profits, paid on May 31, 2021.

Credit Rating

S&P and Fitch Ratings reaffirmed AES Andes' BBB- rating, with stable outlook on July 8, 2021. Moody's reaffirmed AES Andes' Baa3 investment-grade rating, with stable outlook on July 31, 2020.

Great Place to Work

AES Andes was recognized by Great Place To Work as one of the best companies to work for in Chile, Argentina and Colombia. In the case of Chile, it was ranked as the #10 best company to work for among corporations with more than 1,000 employees.

In 2021, Great Place to Work included the recognition of Best Places to Work for Women in 2021, and AES Chile was recognized in the seventh place.

REVIEW OF OPERATIONS BY MARKET

AES Andes operates a diverse portfolio of power generation assets totaling over 5GW in Chile, Colombia, and Argentina as of June 30, 2021..

Chile

Chile's National Electric System or SEN, supplies a wide range of customer types, including Chile's main population centers, in the center and mining operations in the north, with a diverse generation matrix including thermal, hydro and other renewables. The SEN runs from the northern part of Region I to Region X. AES Andes was one of the leading power producers on the SEN during the second quarter of 2021, operating 3,506MW of coal, hydro, diesel, biomass, wind and solar plants, and 62MW of batteries.

During the second quarter of 2021, hydro generation remained fairly stable compared to the same period in 2020, while reservoir level experience a 4% increase in reservoir levels in Chile and 20% higher hydrological inflows. Average spot prices in the second quarter in Chile were impacted by the lack of natural gas availability, in addition to higher coal prices and outages from efficient thermal plants in the system.

Total energy demand grew 6.6% compared to the same period of 2020, for an average monthly demand of 6,220GWh per month in the second quarter of 2021. The main reason for this increase is the 8.5% higher demand from unregulated customers in the second quarter of 2021 compared to the second quarter in 2020, in addition to 3.6% increase in demand from regulated customers.

These factors led to a 71% increase in the average marginal costs in the north and a 73% increase in the central part of the system compared to the same period of 2020.

AES Andes and its subsidiaries, including Guacolda, contributed 24% of the generation on the SEN in the second quarter of 2021, while it contributed 27% in the second quarter of 2020. The 50% stake at Guacolda was sold on July 20, 2021.

The table below shows the main SEN variables as of June 30, 2021, and 2020.

		YTD		2Q	
		2021	2020	2021	2020
Demand growth	(%)	3.3 %	0.7 %	6.60 %	(1.60)%
Average monthly consumption	(GWh)	6,180	5,985	6,220	5,836
Average spot price Northern Chile	US$/MWh	70	45	72	42
Average spot price Central Chile	US$/MWh	78	47	78	45

In the second quarter of 2021, AES Andes' sales to unregulated customers increased US$128 million due to the accrual of a US$168 million portion of the settlement with BHP subsidiaries reached in August 2020, despite a 28GWh decrease in sales volumes. Revenues from sales to regulated customers grew by US$8 million, despite lower sales volumes of 28GWh, as a result of higher coal prices which led to higher regulated contract prices. Meanwhile, revenues from the Spot market grew US$7 million as a result the increase in average spot prices, despite the 21GWh decrease in sales volumes.

Transmission revenue increased US$8 million compared to the second quarter of 2020, while transmission costs grew US$2 million.

Other Operating Revenues grew US$23 million mainly attributable to an increase in coal sales to Guacolda. This effect also explains the US$24 million increase in fuel costs of sale. Other Operating revenue includes revenue from coal sales and services provided to companies within the AES Andes Group.

During the second quarter, fuel costs grew US$11 million compared to the same period of the previous year due a 23% increase in coal prices to 79 US$/ton, partly offset by a 9% decrease in coal-fired generation.

The decrease in coal-fired generation, primarily due to the 76-day maintenance at Unit 2 of Angamos' complex in the second quarter of 2021, led to an overall 8% decrease in generation. An increase in generation at the Andes Solar plant as well as in Los Cururos wind farm, partly offset the drop in thermal generation.

Purchases of energy and capacity increased by US$29 million due to the 336GWh increase in spot purchases at higher spot prices, partly offset by the 144 GWh decrease in purchases through contracts with other generators.

Other costs of fuel decreased US$6 million primarily due to lower demurrage cost of coal discharge in the second quarter of 2021 compared to the same period of 2020 in addition to lower green taxes, while the US$4 million increase in other cost of sales relates to higher maintenance costs.

Depreciation decreased US$12 million due to the impairments at the nonstrategic coal-fired assets Ventanas 1, Ventanas 2, the Laguna Verde peaking plant, Ventanas 3 and 4 and at Angamos, as a consequence of the intention to accelerate the disconnection of these units and the termination of supply contracts in the third quarter of 2020, partly offset by an increase in depreciation of other coal units after the review of their useful lives in the fourth quarter of 2020 in line with the company's Decarbonization plans.

Gross Profit in Chile in the second quarter of 2021 grew by 92% to US$257 million. The positive impact related to the portion of the settlement with BHP subsidiaries accrued this quarter was partly offset by lower earnings from contract sales and higher maintenance costs related to the 76-day programmed maintenance of Angamos Unit 2.

Chile (ThUS$)	**YTD**			**2Q**		
	2021	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Operating Revenue						
Regulated customer sales	168,628	169,539	(1)%	86,437	78,663	10 %
Unregulated customer sales	850,614	567,869	50 %	438,597	310,544	41 %
Spot sales	89,369	70,114	27 %	35,887	28,763	25 %
Transmission revenue	72,631	51,996	40 %	37,408	28,942	29 %
Other operating revenues	85,846	67,332	27 %	56,229	33,113	70 %
Total Operating Revenue	**1,267,088**	**926,850**	**37 %**	**654,558**	**480,025**	**36 %**
Cost of Sales						
Fuel consumption	(203,888)	(193,912)	5 %	(107,805)	(96,877)	11 %
Fuel cost of sales	(73,696)	(52,656)	40 %	(48,095)	(24,287)	98 %
Energy and capacity purchases	(145,634)	(109,868)	33 %	(81,726)	(52,806)	55 %
Other fuel costs	(45,002)	(54,542)	(17)%	(22,862)	(29,236)	(22)%
Transmission tolls	(74,309)	(59,299)	25 %	(35,934)	(34,285)	5 %
Operation Personnel Expenses	(26,573)	(26,528)	— %	(13,278)	(13,137)	1 %
Other cost of sales	(82,997)	(71,612)	16 %	(41,276)	(37,224)	11 %
Depreciation and amortization	(101,564)	(117,216)	(13)%	(46,727)	(58,668)	(20)%
Total Cost of Sales	**(753,663)**	**(685,633)**	**10 %**	**(397,703)**	**(346,520)**	**15 %**
Total Gross Profit	**513,425**	**241,217**	**113 %**	**256,855**	**133,505**	**92 %**

Chile	YTD			2Q		
Energy Sales (GWh)	**2021**	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Distribution Companies	1,565	1,696	(8)%	768	796	(4)%
Unregulated Customers	5,113	5,115	— %	2,534	2,562	(1)%
Spot	88	76	10 %	42	36	17 %
Spot Re-Routing	1,442	1,311	10 %	674	701	(4)%
Total Energy Sales	**8,208**	**8,198**	**— %**	**4,018**	**4,095**	**(2)%**
Energy Purchases (GWh)						
Other Generators	211	461	(54)%	92	236	(61)%
Spot	1,315	614	114 %	667	331	102 %
Total Energy Purchases	**1,526**	**1,075**	**42 %**	**759**	**567**	**34 %**

Chile	YTD			2Q		
Net Generation (GWh)	**2021**	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Coal	5,963	6,458	(8)%	2,994	3,300	(9)%
Hydro	510	542	(6)%	170	168	1 %
Biomass	12	4	200 %	7	2	250 %
Wind	97	83	17 %	46	39	18 %
Solar	100	36	178 %	42	19	121 %
Total Generation	**6,682**	**7,123**	**(6)%**	**3,259**	**3,528**	**(8)%**

Colombia

AES Andes' Colombian subsidiary, AES Colombia, operates 1,020MW of hydro and 21 MW of solar capacity and is one of the main electric generators in the Colombian National Interconnected System or SIN, a predominantly hydro-based system.

Inflows in Colombia during the second quarter of 2021 were higher than in the second quarter of 2020, as well as in the Chivor basin. System-wide inflows were 33% below the historical average in the second quarter of 2020, while in 2021, second-quarter inflows were 29% above average. The improvement in hydro conditions during the second quarter of the year, resulted in year-over-year reservoir levels to increase 81%, comparing the level at the end of June 2020, to the end of June 2021.

Inflows for the catchment basin of Chivor during the second quarter of 2021 were 30% above the historical average, while in 2020, second-quarter inflows were 26% below the historical average. It is important to highlight that reservoir level was in line with historical levels at the end of 2020, at around 75%, resulting in normalized operations in the second quarter of 2021. Last year, Chivor's reservoir started at 12% capacity to allow for the execution of the plant's life extension project works during the first quarter of 2020. These factors led to a 90% increase in generation between the second quarter of 2021 and the same period in 2020.

The improvement in hydrological inflows across Colombia in the second quarter of 2021 drove average spot market prices down 61% in local currency and 60% in US Dollars, compared to the same period in 2020.

		YTD		2Q	
		2021	2020	2020	2019
Demand growth	(%)	4.0 %	(1.9)%	9.9 %	(7.9)%
Average monthly consumption	(GWh)	5,979	5,752	6,012	5,470
Average spot price	US$/MWh	45	92	32	80

In the second quarter of 2021, revenues in Colombia increased by US$18 million due to the US$9 million increase in spot sales as a result of 510% higher spot sales volume and ancillary services due to the increase in generation, partly offset by lower spot prices. The 90% increase in hydro generation is a result of higher inflows in Chivor's basin in the second quarter of 2021.

Contract sales revenues grew US$5 million explained by increased contract prices, despite a 3% decrease in contract sales volume.

Other operating revenues increased US$3 million due to higher energy derivatives.

The cost of energy and power purchases decreased US$17 million, primarily due to lower spot prices, despite a 34GWh increase in energy volume purchases from the spot market and a 77GWh increase in contracted energy purchases.

Other cost of sales increased US$4 million between the second quarter of 2021 and the same period in 2020 primarily due to an increase in variable costs associated to the higher generation and higher insurance costs, while transmission costs increased US$2 million and as a result of the increase in generation.

Gross Profit in Colombia for the second quarter of 2021 increased US$29 million compared to the same period last year, primarily due to a 90% increase in generation leading to higher spot sales volumes and higher contract margins related to lower energy purchases costs. Higher transmission costs as a result of higher generation partly offset the increase in gross profit.

Colombia (ThUS$)	YTD			2Q		
	2021	**2020**	**Var (%)**	**2020**	**2019**	**Var (%)**
Operating Revenue						
Contract sales	120,969	113,843	6 %	70,039	64,703	8 %
Spot sales	57,124	36,339	57 %	20,767	11,470	81 %
Other operating revenues	3,527	721	389 %	3,507	627	459 %
Total Operating Revenue	**181,620**	**150,903**	**20 %**	**94,313**	**76,800**	**23 %**
Cost of Sales						
Energy and capacity purchases	(54,026)	(100,224)	(46)%	(23,086)	(39,709)	(42)%
Transmission Costs	(10,599)	(7,376)	44 %	(4,996)	(3,342)	49 %
Operation Personnel Expenses	(2,885)	(3,125)	(8)%	(1,242)	(1,642)	(24)%
Other cost of sales	(15,907)	(10,052)	58 %	(9,404)	(5,855)	61 %
Depreciation and amortization	(5,284)	(4,982)	6 %	(2,686)	(2,417)	11 %
Total Cost of Sales	**(88,701)**	**(125,759)**	**(29)%**	**(41,414)**	**(52,965)**	**(22)%**
Total Gross Profit	**92,919**	**25,144**	**270 %**	**52,899**	**23,835**	**122 %**

Colombia	YTD			2Q		
Energy Sales (GWh)	**2021**	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Contracts	2,116	1,937	9 %	1,193	1,157	3 %
Spot	1,415	311	355 %	842	138	510 %
Total Energy Sales	**3,531**	**2,248**	**57 %**	**2,035**	**1,295**	**57 %**
Energy Purchases (GWh)						
Spot	448	562	(20)%	213	179	19 %
Other purchases	946	768	23 %	491	414	19 %
Total Energy Purchases	**1,394**	**1,330**	**5 %**	**704**	**593**	**19 %**
Net Generation (GWh)						
Hydro	2,124	904	135 %	1,324	696	90 %
Solar	13	14	(7)%	7	6	17 %
Total Generation	**2,137**	**918**	**133 %**	**1,331**	**702**	**90 %**

Argentina

The Argentine Interconnected System or SADI is supplied primarily by natural gas-fired plants, in addition to hydro, coal and nuclear power plants, and an ever growing amount of non conventional renewables. AES Andes' subsidiary, TermoAndes operates a 643MW gas-fired combined-cycle in northern Argentina selling electricity to the grid under two separate frameworks: Energía Plus to commercial and industrial customers under contracts, and the Energía Base spot market framework. TermoAndes is also connected to the northern SEN market in Chile via AES Andes' InterAndes transmission line.

In February 2019, Argentina's Secretariat of Energy issued Resolution 1/2019, which took effect on March 1, 2019 establishing energy and capacity rates applicable to TermoAndes' spot sales. Capacity rates during spring and autumn were set at US$5,500/MW per month while remained at US$7,000/MW per month during the summer and winter months. Spot prices were reduced by $1.6/MWh.

In February 2020, Argentina's Secretariat of Energy issued Resolution 31/2020 establishing the current rates scheme. Energía Base rates were established in Argentine pesos with monthly adjustments by inflation. Additionally, Energía Base rates were reduced while a series of energy payment premiums were introduced for the 50 hours per month of maximum thermal demand in summer / winter and the 25 hours of maximum thermal demand in autumn / spring, applied to the energy generated by thermal plants and energy operated by hydroelectric plants. The monthly inflation adjustments were frozen in the early onset of the COVID pandemic. On May 29, 2021, Resolution 440/2021 was issued which's main modification was a 29% inflation related increase in energy and capacity prices under the Energía Base regime, retroactive from February 2021.

		YTD		2Q	
		2021	2020	2021	2020
Demand growth	(%)	4.8 %	(0.3)%	13.5 %	(5.40)%
Average monthly consumption	(GWh)	10,988	10,486	10,951	9,645

During the second quarter of 2021, TermoAndes' generation grew 163GWh compared to the same period of 2020, as a result of higher availability of Termoandes' units due to 24-day maintenance performed at Gas Turbine 1 during the second quarter of 2020 which led to a 30% increase in spot sales volume. Demand from Energía Plus customers also increased, by 108%.

Spot market revenues grew US$3 million as a result of 271GWh increase in spot sales volume due to higher generation and the increase in average spot prices due to the 29% tariff increase previously mentioned. The increase in tariffs is partially offset by the impact of the devaluation of the Argentine peso on energy sales.

Energía Plus contract sales revenues increased US$9 million, due to 124GWh higher energy sales volumes, as a result of to both higher demand and a 16% increase in average contract prices to 61 US$/MWh in the second quarter of 2021.

Fuel cost in the second quarter of 2021 fell US$3 million. Energy and capacity purchases experienced a US$7 million increase due to the 232GWh higher energy purchases volumes, more than offsetting the decline in fuel costs.

Quarterly gross profit in Argentina increased by US$9 million driven by the increase of Energía Base rates to account for inflation implemented this quarter, higher spot sales volume as a result of higher availability of the plant compared to the second quarter of 2020, in addition to higher demand and prices at Energía Plus contracts.

Argentina (ThUS$)	YTD			2Q		
	2021	2020	Var (%)	2021	2020	Var (%)
Operating Revenue						
Contract sales	25,120	17,518	43 %	15,998	6,509	146 %
Spot sales	20,886	20,479	2 %	12,705	9,699	31 %
Other operating revenues	351	342	3 %	172	(342)	
Total Operating Revenue	**46,357**	**38,339**	**21 %**	**28,875**	**15,866**	**82 %**
Cost of Sales						
Fuel consumption	—	(3,848)	(100)%	—	(3,278)	(100)%
Energy and capacity purchases	(13,038)	(4,608)	183 %	(8,800)	(1,395)	531 %
Operation Personnel Expenses	(1,515)	(1,107)	37 %	(735)	(622)	18 %
Other cost of sales	(7,322)	(7,721)	(5)%	(3,878)	(3,856)	1 %
Depreciation and amortization	(10,924)	(11,425)	(4)%	(5,803)	(5,644)	3 %
Total cost of sales	**(32,799)**	**(28,709)**	**14 %**	**(19,216)**	**(14,795)**	**30 %**
Total Gross Profit	**13,558**	**9,630**	**41 %**	**9,659**	**1,071**	**802 %**

Argentina	YTD			2Q		
Energy Sales (GWh)	2021	2020	Var (%)	2021	2020	Var (%)
Contracts	421	307	37 %	239	115	108 %
Spot	2,048	1,683	22 %	1,173	902	30 %
Total Energy Sales	**2,469**	**1,990**	**24 %**	**1,412**	**1,017**	**39 %**
Energy Purchases (GWh)						
Spot	420	75	460 %	238	6	#¡DIV/0!
Total Energy Purchases	**420**	**75**	460 %	**238**	**6**	3,867 %
Net Generation (GWh)						
Natural Gas	2,049	1,915	7 %	1,174	1,011	16 %
Total Generation	**2,049**	**1,915**	**7 %**	**1,174**	**1,011**	**16 %**

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

	YTD			2Q		
	2021	2020	Var (%)	2020	2019	Var (%)
Contract energy and capacity sales	1,165,331	868,769	34 %	611,071	460,419	33 %
Spot energy and capacity sales	167,379	126,932	32 %	69,359	49,932	39 %
Transmission revenue	72,631	51,996	40 %	37,408	28,942	29 %
Other operating revenue	88,297	66,907	32 %	59,030	32,968	79 %
Total Operating Revenue	**1,493,638**	**1,114,604**	**34 %**	**776,868**	**572,261**	**36 %**
Fuel consumption	(203,888)	(197,760)	3 %	(107,805)	(100,155)	21 %
Fuel cost of sales	(73,696)	(52,656)	40 %	(48,095)	(24,287)	98 %
Energy and capacity purchases	(212,698)	(214,700)	(1)%	(113,612)	(93,910)	21 %
Other fuel costs	(45,002)	(54,542)	(17)%	(22,862)	(29,236)	(22)%
Transmission tolls	(84,908)	(66,675)	27 %	(40,930)	(37,627)	9 %
Operation Personnel Expenses	(30,973)	(30,760)	1 %	(15,255)	(15,401)	(1)%
Other cost of sales	(105,608)	(88,239)	20 %	(54,025)	(46,505)	16 %
Depreciation and amortization	(117,772)	(133,623)	(12)%	(55,216)	(66,729)	(22)%
Total Cost of Sales	**(874,545)**	**(838,955)**	**4 %**	**457,800**	**413,850**	**11 %**
Gross Profit	**619,093**	**275,649**	**125 %**	**319,068**	**158,411**	**101 %**
Other operating revenues	142	1,934	(93)%	(17)	1,058	(102)%
Selling, general and administrative expenses	(43,239)	(41,471)	4 %	(20,704)	(18,514)	12 %
Other operating expense	(5,253)	(2,982)	76 %	(2,878)	(1,533)	88 %
Other gains and losses	(872,463)	(4,996)	17,363 %	(870,281)	906	(96,158)%
Financial income	7,302	3,471	110 %	3,729	1,920	94 %
Financial expense	(47,694)	(53,005)	(10)%	(23,042)	(47,567)	(52)%
Equity in earnings of associates	—	27,558	(100)%	—	20,966	(100)%
Foreign currency exchange differences	7,717	(7,480)	(203)%	(45)	(18,555)	(100)%
Result by readjustment units	(6,883)	—	----	(3,620)		----
Net Income Before Tax	**(341,278)**	**198,678**	**(272)%**	**(597,790)**	**97,092**	**(716)%**
Income tax	85,258	(58,340)	(246)%	160,791	(33,706)	(577)%
Net Income After Tax	**(256,020)**	**140,338**	**(282)%**	**(436,999)**	**63,386**	**(789)%**
Income Attributable to						
Shareholders of Parent	(266,282)	137,718	(293)%	(442,700)	61,689	(818)%
Non-controlling interest	10,262	2,620	292 %	5,701	1,697	236 %
Net Income	**(256,020)**	**140,338**	**(282)%**	**(436,999)**	**63,386**	**(789)%**

Operating Revenue

Operating Revenue grew US$205 million in the second quarter of 2021, compared to the same period in 2020, reaching US$777 million. The increase was driven primarily by higher contracts sales in Chile and Argentina, and higher spot sales in Colombia and to a lesser extent, higher spot sales in Chile and Argentina and higher contract sales in Colombia. The increase in contract sales in Chile was primarily driven by the portion of the agreement with BHP subsidiaries accrued in the second quarter of 2021.

Cost of Sales

Cost of Sales increased US$44 million in the second quarter of 2021. The main drivers were higher energy purchases in Chile and Argentina, as well as higher fuel consumption in Chile. Lower spot purchases in Colombia as a result of higher generation at Chivor, in addition to a decrease in depreciation as a result of the impairments at the Ventanas Complex, Laguna Verde and Angamos partially offset the previously mentioned positive effects.

Gross Profit

Gross Profit increased by 101% to US$319 million in the second quarter of 2021 compared to the second quarter of 2020. This quarterly performance is explained by a US$123 million improvement in Chile, and a US$29 million increase in Colombia, in addition to US$9 million growth in Argentina.

	YTD			2Q		
	2021	2020	Var (%)	2020	2019	Var (%)
Operating Revenue						
Chile	1,267,088	926,850	37%	654,558	480,025	36%
Argentina	46,357	37,997	22%	28,875	15,866	82%
Colombia	181,620	150,903	20%	94,313	76,800	23%
Consolidation adjustments	(1,427)	(1,146)	25%	(878)	(430)	104%
Total Operating Revenue	**1,493,638**	**1,114,604**	**34%**	**776,868**	**572,261**	**36%**
Cost of Sales						
Chile	(753,663)	(685,633)	10%	(397,703)	(346,520)	15%
Argentina	(32,799)	(28,709)	14%	(19,216)	(14,795)	30%
Colombia	(88,701)	(125,759)	(29)%	(41,414)	(52,965)	(22)%
Consolidation adjustments	618	1,146	(46)%	533	430	24%
Total costs of sales	**(874,545)**	**(838,955)**	**4%**	**(457,800)**	**(413,850)**	**11%**
Total Gross Profit	**619,093**	**275,649**	**125%**	**319,068**	**158,411**	**101%**

The Consolidation Adjustment line mainly accounts for intercompany operations between AES Andes in Chile and the Colombian subsidiary, AES Chivor.

Selling, General and Administrative Expenses

SG&A costs increased US$2 million in the second quarter of 2021 compared to the same period of 2020. The main reasons for this increase is higher are higher consultants and third party services costs, higher IT costs, and higher personnel costs.

EBITDA

	YTD			2Q		
	2021	2020	Var (%)	2020	2019	Var (%)
Revenue	1,493,638	1,114,604	34 %	776,868	572,261	36 %
Cost of Sales	(874,545)	(838,955)	4 %	(457,800)	(413,850)	11 %
Gross Profit	**619,093**	**275,649**	**125 %**	**319,068**	**158,411**	**101 %**
Depreciation (-)	117,772	133,623	(12)%	55,216	66,729	(17)%
Operating Margin	**736,865**	**409,272**	**80 %**	**374,284**	**225,140**	**66 %**
Other Operating Revenues	142	1,934	(93)%	(17)	1,058	(102)%
Administrative Expenses	(43,239)	(41,471)	4 %	(20,704)	(18,514)	12 %
Other operating Expense	(5,253)	(2,982)	76 %	(2,878)	(1,533)	88 %
Other (costs) income not included in EBITDA*	(124)	2,379	(105)%	(1,953)	941	(308)%
EBITDA	**688,391**	**369,132**	**86 %**	**348,732**	**207,092**	**68 %**

(*) Other (costs) income includes ARO Provisions and Non-financial derivative valuation. Non-financial derivative valuation refers to contracts in Colombia where there is no obligation to deliver energy under certain circumstances.

AES Andes achieved an EBITDA of US$349 million in the second quarter of 2021, 68% above that of the same period in 2020.

This positive variation is mainly explained by higher EBITDA contributions from Chile, Colombia and Argentina.

Chile's quarterly EBITDA improved by US$108 million compared to the second quarter of 2020 due to the portion of the agreement with BHP subsidiaries accrued in the period, partly offset by lower earnings from contract sales and higher maintenance costs.

Colombia's quarterly EBITDA grew US$25 million due a 90% increase in generation due to higher inflows than last year. The increase in hydro generation resulted in higher spot sales and lower energy purchases at lower spot prices, which in turn translated into higher earnings from contract.

Argentina's EBITDA increased US$9 million driven by higher generation at Termonades due to higher availability than last year, higher Energía Plus margins due to higher demand form customers as well as higher prices, and higher spot sales, including the 29% increase in tariffs retroactive form February 2021 applied to Energía Base sales.

	YTD			2Q		
	2021	2020	Var (%)	2021	2020	Var (%)
Chile	578,704	325,389	78 %	285,728	177,837	61 %
Colombia	86,756	23,755	265 %	48,136	22,923	110 %
Argentina	22,931	19,988	15 %	14,868	6,332	135 %
Consolidation Adjustments	—	—	---	—	—	---
EBITDA Total	**688,391**	**369,132**	**86 %**	**348,732**	**207,092**	**68 %**

Non-Operating Results

	YTD			2Q		
	2021	2020	Var (%)	2021	2020	Var (%)
Other gains and losses	(872,463)	(4,996)	---	(870,281)	906	---
Financial income	7,302	3,471	110 %	3,729	1,920	94 %
Financial expense	(47,694)	(53,005)	(10)%	(23,042)	(47,567)	(52)%
Equity in earnings of associates	—	27,558	---	—	20,966	---
Foreign currency exchange differences	7,717	(7,480)	(203)%	(45)	(18,555)	(100)%
Result by readjustment units	(6,883)	—	---	(3,620)	—	---

The Company reported US$870 million in Other Losses in the second quarter of 2021 compared to US$1 million in Other Losses in the same period of 2020, a US$871 million negative variance comparing the second quarters of 2021 and 2020. The main drivers for this negative variance relates to a loss registered from the impairment of Property, Plant and Equipment performed in second quarter of 2021 at the non-strategic coal-fired assets Ventanas 3, Ventanas 4 and Angamos as a consequence of the Company's intention to accelerate the disconnection of these units as soon as January 2025.

Financial Expenses fell US$25 million, primarily explained by lower interest expenses at Angamos as a result of debt prepayments executed in the second half of 2020.

Equity in Earnings of Associates were zero, US$21 million lower in the second quarter of 2021 compared to the same quarter last year. The value of AES Andes' investment in associate Guacolda Energía SpA was reduced to zero after the impairments in Property, Plant and Equipment registered in the third quarter of 2020 at Guacolda. The interruption in the recognition of accrued results from Guacolda is the main driver for this decrease is related to Equity in Earnings.

At AES Andes, Foreign currency exchange differences registered a US$19 million positive variation in the second quarter of 2021 compared to the same period of 2020. This variance is mostly related to higher losses registered in 2020 as a result of the effect of the depreciation of the Chilean peso on accounts receivable and tax credits denominated in Chilean pesos. The Chilean peso depreciated 1% in the second quarter of 2021, while it appreciated 4% in the same period of 2020.

Results by readjustment units refers to results from exposure to inflation recognized in Argentine subsidiaries by applying "IAS 29 - Financial information in hyperinflationary economies ".

	June 30, 2021	December 31, 2020	Var (%)	June 30, 2020	December 31, 2019	Var (%)
Chile ($/US$)	$ 727.76	$ 710.95	2 %	$ 821.23	$ 748.74	10 %
Colombia (Col$/US$)	$ 3,756.67	$ 3,432.50	9 %	$ 3,758.91	$ 3,277.14	15 %
Argentina (Ar$/US$)	$ 95.72	$ 84.15	14 %	$ 70.46	$ 59.89	18 %

Income Tax

Between the second quarters of 2020 and 2021, income tax experienced a positive variance from an expense of US$34 million in the second quarter of 2020 to an income of US$161 million in the same period of 2021. The main driver is lower pre-tax income in Chile due to the impairment of Property Plant and Equipment registered in the second quarter of 2021, partly offset by the deferred taxed income booked from the early termination settlement with BHP subsidiaries MEL and Spence at Eléctrica Angamos.

Net Income

AES Andes reported a Net Loss Attributable to Shareholders of Parent of US$443 million for the second quarter of 2021, down US$504 million compared to the Net Income Attributable to Shareholders of Parent of US$62 million in the second quarter of 2020.

Non-Controlling Interests in net income grew US$4 million due to the Toesca partnership at Cochrane, signed in September 2020.

Cash Flow

The ending balance of cash and cash equivalents as of June 30, 2021 was US$200 million, 33% lower than at the end of the second quarter of 2020.

AES Andes' reported a negative net cash flow of US$62 million in the six months ended June 30, 2021, compared with the negative flow of US$30 million in the same period of 2020.

	YTD		
	2021	**2020**	**Var (%)**
Net cash from operating activities	86,804	147,124	(41)%
Net cash from investing activities	(248,278)	(242,149)	3 %
Net cash from financing activities	99,518	65,059	53 %
Total Net Cash Flow for the Period	**(61,956)**	**(29,966)**	**107 %**
Effects of Foreign Exchange Variations	(9,623)	(11,671)	(18)%
Cash at the beginning of the period	271,203	340,861	(20)%
Total Cash at the End of the Period	**199,624**	**299,224**	**(33)%**

Net Operating Cash Flow totaled US$87 million as of June 30, 2021, down US$60 million year-over-year, mainly due to higher income tax payments of $154 million, partly offset by funds received from the stabilization fund monetization during 2021, in addition to higher proceeds from Colombia as a result of better margins during 2021. The higher income tax payments were related to the tax paid in 2021 on the US$720 million settlement with BHP received in cash during 2020.

Net Investment Activities Cash outflows experienced a negative variation of US$6 million compared to the first half of 2020, to US$248 million. This was mainly due to higher Capital Expenditures at renewable projects currently under construction partly offset by higher VAT recovery at the projects as of June 30, 2021, lower Capital Expenditures at Alto Maipo and payments registered in the first three months of 2020 from a remaining portion of the purchase of Los Cururos wind farm, partly offset the negative variance.

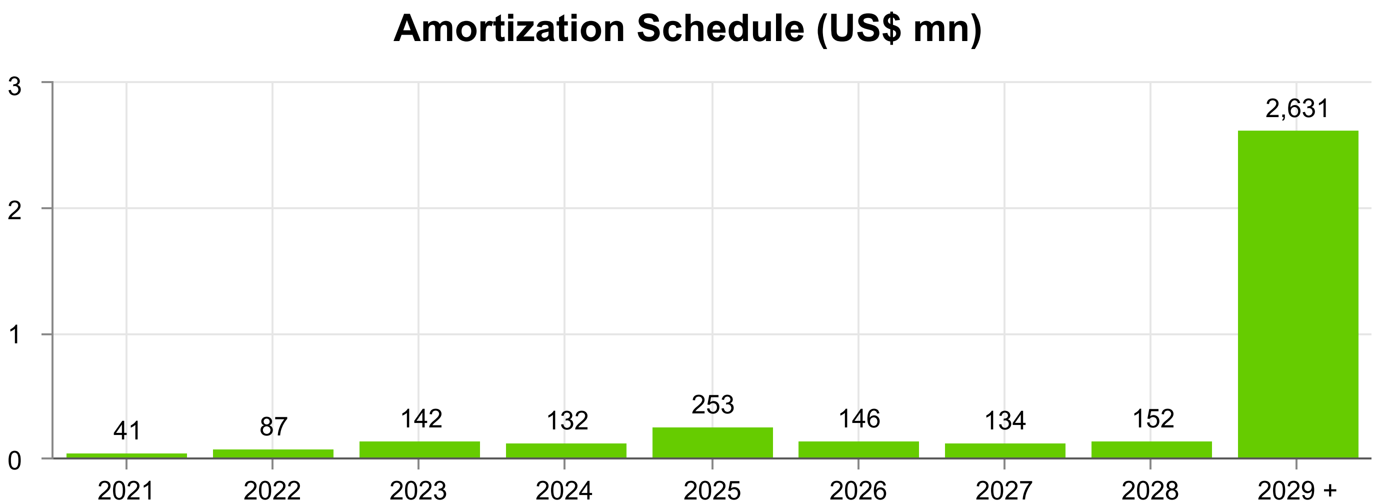
Net Financing Cash inflows increased US$34 million compared to the first three months of 2020, to a US$100 million inflow as of June 30, 2021 compared to the US$65 million inflow in the same period of 2020. The main drivers of the increase were the proceeds from the Capital increase executed in the first quarter of 2021. These positive variances were partly offset by US$239 million lower net proceeds from loans mainly at Alto Maipo and AES Andes and higher distributions to minority partners of US$29 million.

Financial Debt

As of June 30, 2021, AES Andes had a total debt of US$3,716 million, of which approximately 84% effectively had a fixed interest rate, including a significant portion of the debt held by the subsidiary Alto Maipo which has interest rate swaps. The remaining 16% of the Company's debt is subject to variable interest rates.

As of June 30, 2021, approximately 97% of AES Andes' debt was denominated in USD, including the Chilean UF denominated bond issued in December 2007 for which a cross-currency swap was executed. Of the remaining debt, 1% was denominated in Chilean UF (former Eléctrica Santiago's bonds) and 2% in Colombian pesos (the leasing executed by AES Colombia to finance the Tunjita Project, and corporate debt at Colombia).

	Principal (US$mn)	Average Interest Rate	Schedule of Maturities as of June 30, 2021					
			2021	2022	2023	2024	2025	2026 +
Gener US$ 550 M Junior Notes due 2079	550.0	7.13%	—	—	—	—	—	550.0
Gener US$ 450 M Junior Green Notes due 2079	450.0	6.35%	—	—	—	—	—	450.0
Gener US$ 409 M Senior Notes due 2025	117.5	5.00%	—	—	—	—	117.5	—
Gener UF$ 4.4 M Senior Notes due 2028	117.5	7.34%	7.8	15.7	15.7	15.7	15.7	47.0
ESSA UF$ 1.0 M Senior Notes due 2024	30.3	9.02%	1.3	4.0	9.8	15.2	—	—
Angamos US$ 800 M Senior Secured Notes due 2029	70.5	4.88%	4.4	8.8	8.8	8.8	8.8	30.8
Cochrane US$ 430 M Secured Bond due 2027	366.3	5.50%	25.5	55.4	59.9	60.1	65.6	99.8
Cochrane US$ 485 M Local Bond due 2034	485.0	6.25%	—	—	—	—	—	485.0
Alto Maipo PF Loan (fixed portion)	883.5	6.87%	—	—	19.7	10.0	18.3	835.5
Colombia LT due 2027 (COP)	61.2	0.53%	0.0	—	12.2	12.2	12.2	24.5
Total Fixed Rate	**3,131.7**	**6.19%**	**39.1**	**83.9**	**126.1**	**122.0**	**238.1**	**2,522.6**
Alto Maipo PF Loan (fixed portion)	553.8	6.87%	—	—	12.4	6.3	11.5	523.7
Tunjita Leasing	30.8	2.50%	1.7	3.5	3.5	3.5	3.5	15.2
Total Variable Rate	**584.6**	**6.64%**	**1.7**	**3.5**	**15.8**	**9.7**	**14.9**	**538.9**
Total	**3,716.3**		**40.8**	**87.4**	**141.9**	**131.7**	**253.0**	**3,061.5**


Amortization Schedule (US$ mn)
3
2
1
0
41
87
142
132
253
146
134
152
2,631
2021
2022
2023
2024
2025
2026
2027
2028
2029 +

RISK ANALYSIS

MARKET AND FINANCIAL RISK

Market risks refers to the risk that the fair value of future cash flows vary due to a change in market prices. Market risk include the following three categories: foreign currency risk, interest rate risk, and commodity price risk. Financial Risk relates to the potential occurrence of events, which could have a negative financial impact on the Company and specifically includes credit risk and liquidity risk.

Foreign Currency Risk

Except for operations in Colombia, the Company's functional currency is the US Dollar ("USD") given that its revenue, expenses, and investments in equipment and debt are mainly denominated in or linked to the USD. Also, the Company is authorized to file and pay its income taxes in Chile in USD. There is an exchange rate risk associated with any revenue, expenses, investments, and debt denominated in any currency other than USD. The main items denominated in Chilean pesos ("CLP") are some energy receivables and tax credits primarily associated with VAT.

As of June 30, 2021, AES Andes maintained several currency forwards with banks to mitigate its exposure to foreign exchange variations related to the collection of energy sales. Even though most of the Company's energy supply agreements have USD denominated prices, payments are made in CLP at an exchange rate that is fixed for a specific period of time. Given the Company's net asset position in CLP as of June 30, 2021, the impact of 10% devaluation in the exchange rate of the Chilean peso compared to the USD would have resulted in a realized positive impact of approximately US$6.4 million in net income for AES Andes for the period.

As of June 30, 2021, approximately 85% of operating revenue and 91% of the Company's costs of sales were denominated in USD compared to 84% of operating revenue and 85% of the costs of sales during the same period of 2020.

The functional currency of AES Colombia, the Company's Colombian subsidiary, is the Colombian peso ("COP") since most of its revenue, particularly contract, and spot sales and operating costs are linked to the COP. As of June 30, 2021, contract and spot sales in Colombia represented 12% of the Company's consolidated operating revenue, compared to 14% during the same period of 2020. Additionally, AES Colombia's dividends are denominated in COP, although financial hedge instruments are used to fix the amount to be distributed in USD. Given AES Colombia's net liability position in USD as of the end of June 2021, a 10% devaluation in the COP/USD exchange rate would have generated a positive impact of approximately US$2.1 million to AES Andes' net income.

Spot prices in the Argentine market were denominated in USD until January 2020, however from February onwards spot prices are denominated in Argentine pesos ("ARS") as per Resolution 31/2020. Considering this change, in addition to reductions in Energía Plus contract prices, the funcional currency of TermoAndes changed to Argentine Pesos. Given TermoAndes' net liability position in USD as of June 30, 2021, a 10% devaluation in the ARS/USD exchange rate would have generated a negative impact of approximately US$1.2 million in AES Andes' net income.

In consolidated terms, investments in new plants and maintenance equipment are principally USD denominated. Short-term investments are also mostly held in USD. As of June 30, 2021, 71% of short-term investments and current account balances were in USD, 7% in CLP, 8% in COP, and 14% in ARS. Cash balances in Argentina are subject to exchange rate volatility, specific to the Argentine market. At the end of December 2020, 73% of investments and balances were in USD, 5% in CLP, 11% in COP and 11% in ARS.

With regards to non-USD denominated debt (bank loans and bonds), AES Andes has executed hedges in the form of cross-currency swaps to reduce the associated exchange rate risks. AES Andes executed a cross-currency swap for the Chilean UF-denominated bonds issued in 2007 for approximately US$219 million, AES Andes executed exchange rate swaps with the same amount and term of the debt. As of June 30, 2021 balance is US$129 million, maturing in 2028. At the end of June 2021, 97% of the debt of AES Andes and its subsidiaries is USD denominated, including the previously mentioned N series bonds and the associated swap.

It is important to mention that the global spread of COVID-19 has impacted in the volatility of currencies in the countries where AES Andes has operations. However, the Company mitigates possible volatility through its hedging strategy through FX rates financial derivative instruments.

The following table shows the composition of the debt by currency based on principal to be repaid, as of June 30, 2021, and December 31, 2020:

	June 30, 2021	December 31, 2020
USD	97.0 %	96.0 %
U.F.	1.0 %	1.0 %
COP	2.0 %	3.0 %

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with variable interest rates.

AES Andes manages its interest rate risk by having a significant percentage of its debt at a fixed rate or with interest rate swaps, to fix it. As of June 30, 2021, AES Andes had interest rate swaps for a large part of the debt associated with its subsidiary Alto Maipo. A 10% increase in variable interest rates would not have a significant impact on net income as 84% of the Company's debt is at fixed interest rates or has rate swaps.

The global spread of COVID has not significantly impacted the assessment of financial creditors regarding their credit risk assessment of their debt contracts with the Company. The latter considering the resilience of operations, liquidity and ability to meet its financial commitments. Lastly, should there be a change in this credit risk assessment, the Company mitigates possible increases in interest rates through financial instruments and maintaining a large percentage of its debt at a fixed rate.

The following table shows the composition of debt by type of interest rate as of June 30, 2021, and December 31, 2020.

	June 30, 2021	December 31, 2020
Fixed or with Swap	84.00 %	86.00 %
Variable	16.00 %	14.00 %

Commodity Price Risk

AES Andes is affected by the volatility of certain commodity prices. The fuels used by the Company, mainly coal and diesel are commodities with international prices set by market factors outside of the Company's control. In Argentina, the Company's subsidiary TermoAndes purchases natural gas at a fixed price under short-term contracts, reflected in the energy contract price fixation mechanism.

The price of fuel is a key factor in plant dispatch and spot prices both in Chile and Colombia. Since AES Andes' portfolio has a significant component of thermal generation, fuel costs represent a significant portion of the cost of sales.

Currently, AES Andes' contracted energy is balanced with energy generation of facilities with a high probability of dispatch (efficient generation). Most of the Company's PPAs in Chile include clauses that adjust prices based on variations in the price of coal according to index mechanisms and adjustment periods specified in each contract, in order to mitigate the risk of major changes in the cost of fuel.

Based on the above exposed, a 10% increase in the cost of diesel is estimated to have not had a material impact on the Company's profits as of June 30, 2021.

Credit Risk

Credit risk relates to the credit quality of counterparties with which AES Andes and its subsidiaries establish relationships. These risks are reflected primarily in accounts receivables and financial assets, including bank and other deposits and other financial instruments.

With regards to accounts receivable, AES Andes' counterparties in Chile are mainly distribution companies and high solvency industrial customers, and a significant percentage of these customers or their parent companies have local and or international investment-grade credit ratings. Additionally, sales by the AES Andes Group companies on the spot market must be made to other generators, members of the ISO, in accordance with the economic dispatch determined by this entity.

In Colombia, AES Colombia performs risk assessments of its counterparties based on an internal credit quality evaluation, which in some cases may include guarantees.

In Argentina, the main counterparties are CAMMESA (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) Argentina's wholesale electric market administrator, and large unregulated consumers with contracts under the Energía Plus program. TermoAndes carries out internal credit evaluations of its unregulated customers.

Financial investments by AES Andes and its subsidiaries such as mutual funds, time deposits, and derivatives, are executed with local and foreign financial institutions, which have national and or international credit ratings greater than or equal to "A" under the S&P and Fitch scale and "A2" under the Moody's scale. Similarly, derivatives for financial debt are executed with first-class international entities. Cash, investment, and treasury policies direct the management of the Company's cash portfolio and minimize credit risk.

The spread of COVID-19 has not negatively impacted the credit evaluation of AES Andes customers in Chile, given their high solvency by having local and / or international investment-grade ratings. Regarding Colombia and Argentina, any change in risk in the credit evaluation continues to be mitigated through an internal evaluation case by case, which has not been modified, including in some cases the execution of guarantees from the Company's customers.

Liquidity Risk

Liquidity risk relates to the funding requirements to meet payment obligations. The Company's objective is to maintain a balance between continuity of funding and financial flexibility, through internally generated cash flows, bank loans, bonds, short-term investments, committed credit lines, and uncommitted credit lines.

As of June 30, 2021, AES Andes had US$200 million in available funds including, cash and cash equivalents. Meanwhile, as of the end of December 2020, the balance totaled US$271 million in cash and cash equivalents. The balance of cash and cash equivalents includes cash, term deposits with an expiration of less than 90 days, securities, low risk immediately available mutual funds in USD, short-term repurchase agreements, and fiduciary agreements.

As of June 30, 2021, AES Andes had US$250 million in committed lines of credit and approximately US$150 million of uncommitted and unused lines of credit.

For more detail of the cash restrictions, see Note 8 in the Financial Statements.

OPERATIONAL RISKS

Operational risks relate to the possibility of future outages or deficiencies that can negatively affect the Company's strategic operational and or financial objectives.

Hydrology

AES Andes' operations in Chile and Colombia may be affected by hydrological conditions, as hydrology is key to plant dispatch and prices on both grids. The Company uses proprietary statistical models to evaluate the risks associated with its contractual commitments. In general terms, AES Andes' commercial strategy in Chile is to execute long-term contracts for its efficient generation plants, maintaining other more expensive units as a backup. In Colombia, the commercial strategy focuses on the optimal use of the reservoir with the general objective of contracting on between on average 75% to 85% of the expected generation.

Currently, the efficient generation of AES Andes' facilities in Chile is balanced with contracted volume, which mitigates most of the exposure to hydrology variations, and additionally, the Company has backup facilities that limit maximum exposure.

Demand Risk

Demand and electricity consumption of AES Andes' customers and in the systems in which the Company has operations are key variables for the Company's operating result results and for determining market prices. AES Andes mitigates the risk of demand variations through the execution of contracts with large customers including committed levels of consumption ("Take or Pay"). Exposure to the demand of our customers is limited to the variation in consumption of small commercial and industrial customers.

As previously mentioned, exposure to demand in the spot market is limited by the commercial strategy in Colombia and Chile. In Argentina, TermoAndes is an efficient baseload plant that is within the order of merit even in hours of minimum system demand.

In Chile, in particular, the increase in supply associated with new solar and wind have resulted in a significant drop in short and long-term energy prices in recent years. The costs of installing these technologies have decreased considerably in the past few years, making them highly competitive with respect to traditional technologies. It is expected that this competitive dynamics and price trend will continue in the future.

Regarding the impact of COVID-19 on energy demand and supply, there is still uncertainty on how big and for how long this crisis will last. To date, the impact on AES Andes results from the different variables associated with the pandemic has been limited.

Risk on fuel supply

Coal purchases are made through periodic tenders inviting important international suppliers, awarding the supply to competitive and backed companies. The purchases are made in advance in order to guarantee a substantial portion of coal needs for the following year, leaving a margin that provides flexibility in case of deviation in the expected plants' dispatch allowing the Company to capture market opportunities.

Fuel purchase policy is complemented by an inventory management that substantially mitigates the risk of not having the fuel needed. Additionally, the policy implemented mitigates inventory devaluation risk, balancing timely supply and actual consumption.

The Company has taken specific and exceptional measures associated with potential disruptions in the fuel supply chain derived from the COVID-19 pandemic, increasing the inventory levels to mitigate this additional risk.

Operational Failures and Maintenance

Mechanical failures, accidents, planned or unplanned maintenance that affect the availability of the Company's efficient capacity could have a material adverse effect on results.

Although the Company performs regular maintenance and operational enhancements to guarantee the commercial availability of its generation plants and operational insurance policies remain in effect, mechanical failures or accidents could result in periods of commercial unavailability. Significant periods of unavailability of AES Andes' efficient plants, as a result of mechanical failure or maintenance (planned or unplanned), would require the Company to meet its contractual obligations, under certain hydrological scenarios, by using more expensive backup generation or by purchasing energy on the spot market. This could result in higher costs that would adversely affect operating results.

Projects under construction

The execution of the Company's investment projects under development depends on numerous factors that could defer from the original projections. These factors include increases in costs of construction or investment in equipment, potential delays, difficulty in finding skilled labor, financing costs, and the effect of potential delays or difficulties in the regulatory authorization and permit process, including potential litigation or lawsuits. It should be noted that adequate project development includes making investments related to diverse project areas such as studies, easements, land preparation and construction of roads, among others, before the approval and final execution of the project.

Currently, power generation projects are facing a high level of opposition from organized groups or local communities. The Company cannot ensure that this opposition will not affect projects under construction. In its interest of being a good neighbor and according to its "Policy for Relations with Local Communities," AES Andes, works to be locally respected and valued by its excellent economic, social and environmental performance and its contribution to the sustainable development to the communities where it operates.

Regarding the impact of COVID-19 on the dynamics of projects in execution from different variables derived from the pandemic, it has been limited. Activities in all sites have continued, paying special attention in personal care and prevention measures. The effects of the health crisis have materialized in certain equipment supply chain and imports, however, delays associated with this disruption in renewable projects have not been significant.

Decoupling Risk

Given certain transmission restrictions in Chile due to the concentration of renewable energy plants, there can be a decoupling between injection and withdrawal prices. The effect of the difference in price is assumed by the generation companies and can, in turn, affect their operating margins. Currently, there are contracts in which this risk cannot be passed through; however, clauses to mitigate this risk are being negotiated in new contracts with unregulated customers.

It should be noted that the Cardones-Polpaico transmission line came online at the end of May 2019, allowing for the full interconnection between the former northern and central grids. This link has contributed significantly to reduce energy prices differentials between both regions while reducing transmission constraints that generated significant variations in prices between different nodes of the system. All this contributes to a significant reduction in the decoupling risk.

Regulatory Risks

AES Andes, its subsidiaries and related companies are subject to several different aspects of regulation in the countries in which they operate. The regulatory risk is related to potential modifications to the existing legislation that could adversely affect the Company's financial results.

As power generation companies, AES Andes, its subsidiaries, and related companies are subject to regulation in diverse aspects of their business. The current regulatory framework, which governs all electricity supply companies, has been in effect in Chile since 1982 and in Colombia since 1994, while in Argentina the regulatory framework was established by Law 15.336 from 1960 and Law 24.065 from 1992.

AES Andes cannot guarantee that the laws or regulations in the countries in which it operates or has investments will not be modified or interpreted in a manner that could adversely affect the Company or guarantee that governmental authorities will grant any requested approval. AES Andes however actively participates in the development of the regulatory framework, submitting comments and proposals to the proposed regulations presented by authorities.

CHILE

Regulated Tariff Stabilization Mechanism

On November 2, 2019, Chilean Law 21,185 was enacted creating an energy price stabilization mechanism affecting regulated contracts with reference in the first half 2019 energy prices. Through this mechanism, future increase in prices will be temporarily borne by generation companies supplying these regulated contracts, financing up to US$1,350 million. Energy prices are expected to decrease from 2021 onwards, so the difference between fixed tariff and contract price evolution will be used to repay pending payments to suppliers. On March 5, 2020 through Exempt Resolution N° 72 of the National Energy Commission, the Law's regulation was published, establishing technical dispositions for its implementation. On June 18, 2021, the National Energy Commission updated the estimated balances for December 2021, to an approximate amount of US$1,076 million, by which the risk that during 2021 the maximum amount is exceeded decreases.

Basic Utilities Law

On March 18, 2020, the Government of Chile declared a constitutional state of emergency amid the COVID-19 pandemic, through the supreme decree N°104. On March 13, 2021, by means of DSN°72, the constitutional state of emergency was extended for fourth time, for an additional 90 days period, due to public calamity, declared in Chilean territory.

On August 8, 2020, Law No. 21,249 was published in the official gazette, which exceptionally provides for measures in favor of end users of electricity, sanitation, and network gas services. The Law originally prohibited the cut off of electricity supply to residential customers from the publication of the law until May 2021, which has been extended until December 2021 by Law No. 31,240, published on May 22,2021. It also empowers the end user to prorate in 48 installments debts contracted in the period. Both Law No. 21,249, and Law No.21.340, do not refer to risks of customers bad debts, keeping the current risk at the distribution companies.

Flexibility Strategy, reform of the power market.

In November 2019, the Chilean Ministry of Energy presented its Flexibility Strategy by which a definition of regulatory work plan is seek for the short and medium term with regards to the operational flexibility of the system. The strategy considers the development of three working axes: i) the improvement of the market for the development of a flexible system, ii) the review of the regulatory framework for storage systems and iii) measures associated with the system's flexible operation. This process will run from January 2020 until May 2022 and it's expected that the current market compensation mechanism will be reviewed, potentially affecting AES Andes' capacity revenues.

In September 2020, the Ministry of Energy has restarted the regulatory process associated with the development of the Flexibility Strategy. Likewise, on October 15, 2020, the discussion began on axis i) Strategy: improvement of the market for the development of a flexible system. The main measure of this axis is a reform of the capacity market. The public consultation led by the Ministry has been completed during July 2021 and it has been indicated that the new regulation would contemplate a transition period of approximately 9 years to fully migrate to the new power payment regime, counted since the new technical regulations were issued that will allow the new regulation to be applied. It is expected during August 2021 the issuance of a draft for public consultation with the new power payment regulation.

Portability Bill

On September 10, 2020, the Ministry of Energy has presented the Electric Portability Bill to start the legislative process. The bill was referred to the Mining and Energy Commission and the Treasury Commission. The aim of the project is to enable all end users to choose their supplier of electricity, getting lower prices, differentiated and personalized offers, and better quality in customer service. Currently the project is in the first stage of legislative processing.

Draft Law that prohibits the installation and operation of coal-fired thermoelectric plants

On January 9, 2020, a bill that prohibits the installation and operation of coal-fired thermoelectric plants throughout the country was presented by a parliamentary motion. This bill establishes the prohibition of installation and closure of coal-fired plants in Chile no later than December 31, 2025. On October 27, 2020, the project was approved in general by the Chamber of Deputies with indications from parliamentarians. With this, the project will return to the Environment Commission, for the review and analysis of the indications which aim to improve and mitigate the effects of the project. The Ministry of Energy, the Ministry of Environment, the National Energy Commission, the National Electricity Coordinator and the guilds of Conventional and Renewable Generation have presented in Congress and expressed the risks associated with the aforementioned project. On June 22, both the permanent article and the transitional article that determines the deadline for the closure of the plants has been approved in its first legislative procedure in a vote in the Chamber of Deputies, having previously rejected the indications discussed in the Environment Committee of the Chamber. It continues its processing in the Second Constitutional Procedure in the Senate, which will review the bill in the Mining and Energy Committee. It is expected that this Commission will delve deeper into the potential systemic technical and economic effects of the bill.

Bill that "Allows to ensure water certainty for the different productive uses of water"

On November 16, 2020, a bill that "Allows to ensure water certainty for the different productive uses of water" (Bulletin No. 13,891-09) was presented, which intends to modify the Water Code and the General Law of Electrical Services. The bill seeks to prioritize the use of consumptive water rights for irrigation and human consumption with respect to non-consumptive water rights, as well as to establish that, the electrical concessionaires of hydroelectric plants must present within the 5 following years from the law's entry into force, a transformation plan of its productive matrix in which they must consider the use of renewable sources, other than water, ensuring the sustainable use of the stopped water reserves. The current wording of the bill would be focused on regulating the conflicts between the reservoir hydroelectric generation plants and the water rights for agricultural and residential use. The bill is currently in its first constitutional process, without urgency, waiting for the first Special Commission on Water Resources, Desertification and Drought report, and it the expectation that the associations of the electricity sector presentations would clarify the real meaning and scope of the provisions of the bill.

COLOMBIA

Bill 2099 of Energy Transition

The bill promoted by members of the Congress of the Republic, that had the support of the Government, seeks to promote the electricity sector in the economic recovery process and extend some advantages to non-conventional renewable sources. The aspects with the greatest impact are;

- the inclusion of storage projects associated with renewable sources in the tax benefits of Law 1715 of 2014
- Promotion of the production and use of hydrogen

Third Auction for Long Term Contracts

The government officially called for the third auction of long-term contracts in order to continue with the entry plan of new projects that diversify Colombia's energy matrix. The main characteristics of the auction are the following:

- Aimed at non-conventional renewable projects that already have a connection point to the grid approved by the Mining-Energy Planning Unit (UPME).
- The energy contracts will have a duration of 5 years and the obligation of the same begins in January 2023.
- It will take place on October 26, 2021 and the auctioneer will be XM, the administrator of the energy market.

Regulatory Agenda for the Energy and Gas Regulation Commission 2021

The following aspects are within the CREG agenda for the second semester of 2021:

- Review of the regulation of the auction process.
- Adjustments to Firm Energy calculation methodologies that could impact the income of generating agents.
- Review of the rules of the Non-Centrally Dispatched Plants (PNDC).

Energy Transformation Mission Roadmap

The Energy Transformation Mission has already issued a proposed roadmap that is under review and is expected to be made official in the second half of the year. The most relevant topics when the implementation of the roadmap starts would be:

- Transition to nodal prices: option that would seek to go from uninodal price to node prices that would change the way of sale under contracts and would force an analysis for the location of projects.
- Migration from a reliability charge scheme to one of long-term contracts, through ad hoc adjustments in the allocation between existing and new resources

Administrative performance Reliability Charge parameters

CREG has initiated an administrative action aimed at identifying the causes of certain discrepancies in the hydrological series of the rivers that reach the Esmeralda reservoir and that serve as support for the calculation of firm energy of Chivor that is remunerated under the reliability charge scheme. AES Colombia has processed the response and a resolution of the CREG is expected in October 2021.

ARGENTINA

On March 19, 2020, the Government of Argentina through Decree 297/2020 has declared mandatory social and preventive isolation from March 20 to 31, 2020, which was subsequently extended on several occasions by stages and with different scopes according to the jurisdictions until November 2020. As of that date, the country went into a phase of distancing. On April 9, 2021, the Argentine Government declared new restrictions on night traffic, use of public transport and closure of certain activities. Additionally, on May 21, it also declared greater restrictions based on epidemiological status according to each district until June 11, 2021, where the greatest restrictions were from May 22 to May 30, 2021 inclusive and on June 5 and 6, 2021.

Moreover, in the framework of the mandatory isolation through Decree 311/2020, the temporary suspension of the cut in the supply of services (electricity, water, gas, telecommunications and image) was established in the event of default or non-payment of the same, only for a certain universe of people, companies and institutions; as well as the established framework of payment plans for the services set forth for the regularization that was subsequently regulated by Resolution Ministry of Productive Development 173/2020 of April 18, 2020, added to Decree 543/2020 of the Health Emergency that postpones the increases for the tariff of electricity and gas services until December 2020.

Application of Resolution 440/2021

On May 21, 2021, the Ministry of Energy updated by means of Resolution 440/2021 the price scheme of electricity commercialized in the regulatory framework "Base Energy". The Resolution became effective retroactively from the economic transaction of February 2021.

The remuneration of the generators continues to be denominated in Argentine pesos, updated by 29% retroactive to February 2021 the remuneration concepts established by Resolution 31/2020. This resolution also repeals Article 2 of Res. 31/2020 -adjustment for inflation defined in the same-. Finally, as a condition for accessing the retroactive and updating detailed above, it was necessary to accept the repeal of article 2 cited by note to CAMMESA within 30 days of its publication.

Energía Plus Regulatory framework

Regarding the Energía Plus Program, created by Resolution SE 1281/2006, through which TermoAndes was authorized to sell energy under contracts with Large Users, a communication from CAMMESA was received on July 3, 2020, notifying a Ministry of Energy measure from May 2020, determining that all contracts under the aforementioned program will expire on October 31, 2020, based on the completion of the 10-year duration of cash flows presented in the original project.
TermoAndes has duly presented a note to CAMMESA in order to consider that the Energía Plus regime should remain in force. On October 30, 2020, a communication was received from CAMMESA, from the Secretary of Energy establishing that TermoAndes' Energía Plus contracts validity are maintained, authorizing contracts with start of supply on November 1, 2020 and allowing the Company to continue signing contracts as long as the Secretary of Energy analyzes the context of Energía Plus Service.

Natural gas commercialization

On December 2, 2020, the Secretary of Energy published Resolution 354/2020 to implement the commercialization schemes between gas producing companies and CAMMESA or generators as part of the “Plan for the Promotion of the Production of Argentine Natural Gas - Scheme for Offer and Demand 2020-2024” issued by Decree 892/2020.

The Resolution establishes the natural gas firm volumes for the Generation sector represented by CAMMESA and the Generating Agents within the framework of the program. Likewise, it establishes the option of adhering to the centralized dispatch, which implies the operational transfer to CAMMESA by the generators of the product and the contracted transport capacity, added to the incorporation in the dispatch rules of a number of order of priority defined for the Natural Gas according to its origin in order to minimize the total cost of supply. Additionally, it establishes for Generators with contracts under the Energy Plus Service Program, the option of requesting CAMMESA to provide natural gas so that this generation covers demand form its contracts at the supply cost of each generation company.

Environmental Regulation

AES Andes, its subsidiaries, and associates are subject to environmental regulations, which, among others, require environmental impact studies for project development and regulatory permits previous to modifications of operational procedures that have environmental impacts not yet evaluated or new projects. AES Andes cannot guarantee that governmental authorities will effectively grant any requested environmental approval.

New and increasingly demanding environmental regulations are continuously under development, which may modify operations and or require additional investments to comply with such regulation.

Tax Regulation

AES Andes, its subsidiaries, and affiliates are subject to existing tax legislation in each country where they operate. Amendments to laws or modifications in tax rates may have a direct impact on earnings.

CHILE

In April 2021, the Chamber of Deputies approved the discussion of a project that proposes to temporarily increase the corporate tax rate, as well as to eliminate the benefits of non-income established in article 107 of the Income Law. Similarly, the Ministry of Finance has established its intention to modify the exemptions and benefits currently contained in the tax legislation, through a new tax reform bill that has yet to be presented. The preliminary stage of the discussion does not yet allow us to conclude on the potential impact and risks of these potential changes in the Company, nor the probability of being approved or not, considering that the presidential candidates currently have tax reforms considered in their campaigns, so it is not expected that there will be a particular legislative will to discuss and legislate on an issue that already next year would be discussed and reformed again.

On February 24, 2020, Law 21.210 of “tax modernization” was enacted. This law, simplifies tax records that taxpayers must keep, modernizes the definition of accepted expenditures, to incorporate disbursements during the ordinary course of business that are part of its operation, but not directly associated to the productive activity. Additionally, an amendment to the emissions tax regulation was issued, expanding the taxation base to all establishments whose emitting sources, individually or in aggregate, produce 100 tons or more of particulate matter per year, or 25,000 tons or more of CO_2, not only limiting them to boilers or any particular emission sources as in the previous regulation. Another relevant modification is the opportunity to implement compensation programs, from 2023 onwards, thereby reducing the calculation of emissions on which the tax payment will apply, however the requirements of such programs are pending of publication by the authorities. In addition to these modifications, the Law incorporated a surcharge on real estate contributions, and a new tax in benefit of a regional fund, equivalent to 1% of the cost for investment projects exceeding US$10 million, which require environmental impact studies. It is applied on the amount that exceeds the US$10 million and will accrued the first year with operating income, payable over a period of 5 years, for the benefit of the region in which the project will be built. This tax is applicable to projects with environmental assessment processes initiated as of February 24, 2020.

On September 2, 2020, Law 21,256 was enacted, which contained a package of measures aimed at encouraging the reactivation of the Economy in the midst of the World Pandemic generated by COVID-19, among which was the possibility of allocating fiscal resources accrued by the contribution of 1% of article 32 of Law 21,210 that refers to the Contribution for Regional Development, leaving the taxpayers released from this payment whenever the investment project is submitted to environmental impact assessment before December 31, 2021 and the execution of the project begins within a period of 3 years from obtaining a favorable environmental qualification.

COLOMBIA

The tax reform bill (Social Investment Law) that the Government filed on July 20, 2021 before the Congress of the Republic, with an urgent message for discussion, ratifies the announcements that the President Duque had been making regarding companies. Starting in the 2022 tax year, the general rate for legal entities will be 35 percent. On the other hand, the extension of the tax discount for payment of ICA from 50 to 100 percent in the income tax is dismantled. The bill has not yet been discussed in the Senate and House of Representatives.

In Colombia, on December 27, 2019, the Growth Law entered into effect (law 2010). The main dispositions of the Growth Law is the gradual reduction in the corporate income and supplementary tax rate as follows: 2020 tax year 32%; 2021 tax year, 31% rate; and from the 2022 tax year onwards, 30% rate.

Also, a dividend tax was introduced, which does not apply to the dividends AES Colombia pays AES Andes due to the convention between Chile and Colombia to avoid double taxation.

ARGENTINA

Meanwhile in Argentina, on June 16, 2021, the National Executive Power enacted Law 27,630, through which a scale was established for the rate of the Income Tax from the fiscal years beginning on January 1, 2021 and subsequent at 25% for companies with accumulated net earnings of up to 5 million Argentine pesos, in 30% above this amount and until reaching fifty million and in 35% when said profits exceed fifty million Argentine pesos. It also established a 7% withholding tax on dividends distributed to individuals and beneficiaries abroad.

AES ANDES CONSOLIDATED BALANCE SHEET

As of June 30, 2021, and December 31, 2020.
International Financial Reporting Standards (IFRS).
Amounts expressed in thousands of US dollars unless otherwise indicated,

Assets MUS$	June 30, 2021	December 31, 2020
Current Assets		
Cash and Cash Equivalents	199,624	271,203
Other Current Financial Assets	9,017	3,490
Other Current Non-Financial Assets	28,656	3,189
Trade and Other Receivables	418,585	493,284
Related Party Receivables	23,241	21,886
Inventory	137,016	138,279
Taxes Receivables	12,515	22,655
Assets held for sale	—	—
Total Current Assets	**828,654**	**953,986**
Non-Current Assets		
Other Non-Current Financial Assets	16,324	12,846
Other Non-Current Non-Financial Assets	40,048	36,217
Trade and Other Receivables	49,103	37,279
Investments in Associates	—	—
Intangible Assets	110,344	117,341
Property, Plant and Equipment	6,047,916	6,674,891
Assets for rights of use	52,051	53,648
Net Deferred Tax assets	256,055	233,798
Total Non-current Assets	**6,571,841**	**7,166,020**
Total Assets	**7,400,495**	**8,120,006**

AES ANDES CONSOLIDATED BALANCE SHEET

As of June 30, 2021, and December 31, 2020.
International Financial Reporting Standards (IFRS).
Amounts expressed in thousands of US dollars unless otherwise indicated,

Liabilities and Shareholders' Equity MUS$	June 30, 2021	December 31, 2020
Current Liabilities		
Other Current Financial Liabilities	177,075	186,146
Current Leasing Liabilities	4,876	4,691
Trade and Other Payables	348,889	366,280
Related Party Payables	40,422	38,882
Provisions	174	174
Current Tax Payable	12,645	225,104
Employee Benefits	4,370	5,455
Other Current Non-Financial Liabilities	77,536	427,091
Total Current Liabilities	**665,987**	**1,253,823**
Non-Current Liabilities		
Other Non-Current Financial Liabilities	3,688,861	3,757,681
Non-Current Leasing Liabilities	55,668	57,412
Trade and Other Payables	—	—
Related Party Payables	425,687	378,611
Provisions	152,016	150,685
Non- Current Differed Tax Liabilities	306,121	406,507
Employee Benefits	36,603	36,265
Other Non-Current Non-Financial Liabilities	53,595	47,652
Total Non-Current Liabilities	**4,718,551**	**4,834,813**
Total Liabilities	**5,384,538**	**6,088,636**
Net Equity		
Issued Capital	2,347,965	2,049,329
Retained Earnings (Losses)	(266,282)	12,308
Share premium	48,812	49,908
Other Components of Equity	10,433	45,559
Other Reserves	(278,308)	(295,979)
Total Equity Attributable to Shareholders of Parent	**1,862,620**	**1,861,125**
Non-controlling interests	153,337	170,245
Total Net Equity	**2,015,957**	**2,031,370**
Total Liabilities and Equity	**7,400,495**	**8,120,006**

AES ANDES CONSOLIDATED INCOME STATEMENT

For the periods ended June 30, 2021, and June 30, 2020.
International Financial Reporting Standards (IFRS).
Amounts expressed in thousands of US dollars unless otherwise indicated,

Income Statement MUS$	YTD		2Q	
	2021	2020	2020	2019
Operating Revenue	1,493,638	1,114,604	776,868	572,261
Cost of Sales	(874,545)	(838,955)	(457,800)	(413,850)
Gross Profit	**619,093**	**275,649**	**319,068**	**158,411**
Other Operating Revenues	142	1,934	(17)	1,058
Selling, general and administrative Expenses	(43,239)	(41,471)	(20,704)	(18,514)
Other Operating Expenses	(5,253)	(2,982)	(2,878)	(1,533)
Other Gains / Losses	(872,463)	(4,996)	(870,281)	906
Financial Income	7,302	3,471	3,729	1,920
Financial Expense	(47,694)	(53,005)	(23,042)	(47,567)
Equity Participation in Net Income of Associates	—	27,558	—	20,966
Foreign Currency Exchange Differences	7,717	(7,480)	(45)	(18,555)
Result by readjustment units	(6,883)	—	(3,620)	
Net Income before Taxes	**(341,278)**	**198,678**	**(597,790)**	**97,092**
Income Tax Expense	85,258	(58,340)	160,791	(33,706)
Net Income	**(256,020)**	**140,338**	**(436,999)**	**63,386**
Income Attributable to Shareholders of Parent	(266,282)	137,718	(442,700)	61,689
Income Attributable to Non-Controlling Interests	10,262	2,620	5,701	1,697
Net Income (Loss)	**(256,020)**	**140,338**	**(436,999)**	**63,386**
EBITDA	**688,391**	**369,132**	**348,732**	**207,092**

AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended June 30, 2021, and June 30, 2020.
International Financial Reporting Standards (IFRS).
Amounts expressed in thousands of US dollars unless otherwise indicated,

Consolidated Cash Flow Statement MUS$	June 30, 2021	June 30, 2020
Operating Activities		
Operating Activities		
Receipts from Customers	1,305,407	1,195,627
Collections from premiums and benefits, annuities and other benefits of underwritten policies	—	10,299
Other Receipts from Operating Activities	—	
Payments to Suppliers	(800,021)	(787,558)
Payments made to Employees	(43,233)	(37,842)
Other Payments for Operating Activities	(117,765)	(122,943)
Dividends Received	755	2,183
Interests Received	5,335	2,059
Income Tax Paid	(250,016)	(95,821)
Other Operating Outflows from Operating Activities	(13,658)	(18,880)
Net Operating Activities Cash Flows	**86,804**	**147,124**
Investing Activities		
Loss of Control over a Subsidiary or other business	—	
Cash flows used to obtain control of subsidiaries or other businesses	—	(4,808)
Purchase of non-controlling businesses	—	
Other receipts for the sale of joint venture interests	—	
Proceeds from de Sale of Property, Plant and Equipment	—	
Purchases of Property, Plant and Equipment	(285,217)	(257,202)
Proceeds from sale of Intangible Assets	—	2,000
Purchases of Intangible Assets	—	(3,275)
Proceeds from Long-Term Assets	117	—
Purchases of other Long-Term Assets	—	
Other Outflows from Investing Activities	36,822	21,136
Net Investing Activities Cash Flows	**(248,278)**	**(242,149)**

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AES ANDES CONSOLIDATED CASH FLOW STATEMENT

For the periods ended June 30, 2021, and June 30, 2020.
International Financial Reporting Standards (IFRS).
Amounts expressed in thousands of US dollars unless otherwise indicated,
(Continuation)

Consolidated Cash Flow Statement MUS$	June 30, 2021	June 30, 2020
Financing Activities		
Proceeds from the sale of minority interests	—	
Payments for acquiring or redeeming the entity's shares	—	(3,626)
Proceeds from shares issuance	298,636	
Proceeds from Long –Term Borrowings	—	144,903
Proceeds from Short –Term Borrowings	—	193,716
Payments of Loans	(37,143)	(136,280)
Payments on Financial Leasing	(1,635)	(2,504)
Payments to non-controlling interests	(28,680)	(9,184)
Dividends paid	(47,704)	(34,736)
Interest paid	(84,399)	(89,438)
Other Inflows (Outflows) of Cash and Cash Equivalent	443	2,208
Net Financing Activities Cash Flows	**99,518**	**65,059**
Increase in Net Cash and Cash Equivalent before Effects of Foreign Currency Exchange Differences	**(61,956)**	**(29,966)**
Effects of Foreign Exchange Variations on Cash and Cash Equivalents	(9,623)	(11,671)
Increase (Decrease) in Net Cash and Cash Equivalents	**(71,579)**	**(41,637)**
Cash and Cash Equivalents at the Beginning of Period	271,203	340,861
Cash and Cash Equivalent at the End of Period	**199,624**	**299,224**

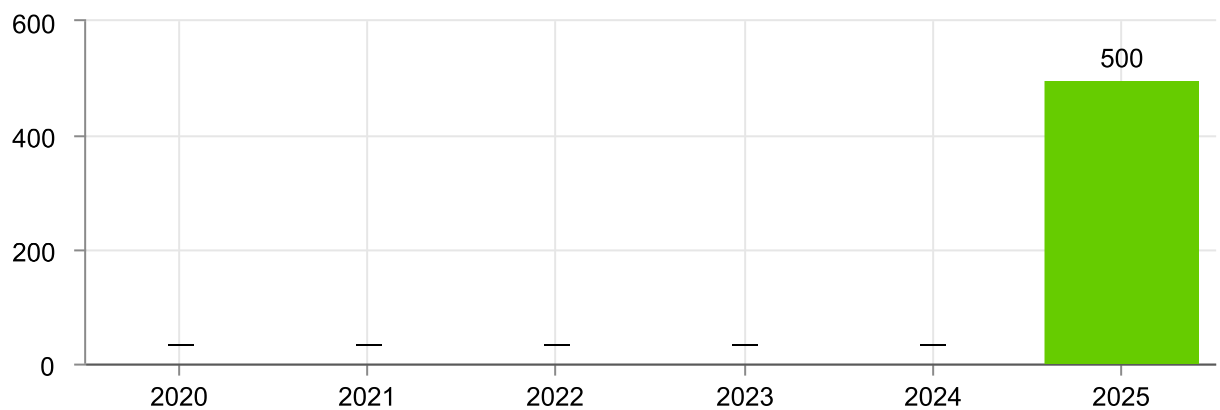
Annex 1: Guacolda Energía S.A.

Summarized income statement and balance sheet for the periods ended June 30, 2021, December 31, 2020 and June 30, 2020.
International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement	**YTD**			**2Q**		
	2021	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Regulated customer sales	—	23,951	(100)%	—	12,493	(100)%
Unregulated customer sales	139,506	192,054	(27)%	77,120	100,250	(23)%
Spot sales	68,090	2,482	2,643 %	39,361	(1,216)	(3,337)%
Transmission revenue	18,091	15,576	16 %	8,845	8,978	(1)%
Other operating revenues	1,695	2,968	(43)%	1,024	1,159	(12)%
Operating Revenues	**227,382**	**237,031**	**(4)%**	**126,350**	**121,664**	**4 %**
Energy and capacity purchases	(30,644)	(19,187)	60 %	(21,952)	(9,992)	120 %
Fuel consumption	(71,038)	(60,786)	17 %	(39,337)	(30,434)	29 %
Transmission tolls	(20,594)	(15,507)	33 %	(8,578)	(7,851)	9 %
Other cost of sales	(54,946)	(50,015)	10 %	(29,458)	(26,275)	12 %
Depreciation	(29,891)	(25,994)	15 %	(14,947)	(12,980)	15 %
Total Costs of Sales	**(207,113)**	**(171,489)**	**21 %**	**(114,272)**	**(87,532)**	**31 %**
Gross Profit	**20,269**	**65,542**	**(69)%**	**12,078**	**34,132**	**(65)%**
Administrative expenses	(2,508)	(3,444)	(27)%	(1,041)	(1,998)	(48)%
Other Gains and Losses	79	(11)	---	(42)	(11)	---
Financial Income	250	2,542	(90)%	109	2,372	(95)%
Financial expenses	(12,283)	(13,787)	(11)%	(6,144)	(6,844)	(10)%
Foreign currency exchange differences	(3,573)	3,927	---	(1,022)	13,871	(107)%
Net Income (Loss) before Taxes	**2,234**	**54,769**	**(96)%**	**3,938**	**41,522**	**(91)%**
Income Tax Income (Expense)	415	347	20 %	437	410	7 %
Net Income (Loss)	**2,649**	**55,116**	**(95)%**	**4,375**	**41,932**	**(90)%**
EBITDA	**47,652**	**88,092**	**(46)%**	**25,984**	**45,114**	**(42)%**

Balance Sheet	June 30, 2021	December 31, 2020	Var (%)
Assets			
Current Assets	292,987	260,370	13 %
Non-Current Assets	498,337	519,600	(4)%
Total Assets	**791,324**	**779,970**	**1 %**
Liabilities			
Current Liabilities	86,392	82,284	5 %
Non-Current Liabilities	609,698	607,605	— %
Total Liabilities	**696,090**	**689,889**	**1 %**
Total Net Equity	**95,234**	**90,081**	**6 %**
Total Liabilities and Equity	**791,324**	**779,970**	**1 %**

Guacolda Amortization Schedule (US$ mn)



Guacolda Energy Generation, Purchases and Sales

	YTD			2Q		
Energy (GWh)	**2021**	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Sales						
Regulated	—	263	(100)%	—	136	(100)%
Unregulated	1,305	1,958	(33)%	626	1,027	(39)%
Spot	957	58	---	542	2	---
Total Sales	**2,262**	**2,279**	**(1)%**	**1,168**	**1,165**	**— %**
Purchases						
Spot	—	24	(100)%	—	24	(100)%
Other generators	9	4	125 %	5	3	67 %
Total Purchases	**9**	**28**	**(68)%**	**5**	**27**	**151 %**
Thermal Generation	**2,253**	**2,251**	**— %**	**1,163**	**1,138**	**2 %**

Guacolda generation grew 25 GWh during the second quarter of 2021, a 2% increase primarily due to poor hydrology and the unavailability of certain coal plants in the system.

Operating revenues increased 4% mainly driven by US$41 million higher energy and capacity spot sales, partly offset by a US$23 million reduction in unregulated contract sales revenues, in addition to US$12 million lower regulated contract sales revenues.

Contract sales volumes to regulated customers decreased to zero in the second quarter of 2021 due to the expiration of the contracts in December of 2020. Meanwhile, contract sales volumes to unregulated customers decreased by 39% to 626GWh in the second quarter of 2021 which, in turn, resulted in a 23% million decrease in unregulated contract sales revenues.

Spot sales increase US$41 million while Energy and capacity purchase expenses decreased US$12 million due to higher net spot sales volumes of 564GWh at higher spot prices. Sales and purchase volumes are presented on a net basis for each period. During the second quarter of 2021 Guacolda had net sales on the spot market of 542GWh while during the same period 2020 it presented net purchases on the spot market of 22GWh.

Transmission revenues remained fairly stable at US$9 million, meanwhile, transmission costs were US$1 million higher.

Fuel Cost grew US$9 million primarily as a result of the increase in average coal prices in the second quarter of 2021 compared to the same period in 2020, in addition to the 2% increase in generation.

Depreciation and amortization expenses were US$2 million higher driven by a review and change in the useful life of the generating units carried out in the second half of 2020.

Gross Profit for the second quarter of 2021, reached US$12 million, down US$22 million from the second quarter of 2020. Lower contract sales as a result of regulated contracts expirations and lower unregulated contract sales volumes, in addition to higher average fuel prices were the main drivers of this decrease. Similarly, EBITDA declined 42%, reaching US$26 million in the second quarter of 2021.

SG&A costs fell US$1 million in the second quarter of 2021 compared to the same period of 2020.

Non-Operating results for the second quarter of 2021 totaled US$-7 million, which negatively compares to the US$9 million registered in same period in 2020 driven by a negative variance of US$15 million in foreign exchange differences primarily due to the gain registered in the second quarter of 2020 associated with the conversion to US dollar of certain account receivables which were denominated in Chilean peso as part of the arbitration settlement reached with CMP. In the second quarter of 2020, Guacolda had a favorable ruling of an arbitration related to a commercial dispute with the customer CMP, under its PPA that lasts until 2027.

Financial Expenses decreased by US$1 million in the second quarter of 2021, explained by lower interest expense, as a result of the scheduled amortization of the Company's debt and debt prepayments performed in 2020.

Financial Income decreased US$2 million between the second quarters of 2021 and 2020, due to the recognition last year of interests charged on the settlement payments of the arbitration with CMP, previously mentioned.

Guacolda registered an income tax gain of ThUS$437 in the second quarter of 2021, versus a ThUS$410 million tax gain in the second quarter of 2020.

Guacolda reported a Net Income of US$4 million in the second quarter of 2021, compared to US$42 million Net Income in the same period of 2020, primarily as a result of lower EBITDA, in addition to the negative variation in foreign exchange differences.

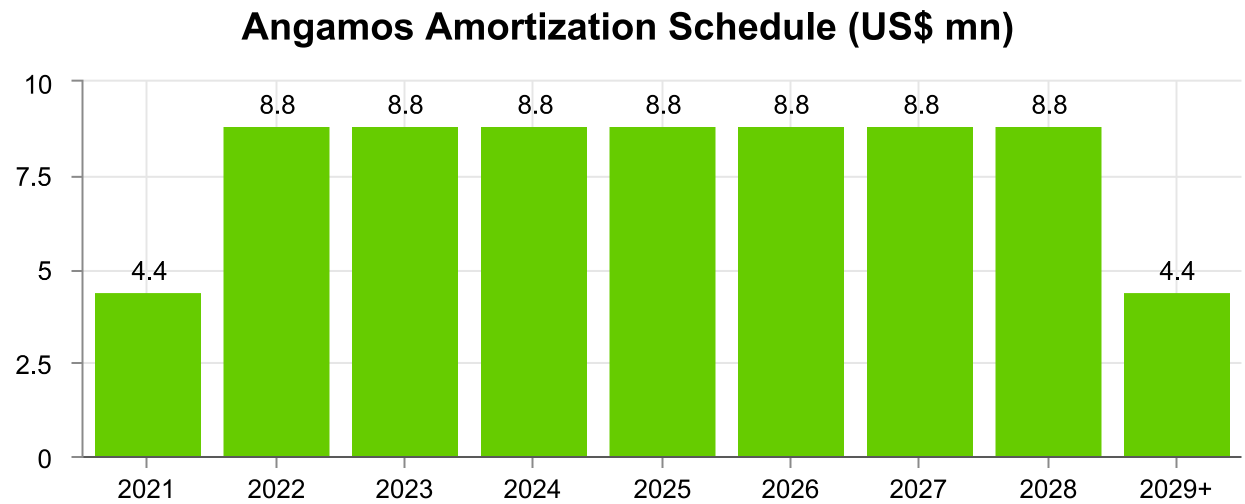
As of June 30, 2021, Guacolda had a cash and cash equivalent totaling US$137 million and total financial debt of US$500 million, from its 2025 Senior Notes.

Annex 2: Empresa Eléctrica Angamos SpA.

Summarized income statement and balance sheet for the periods ended June 30, 2021, December 31, 2020 and June 30, 2020.
International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement	YTD			2Q		
	2021	2020	Var (%)	2021	2020	Var (%)
Contract sales	494,401	187,211	164 %	255,040	120,067	112 %
Spot sales	14,329	18,781	(24)%	(31)	7,021	(100)%
Transmission revenue	16,847	9,381	80 %	9,099	4,892	86 %
Other operating revenues	7,138	7,775	(8)%	3,495	4,038	(13)%
Operating Revenues	**532,715**	**223,148**	**139 %**	**267,603**	**136,018**	**97 %**
Fuel consumption	(44,172)	(48,516)	(9)%	(17,368)	(24,785)	(30)%
Energy and capacity purchases	(37,004)	(11,158)	232 %	(30,914)	(3,368)	818 %
Transmission tolls	(18,650)	(13,844)	35 %	(9,004)	(8,463)	6 %
Other cost of sales	(41,247)	(37,818)	9 %	(23,170)	(20,020)	16 %
Depreciation	(10,416)	(23,078)	(55)%	(3,792)	(11,523)	(67)%
Total Costs of Sales	**(151,489)**	**(134,414)**	**13 %**	**(84,248)**	**(68,159)**	**24 %**
Total Gross Profit	**381,226**	**88,734**	**330 %**	**183,355**	**67,859**	**170 %**
Administrative expenses	(632)	(568)	11 %	(257)	(250)	3 %
Other income(Losses)	(209,620)	51	(411,120)%	(209,691)	31	---
Financial Income	3,360	74	4,441 %	1,303	6	21,617 %
Financial expenses	(2,037)	(15,392)	(87)%	(1,031)	(7,698)	(87)%
Foreign currency exchange differences	542	283	92 %	666	(28)	---
Net Income (Loss) before Taxes	**172,839**	**73,182**	**136 %**	**(25,655)**	**59,920**	**---**
Income Tax Income (Expense)	(46,626)	(19,774)	136 %	6,965	(16,193)	---
Net Income (Loss)	**126,213**	**53,408**	**136 %**	**(18,690)**	**43,727**	**---**
EBITDA	**391,977**	**112,242**	**249 %**	**187,370**	**79,633**	**135 %**

Balance Sheet	June 30, 2021	December 31, 2020	Var (%)
Assets			
Current Assets	268,593	107,184	151 %
Non-Current Assets	98,464	629,603	(84)%
Total Assets	**367,057**	**736,787**	**(50)%**
Liabilities			
Current Liabilities	144,467	628,158	(77)%
Non-Current Liabilities	134,666	131,382	2 %
Total Liabilities	**279,133**	**759,540**	**(63)%**
Total Net Equity	**87,924**	**(22,753)**	**(486)%**
Total Liabilities and Equity	**367,057**	**736,787**	**(50)%**



Angamos Energy Generation, Purchases and Sales

	YTD			2Q		
Energy (GWh)	**2021**	**2020**	**Var (%)**	**2021**	**2020**	**Var (%)**
Sales						
Unregulated	1,582	1,556	2 %	809	770	5 %
Spot Re-Routing	166	432	(62)%	—	242	(100)%
Total Sales	**1,748**	**1,988**	**(12)%**	**808**	**1,012**	**(20)%**
Purchases						
Spot	306	—	— %	306	—	— %
Total Purchases	**306**	**—**	**— %**	**306**	**—**	
Thermal Generation	**1,441**	**1,988**	**(28)%**	**502**	**1,012**	**(50)%**

Angamos generated 510GWh less in the second quarter of 2021, down 50% from the second quarter of 2020, primarily due to a programmed 76-day maintenance during the second quarter of 2021.

Contract sales revenues increased US$135 million to US$255 million in the quarter primarily due to the portion of the settlement reached in August 2020 with BHP subsidiaries, MEL and Spence, that was accrued in the second quarter of 2021, in addition to a 39GWh increase in contract sales volumes to 809GWh in the second quarter of 2021. Spot sales revenues decreased US$7 million, due to a 242GWh decline in Rerouted energy sales volumes as a consequence of the lower generation previously mentioned, while Energy and capacity purchases increased US$28 million due to higher spot purchases volume.

Rerouted energy or Spot Re-Routing refers to the difference between the customer's contracted energy and their actual energy withdrawal. When Angamos has the available generation capacity to cover this differential, the energy is sold on the spot market, and the margin is passed through to the customer. Rerouted energy is included as a discount on the monthly invoice to the customers (in contract sales) and is included as income from spot sales.

Transmission revenue grew US$4 million while transmission costs increased US$1 million between the second quarter of 2021 and the same period in 2020.

Fuel Consumption costs fell 30%, equivalent to US$7 million in the second quarter of 2021 compared to the same quarter of 2020 primarily due to a 50% decline in generation.

Depreciation fell US$8 million due the impact of the impairment booked in the third quarter of 2020 and the second quarter of 2021 as a consequence of the termination of supply contracts and accelerated decarbonization plans.

On a quarterly basis, Angamos's Gross Profit increased US$115 million to US$183 million, mainly driven by the portion of the BHP settlement that was accrued in the second quarter of 2021.

SG&A costs remained fairly stable at US$0.6 million comparing the second quarter of 2021 and 2020.

Angamos reported an EBITDA of US$187 million in the second quarter of 2021, a 135% increase than the same period of 2020 due primarily to the growth in Gross Profit explained above.

Non-Operating results for the second quarter of 2021 totaled US$-209 million which negatively compares to the US$-8 million loss in the same period in 2020. This variance is primarily due to the US$210 increase in other losses due to the impairment of Property, Plant and Equipment performed in second quarter of 2021 at Angamos as a consequence of the Company's intention to accelerate the disconnection of these units as soon as January 2025. This negative variance was partly offset by a US$7 million decrease in financial expenses due to lower interest expenses as a result of debt prepayments performed in the third and fourth quarters of 2020, in addition to a US$1 million increase in financial income as a result of the intercompany loan granted to AES Andes in the third quarter of 2020.

Angamos registered an income tax gain of US$7 million in the second quarter of 2021, compared to the US$16 million income tax expense in same period of 2020. The primary driver of this variation is the impact on results of impairment of Property Plant and Equipment performed in the second quarter of 2021, partly offset by then negative effect of the portion of the settlement reached in August 2020 with BHP subsidiaries, MEL and Spence, accrued in the second quarter of 2021.

Angamos achieved net loss of US$19 million in the second quarter of 2021, compared to US$44 million net income in the same period of 2020, in line with the decrease in pretax income.

As of June 30, 2021, Angamos had a total debt of US$71 million while the ending balance of cash and cash equivalent was US$19 million.

Eléctrica Angamos granted an intercompany loan to AES Andes after receiving the BHP Settlement payment, as of June 30, 2021 outstanding amount was US$162 million.

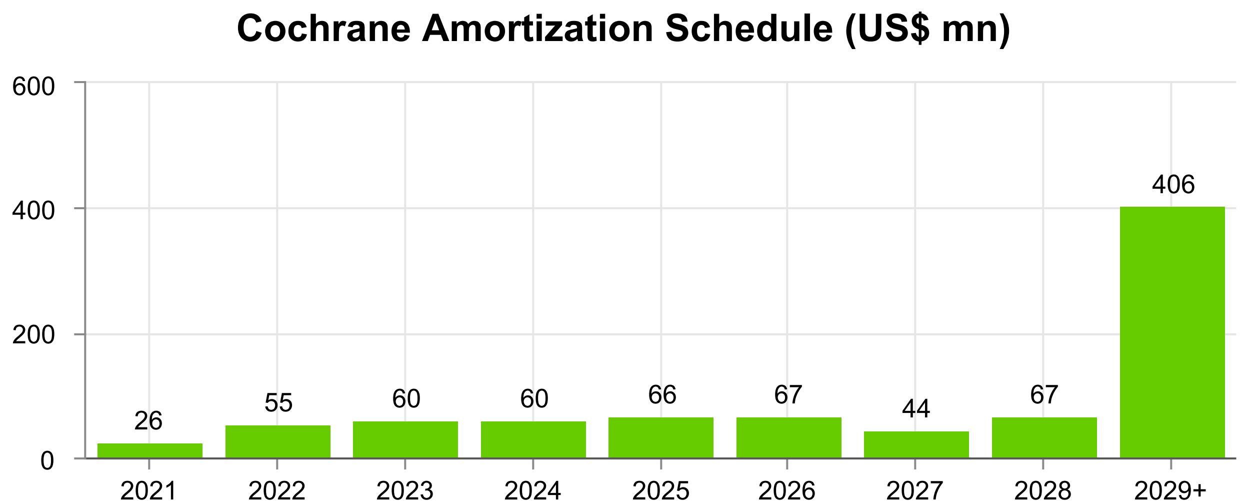
Annex 3: Empresa Eléctrica Cochrane SpA.

Summarized income statement and balance sheet for the periods ended June 30, 2021, December 31, 2020 and June 30, 2020.

International Financial Reporting Standards (IFRS). Amounts expressed in thousands of US dollars unless otherwise indicated.

Income Statement	YTD			2Q		
	2021	2020	Var (%)	2020	2019	Var (%)
Contract sales	120,270	127,589	(6)%	66,205	66,576	(1)%
Spot sales	66,725	37,454	78 %	31,324	16,799	86 %
Transmission revenue	12,941	10,321	25 %	6,811	5,705	19 %
Other operating revenues	22	321	(93)%	18	188	(90)%
Operating Revenues	**199,958**	**175,685**	**14 %**	**104,358**	**89,268**	**17 %**
Fuel consumption	(65,802)	(52,515)	25 %	(34,755)	(26,591)	31 %
Energy and capacity purchases	(3,481)	(3,766)	(8)%	(2,274)	(460)	394 %
Transmission tolls	(14,808)	(14,332)	3 %	(6,932)	(9,355)	(26)%
Other cost of sales	(36,477)	(34,111)	7 %	(19,191)	(17,706)	8 %
Depreciation	(29,475)	(23,509)	25 %	(14,552)	(11,763)	24 %
Total Costs of Sales	**(150,043)**	**(128,233)**	**17 %**	**(77,704)**	**(65,875)**	**18 %**
Total Gross Profit	**49,915**	**47,452**	**5 %**	**26,654**	**23,393**	**14 %**
Administrative expenses	(401)	(411)	(2)%	(2)	(109)	(98)%
Other income(Losses)	35	(958)	100 %	30	(70)	(143)%
Financial Income	11	9	100 %	7	9	(22)%
Financial expenses	(29,981)	(32,404)	(7)%	(15,198)	(15,930)	(5)%
Foreign currency exchange differences	(439)	(950)	(54)%	(127)	67	(290)%
Net Income (Loss) before Taxes	**19,140**	**12,738**	**50 %**	**11,364**	**7,360**	**54 %**
Income Tax Income (Expense)	(5,168)	(3,439)	50 %	(3,068)	(1,987)	54 %
Net Income (Loss)	**13,972**	**9,299**	**50 %**	**8,296**	**5,373**	**54 %**
EBITDA	**80,185**	**71,525**	**12 %**	**41,638**	**35,537**	**17 %**

Balance Sheet	June 30, 2021	December 31, 2020	Var (%)
Assets			
Current Assets	105,987	111,675	(5)%
Non-Current Assets	927,714	953,360	(3)%
Total Assets	**1,033,701**	**1,065,035**	**(3)%**
Liabilities			
Current Liabilities	96,021	86,643	11 %
Non-Current Liabilities	833,432	849,644	(2)%
Total Liabilities	**929,453**	**936,287**	**(1)%**
Total Net Equity	104,248	128,748	**(19)%**
Total Liabilities and Equity	**1,033,701**	**1,065,035**	**(3)%**



Cochrane Energy Generation, Purchases and Sales

	YTD			2Q		
Energy (GWh)	**2021**	**2020**	**Var (%)**	**2020**	**2019**	**Var (%)**
Sales						
Unregulated	782	946	(17)%	405	480	(16)%
Spot Re-Routing	957	664	44 %	471	357	32 %
Total Sales	**1,739**	**1,610**	**8 %**	**876**	**837**	**5 %**
Thermal Generation	**1,739**	**1,610**	**8 %**	**876**	**837**	**5 %**

Cochrane increased its generation by 39GWh in the second quarter of 2021 compared to the same period in 2020. The increase in generation was primarily due to higher dispatch of the plant as a result of the lack of LNG in the system and outages at other coal plants.

Revenues increase US$15 million in the second quarter of 2021, compared to the same period of 2020 primarily due to the 86% increase in spot sales, partly offset by a 1% decrease in contract revenues.

Total contract sales remained fairly stable at US$66 million comparing the second quarter of 2021 and the same period in 2020, despite the 75GWh decrease in contract volume sales.

Spot sales revenues grew US$15 million due to the 114GWh increase in rerouted energy sales volume at higher spot prices.

Rerouted energy or Spot Re-Routing refers to the difference between the customer's contracted energy and their actual energy withdrawal. When Cochrane has the available generation capacity to cover this differential, the energy is sold on the spot market, and the margin is passed through to the customer. Rerouted energy is included as a discount on the monthly invoice to the customers (in contract sales) and is included as income from spot sales.

Transmission revenues increased US$1 million comparing the second quarter of 2021 and 2020 while, transmission costs fell US$2 million. Both variances relates to the resettlements from previous years. Resettlement refers to review of energy balances from preliminary calculations performed by the National Electrical Coordinator (ISO)

Costs of sales grew US$12 million between the second quarters of 2021 and 2020 due to US$8 million increase in fuel costs, a US$3 million increase in depreciation and a $2 million higher spot purchases, partly offset by a US$3 million reduction in transmission costs.

Fuel Consumption costs increased at 31% in the second quarter of 2021 compared to the same quarter last year due to higher coal prices and the 5% increase in generation.

Depreciation grew US$3 million between the second quarters of 2021 and 2020 as a result of the review of the useful lives of the company's fixed assets performed at the end of 2020.

Spot purchases increased US$2 million between the second quarter of 2021 and the same quarter of 2020 primarily related to higher tariff income charges from the spot market.

On a quarterly basis, Cochrane's Gross Profit reached US$27 million, a 14% million increase from the second quarter of 2020, while EBITDA registered in the second quarter of 2021 was US$42 million, 17% higher than the same period last year. The main drivers for the growth in EBITDA are higher contract prices due to inflation adjustments and the positive resettlement from previous years performed by the ISO in transmission revenues and transmission costs.

Non-Operating results for the second quarter of 2021 totaled US$-15 million which positively compares to the US$-16 million registered in the same period in 2020. This variance is primarily due to a US$0.7 million decrease in financial expenses explained by lower interest expense, as a result of the scheduled amortization of the Company's debt.

Foreign currency exchange differences registered a positive variance of US$0.2 million due to lower losses resulting from the company's net asset position in local currency for the three-month periods ended June 30, 2021 and June 30, 2020, and the depreciation Chilean peso against the US dollar of 1% during the second quarter of 2021 compared to the 4% appreciation in the same period of 2020. Meanwhile, Other gains increased US$0.1 million in the second quarter of 2021 compared to the same period last year.

Cochrane registered an income tax expense of US$3 million in the second quarter of 2021, compared to the income tax expense of US$2 million in the same period of 2020, in line with the higher pre-tax income.

Cochrane achieved net income of US$8 million in the second quarter of 2021, compared to US$5 million net income in the same period of 2020.

Total debt for Cochrane as of June 30, 2021 was US$851 million and the ending balance of cash and cash equivalent was US$11 million.

In July 2020, Cochrane issued US$485 million in local notes, the largest USD-denominated bond issuance in Chile. The notes amortize between 2027 and 2034 and carry an interest rate of 6.25%. This issuance was a planned liability management transaction involving the repayment of the Local Bridge loan issued in October 2019, as part of the larger transaction executed to prepay Cochrane's existing Project Finance Facility, allowing the Company to access a corporate-style, more flexible financing structure, releasing US$70 million of inefficient cash sitting in restricted accounts.

ABOUT AES ANDES

AES Andes generates and sells electricity in Chile, Colombia, and Argentina with the mission of improving lives by accelerating a more secure and sustainable energy future. Today the Company operates a total installed operating capacity of 4,374MW in the region along with an extensive portfolio of renewable energy projects under development. The Company is the second-largest generator in Chile, with a diversified portfolio including hydro, wind, solar, energy storage, biomass, gas and coal-fired power plants.

In Chile, AES Andes owns 2,690MW, comprised of 2,137MW of thermoelectric, 267MW of hydroelectric, 110MW of wind, 102MW of solar photovoltaic and 13MW of biomass capacity, in addition to 62MW of battery energy storage systems, seawater desalination plants, transmission lines and gas pipelines in Chile. AES Andes also owns hydroelectric and solar plants in Colombia with a total capacity of 1,041 MW and a natural gas combined cycle plant in Argentina with an installed capacity of 643 MW. AES Andes is 67.0% owned by The AES Corporation.

To learn more about AES Andes, please visit www.aesandes.com/en/investors

ABOUT THE AES CORPORATION

The AES Corporation (NYSE: AES) is a Fortune 500 global energy company accelerating the future of energy. Together with our many stakeholders, we're improving lives by delivering the greener, smarter energy solutions the world needs. The company's diverse workforce is committed to continuous innovation and operational excellence while partnering with our customers on their strategic energy transitions and continuing to meet their energy needs today.

In 2020, The AES Corporation reported $10 billion in revenues and owned and managed $35 billion in total assets.

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