

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission file number 1-12291



THE AES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

54-1163725

(I.R.S. Employer Identification No.)

4300 Wilson Boulevard

Arlington, Virginia

(Address of principal executive offices)

22203

(Zip Code)

Registrant's telephone number, including area code: **(703) 522-1315**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01 per share	AES	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐ Non-accelerated filer ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of Registrant's Common Stock, par value \$0.01 per share, on October 29, 2024 was 711,027,043.

The AES Corporation

Form 10-Q for the Quarterly Period ended September 30, 2024

Table of Contents

Glossary of Terms	1
PART I: FINANCIAL INFORMATION	3
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)	3
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Operations	4
Condensed Consolidated Statements of Comprehensive Income (Loss)	5
Condensed Consolidated Statements of Changes in Equity	6
Condensed Consolidated Statements of Cash Flows	8
Notes to Condensed Consolidated Financial Statements	9
Note 1 - Financial Statement Presentation	9
Note 2 - Inventory	11
Note 3 - Fair Value	11
Note 4 - Derivative Instruments and Hedging Activities	15
Note 5 - Financing Receivables	17
Note 6 - Allowance for Credit Losses	18
Note 7 - Investments in and Advances to Affiliates	18
Note 8 - Debt	20
Note 9 - Commitments and Contingencies	23
Note 10 - Leases	24
Note 11 - Redeemable Stock of Subsidiaries	25
Note 12 - Equity	26
Note 13 - Segments	28
Note 14 - Revenue	30
Note 15 - Other Income and Expense	32
Note 16 - Asset Impairment Expense	32
Note 17 - Income Taxes	33
Note 18 - Held-for-Sale and Dispositions	34
Note 19 - Acquisitions	35
Note 20 - Earnings Per Share	35
Note 21 - Subsequent Events	36
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	37
Executive Summary	37
Review of Consolidated Results of Operations	41
SBU Performance Analysis	48
Key Trends and Uncertainties	55
Capital Resources and Liquidity	64
Critical Accounting Policies and Estimates	71
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	71
ITEM 4. CONTROLS AND PROCEDURES	74
PART II: OTHER INFORMATION	75
ITEM 1. LEGAL PROCEEDINGS	75
ITEM 1A. RISK FACTORS	78
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	79
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	78
ITEM 4. MINE SAFETY DISCLOSURES	78
ITEM 5. OTHER INFORMATION	79
ITEM 6. EXHIBITS	79
SIGNATURES	80

Glossary of Terms

The following terms and acronyms appear in the text of this report and have the definitions indicated below:

2024 Base Rate Order	The order issued in April 2024 by the IURC authorizing AES Indiana to, among other things, increase its basic rates and charges by \$71 million annually
Adjusted EBITDA	Adjusted earnings before interest income and expense, taxes, depreciation and amortization, a non-GAAP measure of operating performance
Adjusted EBITDA with Tax Attributes	Adjusted earnings before interest income and expense, taxes, depreciation and amortization, adding back the pre-tax effect of Production Tax Credits, Investment Tax Credits and depreciation tax deductions allocated to tax equity investors, a non-GAAP measure
Adjusted EPS	Adjusted Earnings Per Share, a non-GAAP measure
Adjusted PTC	Adjusted Pre-tax Contribution, a non-GAAP measure of operating performance
AES	The Parent Company and its subsidiaries and affiliates
AES Andes	AES Andes S.A., formerly AES Gener
AES Brasil	AES Brasil Operações S.A., formerly branded as AES Tietê
AES Clean Energy Development	AES Clean Energy Development, LLC
AES Indiana	Indianapolis Power & Light Company, formerly branded as IPL. AES Indiana is wholly-owned by IPALCO
AES Ohio	The Dayton Power & Light Company, formerly branded as DP&L. AES Ohio is wholly-owned by DPL
AES Renewable Holdings	AES Renewable Holdings, LLC, formerly branded as AES Distributed Energy
AFUDC	Allowance for Funds Used During Construction
AGIC	AES Global Insurance Company, AES' captive insurance company
AOCL	Accumulated Other Comprehensive Loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CAA	United States Clean Air Act
CCR	Coal Combustion Residuals, which includes bottom ash, fly ash, and air pollution control wastes generated at coal-fired generation plant sites
CECL	Current Expected Credit Loss
CO ₂	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
CWA	U.S. Clean Water Act
DG Comp	Directorate-General for Competition
DIR	Distribution Investment Rider - established in the ESP 4 to recover certain distribution capital investments placed in service beginning June 30, 2020, for three years, and subject to increasing annual revenue limits and other terms. The annual revenue limit for 2024 is \$38.4 million.
DPL	DPL Inc.
EBITDA	Earnings before interest income and expense, taxes, depreciation and amortization, a non-GAAP measure of operating performance
ECCRA	Environmental Compliance Cost Recovery Adjustment
EPA	United States Environmental Protection Agency
EPC	Engineering, Procurement and Construction
ESP	Electric Security Plan
EU	European Union
FASB	Financial Accounting Standards Board
Fluence	Fluence Energy, Inc and its subsidiaries, including Fluence Energy, LLC, which was previously our joint venture with Siemens (NASDAQ: FLNC)
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GILTI	Global Intangible Low Taxed Income
GW	Gigawatts
GWh	Gigawatt Hours
HLBV	Hypothetical Liquidation at Book Value
IPALCO	IPALCO Enterprises, Inc.
ITC	Investment Tax Credit
IURC	Indiana Utility Regulatory Commission
LNG	Liquid Natural Gas
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Megawatt Hours
NAAQS	National Ambient Air Quality Standards
NCI	Noncontrolling Interest
NEK	Natsionalna Elektricheska Kompania (state-owned electricity public supplier in Bulgaria)
NM	Not Meaningful
NOV	Notice of Violation
NO _x	Nitrogen Oxide
NPDES	National Pollutant Discharge Elimination System
Parent Company	The AES Corporation
Pet Coke	Petroleum Coke
PPA	Power Purchase Agreement

PREPA	Puerto Rico Electric Power Authority
PUCO	The Public Utilities Commission of Ohio
RSU	Restricted Stock Unit
SBU	Strategic Business Unit
SEC	United States Securities and Exchange Commission
SO ₂	Sulfur Dioxide
TDSIC	Transmission, Distribution, and Storage System Improvement Charge
TEG	Termoeléctrica del Golfo, S. de R.L. de C.V.
TEP	Termoeléctrica Peñoles, S. de R.L. de C.V.
U.S.	United States
USD	United States Dollar
VIE	Variable Interest Entity

PART I: FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

Condensed Consolidated Balance Sheets

(Unaudited)

	September 30, 2024	December 31, 2023
(in millions, except share and per share amounts)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,919	\$ 1,426
Restricted cash	563	370
Short-term investments	62	395
Accounts receivable, net of allowance of \$32 and \$15, respectively	1,868	1,420
Inventory	646	712
Prepaid expenses	134	177
Other current assets, net of allowance of \$0 and \$14, respectively	1,460	1,387
Current held-for-sale assets	3,874	762
Total current assets	10,526	6,649
NONCURRENT ASSETS		
Property, plant and equipment, net of accumulated depreciation of \$8,505 and \$8,602, respectively	32,354	29,958
Investments in and advances to affiliates	1,162	941
Debt service reserves and other deposits	77	194
Goodwill	348	348
Other intangible assets, net of accumulated amortization of \$426 and \$498, respectively	1,928	2,243
Deferred income taxes	421	396
Other noncurrent assets, net of allowance of \$11 and \$9, respectively	2,593	3,259
Noncurrent held-for-sale assets	670	811
Total other assets	7,199	8,192
TOTAL ASSETS	\$ 50,079	\$ 44,799
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,965	\$ 2,199
Accrued interest	328	315
Accrued non-income taxes	257	278
Supplier financing arrangements	698	974
Accrued and other liabilities	1,182	1,334
Recourse debt	1,709	200
Non-recourse debt, including \$416 and \$1,080, respectively, related to variable interest entities	3,237	3,932
Current held-for-sale liabilities	2,999	499
Total current liabilities	12,375	9,731
NONCURRENT LIABILITIES		
Recourse debt	4,840	4,264
Non-recourse debt, including \$1,947 and \$1,715, respectively, related to variable interest entities	19,666	18,482
Deferred income taxes	1,696	1,245
Other noncurrent liabilities	2,501	3,114
Noncurrent held-for-sale liabilities	457	514
Total noncurrent liabilities	29,160	27,619
Commitments and Contingencies (see Note 9)		
Redeemable stock of subsidiaries	905	1,464
EQUITY		
THE AES CORPORATION STOCKHOLDERS' EQUITY		
Preferred stock (without par value, 50,000,000 shares authorized; 1,043,050 issued and outstanding at December 31, 2023)	—	838
Common stock (\$0.01 par value, 1,200,000,000 shares authorized; 859,709,987 issued and 711,027,043 outstanding at September 30, 2024 and 819,051,591 issued and 669,693,234 outstanding at December 31, 2023)	9	8
Additional paid-in capital	6,949	6,355
Accumulated deficit	(267)	(1,386)
Accumulated other comprehensive loss	(1,595)	(1,514)
Treasury stock, at cost (148,682,944 and 149,358,357 shares at September 30, 2024 and December 31, 2023, respectively)	(1,806)	(1,813)
Total AES Corporation stockholders' equity	3,290	2,488
NONCONTROLLING INTERESTS	4,349	3,497
Total equity	7,639	5,985
TOTAL LIABILITIES AND EQUITY	\$ 50,079	\$ 44,799

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(in millions, except share and per share amounts)				
Revenue:				
Non-Regulated	\$ 2,352	\$ 2,571	\$ 6,654	\$ 7,051
Regulated	937	863	2,662	2,649
Total revenue	3,289	3,434	9,316	9,700
Cost of Sales:				
Non-Regulated	(1,794)	(1,813)	(5,198)	(5,392)
Regulated	(773)	(703)	(2,224)	(2,298)
Total cost of sales	(2,567)	(2,516)	(7,422)	(7,690)
Operating margin	722	918	1,894	2,010
General and administrative expenses	(57)	(64)	(198)	(191)
Interest expense	(379)	(326)	(1,125)	(966)
Interest income	119	144	312	398
Loss on extinguishment of debt	(1)	—	(11)	(1)
Other expense	(31)	(12)	(153)	(38)
Other income	64	12	120	36
Gain (loss) on disposal and sale of business interests	(1)	—	43	(4)
Asset impairment expense	(79)	(158)	(355)	(352)
Foreign currency transaction gains (losses)	(28)	(100)	2	(209)
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES AND EQUITY IN EARNINGS OF AFFILIATES	329	414	529	683
Income tax expense	(103)	(109)	(52)	(179)
Net equity in losses of affiliates	(9)	(14)	(21)	(43)
INCOME FROM CONTINUING OPERATIONS	217	291	456	461
Loss from disposal of discontinued businesses	(7)	—	(7)	—
NET INCOME	210	291	449	461
Less: Net loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries	292	(60)	670	(118)
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	\$ 502	\$ 231	\$ 1,119	\$ 343
AMOUNTS ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS:				
Income from continuing operations, net of tax	\$ 509	\$ 231	\$ 1,126	\$ 343
Loss from discontinued operations, net of tax	(7)	—	(7)	—
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	\$ 502	\$ 231	\$ 1,119	\$ 343
BASIC EARNINGS PER SHARE:				
Income from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.72	\$ 0.34	\$ 1.60	\$ 0.51
Loss from discontinued operations attributable to The AES Corporation common stockholders, net of tax	(0.01)	—	(0.01)	—
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	\$ 0.71	\$ 0.34	\$ 1.59	\$ 0.51
DILUTED EARNINGS PER SHARE:				
Income from continuing operations attributable to The AES Corporation common stockholders, net of tax	\$ 0.72	\$ 0.32	\$ 1.58	\$ 0.48
Loss from discontinued operations attributable to The AES Corporation common stockholders, net of tax	(0.01)	—	(0.01)	—
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	\$ 0.71	\$ 0.32	\$ 1.57	\$ 0.48
DILUTED SHARES OUTSTANDING	713	712	713	712

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
NET INCOME	\$ 210	\$ 291	\$ 449	\$ 461
Foreign currency translation activity:				
Foreign currency translation adjustments, net of income tax benefit of \$9, \$0, \$9, and \$0, respectively	36	(44)	(128)	75
Total foreign currency translation adjustments	36	(44)	(128)	75
Derivative activity:				
Change in fair value of derivatives, net of income tax benefit (expense) of \$65, \$(73), \$(1), and \$(78), respectively	(262)	274	30	276
Reclassification to earnings, net of income tax benefit (expense) of \$0, \$0, \$(7), and \$11, respectively	(3)	(1)	18	(49)
Total change in fair value of derivatives	(265)	273	48	227
Pension activity:				
Change in pension adjustments due to net actuarial gain for the period, net of \$0 income tax for all periods	—	—	1	1
Total pension adjustments	—	—	1	1
Fair value option liabilities activity:				
Change in fair value option liabilities due to instrument-specific credit risk, net of \$0 income tax for all periods	—	—	3	—
Total change in fair value option liabilities	—	—	3	—
OTHER COMPREHENSIVE INCOME (LOSS)	(229)	229	(76)	303
COMPREHENSIVE INCOME (LOSS)	(19)	520	373	764
Less: Comprehensive loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries	335	(109)	665	(168)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AES CORPORATION	\$ 316	\$ 411	\$ 1,038	\$ 596

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity (Unaudited)

Nine Months Ended September 30, 2024

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests ⁽¹⁾
	Shares	Amount	Shares	Amount	Shares	Amount				
	(in millions)									
Balance at January 1, 2024	1.0	\$ 838	819.1	\$ 8	149.4	\$(1,813)	\$ 6,355	\$ (1,386)	\$ (1,514)	\$ 3,497
Net income (loss)	—	—	—	—	—	—	—	432	—	(65)
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	(38)	(4)
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	135	27
Total change in fair value option liabilities, net of income tax	—	—	—	—	—	—	—	—	3	—
Total other comprehensive income	—	—	—	—	—	—	—	—	100	23
Adjustments to redemption value of redeemable stock of subsidiaries ⁽²⁾	—	—	—	—	—	—	(6)	—	—	—
Disposition of business interests	—	—	—	—	—	—	—	—	—	(111)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(13)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	1
Sales to noncontrolling interests	—	—	—	—	—	—	1	—	—	48
Conversion of Corporate Units to shares of common stock	(1.0)	(838)	40.5	1	—	—	838	—	—	—
Dividends declared on common stock (\$0.1725/share)	—	—	—	—	—	—	(116)	—	—	—
Purchase of treasury stock	—	—	—	—	0.1	(3)	3	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	(0.6)	7	(7)	—	—	—
Balance at March 31, 2024	—	\$ —	859.6	\$ 9	148.9	\$(1,809)	\$ 7,068	\$ (954)	\$ (1,414)	\$ 3,380
Net income (loss)	—	—	—	—	—	—	—	185	—	(214)
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	(87)	(33)
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	92	(15)
Total pension adjustments, net of income tax	—	—	—	—	—	—	—	—	—	1
Total other comprehensive income	—	—	—	—	—	—	—	—	5	(47)
Adjustments to redemption value of redeemable stock of subsidiaries ⁽²⁾	—	—	—	—	—	—	6	—	—	—
Reclassification of redeemable stock of subsidiaries ⁽³⁾	—	—	—	—	—	—	—	—	—	670
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(94)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	51
Sales to noncontrolling interests	—	—	—	—	—	—	(9)	—	—	192
Dividends declared on common stock	—	—	—	—	—	—	(7)	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	(0.1)	2	9	—	—	—
Balance at June 30, 2024	—	\$ —	859.6	\$ 9	148.8	\$(1,807)	\$ 7,067	\$ (769)	\$ (1,409)	\$ 3,938
Net income (loss)	—	—	—	—	—	—	—	502	—	(308)
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	23	13
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	(209)	(56)
Total other comprehensive income (loss)	—	—	—	—	—	—	—	—	(186)	(43)
Reclassification of redeemable stock of subsidiaries ⁽³⁾	—	—	—	—	—	—	—	—	—	62
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(20)
Acquisitions of noncontrolling interests	—	—	—	—	—	—	2	—	—	(2)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	233
Sales to noncontrolling interests	—	—	—	—	—	—	(7)	—	—	489
Dividends declared on common stock (\$0.1725/share)	—	—	—	—	—	—	(123)	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	0.1	—	(0.1)	1	10	—	—	—
Balance at September 30, 2024	—	\$ —	859.7	\$ 9	148.7	\$(1,806)	\$ 6,949	\$ (267)	\$ (1,595)	\$ 4,349

	Nine Months Ended September 30, 2023									
	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests ⁽¹⁾
	Shares	Amount	Shares	Amount	Shares	Amount				
	(in millions)									
Balance at January 1, 2023	1.0	\$ 838	818.8	\$ 8	150.0	\$(1,822)	\$ 6,688	\$ (1,635)	\$ (1,640)	\$ 2,067
Net income	—	—	—	—	—	—	—	151	—	52
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	33	7
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	(135)	1
Total pension adjustments, net of income tax	—	—	—	—	—	—	—	—	—	1
Total other comprehensive income (loss)	—	—	—	—	—	—	—	—	(102)	9
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(37)
Acquisitions of noncontrolling interests	—	—	—	—	—	—	(1)	—	—	1
Contributions from noncontrolling interests	—	—	—	—	—	—	—	—	—	2
Sales to noncontrolling interests	—	—	—	—	—	—	(7)	—	—	3
Issuance of preferred shares in subsidiaries	—	—	—	—	—	—	—	—	—	4
Dividends declared on common stock (\$0.1659/share)	—	—	—	—	—	—	(111)	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	(0.5)	7	(12)	—	—	—
Balance at March 31, 2023	1.0	\$ 838	818.8	\$ 8	149.5	\$(1,815)	\$ 6,557	\$ (1,484)	\$ (1,742)	\$ 2,101
Net income (loss)	—	—	—	—	—	—	—	(39)	—	42
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	74	4
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	101	—
Total other comprehensive income	—	—	—	—	—	—	—	—	175	4
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(90)
Sales to noncontrolling interests	—	—	—	—	—	—	(17)	—	—	209
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	(0.1)	1	10	—	—	—
Balance at June 30, 2023	1.0	\$ 838	818.8	\$ 8	149.4	\$(1,814)	\$ 6,550	\$ (1,523)	\$ (1,567)	\$ 2,266
Net income	—	—	—	—	—	—	—	231	—	68
Total foreign currency translation adjustments, net of income tax	—	—	—	—	—	—	—	—	(36)	(7)
Total change in fair value of derivatives, net of income tax	—	—	—	—	—	—	—	—	216	(3)
Total other comprehensive income (loss)	—	—	—	—	—	—	—	—	180	(10)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(7)
Acquisitions of noncontrolling interests	—	—	—	—	—	—	25	—	—	(46)
Sales to noncontrolling interests	—	—	—	—	—	—	(21)	—	(23)	206
Dividends declared on AES common stock (\$0.1659/share)	—	—	—	—	—	—	(111)	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	0.3	—	—	—	6	—	—	—
Balance at September 30, 2023	1.0	\$ 838	819.1	\$ 8	149.4	\$(1,814)	\$ 6,449	\$ (1,292)	\$ (1,410)	\$ 2,477

⁽¹⁾ Excludes redeemable stock of subsidiaries. See Note 11—*Redeemable Stock of Subsidiaries*.

⁽²⁾ Adjustment to record the redeemable stock of a tax equity partnership at AES Clean Energy Development at redemption value.

⁽³⁾ Related to the reclassification of AES Clean Energy Development common stock and the Chevelon Butte Phase II, Kuihelani, and Silver Peak tax equity partnerships from *Redeemable stock of subsidiaries* to *Noncontrolling interests*. See Note 11—*Redeemable Stock of Subsidiaries*.

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended September 30,	
	2024	2023
	(in millions)	
OPERATING ACTIVITIES:		
Net income	\$ 449	\$ 461
Adjustments to net income:		
Depreciation and amortization	926	836
Emissions allowance expense	144	211
Loss (gain) on realized/unrealized derivatives	(194)	79
Loss (gain) on disposal and sale of business interests	(43)	4
Impairment expense	355	358
Loss on realized/unrealized foreign currency	92	184
Deferred income tax expense (benefit), net of tax credit transfers	423	(102)
Other	81	118
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(576)	16
(Increase) decrease in inventory	58	253
(Increase) decrease in prepaid expenses and other current assets	120	76
(Increase) decrease in other assets	177	(4)
Increase (decrease) in accounts payable and other current liabilities	34	(187)
Increase (decrease) in income tax payables, net and other tax payables	(514)	(67)
Increase (decrease) in other liabilities	132	73
Net cash provided by operating activities	1,664	2,309
INVESTING ACTIVITIES:		
Capital expenditures	(5,665)	(5,295)
Acquisitions of business interests, net of cash and restricted cash acquired	(79)	(311)
Proceeds from the sale of business interests, net of cash and restricted cash sold	11	98
Sale of short-term investments	731	1,002
Purchase of short-term investments	(725)	(764)
Contributions and loans to equity affiliates	(71)	(147)
Purchase of emissions allowances	(157)	(161)
Other investing	(134)	(95)
Net cash used in investing activities	(6,089)	(5,673)
FINANCING ACTIVITIES:		
Borrowings under the revolving credit facilities	5,652	3,939
Repayments under the revolving credit facilities	(4,051)	(2,730)
Commercial paper borrowings (repayments), net	611	604
Issuance of recourse debt	950	1,400
Issuance of non-recourse debt	5,199	1,784
Repayments of non-recourse debt	(3,311)	(1,262)
Payments for financing fees	(88)	(76)
Purchases under supplier financing arrangements	1,211	1,307
Repayments of obligations under supplier financing arrangements	(1,412)	(1,099)
Distributions to noncontrolling interests	(165)	(173)
Contributions from noncontrolling interests	137	63
Sales to noncontrolling interests	869	371
Dividends paid on AES common stock	(361)	(333)
Payments for financed capital expenditures	(29)	(8)
Other financing	(25)	(47)
Net cash provided by financing activities	5,187	3,740
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(47)	(108)
Increase in cash, cash equivalents and restricted cash of held-for-sale businesses	(146)	(20)
Total increase in cash, cash equivalents and restricted cash	569	248
Cash, cash equivalents and restricted cash, beginning	1,990	2,087
Cash, cash equivalents and restricted cash, ending	\$ 2,559	\$ 2,335
SUPPLEMENTAL DISCLOSURES:		
Cash payments for interest, net of amounts capitalized	\$ 1,103	\$ 735
Cash payments for income taxes, net of refunds	270	267
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of Corporate Units to shares of common stock (see Note 12)	838	—
Liabilities derecognized upon completion of remaining performance obligation for sale of Warrior Run receivables (see Note 14)	273	—
Noncash recognition of new operating and financing leases	240	187
Noncash contributions from noncontrolling interests	213	60
Initial recognition of contingent consideration for acquisitions	14	215

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(Unaudited)

1. FINANCIAL STATEMENT PRESENTATION

Consolidation — In this Quarterly Report, the terms “AES,” “the Company,” “us” or “we” refer to the consolidated entity, including its subsidiaries and affiliates. The terms “The AES Corporation” or “the Parent Company” refer only to the publicly held holding company, The AES Corporation, excluding its subsidiaries and affiliates. Furthermore, VIEs in which the Company has a variable interest have been consolidated where the Company is the primary beneficiary. Investments in which the Company has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting, except for our investment in Alto Maipo, for which we have elected the fair value option as permitted under ASC 825. All intercompany transactions and balances have been eliminated in consolidation.

Interim Financial Presentation — The accompanying unaudited condensed consolidated financial statements and footnotes have been prepared in accordance with GAAP, as contained in the FASB ASC, for interim financial information and Article 10 of Regulation S-X issued by the SEC. Accordingly, they do not include all the information and footnotes required by GAAP for annual fiscal reporting periods. In the opinion of management, the interim financial information includes all adjustments of a normal recurring nature necessary for a fair presentation of the results of operations, financial position, comprehensive income, changes in equity, and cash flows. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of expected results for the year ending December 31, 2024. The accompanying condensed consolidated financial statements are unaudited and should be read in conjunction with the 2023 audited consolidated financial statements and notes thereto, which are included in the 2023 Form 10-K filed with the SEC on February 26, 2024 (the “2023 Form 10-K”).

Cash, Cash Equivalents, and Restricted Cash — The following table provides a summary of cash, cash equivalents, and restricted cash amounts reported on the Condensed Consolidated Balance Sheets that reconcile to the total of such amounts as shown on the Condensed Consolidated Statements of Cash Flows (in millions):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 1,919	\$ 1,426
Restricted cash	563	370
Debt service reserves and other deposits	77	194
Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,559</u>	<u>\$ 1,990</u>

ASC 450—Liabilities—Supplier Finance Programs — With some purchases, AES enters into supplier financing arrangements. The Company generally uses an intermediary entity between the supplier and the Company, but sometimes enters into these agreements directly with the supplier, with the goal of securing improved payment terms. These arrangements are included in *Supplier financing arrangements* on the Condensed Consolidated Balance Sheets as the amounts are all due in less than a year; the related interest expense is recorded on the Condensed Consolidated Statements of Operations within *Interest expense*. The Company had supplier financing arrangements with a total outstanding balance of \$698 million and \$974 million, as of September 30, 2024, and December 31, 2023, respectively. The agreements ranged from less than \$1 million to \$62 million with a weighted average interest rate of 6.93% as of September 30, 2024; as of December 31, 2023, the agreements ranged from less than \$1 million to \$69 million with a weighted average interest rate of 7.51%. Of the amounts outstanding under supplier financing arrangements, \$447 million and \$814 million were guaranteed by the Company as of September 30, 2024 and December 31, 2023, respectively.

Tax Credit Transferability — The U.S Inflation Reduction Act of 2022 (the “IRA”) allows us to directly transfer investment tax credits (“ITCs”) to unrelated tax credit buyers. The Company accounts for tax credits that it will retain or transfer under ASC 740—*Income Taxes*, as tax benefit throughout the year the renewables project is placed in service. During the nine months ended September 30, 2024, the Company executed agreements to transfer ITCs directly to third parties for \$351 million, of which \$173 million was allocated to AES and recorded as an income tax benefit to AES, and \$178 million was allocated to noncontrolling interests and treated as a contribution from noncontrolling interests. The Company received proceeds from these tax credit transfers of \$227 million during the nine months ended September 30, 2024, and the remaining \$124 million during October 2024. The receipt of cash from the transfer of tax credits is treated as an operating cash flow on the Condensed Consolidated Statements of Cash Flows.

New Accounting Pronouncements Adopted in 2024 — The following table provides a brief description of recent accounting pronouncements that had an impact on the Company's condensed consolidated financial statements. Accounting pronouncements not listed below were assessed and determined to be either not applicable or did not have a material impact on the Company's condensed consolidated financial statements.

New Accounting Standards Adopted			
ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2022-04, Liabilities - Supplier Finance Programs (Topic 450-50): Disclosure of Supplier Finance Program Obligations	This update is to provide additional information and disclosures about an entity's use of supplier finance programs to see how these programs will affect an entity's working capital, liquidity, and cash flows. Entities that use supplier finance programs as the buyer party should disclose (1) the key terms of the payment terms and assets pledged as security or other forms of guarantees provided and (2) the unpaid amount outstanding, a description of where those obligations are presented on the balance sheet, and a rollforward of those obligations during the annual period.	January 1, 2023, except for the rollforward information, which is effective for fiscal years beginning after December 15, 2023.	The ASU only requires disclosures related to the Company's supplier finance programs and does not affect the recognition, measurement, or presentation of supplier finance program obligations on the balance sheet or cash flow statement. The Company adopted the new disclosure requirements in the first quarter of 2023, except for the annual requirement to disclose rollforward information, which the Company expects to adopt and present prospectively beginning in the 2024 annual financial statements.

New Accounting Pronouncements Issued But Not Yet Effective — The following table provides a brief description of recent accounting pronouncements that could have a material impact on the Company's condensed consolidated financial statements once adopted. Accounting pronouncements not listed below were assessed and determined to be either not applicable or are expected to have no material impact on the Company's condensed consolidated financial statements.

New Accounting Standards Issued But Not Yet Effective			
ASU Number and Name	Description	Date of Adoption	Effect on the financial statements upon adoption
2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	The amendments in this section are designed to improve the disclosures related to segment reporting on an interim and annual basis. Public companies must disclose significant segment expenses and an amount for other segment items. This will also require that a company disclose its annual disclosures under Topic 280 in each interim period. Furthermore, companies will need to disclose the Chief Operating Decision Maker (“CODM”) and how the CODM assesses the performance of a segment. Lastly, public companies that have a single reportable segment must report the required disclosures under Topic 280.	The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.	This ASU only affects disclosures, which will be provided when the amendment becomes effective.
2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures	The amendments in this Update require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. Furthermore, companies are required to disclose a disaggregated amount of income taxes paid at a federal, state, and foreign level as well as a breakdown of income taxes paid in a jurisdiction that comprises 5% of a company's total income taxes paid. Lastly, this ASU requires that companies disclose income (loss) from continuing operations before income tax at a domestic and foreign level and that companies disclose income tax expense from continuing operations on a federal, state, and foreign level.	The amendments in this Update are effective for fiscal years beginning after December 15, 2024.	This ASU only affects disclosures, which will be provided when the amendment becomes effective.

2. INVENTORY

The following table summarizes the Company's inventory balances as of the dates indicated (in millions):

	September 30, 2024	December 31, 2023
Fuel and other raw materials	\$ 320	\$ 424
Spare parts and supplies	326	288
Total	<u>\$ 646</u>	<u>\$ 712</u>

3. FAIR VALUE

The fair value of current financial assets and liabilities, debt service reserves, and other deposits approximate their reported carrying amounts. The estimated fair values of the Company's assets and liabilities have been determined using available market information. Because these amounts are estimates and based on hypothetical transactions to sell assets or transfer liabilities, the use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. For further information on our valuation techniques and policies, see Note 5—*Fair Value* in Item 8.—*Financial Statements and Supplementary Data* of our 2023 Form 10-K.

Recurring Measurements

The following table presents, by level within the fair value hierarchy, the Company's financial assets and liabilities that were measured at fair value on a recurring basis as of the dates indicated (in millions). For the Company's investments in marketable debt securities, the security classes presented were determined based on the nature and risk of the security and are consistent with how the Company manages, monitors, and measures its marketable securities:

	September 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
DEBT SECURITIES:								
Available-for-sale:								
Certificates of deposit ⁽¹⁾	\$ —	\$ 295	\$ —	\$ 295	\$ —	\$ 360	\$ —	\$ 360
Government debt securities	—	3	—	3	—	—	—	—
Total debt securities	—	298	—	298	—	360	—	360
EQUITY SECURITIES:								
Mutual funds	52	—	—	52	46	—	—	46
Common stock	4	—	—	4	—	—	—	—
Total equity securities	56	—	—	56	46	—	—	46
DERIVATIVES:								
Interest rate derivatives	—	131	—	131	—	182	2	184
Cross-currency derivatives	—	10	—	10	—	—	—	—
Foreign currency derivatives	—	34	56	90	—	15	59	74
Commodity derivatives	—	525	3	528	—	127	1	128
Total derivatives — assets ⁽²⁾	—	700	59	759	—	324	62	386
TOTAL ASSETS	\$ 56	\$ 998	\$ 59	\$ 1,113	\$ 46	\$ 684	\$ 62	\$ 792
Liabilities								
Contingent consideration	\$ —	\$ —	\$ 163	\$ 163	\$ —	\$ —	\$ 165	\$ 165
DERIVATIVES:								
Interest rate derivatives	—	164	4	168	—	102	6	108
Cross-currency derivatives	—	11	—	11	—	63	—	63
Foreign currency derivatives	—	17	—	17	—	19	—	19
Commodity derivatives	—	399	76	475	—	145	111	256
Total derivatives — liabilities ⁽²⁾	—	591	80	671	—	329	117	446
TOTAL LIABILITIES	\$ —	\$ 591	\$ 243	\$ 834	\$ —	\$ 329	\$ 282	\$ 611

⁽¹⁾ Includes \$292 million reported in *Current held-for-sale assets* on the Condensed Consolidated Balance Sheets related to AES Brasil as of September 30, 2024.

⁽²⁾ Includes \$234 million of derivative assets reported in *Current held-for-sale assets* and \$236 million of derivative liabilities reported in *Current held-for-sale liabilities* on the Condensed Consolidated Balance Sheets related to AES Brasil as of September 30, 2024.

As of September 30, 2024, all available-for-sale debt securities had stated maturities within one year. There were no other-than-temporary impairments of marketable securities during the three and nine months ended September 30, 2024. The level 3 contingent consideration relates mainly to the acquisition of Bellefield in June 2023. Credit-related impairments are recognized in earnings under ASC 326. Gains and losses on the sale of investments are determined using the specific-identification method. The following table presents gross proceeds from the sale of available-for-sale securities during the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross proceeds from sale of available-for-sale securities	\$ 189	\$ 308	\$ 683	\$ 1,047

The following tables present a reconciliation of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended September 30, 2024 and 2023 (derivative balances are presented net), in millions. Transfers between Level 3 and Level 2 principally result from changes in the significance of unobservable inputs used to calculate the credit valuation adjustment.

Three Months Ended September 30, 2024	Derivative Assets and Liabilities			Contingent Consideration	Total
	Interest Rate	Foreign Currency	Commodity		
Balance at July 1, 2024	\$ (2)	\$ 60	\$ (71)	\$ (162)	\$ (175)
Total realized and unrealized gains (losses):					
Included in earnings	—	5	—	(8)	(3)
Included in other comprehensive income (loss) — derivative activity	(2)	1	(1)	—	(2)
Settlements	—	(10)	(1)	7	(4)
Balance at September 30, 2024	<u>\$ (4)</u>	<u>\$ 56</u>	<u>\$ (73)</u>	<u>\$ (163)</u>	<u>\$ (184)</u>
Total losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities held at the end of the period	<u>\$ —</u>	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3)</u>

Three Months Ended September 30, 2023	Derivative Assets and Liabilities				Total
	Interest Rate	Foreign Currency	Commodity	Contingent Consideration	
Balance at July 1, 2023	\$ (1)	\$ 63	\$ (78)	\$ (274)	\$ (290)
Total realized and unrealized gains (losses):					
Included in earnings	—	(6)	(3)	(1)	(10)
Included in other comprehensive income (loss) — derivative activity	5	(2)	7	—	10
Acquisitions	—	—	—	3	3
Settlements	—	(9)	(2)	5	(6)
Transfers of assets, net out of Level 3	(4)	—	—	—	(4)
Balance at September 30, 2023	<u>\$ —</u>	<u>\$ 46</u>	<u>\$ (76)</u>	<u>\$ (267)</u>	<u>\$ (297)</u>
Total losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities held at the end of the period	<u>\$ —</u>	<u>\$ (13)</u>	<u>\$ (3)</u>	<u>\$ (1)</u>	<u>\$ (17)</u>

	Derivative Assets and Liabilities				
Nine Months Ended September 30, 2024	Interest Rate	Foreign Currency	Commodity	Contingent Consideration	Total
Balance at January 1, 2024	\$ (4)	\$ 59	\$ (110)	\$ (165)	\$ (220)
Total realized and unrealized gains (losses):					
Included in earnings	—	19	4	(3)	20
Included in other comprehensive income (loss) — derivative activity	—	6	31	—	37
Included in regulatory (assets) liabilities	—	—	5	—	5
Acquisitions	—	—	—	(14)	(14)
Settlements	—	(28)	(3)	19	(12)
Balance at September 30, 2024	<u>\$ (4)</u>	<u>\$ 56</u>	<u>\$ (73)</u>	<u>\$ (163)</u>	<u>\$ (184)</u>
Total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities held at the end of the period	\$ —	\$ (3)	\$ 6	\$ —	\$ 3

	Derivative Assets and Liabilities				
Nine Months Ended September 30, 2023	Interest Rate	Foreign Currency	Commodity	Contingent Consideration	Total
Balance at January 1, 2023	\$ —	\$ 64	\$ (47)	\$ (48)	\$ (31)
Total realized and unrealized gains (losses):					
Included in earnings	—	—	(3)	(9)	(12)
Included in other comprehensive income (loss) — derivative activity	2	—	(20)	—	(18)
Included in regulatory (assets) liabilities	—	—	(2)	—	(2)
Acquisitions	—	—	—	(215)	(215)
Settlements	—	(18)	(5)	5	(18)
Transfers of (assets) liabilities, net out of Level 3	(2)	—	1	—	(1)
Balance at September 30, 2023	\$ —	\$ 46	\$ (76)	\$ (267)	\$ (297)
Total losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities held at the end of the period	\$ —	\$ (14)	\$ (4)	\$ (9)	\$ (27)

The following table summarizes the significant unobservable inputs used for Level 3 derivative assets (liabilities) as of September 30, 2024 (in millions, except range amounts):

Type of Derivative	Fair Value	Unobservable Input	Amount or Range (Average)
Interest rate	\$ (4)	Subsidiary credit spread	0.8% to 3.2% (2.3%)
Foreign currency:			
Argentine peso	56	Argentine peso to U.S. dollar currency exchange rate after one year	1,254 to 1,456 (1,351)
Commodity:			
CAISO energy swap	(75)	Forward energy prices per MWh after 2030	\$11.85 to \$132.09 (\$65.40)
Other	2		
Total	<u>\$ (21)</u>		

For the Argentine peso foreign currency derivatives, increases in the estimate of the above exchange rate would increase the value of the derivative. For the CAISO energy swap, increases in the estimate above would decrease the value of the derivative.

Contingent consideration is primarily related to future milestone payments associated with acquisitions of renewables development projects. The estimated fair value of contingent consideration is determined using probability-weighted discounted cash flows based on internal forecasts, which are considered Level 3 inputs. Changes in Level 3 inputs, particularly changes in the probability of achieving development milestones, could result in material changes to the fair value of the contingent consideration and could materially impact the amount of expense or income recorded each reporting period. Contingent consideration is updated quarterly with any prospective changes in fair value recorded through earnings.

Nonrecurring Measurements

The Company measures fair value using the applicable fair value measurement guidance. Impairment expense, shown as pre-tax loss below, is measured by comparing the fair value at the evaluation date to the then-latest available carrying amount and is included in *Asset impairment expense* on the Condensed Consolidated Statements of Operations. The following table summarizes our major categories of asset groups measured at fair value on a nonrecurring basis and their level within the fair value hierarchy (in millions):

Nine Months Ended September 30, 2024	Measurement Date	Carrying Amount ⁽¹⁾	Fair Value			Pre-tax Loss
			Level 1	Level 2	Level 3	
Held-for-sale businesses: ⁽²⁾						
Mong Duong	3/31/2024	\$ 450	\$ —	\$ 413	\$ —	\$ 37
AES Brasil ⁽³⁾	5/15/2024	1,556	—	1,352	—	217
Mong Duong ⁽⁵⁾	6/30/2024	390	—	389	—	6
AES Brasil ⁽⁴⁾	9/30/2024	1,351	—	1,313	—	60
Mong Duong ⁽⁵⁾	9/30/2024	407	—	400	—	11
Nine Months Ended September 30, 2023	Measurement Date	Carrying Amount ⁽¹⁾	Fair Value			Pre-tax Loss
			Level 1	Level 2	Level 3	
Long-lived asset groups held and used:						
Norgener ⁽⁶⁾	5/1/2023	\$ 196	\$ —	\$ —	\$ 24	\$ 137
GAF Projects (AES Renewable Holdings)	5/31/2023	29	—	—	11	18
TEG	7/31/2023	170	—	—	93	77
TEP	7/31/2023	153	—	—	94	59
Held-for-sale businesses: ⁽²⁾						
Jordan ⁽⁷⁾	3/31/2023	\$ 179	\$ —	\$ 170	\$ —	\$ 14
Jordan ⁽⁷⁾	6/30/2023	179	—	170	—	15
Jordan ⁽⁷⁾	9/30/2023	178	—	170	—	14

⁽¹⁾ Represents the carrying values of the asset groups at the dates of measurement, before fair value adjustment.

⁽²⁾ See Note 18—*Held-for-Sale and Dispositions* for further information.

⁽³⁾ The pre-tax loss recognized was calculated using the fair value of the AES Brasil disposal group less costs to sell of \$13 million. For purposes of the impairment analysis, the Company used the carrying value of the disposal group as of April 30, 2024. A subsequent impairment analysis was performed as of June 30, 2024 and no additional impairment was identified.

⁽⁴⁾ The pre-tax loss recognized was calculated using the fair value of the AES Brasil disposal group less costs to sell of \$22 million.

⁽⁵⁾ The pre-tax loss recognized was calculated using the fair value of the Mong Duong disposal group less costs to sell of \$5 million for both the June 30, 2024 and September 30, 2024 measurement dates.

⁽⁶⁾ The Norgener asset group includes long-lived assets, inventory, land, and other working capital, however per ASC 360-10, the pre-tax impairment expense is limited to the carrying amount of the long-lived assets. See Note 16—*Asset Impairment Expense* for further information. The Company evaluated the carrying amount of the assets outside the scope of ASC 360-10 and determined that the carrying value of the other assets should not be reduced.

⁽⁷⁾ The pre-tax loss recognized was calculated using the fair value of the Jordan disposal group less costs to sell of \$5 million, \$6 million, and \$6 million for the March 31, 2023, June 30, 2023, and September 30, 2023 measurement dates, respectively.

The following table summarizes the significant unobservable inputs used in the Level 3 measurement of long-lived assets held and used measured on a nonrecurring basis during the nine months ended September 30, 2023 (in millions, except range amounts):

Nine Months Ended September 30, 2023	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Long-lived asset groups held and used:				
TEP	\$ 94	Discounted cash flow	Annual revenue growth	(31)% to 6% (-2%)
			Annual variable margin	22% to 37% (26%)
			Discount rate	14% to 25% (14%)
TEG	93	Discounted cash flow	Annual revenue growth	(7)% to 9% (0%)
			Annual variable margin	14% to 33% (20%)
			Discount rate	14% to 25% (14%)
Norgener ⁽¹⁾	24	Discounted cash flow	Annual revenue growth	(90)% to 994% (85%)
			Annual variable margin	(75)% to 276% (16%)
GAF Projects (AES Renewable Holdings)	11	Discounted cash flow	Annual revenue growth	(42)% to 44% (1%)
			Discount rate	9%
Total	<u>\$ 222</u>			

⁽¹⁾ The fair value of the Norgener asset group is mainly related to existing coal inventory not subject to impairment under ASC 360-10.

Financial Instruments Not Measured at Fair Value in the Condensed Consolidated Balance Sheets

The following table presents (in millions) the carrying amount, fair value, and fair value hierarchy of the Company's financial assets and liabilities that are not measured at fair value in the Condensed Consolidated Balance Sheets as of the periods indicated, but for which fair value is disclosed:

		September 30, 2024				
		Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3
Assets:	Accounts receivable — noncurrent ⁽¹⁾	\$ 97	\$ 166	\$ —	\$ —	\$ 166
Liabilities:	Non-recourse debt	22,483	23,150	—	20,919	2,231
	Recourse debt	6,549	6,459	—	6,459	—
		December 31, 2023				
		Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3
Assets:	Accounts receivable — noncurrent ⁽¹⁾	\$ 193	\$ 239	\$ —	\$ —	\$ 239
Liabilities:	Non-recourse debt	22,144	22,174	—	20,676	1,498
	Recourse debt	4,464	4,210	—	4,210	—

⁽¹⁾ These amounts primarily relate to the sale of the Redondo Beach land, the amounts impacted by the Stabilization Funds enacted by the Chilean government, and for December 31, 2023 only, the receivables under the Warrior Run PPA termination agreement. These are included in *Other noncurrent assets* in the accompanying Condensed Consolidated Balance Sheets. See Note 5—*Financing Receivables* for further information.

4. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

For further information on the Company's derivative and hedge accounting policies, see Note 1—*General and Summary of Significant Accounting Policies—Derivatives and Hedging Activities* of Item 8.—*Financial Statements and Supplementary Data* in the 2023 Form 10-K.

Volume of Activity — The following tables present the Company's maximum notional (in millions) over the remaining contractual period by type of derivative as of September 30, 2024, and the dates through which the maturities for each type of derivative range:

Interest Rate and Foreign Currency Derivatives	Maximum Notional Translated to USD	Latest Maturity
Interest rate	\$ 10,010	2059
Cross-currency swaps (Brazilian real)	404	2026
Foreign currency:		
Brazilian real	392	2026
Chilean peso	165	2027
Mexican peso	112	2025
Euro	95	2026
Colombian peso	41	2026
Commodity Derivatives		
Natural Gas (in MMBtu)	213	2029
Power (in MWhs)	51	2040
Coal (in Metric Tons)	11	2027

Accounting and Reporting — Assets and Liabilities — The following tables present the fair value of the Company's derivative assets and liabilities as of the dates indicated (in millions):

Fair Value	September 30, 2024			December 31, 2023		
	Designated	Not Designated	Total	Designated	Not Designated	Total
Assets						
Interest rate derivatives	\$ 131	\$ —	\$ 131	\$ 184	\$ —	\$ 184
Cross-currency derivatives	10	—	10	—	—	—
Foreign currency derivatives	21	69	90	23	51	74
Commodity derivatives	1	527	528	—	128	128
Total assets ⁽¹⁾	<u>\$ 163</u>	<u>\$ 596</u>	<u>\$ 759</u>	<u>\$ 207</u>	<u>\$ 179</u>	<u>\$ 386</u>
Liabilities						
Interest rate derivatives	\$ 168	\$ —	\$ 168	\$ 108	\$ —	\$ 108
Cross-currency derivatives	11	—	11	63	—	63
Foreign currency derivatives	9	8	17	5	14	19
Commodity derivatives	78	397	475	107	149	256
Total liabilities ⁽¹⁾	<u>\$ 266</u>	<u>\$ 405</u>	<u>\$ 671</u>	<u>\$ 283</u>	<u>\$ 163</u>	<u>\$ 446</u>
Fair Value	September 30, 2024		December 31, 2023			
	Assets	Liabilities	Assets	Liabilities		
Current	\$ 531	\$ 363	\$ 216	\$ 152		
Noncurrent	228	308	170	294		
Total ⁽¹⁾	<u>\$ 759</u>	<u>\$ 671</u>	<u>\$ 386</u>	<u>\$ 446</u>		

⁽¹⁾ Includes \$234 million of derivative assets reported in *Current held-for-sale assets* and \$236 million of derivative liabilities reported in *Current held-for-sale liabilities* on the Condensed Consolidated Balance Sheets related to AES Brasil as of September 30, 2024.

Earnings and Other Comprehensive Income (Loss) — The following table presents the pre-tax gains (losses) recognized in AOCL and earnings on the Company's derivative instruments for the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flow hedges				
Gains (losses) recognized in AOCL				
Interest rate derivatives	\$ (337)	\$ 358	\$ 3	\$ 380
Foreign currency derivatives	10	(18)	—	(6)
Commodity derivatives	1	7	29	(20)
Total	<u>\$ (326)</u>	<u>\$ 347</u>	<u>\$ 32</u>	<u>\$ 354</u>
Gains (losses) reclassified from AOCL into earnings				
Interest rate derivatives	\$ 2	\$ (2)	\$ (28)	\$ 47
Foreign currency derivatives	1	(1)	3	(4)
Commodity derivatives	—	4	—	17
Total	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ (25)</u>	<u>\$ 60</u>
Gains (losses) on fair value hedging relationship				
Cross-currency derivatives	\$ 4	\$ 29	\$ (2)	\$ (57)
Hedged items	4	1	(1)	54
Total	<u>\$ 8</u>	<u>\$ 30</u>	<u>\$ (3)</u>	<u>\$ (3)</u>
Gains reclassified from AOCL to earnings due to change in forecast	\$ —	\$ —	\$ 11	\$ 14
Gains (losses) recognized in earnings				
Not designated as hedging instruments:				
Interest rate derivatives	\$ —	\$ —	\$ 1	\$ —
Foreign currency derivatives	(12)	3	46	3
Commodity derivatives and other	65	74	158	265
Total	<u>\$ 53</u>	<u>\$ 77</u>	<u>\$ 205</u>	<u>\$ 268</u>

Reclassifications from AOCL to earnings are forecasted to decrease pre-tax income from continuing operations for the twelve months ended September 30, 2025 by \$22 million.

5. FINANCING RECEIVABLES

Receivables with contractual maturities of greater than one year are considered financing receivables. The following table presents long-term financing receivables, excluding lease receivables, by country as of the dates indicated (in millions):

	September 30, 2024			December 31, 2023		
	Gross Receivable	Allowance	Net Receivable	Gross Receivable	Allowance	Net Receivable
U.S.	\$ 47	\$ —	\$ 47	\$ 149	\$ —	\$ 149
Chile	41	—	41	33	—	33
Other	9	—	9	11	—	11
Total ⁽¹⁾	<u>\$ 97</u>	<u>\$ —</u>	<u>\$ 97</u>	<u>\$ 193</u>	<u>\$ —</u>	<u>\$ 193</u>

⁽¹⁾ Mong Duong loan receivable, which was classified in held-for-sale assets on the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, is excluded from the table above. See Note 14—*Revenue* for further information.

U.S. — AES has recorded non-current receivables pertaining to the sale of the Redondo Beach land. The anticipated collection period extends beyond September 30, 2025. As of December 31, 2023, a significant financing receivable existed for the Warrior Run PPA termination agreement where \$108 million was recorded in *Other non-current assets* on the Consolidated Balance Sheets. On February 1, 2024, the Company executed an agreement to sell all remaining future cash flows under the termination agreement. At the time of execution, the transaction was considered a sale of future revenue under U.S. GAAP. Upon completion of the remaining performance obligation in May 2024, the corresponding receivable balance of \$267 million, net of valuation allowance of \$7 million, was derecognized. See Note 14—*Revenue* for further details regarding the Warrior Run PPA termination agreement.

Chile — AES Andes has recorded receivables pertaining to revenues recognized on regulated energy contracts that were impacted by the Stabilization Funds created by the Chilean government in October 2019, August 2022, and April 2024, in conjunction with the Tariff Stabilization Laws. Historically, the government updated the prices for these contracts every six months to reflect the contracts' indexation to exchange rates and commodities prices. The Tariff Stabilization Laws do not allow the pass-through of these contractual indexation updates to customers beyond the pricing in effect at July 1, 2019, until new lower-cost renewables contracts are incorporated to supply regulated contracts. Consequently, costs incurred in excess of the July 1, 2019 price are

accumulated and borne by generators. As of September 30, 2024, AES Andes aims to reduce its exposure through the sale of receivables.

On August 14, 2023, AES Andes executed an agreement to sell up to \$227 million of receivables pursuant to the Stabilization Funds, of which \$151 million was sold and collected as of September 30, 2024. Through different agreements and programs, as of September 30, 2024, \$7 million of current receivables and \$5 million of noncurrent receivables were recorded in *Accounts receivable* and *Other noncurrent assets*, respectively. Additionally, \$36 million of payment deferrals granted to mining customers as part of our green blend agreements were recorded as financing receivables included in *Other noncurrent assets* at September 30, 2024.

In October 2024, AES Andes sold and collected \$217 million of receivables pursuant to the Stabilization Funds. As of September 30, 2024, these receivables were recorded in *Accounts receivable* on the Condensed Consolidated Balance Sheet.

6. ALLOWANCE FOR CREDIT LOSSES

The following table represents the rollforward of the allowance for credit losses for the periods indicated (in millions):

Nine Months Ended September 30, 2024	Accounts Receivable	Mong Duong Loan Receivable ⁽¹⁾	Argentina Receivables	Other ⁽²⁾	Total
CECL reserve balance at beginning of period	\$ 15	\$ 26	\$ 7	\$ 16	\$ 64
Current period provision	22	—	—	5	27
Write-offs charged against allowance	(5)	—	—	(8)	(13)
Recoveries collected	1	(2)	—	—	(1)
Foreign exchange	(1)	—	(1)	(1)	(3)
CECL reserve balance at end of period	<u>\$ 32</u>	<u>\$ 24</u>	<u>\$ 6</u>	<u>\$ 12</u>	<u>\$ 74</u>

Nine Months Ended September 30, 2023	Accounts Receivable	Mong Duong Loan Receivable	Argentina Receivables	Lease Receivable ⁽³⁾	Other	Total
CECL reserve balance at beginning of period	\$ 4	\$ 28	\$ 31	\$ 20	\$ 1	\$ 84
Current period provision	14	—	—	—	11	25
Write-offs charged against allowance	(12)	—	—	(20)	—	(32)
Recoveries collected	2	(2)	—	—	—	—
Foreign exchange	—	—	(15)	—	—	(15)
CECL reserve balance at end of period	<u>\$ 8</u>	<u>\$ 26</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 12</u>	<u>\$ 62</u>

⁽¹⁾ Mong Duong loan receivable credit losses allowance was classified in held-for-sale assets on the Condensed Consolidated Balance Sheet as of September 30, 2024.

⁽²⁾ Primarily relates to credit losses allowance at AES Brasil which was classified in held-for-sale assets on the Condensed Consolidated Balance Sheet as of September 30, 2024.

⁽³⁾ Lease receivable credit losses allowance at Southland Energy (AES Gilbert).

7. INVESTMENTS IN AND ADVANCES TO AFFILIATES

Summarized Financial Information — The following table summarizes financial information of the Company's 50%-or-less-owned affiliates that are accounted for using the equity method (in millions):

Nine Months Ended September 30,	50%-or-less Owned Affiliates		Majority-Owned Unconsolidated Subsidiaries	
	2024	2023	2024	2023
Revenue	\$ 2,067	\$ 2,089	\$ 1	\$ 1
Operating income (loss)	48	(21)	(1)	(1)
Net loss	(143)	(129)	(1)	(1)
Net loss attributable to affiliates	(64)	(111)	(1)	(1)

Jordan — In March 2024, the Company completed the sale of approximately 26% ownership interest in Amman East and IPP4 for a sale price of \$58 million. After adjusting for dividends received since the execution of the sale and purchase agreement, the Company received a net cash payment of \$45 million. After completion of the sale, the Company retained 10% ownership interest in each of the businesses, which are accounted for as equity method investments. See Note 18—*Held-for-Sale and Dispositions* for further information. Amman East and IPP4 are reported in the Energy Infrastructure SBU reportable segment.

Uplight — In February 2024, Uplight acquired AutoGrid, a market leader in the Virtual Power Plant space, from Schneider Electric. As part of the transaction, Schneider contributed an additional \$40 million to Uplight, and Uplight issued approximately 91 million additional common units to Schneider as consideration for the acquisition. No incremental investment was required from AES or any other investor. As a result, AES' 29.41% ownership interest in Uplight was diluted to 24.65%. The transaction was accounted for as a partial disposition in which AES recognized a gain of \$52 million in *Gain (loss) on disposal and sale of business interests*. As the Company still does not control but has significant influence over Uplight after the transaction, it continues to be accounted for as an equity method investment and is reported in the New Energy Technologies SBU reportable segment.

Grupo Energía Gas Panamá — In September 2023, AES Latin America completed the sale of its interest in Grupo Energía Gas Panamá, a joint venture formed for the Gatun combined cycle natural gas development project, to AES Panama, a 49%-owned consolidated subsidiary. As a result of the transaction, the Company's effective ownership in Grupo Energía Gas Panamá decreased from 49% to approximately 24%. As the Company still does not control the investment after this transaction, it continues to be accounted for as an equity method investment and is reported in the Energy Infrastructure SBU reportable segment.

sPower — In December 2022, the Company agreed to sell 49% of its indirect interest in a portfolio of sPower's operating assets ("OpCo B"). On February 28, 2023, sPower closed on the sale for \$196 million. As a result of the transaction, the Company received \$98 million in sales proceeds and recorded a pre-tax gain on sale of \$5 million, recorded in *Gain (loss) on disposal and sale of business interests*. After the sale, the Company's ownership interest in OpCo B decreased from 50% to approximately 26%. As the Company still does not control but has significant influence over sPower after the transaction, it continues to be accounted for as an equity method investment and is reported in the Renewables SBU reportable segment.

Alto Maipo — In May 2022, Alto Maipo emerged from bankruptcy in accordance with Chapter 11 of the U.S. Bankruptcy Code. Alto Maipo, as restructured, is considered a VIE. As the Company lacks the power to make significant decisions, it does not meet the criteria to be considered the primary beneficiary of Alto Maipo and therefore does not consolidate the entity. The Company has elected the fair value option to account for its investment in Alto Maipo as management believes this approach will better reflect the economics of its equity interest. As of September 30, 2024, the fair value is insignificant. Alto Maipo is reported in the Energy Infrastructure SBU reportable segment.

8. DEBT

Recourse Debt

Term Loan due 2024 — In September 2024, the Company executed an amendment to its term loan agreement, under which it had borrowed \$200 million on September 30, 2022. Under such amendment, the maturity date of the term loan agreement was extended from September 30, 2024 to December 31, 2024.

Subordinated Notes due 2055 — In May 2024, the Company issued \$950 million aggregate principal of 7.60% fixed-to-fixed reset rate subordinated notes due in 2055. AES intends to allocate the net proceeds from this offering to one or more eligible green projects, which may include the development or redevelopment of such projects. Pending such allocation, AES intends to use the net proceeds from the offering for general corporate purposes.

Senior Notes due 2028 — In May 2023, the Company issued \$900 million aggregate principal of 5.45% senior notes due in 2028. The Company used the proceeds from this issuance for general corporate purposes and to fund investments in the Company's Renewables and Utilities SBUs.

AES Clean Energy Development — In March 2023, AES Clean Energy Development Holdings, LLC executed a \$500 million bridge loan due in December 2023 and used the proceeds for general corporate purposes. The obligations under the bridge loan were unsecured and fully guaranteed by the Parent Company. The bridge loan was repaid in December 2023.

Commercial Paper Program — In March 2023, the Company established a commercial paper program under which the Company may issue unsecured commercial paper notes (the "Notes") up to a maximum aggregate face amount of \$750 million outstanding at any time. The maturities of the Notes may vary but will not exceed 397 days from the date of issuance. The proceeds of the Notes will be used for general corporate purposes. The Notes will be sold on customary terms in the U.S. commercial paper market on a private placement basis. The commercial paper program is backed by the Company's \$1.5 billion revolving credit facility, and the Company cannot issue commercial paper in an aggregate amount exceeding the then available capacity under its revolving credit facilities. For the nine months ended September 30, 2024, the Company borrowed approximately \$43.7 billion and repaid approximately \$43.1 billion under the commercial paper program, with average daily outstanding borrowings of \$625 million. As of September 30, 2024, the Company had \$530 million outstanding drawings under its revolving credit facility, and \$611 million outstanding borrowings under the commercial paper program with a weighted average interest rate of 5.42%. The Notes are classified as current.

Non-Recourse Debt

During the nine months ended September 30, 2024, the Company's following subsidiaries had significant debt issuances (in millions):

Subsidiary	Issuances ⁽¹⁾
AES Clean Energy	\$ 1,760
AES Indiana ⁽²⁾	1,350
AES Andes	1,191

⁽¹⁾ These amounts do not include revolving credit facility activity at the Company's subsidiaries.

⁽²⁾ Issuances relate to both AES Indiana and its parent company, IPALCO.

AES Clean Energy — In July 2024, AES Clean Energy Development executed a construction loan that includes letters of credit to further support the construction and operation of certain projects. As of September 30, 2024, there were \$456 million in borrowings under the agreement at a 6.59% interest rate, maturing in April 2025.

In December 2023, Bellefield Portfolio Seller, LLC and Bellefield 1 Finco, LLC, subsidiaries of AES Clean Energy Development, executed a construction, tax equity bridge, and letter of credit financing agreement for commitments of up to \$2.4 billion due in 2026. As of September 30, 2024, there was \$1.6 billion in outstanding borrowings under the facilities, and the net proceeds were used primarily to repay existing indebtedness and to fund development of renewables projects.

In December 2022, AES Clean Energy Development, AES Renewable Holdings, and sPower, an equity method investment, collectively referred to as the Issuers, entered into a Master Indenture agreement whereby long-term notes will be issued from time to time to finance or refinance operating wind, solar, and energy storage projects that are owned by the Issuers. On December 13, 2022, the Issuers entered into the Note Purchase Agreement for the issuance of up to \$647 million of 6.55% Senior Notes due in 2047. The notes were sold on December 14, 2022, at par for \$647 million. The Issuers have executed amendments to the Note Purchase Agreement, which have resulted in an aggregate principal amount of notes issued of \$1.4 billion as of September 30, 2024, including \$491 million of 6.81% notes issued in 2024. Each of the Issuers is considered a “Co-Issuer” and will be jointly and severally liable with each other Co-Issuer for all obligations under the facility. As a result of the notes issued in 2024, AES Clean Energy Development and AES Renewable Holdings recorded, in aggregate, an increase in liabilities of \$300 million, resulting in an aggregate carrying amount of notes of \$552 million as of September 30, 2024.

In 2021, AES Clean Energy Development, AES Renewable Holdings, and sPower, collectively referred to as the Borrowers, executed two Credit Agreements with aggregate commitments of \$1.2 billion and maturity dates in December 2024 and September 2025. The Borrowers executed amendments to the revolving credit facilities, which resulted in an aggregate increase in the commitments of \$2.6 billion, bringing the total commitments under the new agreements to \$3.8 billion. Under 2024 amendments, the maturity dates of the Credit Agreements were extended to May 2027 and June 2028. Each of the Borrowers is considered a “Co-Borrower” and will be jointly and severally liable with each other Co-Borrower for all obligations under the facilities. As a result of increases in commitments used, AES Clean Energy Development and AES Renewable Holdings recorded, in aggregate, an increase in liabilities of \$1.2 billion in 2024, resulting in total commitments used under the revolving credit facilities, as of September 30, 2024, of \$3.5 billion. As of September 30, 2024, the aggregate commitments used under the revolving credit facilities for the Co-Borrowers was \$3.7 billion.

AES Andes — In March 2024, AES Andes issued \$500 million aggregate principal of 6.30% senior unsecured notes due in 2029. The net proceeds from the issuance were used to purchase via tender offer \$100 million and \$43 million aggregate principal of its 6.35% and 5.00% notes due in 2079 and 2025, respectively, and repay other existing indebtedness.

In June 2024, AES Andes issued \$530 million in Junior Subordinated Notes at 8.15%, due in 2055. The proceeds were used to repay its 7.125% notes due in 2079. As a result of the transaction, the Company recognized a loss on extinguishment of debt of \$8 million.

AES Puerto Rico — On June 1, 2023, AES Puerto Rico was unable to pay principal and interest obligations on its Series A Bond Loans due to insufficient funds resulting from financial difficulties at the business. AES Puerto Rico signed forbearance and standstill agreements with its noteholders in July 2023 because of the insufficiency of funds to meet these obligations. On March 5, 2024, AES Puerto Rico and its noteholders executed a financial restructuring, under which the \$156 million (including interest) of 6.625% Series A Bond Loans due 2026 was exchanged for \$112 million of 6.625% senior secured bonds due January 2028 and \$44 million of preferred shares in AES Puerto Rico. The preferred shares bear interest at 3.125% and contains an option whereby AES may call the preferred shares to be converted into 99.9% of the ordinary shares of AES Puerto Rico between December 30, 2025 and December 30, 2027, or would have the option to settle the preferred shares in cash. The noteholders also provided a \$23 million bridge loan due March 2026 bearing interest at prime plus 4%. AES Puerto Rico is required to make mandatory prepayments through cash sweeps based on excess cash (as defined in the loan agreements) available from operations on the bridge loan, senior secured bonds, and preferred shares interest. The financial restructuring was accounted for as a troubled debt restructuring in accordance with ASC 470-60, “*Troubled Debt Restructurings by Debtors*” as AES Puerto Rico was experiencing financial difficulties and the lenders granted a concession. No gain was recognized for the nine months ended September 30, 2024 as a result of this transaction. As of September 30, 2024, cash settlement of the preferred shares is contingent, as the amounts would not be required to be settled in cash if the option to settle the preferred shares with common shares is exercised.

AES Indiana — In March 2024, AES Indiana issued \$650 million aggregate principal of 5.70% First Mortgage Bonds due April 2054. The net proceeds from this issuance were used to repay existing indebtedness, including its unsecured \$300 million term loan due in November 2024 and amounts outstanding under its \$350 million revolving credit agreement maturing in December 2027, and for general corporate purposes.

In March 2024, IPALCO issued \$400 million aggregate principal of 5.75% senior secured notes due April 2034. In April 2024, the net proceeds from this issuance, together with cash on hand, were used to redeem the outstanding \$405 million of IPALCO's 3.70% senior secured notes due in September 2024.

Netherlands and Colon — In January 2023, AES Hispanola Holdings BV, a Netherlands-based company, and Colon, as co-borrowers, executed a \$350 million credit agreement at 8.85%, due in 2028. The Company allocated \$300 million and \$50 million of the proceeds from the agreement to AES Hispanola Holdings BV and Colon, respectively. The net proceeds from the agreement were used to repay existing indebtedness. As a result of the transaction, the Company recognized a loss on extinguishment of debt of \$1 million.

Non-Recourse Debt Covenants, Restrictions, and Defaults — The terms of the Company's non-recourse debt include certain financial and nonfinancial covenants. These covenants are limited to subsidiary activity and vary among the subsidiaries. These covenants may include, but are not limited to, maintenance of certain reserves and financial ratios, minimum levels of working capital, and limitations on incurring additional indebtedness.

As of September 30, 2024 and December 31, 2023, approximately \$441 million and \$341 million, respectively, of restricted cash was maintained in accordance with certain covenants of the non-recourse debt agreements. These amounts were included within *Restricted cash* and *Debt service reserves and other deposits* in the accompanying Condensed Consolidated Balance Sheets. As of September 30, 2024 and December 31, 2023, approximately \$116 million and \$90 million, respectively, of the restricted cash balances were for collateral held to cover potential liability for current and future insurance claims being assumed by AGIC, AES' captive insurance company.

Various lender and governmental provisions restrict the ability of certain of the Company's subsidiaries to transfer their net assets to the Parent Company. Such restricted net assets of subsidiaries amounted to approximately \$1.1 billion at September 30, 2024.

The following table summarizes the Company's subsidiary non-recourse debt in default (in millions) as of September 30, 2024. Due to the defaults, these amounts are included in the current portion of non-recourse debt unless otherwise indicated:

Subsidiary	Primary Nature of Default	Debt in Default	Net Assets (Liabilities)
AES Puerto Rico	Payment	\$ 174	\$ (122)
AES Mexico Generation Holdings (TEG and TEP)	Covenant	127	29
AES Illumina (Puerto Rico)	Covenant	23	30
AES Jordan Solar	Covenant	6	11
Lafayette Solar (AES Clean Energy Development) ⁽¹⁾	Covenant	—	1
Total		<u>\$ 330</u>	

⁽¹⁾ Debt in default at Lafayette Solar (AES Clean Energy Development) is less than \$1 million.

AES Puerto Rico is in payment default on its long-term debt and preferred shares due to failure to implement the cash sweep mechanism in accordance with the terms of the loan agreements. AES Puerto Rico is working with the noteholders to resolve this matter. All other subsidiary defaults listed are not payment defaults, but are instead technical defaults triggered by failure to comply with covenants or other requirements contained in the non-recourse debt documents of the applicable subsidiary.

The AES Corporation's recourse debt agreements include cross-default clauses that will trigger if a subsidiary provides 20% or more of the Parent Company's total cash distributions from businesses for the four most recently completed fiscal quarters and has an outstanding principal in excess of \$200 million in default. As of September 30, 2024, the Company's subsidiaries had no defaults which resulted in a cross-default under the recourse debt of the Parent Company. In the event the Parent Company is not in compliance with the financial covenants of its revolving credit facility, restricted payments will be limited to regular quarterly shareholder dividends at the then-prevailing rate. Payment defaults and bankruptcy defaults would preclude the making of any restricted payments.

9. COMMITMENTS AND CONTINGENCIES

Parent Guarantees, Letters of Credit, and Commitments — In connection with certain project financings (including tax equity transactions), acquisitions and dispositions, power purchases, EPC contracts, and other agreements, the Parent Company has expressly undertaken limited obligations and commitments, most of which will only be effective or will be terminated upon the occurrence of future events. In the normal course of business, the Parent Company has entered into various agreements, mainly guarantees and letters of credit, to provide financial or performance assurance to third parties on behalf of AES businesses. These agreements are entered into primarily to support or enhance the creditworthiness otherwise achieved by a business on a stand-alone basis, thereby facilitating the availability of sufficient credit to accomplish their intended business purposes. Most of the contingent obligations relate to future performance commitments which the Company or its businesses expect to fulfill within the normal course of business. The expiration dates of these guarantees vary from less than less than 1 year to no more than 32 years.

The following table summarizes the Parent Company's contingent contractual obligations as of September 30, 2024. Amounts presented in the following table represent the Parent Company's current undiscounted exposure to guarantees and the range of maximum undiscounted potential exposure. The maximum exposure is not reduced by the amounts, if any, that could be recovered under the recourse or collateralization provisions in the guarantees.

Contingent Contractual Obligations	Maximum Exposure (in millions)	Number of Agreements	Maximum Exposure Range for Each Agreement (in millions)
Guarantees and commitments	\$ 4,287	90	<\$1 — 970
Letters of credit under bilateral agreements	290	8	\$11 — 58
Letters of credit under the unsecured credit facilities	237	32	<\$1 — 70
Letters of credit under the revolving credit facility	24	8	<\$1 — 6
Surety bonds	2	2	<\$1 — 1
Total	<u>\$ 4,840</u>	<u>140</u>	

During the nine months ended September 30, 2024, the Company paid letter of credit fees ranging from 1% to 3% per annum on the outstanding amounts of letters of credit.

Subsidiary Guarantees and Letters of Credit — In connection with certain project financings (including tax equity transactions), acquisitions and dispositions, power purchases, EPC contracts, and other agreements, certain of the Company's subsidiaries have expressly undertaken limited obligations and commitments, most of which will only be effective or will be terminated upon the occurrence of future events, or are customary payment guarantees for amounts due under existing contracts in the normal course of business. These contingent contractual obligations are issued at the subsidiary level and are non-recourse to the Parent Company. As of September 30, 2024, the maximum undiscounted potential exposure to guarantees issued by our subsidiaries was \$2.6 billion, including \$1.6 billion of customary payment guarantees under EPC contracts and other agreements, and \$996 million of tax equity financing related guarantees. In addition, as of September 30, 2024, our subsidiaries had \$1.9 billion of letters of credit outstanding.

Contingencies

Environmental — The Company periodically reviews its obligations as they relate to compliance with environmental laws, including site restoration and remediation. For the periods ended September 30, 2024 and December 31, 2023, the Company recognized liabilities of \$2 million and \$9 million for projected environmental remediation costs, respectively. Due to the uncertainties associated with environmental assessment and remediation activities, future costs of compliance or remediation could be higher or lower than the amount currently accrued. Moreover, where no liability has been recognized, it is reasonably possible that the Company may be required to incur remediation costs or make expenditures in amounts that could be material but could not be estimated as of September 30, 2024. In aggregate, the Company estimates the range of potential losses related to environmental matters, where estimable, to be immaterial. The amounts considered reasonably possible do not include amounts accrued as discussed above.

Litigation — The Company is involved in certain claims, suits and legal proceedings in the normal course of business. The Company accrues for litigation and claims when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company has recognized aggregate liabilities for all claims of approximately \$5 million and \$17 million as of September 30, 2024 and December 31, 2023, respectively. These amounts are reported on the Condensed Consolidated Balance Sheets within *Accrued and other liabilities* and *Other noncurrent liabilities*. A significant portion of these accrued liabilities relate to regulatory matters and

commercial disputes in international jurisdictions. There can be no assurance that these accrued liabilities will be adequate to cover all existing and future claims or that we will have the liquidity to pay such claims as they arise.

Where no accrued liability has been recognized, it is reasonably possible that some matters could be decided unfavorably to the Company and could require the Company to pay damages or make expenditures in amounts that could be material but could not be estimated as of September 30, 2024. The material contingencies where a loss is reasonably possible primarily include disputes with offtakers, suppliers and EPC contractors; alleged breaches of contract; alleged violation of laws and regulations; income tax and non-income tax matters with tax authorities; and regulatory matters. In aggregate, the Company estimates the range of potential losses, where estimable, related to these reasonably possible material contingencies to be between \$51 million and \$80 million. The amounts considered reasonably possible do not include the amounts accrued, as discussed above. These material contingencies do not include income tax-related contingencies which are considered part of our uncertain tax positions.

10. LEASES

LESSOR — The Company has operating leases for certain generation contracts that contain provisions to provide capacity to a customer, which is a stand-ready obligation to deliver energy when required by the customer. Capacity obligations are generally considered lease elements as they cover the majority of available output from a facility. The allocation of contract payments between the lease and non-lease elements is made at the inception of the lease. Lease receipts from such contracts are recognized as lease revenue on a straight-line basis over the lease term, whereas variable lease receipts are recognized when earned.

The following table presents lease revenue from operating leases in which the Company is the lessor, recognized in *Revenue* on the Condensed Consolidated Statements of Operations for the periods indicated (in millions):

Operating Lease Revenue	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Non-variable lease revenue	\$ 90	\$ 111	\$ 327	\$ 336
Variable lease revenue	19	22	50	54
Total lease revenue	\$ 109	\$ 133	\$ 377	\$ 390

The following table presents the underlying gross assets and accumulated depreciation of operating leases included in *Property, plant and equipment* on the Condensed Consolidated Balance Sheets as of the dates indicated (in millions):

Property, Plant and Equipment, Net	September 30, 2024	December 31, 2023
Gross assets	\$ 1,209	\$ 1,227
Less: Accumulated depreciation	(216)	(182)
Net assets	\$ 993	\$ 1,045

The option to extend or terminate a lease is based on customary early termination provisions in the contract, such as payment defaults, bankruptcy, and lack of performance on energy delivery. The Company has not recognized any early terminations as of September 30, 2024. Certain leases may provide for variable lease payments based on usage or index-based (e.g., the U.S. Consumer Price Index) adjustments to lease payments.

The following table shows the future lease receipts as of September 30, 2024 for the remainder of 2024 through 2028 and thereafter (in millions):

	Future Cash Receipts for	
	Sales-Type Leases	Operating Leases
2024	\$ 11	\$ 84
2025	40	335
2026	40	221
2027	40	123
2028	40	—
Thereafter	646	1
Total	\$ 817	\$ 764
Less: Imputed interest	(361)	
Present value of total lease receipts	\$ 456	

Battery Storage Lease Arrangements — The Company constructs and operates projects consisting only of a stand-alone Battery Energy Storage System (“BESS”) facility, as well as projects that pair a BESS with solar energy systems. These projects allow more flexibility on when to provide energy to the grid. The Company will enter into PPAs for the full output of the facility that allow customers the ability to determine when to charge and discharge the BESS. These arrangements include both lease and non-lease elements under ASC 842, with the BESS component typically constituting a sales-type lease. The Company recognized lease revenue on sales-type leases through interest income of \$7 million and \$15 million for the three and nine months ended September 30, 2024 and \$3 million and \$10 million for the three and nine months ended September 30, 2023, respectively.

The Company recorded net losses at commencement of sales-type leases of \$67 million for the nine months ended September 30, 2024. No gains or losses were recorded for the three months ended September 30, 2024, or the three and nine months ended September 30, 2023. Gains and losses at commencement of sales-type leases are recognized in *Other income* and *Other expense*, respectively, in the Condensed Consolidated Statement of Operations. See Note 15—*Other Income and Expense* for further information.

11. REDEEMABLE STOCK OF SUBSIDIARIES

Equity securities with redemption features that are not solely within the control of the issuer are classified as temporary equity and recorded in *Redeemable stock of subsidiaries* on the Condensed Consolidated Balance Sheets. Generally, these instruments are initially measured at fair value and are subsequently adjusted for income and dividends allocated to the noncontrolling interest. Subsequent measurement may vary depending on whether the instrument is probable of becoming redeemable. For those securities that are currently redeemable or where it is probable that the instrument will become redeemable, any changes from the carrying value to redemption value are recognized in temporary equity against *Additional paid-in capital*. When the instrument is not probable of becoming redeemable, no adjustment to the carrying value is recognized.

The following table summarizes the Company’s redeemable stock of subsidiaries balances as of the dates indicated (in millions):

	September 30, 2024	December 31, 2023
IPALCO common stock	\$ 820	\$ 773
AES Clean Energy tax equity partnerships	68	129
Potengi common and preferred stock	17	18
AES Clean Energy Development common stock	—	544
Total redeemable stock of subsidiaries	<u>\$ 905</u>	<u>\$ 1,464</u>

AES Clean Energy Development — As part of the formation of AES Clean Energy Development in February 2021, the noncontrolling interest partner received certain partnership rights that would enable them to exit in the future. As a result, the noncontrolling ownership interest was considered temporary equity. In May 2024, these redemption features expired without being exercised and the noncontrolling ownership interest of \$577 million was reclassified from *Redeemable stock of subsidiaries* to *Noncontrolling interests* on the Condensed Consolidated Balance Sheets. AES Clean Energy Development is reported in the Renewables SBU reportable segment.

AES Clean Energy Tax Equity Partnerships — The majority of solar projects in the U.S. have been financed with tax equity structures, in which tax equity investors receive a portion of the economic attributes of the facilities, including tax attributes, that vary over the life of the projects. In some cases, these agreements contain certain partnership rights, though not currently in effect, that may enable the tax equity investor to exit in the future. As a result, the noncontrolling ownership interest is considered temporary equity. During the nine months ended September 30, 2024, AES Clean Energy, through multiple transactions, sold noncontrolling interests in project companies to tax equity investors, resulting in increases to *Redeemable stock of subsidiaries* of \$172 million.

During the second and third quarters of 2024, the Chevelon Butte Phase II, Kuihelani, and Silver Peak renewables projects reached commercial operations. The redemption features of these partnerships expired upon the projects being placed in service. As a result, noncontrolling ownership interests of \$155 million were reclassified from *Redeemable stock of subsidiaries* to *Noncontrolling interests* on the Condensed Consolidated Balance Sheets. AES Clean Energy is reported in the Renewables SBU reportable segment.

IPALCO — In May 2024, CDPQ made equity capital contributions of \$45 million to IPALCO as part of a capital call primarily for funding needs related to AES Indiana’s capital expenditure program. The Company and CDPQ made capital contributions on a proportional share basis, therefore the contributions did not change the Company’s ownership interest in IPALCO. IPALCO is reported in the Utilities SBU reportable segment.

12. EQUITY

Equity Units

In March 2021, the Company issued 10,430,500 Equity Units with a total notional value of \$1,043 million. Each Equity Unit had a stated amount of \$100 and was initially issued as a Corporate Unit, consisting of a forward stock purchase contract ("2024 Purchase Contracts") and a 10% undivided beneficial ownership interest in one share of 0% Series A Cumulative Perpetual Convertible Preferred Stock, issued without par and with a liquidation preference of \$1,000 per share ("Series A Preferred Stock").

The Company concluded that the Equity Units should be accounted for as one unit of account based on the economic linkage between the 2024 Purchase Contracts and the Series A Preferred Stock, as well as the Company's assessment of the applicable accounting guidance relating to combining freestanding instruments. The Equity Units represent mandatorily convertible preferred stock. Accordingly, the shares associated with the combined instrument were reflected in diluted earnings per share using the if-converted method.

In conjunction with the issuance of the Equity Units, the Company received approximately \$1 billion in proceeds, net of underwriting costs and commissions, before offering expenses. The proceeds for the issuance of 1,043,050 shares were attributed to the Series A Preferred Stock for \$838 million and \$205 million for the present value of the quarterly payments due to holders of the 2024 Purchase Contracts ("Contract Adjustment Payments"). The proceeds were used for the development of the AES renewables businesses, U.S. utility businesses, LNG infrastructure, and for other developments determined by management.

The Series A Preferred Stock did not bear any dividends and the liquidation preference of the convertible preferred stock did not accrete. The Series A Preferred Stock had no maturity date and would remain outstanding unless converted by holders or redeemed by the Company. Holders of the preferred shares had limited voting rights. The Series A Preferred Stock was pledged as collateral to support holders' purchase obligations under the 2024 Purchase Contracts, which obligated the holders to purchase, on February 15, 2024, for a price of \$100 in cash, a maximum number of 57,467,883 shares of the Company's common stock (subject to customary anti-dilution adjustments). The initial settlement rate determining the number of shares that each holder must purchase could not exceed the maximum settlement rate and was determined over a market value averaging period preceding February 15, 2024. The initial maximum settlement rate of 3.864 was calculated using an initial reference price of \$25.88, equal to the last reported sale price of the Company's common stock on March 4, 2021. On February 15, 2024, the Series A Preferred Stock was tendered to satisfy the 2024 Purchase Contract's settlement price and the Corporate Units were converted into shares of the Company's common stock at the maximum settlement rate of 3.8859, equivalent to a reference price of \$25.73. The Series A Preferred Stock was canceled and 40,531,845 shares of AES common stock were issued upon conversion.

The Company paid Contract Adjustment Payments to the holders of the 2024 Purchase Contracts at a rate of 6.875% per annum, payable quarterly in arrears on February 15, May 15, August 15, and November 15, commencing on May 15, 2021. The \$205 million present value of the Contract Adjustment Payments at inception reduced the Series A Preferred Stock. As each quarterly Contract Adjustment Payment was made, the related liability was reduced and the difference between the cash payment and the present value accreted to interest expense, approximately \$5 million over the three-year term. The final Contract Adjustment Payments were made on February 15, 2024.

Equity Transactions with Noncontrolling Interests

AES Clean Energy Tax Equity Partnerships — The majority of solar projects in the U.S. have been financed with tax equity structures, in which tax equity investors receive a portion of the economic attributes of the facilities, including tax attributes, that vary over the life of the projects.

During the nine months ended September 30, 2024 and 2023, AES Clean Energy Development and AES Renewable Holdings, through multiple transactions, sold noncontrolling interests in project companies to tax equity investors, resulting in increases to NCI of \$599 million and \$292 million, respectively.

In the third quarter of 2023, AES Renewable Holdings completed buyouts of tax equity partners at Buffalo Gap I, Buffalo Gap II and six other project companies, resulting in a decrease to NCI of \$45 million and an increase to additional paid-in capital of \$34 million. AES Clean Energy Development and AES Renewable Holdings are reported in the Renewables SBU reportable segment.

Hardy Hills Solar — In May 2024, the Hardy Hills solar project reached commercial operations and AES Indiana received an additional \$47 million from the tax equity investor, resulting in an increase to NCI. AES Indiana is reported in the Utilities SBU reportable segment.

AES Puerto Rico Solar — In May 2024, AES CFE Holding II entered into an agreement for the sale of a 30% ownership interest in the Marahu project for \$35 million, resulting in an increase to NCI. As the Company maintained control after this transaction, AES Puerto Rico Solar continues to be consolidated by the Company within the Renewables SBU reportable segment.

Chile Renovables — Under its renewables partnership agreement with Global Infrastructure Management, LLC (“GIP”), AES Andes will contribute a specified pipeline of renewables development projects to Chile Renovables as the projects reach commercial operations, and GIP may make additional contributions to maintain its 49% ownership interest. During the nine months ended September 30, 2023 and 2024, AES Andes completed the sale of the following projects to Chile Renovables (in millions):

Business	Transaction Period	Sale Price	Increase to Noncontrolling Interests	Decrease to Additional Paid-In Capital
Mesamávida	February 2024	\$ 40	\$ 51	\$ (11)
Campo Lindo	September 2023	50	59	(9)

As the Company maintained control after these transactions, Chile Renovables continues to be consolidated by the Company within the Energy Infrastructure SBU reportable segment.

AES Panama — In September 2023, AES Latin America completed the sale of its interest in the Grupo Energía Gas Panamá joint venture to AES Panama, a 49%-owned consolidated subsidiary. See Note 7—*Investments in and Advances to Affiliates* for further information. As a result of the transaction, AES Panama received \$42 million from noncontrolling interest holders and the Company reclassified accumulated other comprehensive income from AOCL to NCI of \$23 million. AES Panama is reported in the Renewables SBU reportable segment however the investment in Grupo Energía Gas Panamá is reported in the Energy Infrastructure SBU reportable segment.

Accumulated Other Comprehensive Loss — The following table summarizes the changes in AOCL by component, net of tax and NCI, for the nine months ended September 30, 2024 (in millions):

	Foreign currency translation adjustments, net	Change in fair value of derivatives, net	Pension adjustments, net	Change in fair value option liabilities, net	Total
Balance at the beginning of the period	\$ (1,692)	\$ 204	\$ (26)	\$ —	\$ (1,514)
Other comprehensive income (loss) before reclassifications	(102)	4	—	3	(95)
Amount reclassified to earnings	—	14	—	—	14
Other comprehensive income (loss)	(102)	18	—	3	(81)
Balance at the end of the period	\$ (1,794)	\$ 222	\$ (26)	\$ 3	\$ (1,595)

Reclassifications out of AOCL are presented in the following table. The Company’s accounting policy for releasing the income tax effects from AOCL occurs on a portfolio basis. Amounts for the periods indicated are in millions and those in parentheses indicate debits to the Condensed Consolidated Statements of Operations:

AOCL Components	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Derivative gains (losses), net				
Non-regulated revenue	\$ —	\$ —	\$ —	\$ (8)
Non-regulated cost of sales	(1)	(1)	(2)	(2)
Interest expense	3	(3)	(27)	13
Gain (loss) on disposal and sale of business interests	—	—	—	33
Foreign currency transaction gains (losses)	1	—	3	(3)
Income from continuing operations before taxes and equity in earnings of affiliates	3	(4)	(26)	33
Income tax expense	—	—	7	(11)
Net equity in losses of affiliates	—	5	1	27
Net income (loss)	3	1	(18)	49
Less: Net loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries	—	1	4	(4)
Net income (loss) attributable to The AES Corporation	\$ 3	\$ 2	\$ (14)	\$ 45

Common Stock Dividends — The Parent Company paid dividends of \$0.1725 per outstanding share to its common stockholders during the first, second, and third quarters of 2024 for dividends declared in December 2023, February 2024, and July 2024, respectively.

On October 11, 2024, the Board of Directors declared a quarterly common stock dividend of \$0.1725 per share payable on November 15, 2024, to shareholders of record at the close of business on November 1, 2024.

13. SEGMENTS

The segment reporting structure uses the Company's management reporting structure as its foundation to reflect how the Company manages the businesses internally. The management reporting structure is composed of four SBUs, mainly organized by technology, led by our President and Chief Executive Officer. Using the accounting guidance on segment reporting, the Company determined that its four operating segments are aligned with its four reportable segments corresponding to its SBUs.

- *Renewables* — Solar, wind, energy storage, and hydro generation facilities;
- *Utilities* — AES Indiana, AES Ohio, and AES El Salvador regulated utilities and their generation facilities;
- *Energy Infrastructure* — Natural gas, LNG, coal, pet coke, diesel, and oil generation facilities, and our businesses in Chile, which have a mix of generation sources, including renewables, that are pooled to service our existing PPAs; and
- *New Energy Technologies* — Green hydrogen initiatives and investments in Fluence, Uplight, 5B, and other new and innovative energy technology businesses.

Our Renewables, Utilities, and Energy Infrastructure SBUs participate in our generation business line, in which we own and/or operate power plants to generate and sell power to customers, such as utilities, industrial users, and other intermediaries. Our Utilities SBU participates in our utilities business line, in which we own and/or operate utilities to generate or purchase, distribute, transmit, and sell electricity to end-user customers in the residential, commercial, industrial, and governmental sectors within a defined service area. In certain circumstances, our utilities also generate and sell electricity on the wholesale market. Our New Energy Technologies SBU includes investments in new and innovative technologies to support leading-edge greener energy solutions.

Included in "Corporate and Other" are the results of the AES self-insurance company, corporate overhead costs which are not directly associated with the operations of our four reportable segments, and certain intercompany charges such as self-insurance premiums which are fully eliminated in consolidation.

The Company uses Adjusted EBITDA as its primary segment performance measure. Adjusted EBITDA, a non-GAAP measure, is defined by the Company as earnings before interest income and expense, taxes, depreciation and amortization, adjusted for the impact of NCI and interest, taxes, depreciation and amortization of our equity affiliates, and adding back interest income recognized under service concession arrangements; excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits, and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring.

The Company has concluded Adjusted EBITDA better reflects the underlying business performance of the Company and is the most relevant measure considered in the Company's internal evaluation of the financial performance of its segments. Additionally, given its large number of businesses and overall complexity, the Company concluded that Adjusted EBITDA is a more transparent measure that better assists investors in determining which businesses have the greatest impact on the Company's results.

Revenue and Adjusted EBITDA are presented before inter-segment eliminations, which includes the effect of intercompany transactions with other segments except for charges for certain management fees and the write-off of intercompany balances, as applicable. All intra-segment activity has been eliminated within the segment. Inter-segment activity has been eliminated within the total consolidated results.

The following tables present financial information by segment for the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total Revenue				
Renewables SBU	\$ 726	\$ 708	\$ 1,941	\$ 1,744
Utilities SBU	961	880	2,730	2,703
Energy Infrastructure SBU	1,623	1,861	4,706	5,239
New Energy Technologies SBU	1	—	1	75
Corporate and Other	33	29	106	96
Eliminations	(55)	(44)	(168)	(157)
Total Revenue	\$ 3,289	\$ 3,434	\$ 9,316	\$ 9,700

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reconciliation of Adjusted EBITDA (in millions)				
Net income	\$ 210	\$ 291	\$ 449	\$ 461
Income tax expense	103	109	52	179
Interest expense	379	326	1,125	966
Interest income	(119)	(144)	(312)	(398)
Depreciation and amortization	306	286	926	836
EBITDA	\$ 879	\$ 868	\$ 2,240	\$ 2,044
Less: Discontinued operations	7	—	7	—
Less: Adjustment for noncontrolling interests and redeemable stock of subsidiaries ⁽¹⁾	(229)	(183)	(471)	(508)
Less: Income tax expense (benefit), interest expense (income) and depreciation and amortization from equity affiliates	30	27	91	93
Interest income recognized under service concession arrangements	16	18	49	54
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	(47)	10	(185)	3
Unrealized foreign currency losses	7	97	10	161
Disposition/acquisition losses (gains)	(11)	8	8	21
Impairment losses	39	145	179	318
Loss on extinguishment of debt and troubled debt restructuring	1	—	51	1
Adjusted EBITDA	\$ 692	\$ 990	\$ 1,979	\$ 2,187

⁽¹⁾ The allocation of earnings and losses to tax equity investors from both consolidated entities and equity affiliates is removed from Adjusted EBITDA.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjusted EBITDA				
Renewables SBU	\$ 199	\$ 267	\$ 443	\$ 557
Utilities SBU	223	216	619	526
Energy Infrastructure SBU	299	520	969	1,165
New Energy Technologies SBU	(7)	(22)	(38)	(61)
Corporate and Other	(23)	8	(3)	20
Eliminations	1	1	(11)	(20)
Adjusted EBITDA	\$ 692	\$ 990	\$ 1,979	\$ 2,187

The Company uses long-lived assets as its measure of segment assets. Long-lived assets include amounts recorded in *Property, plant and equipment, net* and right-of-use assets for operating leases recorded in *Other noncurrent assets* on the Condensed Consolidated Balance Sheets.

Long-Lived Assets	September 30, 2024	December 31, 2023
Renewables SBU	\$ 16,463	\$ 15,735
Utilities SBU	8,481	7,166
Energy Infrastructure SBU	7,750	7,414
New Energy Technologies SBU	19	14
Corporate and Other	25	9
Long-Lived Assets	32,738	30,338
Current assets	10,526	6,649
Investments in and advances to affiliates	1,162	941
Debt service reserves and other deposits	77	194
Goodwill	348	348
Other intangible assets	1,928	2,243
Deferred income taxes	421	396
Other noncurrent assets, excluding right-of-use assets for operating leases	2,209	2,879
Noncurrent held-for-sale assets	670	811
Total Assets	<u>\$ 50,079</u>	<u>\$ 44,799</u>

14. REVENUE

The following table presents our revenue from contracts with customers and other revenue for the periods indicated (in millions):

Three Months Ended September 30, 2024						
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	\$ 648	\$ 23	\$ 1,431	\$ 1	\$ (22)	\$ 2,081
Other non-regulated revenue ⁽¹⁾	78	1	192	—	—	271
Total non-regulated revenue	726	24	1,623	1	(22)	2,352
Regulated Revenue						
Revenue from contracts with customers	—	929	—	—	—	929
Other regulated revenue	—	8	—	—	—	8
Total regulated revenue	—	937	—	—	—	937
Total revenue	<u>\$ 726</u>	<u>\$ 961</u>	<u>\$ 1,623</u>	<u>\$ 1</u>	<u>\$ (22)</u>	<u>\$ 3,289</u>
Three Months Ended September 30, 2023						
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	\$ 672	\$ 16	\$ 1,655	\$ —	\$ (14)	\$ 2,329
Other non-regulated revenue ⁽¹⁾	36	1	206	—	(1)	242
Total non-regulated revenue	708	17	1,861	—	(15)	2,571
Regulated Revenue						
Revenue from contracts with customers	—	855	—	—	—	855
Other regulated revenue	—	8	—	—	—	8
Total regulated revenue	—	863	—	—	—	863
Total revenue	<u>\$ 708</u>	<u>\$ 880</u>	<u>\$ 1,861</u>	<u>\$ —</u>	<u>\$ (15)</u>	<u>\$ 3,434</u>

Nine Months Ended September 30, 2024						
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	\$ 1,764	\$ 65	\$ 4,149	\$ 1	\$ (62)	\$ 5,917
Other non-regulated revenue ⁽¹⁾	177	3	557	—	—	737
Total non-regulated revenue	1,941	68	4,706	1	(62)	6,654
Regulated Revenue						
Revenue from contracts with customers	—	2,641	—	—	—	2,641
Other regulated revenue	—	21	—	—	—	21
Total regulated revenue	—	2,662	—	—	—	2,662
Total revenue	\$ 1,941	\$ 2,730	\$ 4,706	\$ 1	\$ (62)	\$ 9,316
Nine Months Ended September 30, 2023						
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	\$ 1,654	\$ 51	\$ 4,717	\$ 74	\$ (60)	\$ 6,436
Other non-regulated revenue ⁽¹⁾	90	3	522	1	(1)	615
Total non-regulated revenue	1,744	54	5,239	75	(61)	7,051
Regulated Revenue						
Revenue from contracts with customers	—	2,624	—	—	—	2,624
Other regulated revenue	—	25	—	—	—	25
Total regulated revenue	—	2,649	—	—	—	2,649
Total revenue	\$ 1,744	\$ 2,703	\$ 5,239	\$ 75	\$ (61)	\$ 9,700

⁽¹⁾ Other non-regulated revenue primarily includes lease and derivative revenue not accounted for under ASC 606.

Contract Balances — The timing of revenue recognition, billings, and cash collections results in accounts receivable and contract liabilities. The contract liabilities from contracts with customers were \$220 million and \$328 million as of September 30, 2024 and December 31, 2023, respectively.

During the nine months ended September 30, 2024 and 2023, we recognized revenue of \$77 million and \$30 million, respectively, that was included in the corresponding contract liability balance at the beginning of the periods.

In June 2023, the Company closed on an agreement to terminate the PPA for the Warrior Run coal-fired power plant for total consideration of \$357 million, to be paid by the offtaker through the end of the previous contract term in January 2030. Under the termination agreement, the plant continued providing capacity through May 2024. The termination represented a contract modification under which the discounted termination payments, as well as a pre-existing contract liability, were recognized as revenue on a straight-line basis over the remaining performance obligation period for approximately \$32 million per month. On February 1, 2024, the Company executed a receivable sale agreement to transfer all of its rights, title, and interest in the remaining future cash flows under this agreement. At the time of execution, the transaction was considered a sale of future revenue under U.S. GAAP, and as such, the net proceeds of \$273 million were recorded as debt. Upon completion of the remaining performance obligation in May 2024, the corresponding receivable balance of \$267 million, net of valuation allowance of \$7 million, and the remaining debt balance of \$260 million were derecognized.

A significant financing arrangement exists for our Mong Duong plant in Vietnam. The plant was constructed under a build, operate, and transfer contract and will be transferred to the Vietnamese government after the completion of a 25-year PPA. The performance obligation to construct the facility was substantially completed in 2015. Contract consideration related to the construction, but not yet collected through the 25-year PPA, was reflected on the Condensed Consolidated Balance Sheet. As of September 30, 2024 and December 31, 2023, Mong Duong met the held-for-sale criteria and the loan receivable balance of \$1 billion and \$1.1 billion, net of CECL reserves of \$24 million and \$26 million, respectively, was classified in held-for-sale assets. Of the loan receivable balance, \$118 million and \$108 million, respectively, was classified in *Current held-for-sale assets*, and \$873 million and \$962 million, respectively, was classified in *Noncurrent held-for-sale assets* on the Condensed Consolidated Balance Sheets.

Remaining Performance Obligations — The transaction price allocated to remaining performance obligations represents future consideration for unsatisfied (or partially unsatisfied) performance obligations at the end of the reporting period. As of September 30, 2024, the aggregate amount of transaction price allocated to remaining performance obligations was \$7 million, primarily consisting of fixed consideration for the sale of renewable energy

credits in long-term contracts in the U.S. We expect to recognize revenue of approximately \$1 million per year between 2024 and 2028 and the remainder thereafter.

15. OTHER INCOME AND EXPENSE

Other income generally includes gains on insurance recoveries in excess of property damage, gains on asset sales and liability extinguishments, favorable judgments on contingencies, allowance for funds used during construction, gains on contingent consideration remeasurement, and other income from miscellaneous transactions. Other expense generally includes losses on asset sales and dispositions, losses on legal contingencies, losses on remeasurement of contingent consideration, losses at commencement of sales-type leases, and losses from other miscellaneous transactions. The components are summarized as follows (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
Other Income	Gain on remeasurement of contingent consideration ⁽¹⁾	\$ 14	\$ —	\$ 26	\$ —
	Indexation adjustment of receivables ⁽²⁾	12	—	12	—
	AFUDC (US Utilities)	3	5	9	11
	Contract termination	—	—	5	—
	Gain on commencement of sales-type leases	—	—	5	—
	Insurance proceeds	—	—	5	—
	Gain on sale and disposal of assets	—	1	3	3
	Legal settlements	—	—	—	3
	Other income	35	6	55	19
	Total other income	<u>\$ 64</u>	<u>\$ 12</u>	<u>\$ 120</u>	<u>\$ 36</u>
Other Expense	Loss on commencement of sales-type leases ⁽³⁾	\$ —	\$ —	\$ 72	\$ —
	Loss on remeasurement of contingent consideration ⁽¹⁾	21	1	27	9
	Costs related to troubled debt restructuring ⁽⁴⁾	—	—	20	—
	Loss on sale and disposal of assets	6	3	14	12
	Non-service pension and other postretirement costs	2	2	7	9
	Other	2	6	13	8
	Total other expense	<u>\$ 31</u>	<u>\$ 12</u>	<u>\$ 153</u>	<u>\$ 38</u>

⁽¹⁾ Primarily related to certain remeasurements of contingent consideration on projects acquired at AES Clean Energy.

⁽²⁾ Related to an indexation adjustment on receivables for regulated energy contracts impacted by the Tariff Stabilization Laws at Chile. See Note 5—*Financing Receivables* for further information.

⁽³⁾ Related to losses recognized at commencement of sales-type leases at AES Renewable Holdings. See Note 10—*Leases* for further information.

⁽⁴⁾ Related to legal expenses and other direct costs associated with the troubled debt restructuring at Puerto Rico. See Note 8—*Debt* for further information.

16. ASSET IMPAIRMENT EXPENSE

The following table presents our asset impairment expense for the periods indicated (in millions):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2024	2023	2024	2023
AES Brasil		\$ 60	\$ —	\$ 277	\$ —
Mong Duong		11	—	54	—
Norgener		—	—	—	137
TEG		—	77	—	77
TEP		—	59	—	59
Jordan		—	14	—	43
GAF Projects (AES Renewable Holdings)		—	—	—	18
Other		8	8	24	18
Total		<u>\$ 79</u>	<u>\$ 158</u>	<u>\$ 355</u>	<u>\$ 352</u>

AES Brasil — In May 2024, the Company entered into an agreement to sell its 47.3% controlling interest in AES Brasil, a 5.2 GW portfolio of renewable energy facilities. Upon meeting the held-for-sale criteria in May 2024, the Company performed an impairment analysis and determined that the carrying value of the disposal group of \$1,556 million, which included cumulative translation losses of \$533 million, was greater than its fair value less costs to sell of \$1,339 million. As a result, the Company recognized pre-tax impairment expense of \$217 million. The Company performed a subsequent impairment analysis as of September 30, 2024 and recognized additional pre-tax impairment expense of \$60 million, primarily due to depreciation of the Brazilian real and increased costs to sell. See Note 18—*Held-for-Sale and Dispositions* for further information. AES Brasil is reported in the Renewables SBU reportable segment.

Mong Duong — In November 2023, the Company entered into an agreement to sell its entire 51% ownership interest in Mong Duong 2, a coal-fired plant in Vietnam, and 51% equity interest in Mong Duong Finance Holdings B.V., an SPV accounted for as an equity affiliate (collectively "Mong Duong"), and as of September 30, 2024, Mong Duong continued to be classified as held-for-sale. The carrying amount of the Mong Duong disposal group in subsequent periods exceeded the expected sales proceeds and as a result, the Company recognized total pre-tax impairment expense of \$54 million during the nine months ended September 30, 2024. See Note 18—*Held-for-Sale and Dispositions* for further information. Mong Duong is reported in the Energy Infrastructure SBU reportable segment.

TEG and TEP — During the third quarter of 2023, management identified an impairment indicator at the TEG and TEP asset groups due to a reduction in expected cash flows after expiration of the current PPAs. The Company performed an impairment analysis as of July 31, 2023, and determined that the carrying amounts of the asset groups were not recoverable. The TEG and TEP asset groups were determined to have fair values of \$93 million and \$94 million, respectively, using the income approach. As a result, the Company recognized pre-tax asset impairment expense of \$77 million and \$59 million, respectively. TEG and TEP are reported in the Energy Infrastructure SBU reportable segment.

Norgener — In May 2023, AES Andes announced its intention to accelerate the retirement of the Norgener coal-fired plant in Chile in order to further advance its decarbonization strategy. Due to this strategic development and the resulting decrease in useful life of the generation facility, the Company performed an impairment analysis as of May 1, 2023, and determined that the carrying amount of the asset group was not recoverable. The Norgener asset group was determined to have a fair value of \$24 million, using the income approach. As a result, and since pre-tax losses are limited to the carrying amount of the long-lived assets, the Company recognized pre-tax asset impairment expense of \$137 million. Norgener is reported in the Energy Infrastructure SBU reportable segment.

Jordan — In November 2020, the Company signed an agreement to sell approximately 26% ownership interest in Amman East and IPP4 for \$58 million. The generation plants were classified as held-for-sale until the sale was completed in March 2024. Due to the delay in closing the transaction, the carrying amount of the disposal group in subsequent periods exceeded the agreed-upon sales price, and total pre-tax impairment expense of \$43 million was recorded during the nine months ended September 30, 2023. See Note 18—*Held-for-Sale and Dispositions* for further information. Amman East and IPP4 are reported in the Energy Infrastructure SBU reportable segment.

GAF Projects — During the second quarter of 2023, management concluded that the carrying value of six project companies at AES Renewable Holdings (the "GAF Projects") may not be recoverable as the expected purchase price on the buyout of tax equity partners implied a loss on the transaction. The buyout was completed in July 2023. Management performed a recoverability test as of May 31, 2023 and concluded that the undiscounted cash flows of the GAF Projects did not exceed the carrying values of the asset groups for five of the six projects. The asset groups for the GAF Projects were determined to have a fair value of \$11 million, using the income approach. As a result, the Company recognized pre-tax asset impairment expense of \$18 million. AES Renewable Holdings is reported in the Renewables SBU reportable segment.

17. INCOME TAXES

The Company's provision for income taxes is based on the estimated annual effective tax rate, plus discrete items. The effective tax rates for the three and nine months ended September 30, 2024 were 31% and 10%, respectively. The effective tax rate for both the three and nine months ended September 30, 2023 was 26%. The difference between the Company's effective tax rates for the 2024 and 2023 periods and the U.S. statutory tax rate of 21% related primarily to foreign tax rate differentials, the impacts of foreign currency fluctuations at certain foreign subsidiaries, nondeductible expenses, valuation allowance, the impacts of U.S. investment tax credits ("ITCs"), and noncontrolling interest in our U.S. subsidiaries.

For the nine months ended September 30, 2024, the Company recorded discrete tax benefit of approximately \$53 million related to U.S. capital losses associated with the restructuring of a foreign holding company. Additionally, for the nine months ended September 30, 2024, the Company recognized approximately \$59 million of discrete tax benefit, net of valuation allowance, for tax over book investment basis differences related to the AES Brasil held-for-sale classification. See Note 18—*Held-for-Sale and Dispositions* for further information on AES Brasil.

For the three and nine months ended September 30, 2024, the Company recognized discrete tax expense of approximately \$72 million and \$100 million, respectively, resulting from allocations of losses to tax equity investors on renewables projects.

18. HELD-FOR-SALE AND DISPOSITIONS

Held-for-Sale

AES Brasil — On May 15, 2024, the Company entered into an agreement to sell its 47.3% controlling interest in AES Brasil Energia S.A. ("AES Brasil"), a 5.2 GW portfolio of renewable energy that is 51% hydroelectric, 43% wind, and 6% solar. The transaction is expected to close in the fourth quarter of 2024. As a result, AES Brasil was classified as held-for-sale, but did not meet the criteria to be reported as discontinued operations. On a consolidated basis, the carrying value of the disposal group after impairments of the plants held-for-sale as of September 30, 2024 was \$1.3 billion. AES Brasil is reported in the Renewables SBU reportable segment.

Mong Duong — In November 2023, the Company entered into an agreement to sell its entire 51% ownership interest in Mong Duong 2, a coal-fired plant in Vietnam, and 51% equity interest in Mong Duong Finance Holdings B.V., an SPV accounted for as an equity affiliate (collectively "Mong Duong"). The sale is subject to regulatory approval and is expected to close in mid-2025. As a result, Mong Duong was classified as held-for-sale, but did not meet the criteria to be reported as discontinued operations. On a consolidated basis, the carrying value of the disposal group after impairment of the plant held-for-sale as of September 30, 2024 was \$395 million. Mong Duong is reported in the Energy Infrastructure SBU reportable segment.

Excluding any impairment charges, pre-tax income and pre-tax income attributable to AES of businesses held-for-sale as of September 30, 2024 was as follows:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Pre-tax income of businesses held-for-sale:				
Mong Duong	\$ 23	\$ 20	\$ 63	\$ 74
AES Brasil	25	28	13	80
Total pre-tax income of businesses held-for-sale	<u>\$ 48</u>	<u>\$ 48</u>	<u>\$ 76</u>	<u>\$ 154</u>
Pre-tax income attributable to AES of businesses held-for-sale:				
Mong Duong	\$ 10	\$ 8	\$ 27	\$ 32
AES Brasil	11	12	4	34
Total pre-tax income attributable to AES of of businesses held-for-sale	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 31</u>	<u>\$ 66</u>

Management has recorded pre-tax asset impairment expense of \$54 million at Mong Duong, and \$277 million at AES Brasil. As of September 30, 2024, the significant assets and liabilities of Mong Duong are a long-term financing receivable of \$1 billion and debt of \$582 million, respectively. As of September 30, 2024, AES Brasil's major assets and liabilities include \$2.2 billion in both property, plant and equipment and debt. See Note 16—*Asset Impairment Expense* and Note 14—*Revenue* for further information.

Dispositions

Jordan — In March 2024, the Company completed the sale of approximately 26% ownership interest in the Amman East and IPP4 generation plants for a sale price of \$58 million. After adjusting for dividends received since the execution of the sale and purchase agreement, the Company received a net cash payment of \$45 million. The transaction resulted in a pre-tax loss on sale of \$10 million, reported in *Gain on disposal and sale of business interests* on the Condensed Consolidated Statement of Operations. After completion of the sale, the Company retained 10% ownership interest in each of the businesses, resulting in deconsolidation and recognition as equity method investments. Amman East and IPP4 are reported in the Energy Infrastructure SBU reportable segment.

19. ACQUISITIONS

Long Point and Hot Air — On September 20, 2024, the Company entered into an agreement to purchase Long Point, an early development-stage project consisting of a 300 MW wind facility, a 150 MW solar facility, and a 40 MW battery storage facility, and Hot Air, an early development-stage 350 MW wind facility, both located in Arizona. The transaction was accounted for as an asset acquisition. The total consideration paid of \$6 million, including transaction costs, was allocated to the identifiable assets and liabilities on a relative fair value basis, primarily consisting of intangible assets. The remaining contingent consideration of up to \$47 million, which is not recorded at this time, will be recognized as part of the projects' assets when the contingencies are resolved, and the consideration is paid or becomes payable. Long Point and Hot Air are reported in the Renewables SBU reportable segment.

Birdseye — On April 5, 2024, the Company closed on the acquisition of 100% of Sol Madison Solar, LLC, a 63 MW construction-stage solar project in Virginia, and a pipeline of early-stage renewable energy development projects. The transaction was accounted for as a business combination at a purchase price of \$20 million; therefore, the assets acquired and liabilities assumed at the acquisition date, primarily consisting of CWIP and a PPA liability, were recorded at their fair values. No goodwill was recognized as a result of the acquisition. The Company has recorded preliminary amounts for the purchase price allocation; however, the Company may continue to make adjustments. Birdseye is reported in the Renewables SBU reportable segment.

Hoosier Wind — In August 2023, the Company, through its subsidiary AES Indiana, filed for IURC issuance of a Certificate of Public Convenience and Necessity ("CPCN") approving the acquisition of 100% of the interests in Hoosier Wind Project, LLC., which is an existing 106 MW wind facility located in Benton County, Indiana. IURC approval was received on January 24, 2024, and the transaction closed on February 29, 2024. The transaction was accounted for as an asset acquisition. Of the total consideration transferred of \$93 million, including transaction costs, approximately \$49 million was allocated to the identifiable assets acquired on a relative fair value basis, primarily consisting of tangible wind farm assets and typical working capital items. The remaining consideration was allocated to the termination of the pre-existing PPA between AES Indiana and the Hoosier Wind Project, estimated using a discounted cash flow valuation methodology, which was deferred as a long-term regulatory asset. Hoosier Wind is reported in the Utilities SBU reportable segment.

20. EARNINGS PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Potential common stock, for purposes of determining diluted earnings per share, includes the effects of dilutive RSUs, stock options, and equity units. The effect of such potential common stock is computed using the treasury stock method for RSUs and stock options, and is computed using the if-converted method for equity units.

The following table is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computation for income from continuing operations for the three and nine months ended September 30, 2024 and 2023, where income represents the numerator and weighted average shares represent the denominator.

Three Months Ended September 30, (in millions, except per share data)	2024			2023		
	Income	Shares	\$ per Share	Income	Shares	\$ per Share
BASIC EARNINGS PER SHARE						
Income from continuing operations attributable to The AES Corporation common stockholders	\$ 509	711	\$ 0.72	\$ 231	670	\$ 0.34
EFFECT OF DILUTIVE SECURITIES						
Stock options	—	—	—	—	—	—
Restricted stock units	—	2	—	—	2	—
Equity units	—	—	—	—	40	(0.02)
DILUTED EARNINGS PER SHARE	\$ 509	713	\$ 0.72	\$ 231	712	\$ 0.32

Nine Months Ended September 30, (in millions, except per share data)	2024			2023		
	Income	Shares	\$ per Share	Income	Shares	\$ per Share
BASIC EARNINGS PER SHARE						
Income from continuing operations attributable to The AES Corporation common stockholders	\$ 1,126	704	\$ 1.60	\$ 343	669	\$ 0.51
EFFECT OF DILUTIVE SECURITIES						
Stock options	—	—	—	—	1	—
Restricted stock units	—	2	—	—	2	—
Equity units	—	7	(0.02)	1	40	(0.03)
DILUTED EARNINGS PER SHARE	\$ 1,126	713	\$ 1.58	\$ 344	712	\$ 0.48

For the three and nine months ended September 30, 2024, the calculation of diluted earnings per share excluded 1 million outstanding stock awards, respectively, which would be anti-dilutive. These stock awards could potentially dilute basic earnings per share in the future.

The calculation of diluted earnings per share excluded 2 million outstanding stock awards for the three and nine months ended September 30, 2023, which would be anti-dilutive. These stock awards could potentially dilute basic earnings per share in the future.

As described in Note 12—*Equity*, the Company issued 10,430,500 Equity Units in March 2021 with a total notional value of \$1,043 million. Each Equity Unit had a stated amount of \$100 and was initially issued as a Corporate Unit, consisting of a 2024 Purchase Contract and a 10% undivided beneficial ownership interest in one share of Series A Preferred Stock. The conversion rate was initially 31.5428 shares of common stock per one share of Series A Preferred Stock, which was equivalent to an initial conversion price of approximately \$31.70 per share of common stock. The Series A Preferred Stock and the 2024 Purchase Contracts were accounted for as one unit of account. In calculating diluted EPS, the Company has applied the if-converted method to determine the impact of the forward purchase feature and considered if there are incremental shares that should be included related to the Series A Preferred conversion value. On February 15, 2024, the Series A Preferred Stock was tendered to satisfy the 2024 Purchase Contract's settlement price and the Corporate Units were converted into shares of the Company's common stock at a settlement rate of 3.8859, equivalent to a reference price of \$25.73. The Series A Preferred Stock was canceled upon conversion.

21. SUBSEQUENT EVENTS

AES Brasil — On October 31, 2024, the Company completed the sale of its 47.3% controlling interest in AES Brasil, a 5.2 GW portfolio of renewable energy facilities, for approximately \$590 million. Separately, upon execution of the sale agreement in May 2024, the Parent Company executed foreign currency forward swaps to hedge the value of the expected sale proceeds, which had an asset value of approximately \$40 million as of the closing of the sale. See Note 18—*Held-for-Sale and Dispositions* for further information. Prior to its sale, AES Brasil was reported in the Renewables SBU reportable segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The condensed consolidated financial statements included in Item 1.—*Financial Statements* of this Form 10-Q and the discussions contained herein should be read in conjunction with our 2023 Form 10-K.

Forward-Looking Information

The following discussion may contain forward-looking statements regarding us, our business, prospects and our results of operations, that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. These statements include, but are not limited to, statements regarding management's intents, beliefs, and current expectations and typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "forecast," "target," "will," "would," "intend," "believe," "project," "estimate," "plan," and similar words. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute current expectations based on reasonable assumptions. Factors that could cause or contribute to such differences include, but are not limited to, those described in Item 1A.—*Risk Factors* of this Form 10-Q, Item 1A.—*Risk Factors* and Item 7.—*Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2023 Form 10-K and subsequent filings with the SEC.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the SEC that advise of the risks and factors that may affect our business.

Overview of Our Business

We are a diversified power generation and utility company organized into the following four SBUs, mainly organized by technology: **Renewables** (solar, wind, energy storage, and hydro), **Utilities** (AES Indiana, AES Ohio, and AES El Salvador), **Energy Infrastructure** (natural gas, LNG, coal, pet coke, diesel, and oil), and **New Energy Technologies** (green hydrogen, Fluence, Uplight, and 5B). Our businesses in Chile, which have a mix of generation sources, including renewables, are also included within the Energy Infrastructure SBU, as the generation from all sources is pooled to service our existing PPAs. For additional information regarding our business, see Item 1.—*Business* of our 2023 Form 10-K.

We have two lines of business: generation and utilities. Our Renewables, Utilities, and Energy Infrastructure SBUs participate in our first business line, generation, in which we own and/or operate power plants to generate and sell power to customers, such as utilities, industrial users, and other intermediaries. Our Utilities SBU participates in our second business line, utilities, in which we own and/or operate utilities to generate or purchase, distribute, transmit, and sell electricity to end-user customers in the residential, commercial, industrial, and governmental sectors within a defined service area. In certain circumstances, our utilities also generate and sell electricity on the wholesale market. Our New Energy Technologies SBU includes investments in new and innovative technologies to support leading-edge greener energy solutions.

Executive Summary

Compared with last year, third quarter net income decreased \$81 million, from \$291 million to \$210 million. This decrease is the result of lower impairments and lower unrealized foreign currency losses in the current year, and higher contributions from renewables projects placed in service; partially offset by lower contributions from the Energy Infrastructure SBU.

Adjusted EBITDA, a non-GAAP measure, decreased \$298 million, from \$990 million to \$692 million, driven by lower margins at the Energy Infrastructure SBU primarily due to the end of commercial operations at Warrior Run and prior year margin at the hedged merchant Southland facilities that are contracted primarily for capacity in the current year, and record-breaking drought conditions in South America at the Renewables SBU. This was partially offset by higher revenues from new projects at the Renewables SBU.

Adjusted EBITDA with Tax Attributes, a non-GAAP measure, increased \$160 million, from \$1,008 million to \$1,168 million primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the drivers above.

Compared with last year, third quarter diluted earnings per share from continuing operations increased \$0.40, from \$0.32 to \$0.72. This increase is mainly driven by higher contributions from renewables projects placed in service in the current year, lower long-lived asset impairments in the current year, and prior year unrealized foreign currency losses at the Energy Infrastructure SBU. This was partially offset by lower earnings at the Energy Infrastructure SBU due to end of commercial operations at Warrior Run.

Adjusted EPS, a non-GAAP measure, increased \$0.11 from \$0.60 to \$0.71, mainly driven by a lower adjusted tax rate and higher contributions from renewables projects placed in service in the current year, partially offset by lower contributions from the Energy Infrastructure SBU.

Compared with last year, net income for the nine months ended September 30, 2024 decreased \$12 million, from \$461 million to \$449 million. This decrease is the result of higher interest expense and losses at commencement of sales-type leases at the Renewables SBU; partially offset by favorable contributions at the Utilities and New Energy Technologies SBUs, lower unrealized foreign currency losses in the current year, and higher contributions from renewables projects placed in service in the current year.

Adjusted EBITDA, a non-GAAP measure, decreased \$208 million, from \$2,187 million to \$1,979 million, mainly driven by lower margins at the Energy Infrastructure SBU due to prior year margin at the hedged merchant Southland facilities that are contracted primarily for capacity in the current year and higher outages, and record-breaking drought conditions and outages in Colombia at the Renewables SBU; partially offset by higher contributions at the Utilities SBU, higher revenues from new projects at the Renewables SBU, and lower losses from affiliates at the New Energy Technologies SBU.

Adjusted EBITDA with Tax Attributes, a non-GAAP measure, increased \$618 million, from \$2,256 million to \$2,874 million, primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the drivers above.

Compared with last year, diluted earnings per share from continuing operations for the nine months ended September 30, 2024 increased \$1.10, from \$0.48 to \$1.58. This increase is mainly driven by higher contributions from renewables projects placed in service in the current year, prior year unrealized foreign currency losses at the Energy Infrastructure SBU, lower long-lived asset impairments in the current year, and lower income tax expense. This was partially offset by lower margins due to outages, the end of commercial operations at Warrior Run, higher interest expense, and losses at commencement of sales-type leases at the Renewables SBU.

Adjusted EPS, a non-GAAP measure, increased \$0.57 from \$1.03 to \$1.60, mainly driven by a lower adjusted tax rate, higher contributions from renewables projects placed in service in the current year, and higher contributions from the Utilities SBU; partially offset by lower contributions from the Energy Infrastructure SBU.



Accelerating the future of energy, together.

Business Overview

158 Generation Facilities

6 Utility Companies

36,719 Gross MW

31,725 GWh ⁽²⁾

Three Months Ended September 30,

	2024	2023
Diluted earnings per share	\$ 0.72	\$ 0.32
Adjusted EPS ⁽¹⁾	0.71	0.60

Nine Months Ended September 30,

	2024	2023
Diluted earnings per share	\$ 1.58	\$ 0.48
Adjusted EPS ⁽¹⁾	1.60	1.03

Operating Margin (in millions)



Net Income (in millions)



Adjusted EBITDA ⁽¹⁾ (in millions)



Operating Cash Flow (in millions)



Key events in 2024

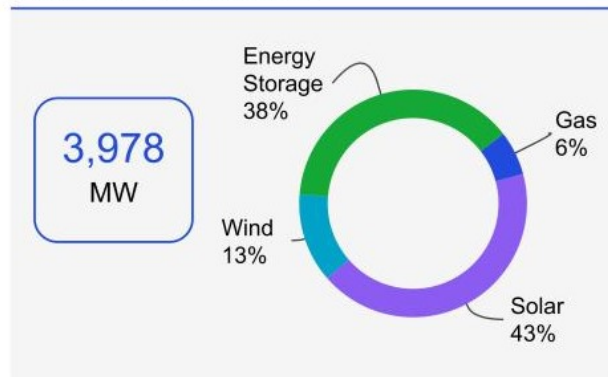
- Signed 4.1 GW of new agreements directly with data center customers
- Signed a total of 3.5 GW of renewables and energy storage under long-term PPAs, including 1 GW of solar-plus-storage under a 15-year contract with Amazon and 727 MW of solar and wind under a 15-year contract with Google
- Completed the construction or acquisition of 2.8 GW of renewables
- AES Indiana received approval for its rate case settlement, allowing investment in reliability, resiliency and enhanced customer offerings

- Retired 276 MW Norgener coal plant in Chile and 205 MW Warrior Run coal plant in Maryland, for a total of 13.5 GW of coal exits announced or closed since 2017

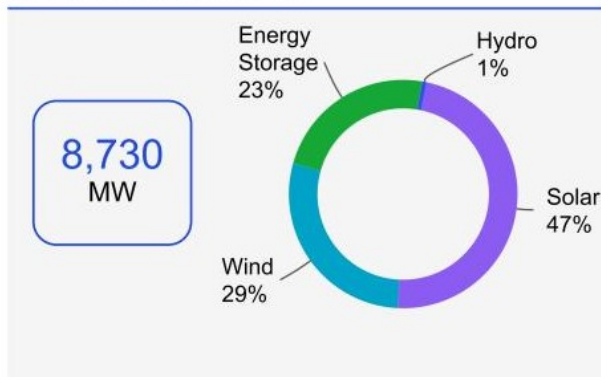
Strategic outlook

- Backlog of 12.7 MW of projects under signed long-term PPAs
- On track to add 3.6 GW of new projects to operating portfolio in 2024
- On track to sign 14-17 GW of new renewables under long-term PPAs in 2023-2025

Under construction



Contracted renewable backlog not yet under construction



⁽¹⁾ Non-GAAP measure. See Item 2.—*Management's Discussion and Analysis of Financial Condition and Results of Operations*—SBU Performance Analysis—*Non-GAAP Measures* for reconciliation and definition.

⁽²⁾ GWh sold in 2023.

Overview of Strategic Performance

AES is leading the industry's transition to clean energy by investing in renewables, utilities, and technology businesses.

- The Company's PPA backlog, which consists of projects with signed contracts, but which are not yet operational, is 12.7 GW, including 4.0 GW under construction. Since the Company's second quarter 2024 earnings call in August 2024, the Company:
 - Signed or was awarded 1.3 GW of long-term PPAs for new renewables, for a total of 3.5 GW in year-to-date 2024; and
 - Completed the construction of 1.2 GW of solar, energy storage, wind and gas, and expects to add a total of 3.6 GW to its operating portfolio by year-end 2024.
- Since the Company's second quarter 2024 earnings call in August 2024, the Company signed agreements with data center customers for an additional 900 MW of new load growth at AES Ohio, for a total of 2.1 GW in year-to-date 2024.
- In 2023 and year-to-date 2024, the Company has announced or closed nearly three-quarters of its \$3.5 billion asset sale proceeds target through 2027.
 - In September 2024, the Company agreed to sell a 30% indirect interest in AES Ohio to CDPQ for approximately \$546 million.
 - On October 31, 2024, the Company closed the sale of its 47.3% equity interest in AES Brasil for approximately \$630 million, including sale and hedge proceeds.

Review of Consolidated Results of Operations (Unaudited)

(in millions, except per share amounts)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
Revenue:								
Renewables SBU	\$ 726	\$ 708	\$ 18	3%	\$ 1,941	\$ 1,744	\$ 197	11%
Utilities SBU	961	880	81	9%	2,730	2,703	27	1%
Energy Infrastructure SBU	1,623	1,861	(238)	-13%	4,706	5,239	(533)	-10%
New Energy Technologies SBU	1	—	1	NM	1	75	(74)	-99%
Corporate and Other	33	29	4	14%	106	96	10	10%
Eliminations	(55)	(44)	(11)	-25%	(168)	(157)	(11)	-7%
Total Revenue	3,289	3,434	(145)	-4%	9,316	9,700	(384)	-4%
Operating Margin:								
Renewables SBU	179	222	(43)	-19%	323	428	(105)	-25%
Utilities SBU	165	160	5	3%	441	351	90	26%
Energy Infrastructure SBU	355	504	(149)	-30%	1,026	1,120	(94)	-8%
New Energy Technologies SBU	(1)	(2)	1	-50%	(5)	(8)	3	-38%
Corporate and Other	47	58	(11)	-19%	182	189	(7)	-4%
Eliminations	(23)	(24)	1	4%	(73)	(70)	(3)	-4%
Total Operating Margin	722	918	(196)	-21%	1,894	2,010	(116)	-6%
General and administrative expenses	(57)	(64)	7	-11%	(198)	(191)	(7)	4%
Interest expense	(379)	(326)	(53)	16%	(1,125)	(966)	(159)	16%
Interest income	119	144	(25)	-17%	312	398	(86)	-22%
Loss on extinguishment of debt	(1)	—	(1)	NM	(11)	(1)	(10)	NM
Other expense	(31)	(12)	(19)	NM	(153)	(38)	(115)	NM
Other income	64	12	52	NM	120	36	84	NM
Gain (loss) on disposal and sale of business interests	(1)	—	(1)	NM	43	(4)	47	NM
Asset impairment expense	(79)	(158)	79	-50%	(355)	(352)	(3)	1%
Foreign currency transaction gains (losses)	(28)	(100)	72	-72%	2	(209)	211	NM
Income tax expense	(103)	(109)	6	-6%	(52)	(179)	127	-71%
Net equity in losses of affiliates	(9)	(14)	5	-36%	(21)	(43)	22	-51%
INCOME FROM CONTINUING OPERATIONS	217	291	(74)	-25%	456	461	(5)	-1%
Gain from disposal of discontinued businesses	(7)	—	(7)	NM	(7)	—	(7)	NM
NET INCOME	210	291	(81)	-28%	449	461	(12)	-3%
Less: Net loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries	292	(60)	352	NM	670	(118)	788	NM
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	\$ 502	\$ 231	\$ 271	NM	\$ 1,119	\$ 343	\$ 776	NM
AMOUNTS ATTRIBUTABLE TO THE AES CORPORATION COMMON STOCKHOLDERS:								
Income from continuing operations, net of tax	\$ 509	\$ 231	\$ 278	NM	\$ 1,126	\$ 343	\$ 783	NM
Loss from discontinued operations, net of tax	(7)	—	(7)	NM	(7)	—	(7)	NM
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	\$ 502	\$ 231	\$ 271	NM	\$ 1,119	\$ 343	\$ 776	NM
Net cash provided by operating activities	\$ 985	\$ 1,122	\$ (137)	-12%	\$ 1,664	\$ 2,309	\$ (645)	-28%

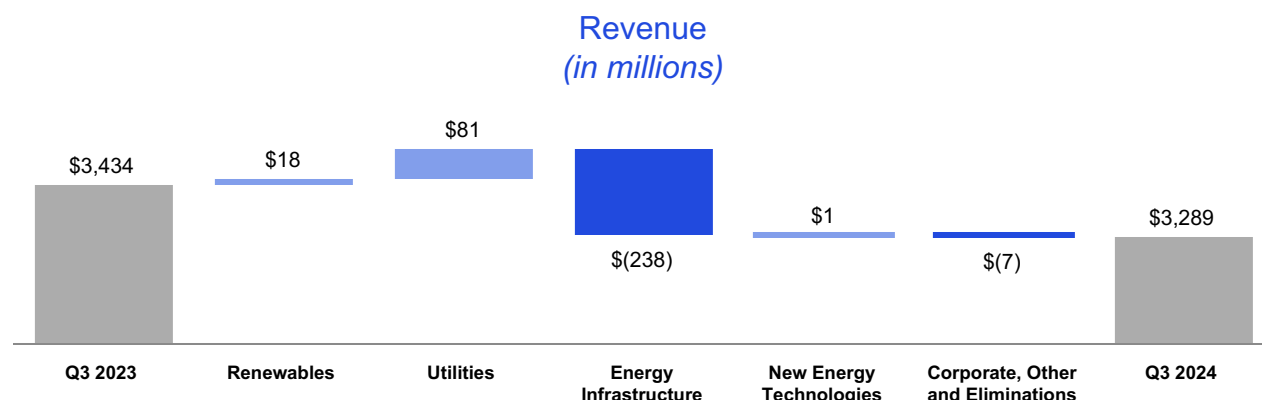
Components of Revenue, Cost of Sales, and Operating Margin — Revenue includes revenue earned from the sale of energy from our utilities and the production and sale of energy from our generation plants, which are classified as regulated and non-regulated, respectively, on the Condensed Consolidated Statements of Operations. Revenue also includes the gains or losses on derivatives associated with the sale of electricity.

Cost of sales includes costs incurred directly by the businesses in the ordinary course of business. Examples include electricity and fuel purchases, operations and maintenance costs, depreciation and amortization expenses, bad debt expense and recoveries, and general administrative and support costs (including employee-related costs directly associated with the operations of the business). Cost of sales also includes the gains or losses on derivatives associated with the purchase of electricity or fuel.

Operating margin is defined as revenue less cost of sales.

Consolidated Revenue and Operating Margin

Three Months Ended September 30, 2024

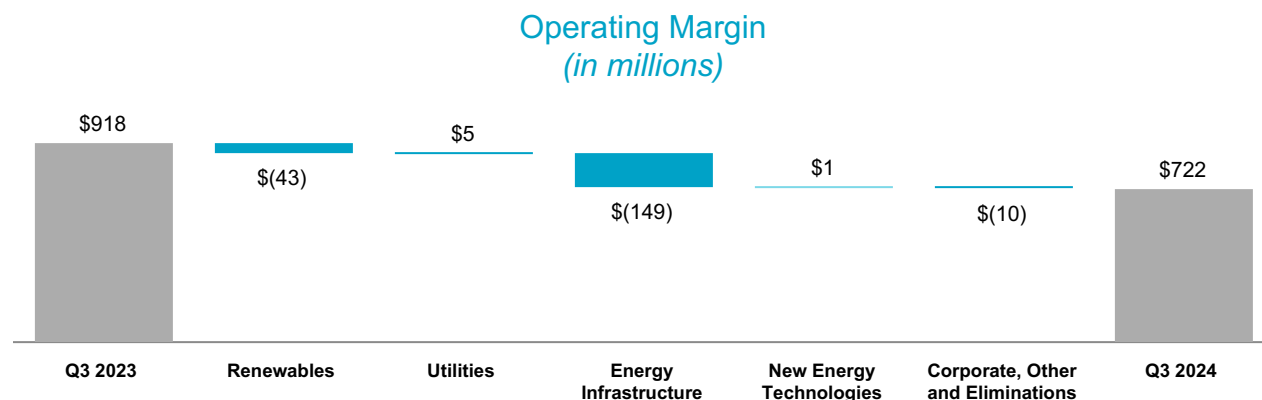


Consolidated Revenue — Revenue decreased \$145 million, or 4%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, driven by:

- \$238 million at Energy Infrastructure driven by the end of commercial operations at Warrior Run in the second quarter of 2024, lower regulated contract sales and prices, and the impact of the depreciation of the Argentine peso.

This unfavorable impact was partially offset by increases of:

- \$81 million at Utilities mainly driven by an increase in transmission and distribution revenues due to higher rates as a result of the 2024 Base Rate Order and higher demand due to favorable weather; and
- \$18 million at Renewables mainly driven by new projects in service, and the impact of better hydrology in Panama; partially offset by the impact of record-breaking drought conditions and outages in Colombia and the depreciation of the Brazilian real.



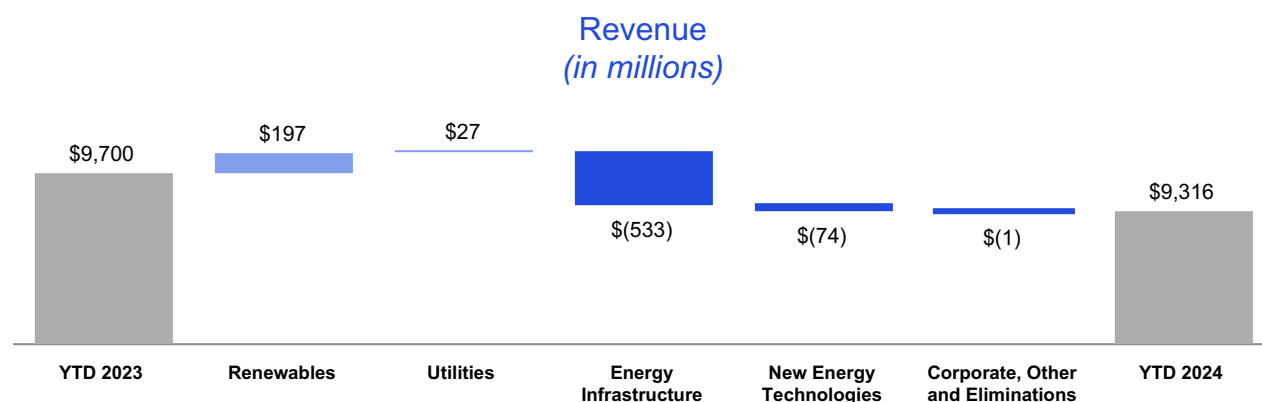
Consolidated Operating Margin — Operating margin decreased \$196 million, or 21%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, driven by:

- \$149 million at Energy Infrastructure mainly driven by the end of commercial operations at Warrior Run in the second quarter of 2024, higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year, lower thermal dispatch, and higher outages; partially offset by favorable LNG transactions and lower fixed costs; and
- \$43 million at Renewables mainly driven by outages due to a flooding incident and record-breaking drought conditions in Colombia, as well as the depreciation of the Brazilian real; partially offset by higher generation due to better hydrology in Panama, new businesses operating in our portfolio, and unrealized derivative gains.

These unfavorable impacts were partially offset by an increase of \$5 million at Utilities mainly driven by an increase in transmission and rider revenues, higher retail rates as a result of the 2024 Base Rate Order, and higher

demand due to the impact of weather; partially offset by the prior year deferral of power purchase costs associated with the approval of ESP 4, and higher fixed costs.

Nine Months Ended September 30, 2024

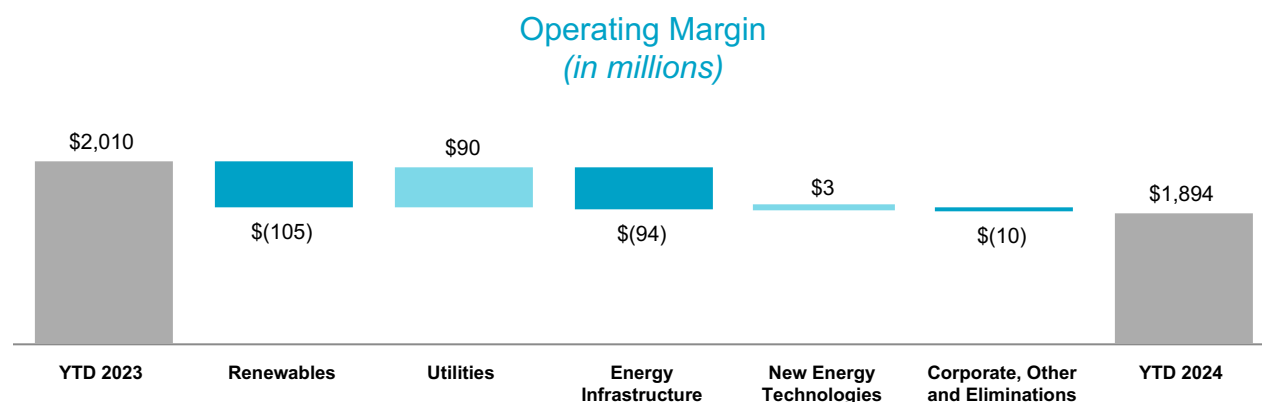


Consolidated Revenue — Revenue decreased \$384 million, or 4%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, driven by:

- \$533 million at Energy Infrastructure primarily driven by lower regulated contract sales and prices, lower CO₂ purchases passed through due to lower production, the impact of the depreciation of the Argentine peso, higher revenues from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year, and lower generation due to higher outages; partially offset by higher revenues due to a PPA termination agreement; and
- \$74 million at New Energy Technologies mainly driven by the sale of the Fallbrook project in March 2023.

These unfavorable impacts were partially offset by increases of:

- \$197 million at Renewables mainly driven by new projects in service, unrealized derivative gains, and the appreciation of the Colombian peso; partially offset by higher outages and record-breaking drought conditions in Colombia, and the depreciation of the Brazilian real; and
- \$27 million at Utilities mainly driven by an increase in transmission and distribution revenues due to higher rates, and higher demand due to favorable weather; partially offset by lower Fuel Adjustment Charge rider revenue.



Consolidated Operating Margin — Operating margin decreased \$116 million, or 6%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, driven by:

- \$105 million at Renewables driven by higher fixed costs, lower wind and solar availability, and record-breaking drought conditions and outage due to a flooding incident in Colombia; partially offset by unrealized derivative gains; and
- \$94 million at Energy Infrastructure mainly driven by higher outages, higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year,

impact of the selldown of Amman East and IPP4 in Jordan, and lower thermal dispatch; partially offset by higher revenues due to a PPA termination agreement and lower fixed costs.

These unfavorable impacts were partially offset by an increase of \$90 million at Utilities mainly driven by increases in transmission and rider revenues due to higher TDSIC, ECCRA and DIR, higher demand due to favorable weather, and higher retail rates as a result of the 2024 Base Rate Order; partially offset by the prior year deferral of power purchase costs associated with the approval of ESP 4, and higher fixed costs.

See Item 2.—*Management's Discussion and Analysis of Financial Condition and Results of Operations*—SBU Performance Analysis of this Form 10-Q for additional discussion and analysis of operating results for each SBU.

Consolidated Results of Operations — Other

General and administrative expenses

General and administrative expenses decreased \$7 million, or 11%, to \$57 million for the three months ended September 30, 2024, compared to \$64 million for the three months ended September 30, 2023, primarily due to higher capitalization of business development costs, partially offset by higher people costs.

General and administrative expenses increased \$7 million, or 4%, to \$198 million for the nine months ended September 30, 2024, compared to \$191 million for the nine months ended September 30, 2023, primarily due to increased business development activity and higher people costs.

Interest expense

Interest expense increased \$53 million, or 16%, to \$379 million for the three months ended September 30, 2024, compared to \$326 million for the three months ended September 30, 2023. This increase is primarily due to new debt issued at the Renewables and Utilities SBUs, and a higher weighted average interest rate and debt balance at the Parent Company; partially offset by an increase in capitalized interest.

Interest expense increased \$159 million, or 16%, to \$1,125 million for the nine months ended September 30, 2024, compared to \$966 million for the nine months ended September 30, 2023. This increase is primarily due to the drivers above.

Interest capitalized during development and construction increased \$15 million to \$164 million for the three months ended September 30, 2024, compared to \$149 million for the three months ended September 30, 2023, primarily due to more projects in development at the Renewables SBU, higher debt balances, and higher interest rates.

Interest capitalized during development and construction increased \$95 million to \$491 million for the nine months ended September 30, 2024, compared to \$396 million for the nine months ended September 30, 2023, primarily due to the drivers above.

Interest income

Interest income decreased \$25 million, or 17%, to \$119 million for the three months ended September 30, 2024, compared to \$144 million for the three months ended September 30, 2023, primarily due to lower short-term investments at the Energy Infrastructure and Renewables SBUs, partially offset by interest recognized on the Stabilization Fund receivables in Chile.

Interest income decreased \$86 million, or 22%, to \$312 million for the nine months ended September 30, 2024, compared to \$398 million for the nine months ended September 30, 2023, primarily due to the drivers above.

Loss on extinguishment of debt

Loss on extinguishment of debt was \$11 million for the nine months ended September 30, 2024 primarily due to a prepayment at AES Andes. See Note 8—*Debt* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Other income and expense

Other income increased \$52 million to \$64 million for the three months ended September 30, 2024, compared to \$12 million for the three months ended September 30, 2023, mainly due to gains on remeasurement of contingent consideration at AES Clean Energy and an indexation adjustment of Stabilization Fund receivables at AES Andes.

Other income increased \$84 million to \$120 million for the nine months ended September 30, 2024, compared to \$36 million for the nine months ended September 30, 2023, mainly due to gains on remeasurement of contingent consideration at AES Clean Energy, an indexation adjustment of Stabilization Fund receivables at AES Andes, a gain on commencement of a sales-type lease on land, and insurance proceeds primarily associated with property damage at AES Andes.

Other expense increased \$19 million to \$31 million for the three months ended September 30, 2024, compared to \$12 million for the three months ended September 30, 2023, primarily driven by losses on remeasurement of contingent consideration at AES Clean Energy.

Other expense increased \$115 million to \$153 million for the nine months ended September 30, 2024, compared to \$38 million for the nine months ended September 30, 2023, primarily driven by losses on commencement of sales-type leases at AES Renewable Holdings, legal expenses and other direct costs related to the troubled debt restructuring at Puerto Rico, and losses on remeasurement of contingent consideration at AES Clean Energy.

See Note 15—*Other Income and Expense* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Gain (loss) on disposal and sale of business interests

Loss on disposal and sale of business interests was \$1 million for the three months ended September 30, 2024, with no material drivers.

Gain on disposal and sale of business interests was \$43 million for the nine months ended September 30, 2024, compared to a loss of \$4 million for nine months ended September 30, 2023, driven by the gain on dilution of AES' ownership interest in Uplight as a result of the AutoGrid acquisition, partially offset by the loss on the selldown of Amman East and IPP4 in Jordan, which is now accounted for as an equity method investment. See Note 7—*Investments in and Advances to Affiliates* and Note 18—*Held-for-Sale and Dispositions* for further information.

Asset impairment expense

Asset impairment expense decreased \$79 million to \$79 million for the three months ended September 30, 2024, compared to \$158 million for the three months ended September 30, 2023. This decrease was due to prior year impairments of \$77 million and \$59 million at TEG and TEP, respectively, in Mexico due to a reduction in expected cash flows after expiration of the current PPAs, and a \$14 million impairment at Amman East and IPP4 in Jordan due to the delay in closing the sale transaction. This was partially offset by current quarter impairments of \$60 million and \$11 million at AES Brasil and Mong Duong, respectively, due to subsequent impairment analyses after meeting held-for-sale criteria.

Asset impairment expense increased \$3 million to \$355 million for the nine months ended September 30, 2024, compared to \$352 million for the nine months ended September 30, 2023. This increase was primarily due to current year impairments of \$277 million and \$54 million at AES Brasil and Mong Duong, respectively, after meeting held-for-sale criteria. This was partially offset by prior year impairments of \$77 million and \$59 million at TEG and TEP, respectively, \$137 million associated with the commitment to accelerate the retirement of the Norgener coal-fired plant in Chile, \$43 million at Amman East and IPP4 in Jordan due to the delay in closing the sale transaction, and \$18 million at five project companies at AES Renewable Holdings associated with the buyout of tax equity partners.

See Note 16—*Asset Impairment Expense* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Foreign currency transaction gains (losses)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Corporate	\$ (17)	\$ 2	\$ 18	\$ (7)
Brazil	1	(1)	1	12
Argentina	1	(79)	1	(151)
Chile	(13)	(24)	(17)	(69)
Other	—	2	(1)	6
Total ⁽¹⁾	<u>\$ (28)</u>	<u>\$ (100)</u>	<u>\$ 2</u>	<u>\$ (209)</u>

⁽¹⁾ Includes losses of \$15 million and gains of \$15 million on foreign currency derivative contracts for the three months ended September 30, 2024 and 2023, respectively, and gains of \$94 million and losses of \$23 million on foreign currency derivative contracts for the nine months ended September 30, 2024 and 2023, respectively.

The Company recognized net foreign currency transaction losses of \$28 million for the three months ended September 30, 2024, primarily driven by unrealized losses on swaps and options denominated in the Brazilian real and unrealized losses due to the depreciation of the Chilean peso.

The Company recognized net foreign currency transaction gains of \$2 million for the nine months ended September 30, 2024, primarily driven by unrealized gains on swaps and options denominated in the Brazilian real; partially offset by unrealized losses due to the depreciation of the Chilean peso.

The Company recognized net foreign currency transaction losses of \$100 million for the three months ended September 30, 2023, primarily driven by the depreciation of the Argentine peso and unrealized losses related to an intercompany loan denominated in the Colombian peso.

The Company recognized net foreign currency transaction losses of \$209 million for the nine months ended September 30, 2023, primarily driven by the depreciation of the Argentine peso and unrealized losses related to an intercompany loan denominated in the Colombian peso; partially offset by unrealized gains on debt in Brazil.

Income tax expense

Income tax expense decreased \$6 million, or 6%, to \$103 million for the three months ended September 30, 2024, compared to \$109 million for the three months ended September 30, 2023. The Company's effective tax rates were 31% and 26% for the three months ended September 30, 2024 and 2023, respectively. This increase in the effective tax rate was impacted by tax expense resulting from allocations of losses to tax equity investors on renewables projects. Partially offsetting these impacts was the current quarter benefit associated with ITCs.

Income tax expense decreased \$127 million, or 71%, to \$52 million for the nine months ended September 30, 2024, compared to \$179 million for the nine months ended September 30, 2023. The Company's effective tax rates were 10% and 26% for the nine months ended September 30, 2024 and 2023, respectively. This decrease in the effective tax rate was largely due to the current year benefits associated with ITCs, the AES Brasil held-for-sale reclassification, and the restructuring of a foreign holding company. These drivers were partially offset by current year tax expense resulting from allocations of losses to tax equity investors on renewables projects. Further, the prior year effective tax rate was benefited by inflationary and foreign currency impacts at certain Argentine businesses, partially offset by the recognition of valuation allowance against certain Argentine deferred tax assets.

See Note 18—*Held-for-Sale and Dispositions* in Item 1.—Financial Statements of this Form 10-Q for further information on AES Brasil.

Our effective tax rate reflects the tax effect of significant operations outside the U.S., which are generally taxed at rates different than the U.S. statutory rate of 21%. Furthermore, our foreign earnings may be subjected to incremental U.S. taxation under the GILTI rules. A future proportionate change in the composition of income before income taxes from foreign and domestic tax jurisdictions could impact our periodic effective tax rate.

Net equity in losses of affiliates

Net equity in losses of affiliates decreased \$5 million to \$9 million for the three months ended September 30, 2024, compared to \$14 million for the three months ended September 30, 2023. This decrease was primarily driven by higher earnings from sPower, primarily due to contributions from new projects that came online.

Net equity in losses of affiliates decreased \$22 million to \$21 million for the nine months ended September 30, 2024, compared to \$43 million for the nine months ended September 30, 2023. This decrease was primarily driven by a decrease in losses from Fluence, mainly attributable to improved margins on a new product line, and higher earnings from sPower, primarily due to contributions from new projects that came online, partially offset by a

decrease in earnings from Mesa La Paz, primarily due to the prior year termination of derivative positions due to a contract amendment.

See Note 7—*Investments in and Advances to Affiliates* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Net income (loss) attributable to noncontrolling interests and redeemable stock of subsidiaries

Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries increased \$352 million to a \$292 million loss for the three months ended September 30, 2024, compared to income of \$60 million for the three months ended September 30, 2023. This increase was primarily due to:

- Higher allocation of losses to tax equity investors on renewables projects placed in service; and
- Held-for-sale impairments at Brazil and Mong Duong.

These increases were partially offset by:

- Sell-downs of business interests resulting in larger shares of income attributable to minority shareholders at the Energy Infrastructure SBU; and
- Better hydrology resulting in higher generation in Panama.

Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries increased \$788 million to a \$670 million loss for the nine months ended September 30, 2024, compared to income of \$118 million for the nine months ended September 30, 2023. This increase was primarily due to:

- Higher allocation of losses to tax equity investors on renewables projects placed in service; and
- Held-for-sale impairments at Brazil and Mong Duong.

These increases were partially offset by:

- Sell-downs of business interests resulting in larger shares of income attributable to minority shareholders at the Energy Infrastructure SBU; and
- Better hydrology resulting in higher generation in Panama.

Net income (loss) attributable to The AES Corporation

Net income attributable to The AES Corporation increased \$271 million to \$502 million for the three months ended September 30, 2024, compared to \$231 million for the three months ended September 30, 2023. This increase was primarily due to:

- Higher contributions from renewables projects placed in service in the current year;
- Lower long-lived asset impairments in the current year; and
- Unrealized foreign currency losses at the Energy Infrastructure SBU in the prior year.

These increases were partially offset by:

- Lower contributions from the Energy Infrastructure SBU primarily due to the end of commercial operations at Warrior Run in the second quarter of 2024 and higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year;
- Lower margins at the Renewables SBU driven by record-breaking drought conditions and partial outage due to a flooding incident in Colombia; and
- Higher interest expense mainly from new debt at the Renewables and Utilities SBUs.

Net income attributable to The AES Corporation increased \$776 million to \$1,119 million for the nine months ended September 30, 2024, compared to \$343 million for the nine months ended September 30, 2023. This increase was primarily due to:

- Higher contributions from renewables projects placed in service in the current year;
- Unrealized foreign currency losses at the Energy Infrastructure SBU in the prior year;
- Lower long-lived asset impairments in the current year;
- Higher revenues under a PPA termination agreement in the Energy Infrastructure SBU;

- Lower income tax expense; and
- Higher earnings from the Utilities SBU.

These increases were partially offset by:

- The impact of sell-downs, higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year, and higher outages at the Energy Infrastructure SBU;
- Lower margins at the Renewables SBU driven by record-breaking drought conditions and partial outage due to a flooding incident in Colombia;
- Losses on commencement of sales-type leases at AES Renewable Holdings; and
- Higher interest expense and lower interest income in the current year.

SBU Performance Analysis

Non-GAAP Measures

EBITDA, Adjusted EBITDA, Adjusted EBITDA with Tax Attributes, Adjusted PTC, and Adjusted EPS are non-GAAP supplemental measures that are used by management and external users of our condensed consolidated financial statements such as investors, industry analysts, and lenders.

During the first quarter of 2024, the Company updated the definitions of Adjusted EBITDA, Adjusted PTC, and Adjusted EPS add-back (a) *unrealized gains or losses related to derivative transactions and equity securities* to include financial assets and liabilities measured using the fair value option, and updated add-back (e) *gains, losses, and costs due to the early retirement of debt* to include troubled debt restructuring. We believe excluding these gains or losses better reflects the underlying business performance of the Company. The Company also removed the adjustment for net gains at Angamos, one of our businesses in the Energy Infrastructure SBU, associated with the early contract terminations with Minera Escondida and Minera Spence. As this adjustment was specific to certain contract terminations that occurred in 2020, we believe removing this adjustment from our non-GAAP definitions provides simplification and clarity for our investors. There were no such impacts in 2023 or 2024 to date.

EBITDA, Adjusted EBITDA and Adjusted EBITDA with Tax Attributes

We define EBITDA as earnings before interest income and expense, taxes, depreciation, and amortization. We define Adjusted EBITDA as EBITDA adjusted for the impact of NCI and interest, taxes, depreciation, and amortization of our equity affiliates, adding back interest income recognized under service concession arrangements, and excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring.

In addition to the revenue and cost of sales reflected in Operating Margin, Adjusted EBITDA includes the other components of our Consolidated Statement of Operations, such as *general and administrative expenses* in Corporate and Other as well as business development costs, *other expense* and *other income*, *realized foreign currency transaction gains and losses*, and *net equity in earnings (losses) of affiliates*.

We further define Adjusted EBITDA with Tax Attributes as Adjusted EBITDA, adding back the pre-tax effect of Production Tax Credits ("PTCs"), Investment Tax Credits ("ITCs"), and depreciation tax deductions allocated to tax equity investors, as well as the tax benefit recorded from tax credits retained or transferred to third parties.

The GAAP measure most comparable to EBITDA, Adjusted EBITDA, and Adjusted EBITDA with Tax Attributes is *Net income*. We believe that EBITDA, Adjusted EBITDA, and Adjusted EBITDA with Tax Attributes better reflect the underlying business performance of the Company. Adjusted EBITDA is the most relevant measure considered in the Company's internal evaluation of the financial performance of its segments. Factors in this determination include the variability due to unrealized gains or losses pertaining to derivative transactions, equity securities, or financial assets and liabilities remeasurement, unrealized foreign currency gains or losses, losses due to impairments, strategic decisions to dispose of or acquire business interests or retire debt, and the variability of allocations of earnings to tax equity investors, which affect results in a given period or periods. In addition, each of these metrics represents the business performance of the Company before the application of statutory income tax rates and tax

adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Given its large number of businesses and overall complexity, the Company concluded that Adjusted EBITDA is a more transparent measure than *Net income* that better assists investors in determining which businesses have the greatest impact on the Company's results.

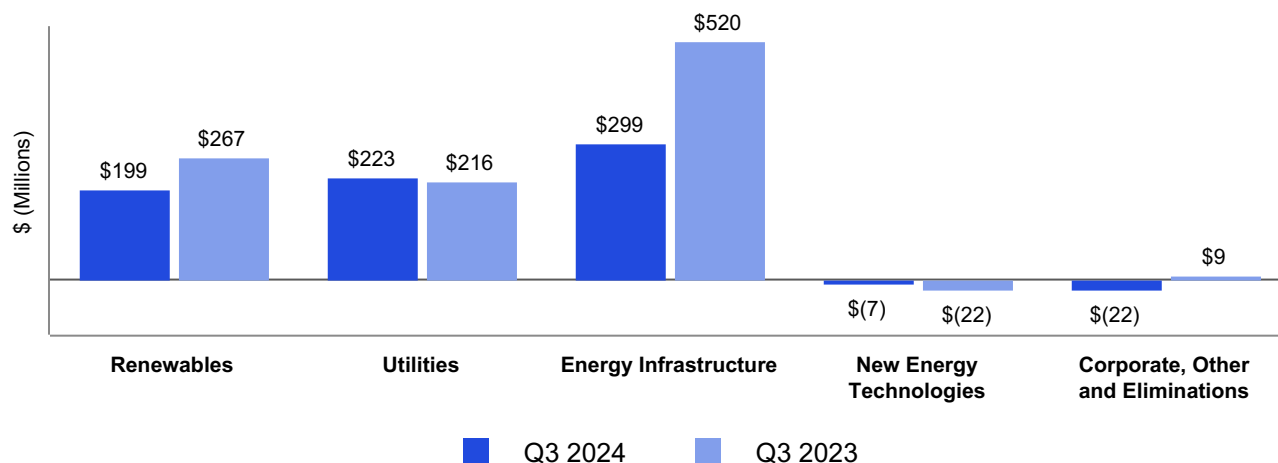
EBITDA, Adjusted EBITDA, and Adjusted EBITDA with Tax Attributes should not be construed as alternatives to *Net income*, which is determined in accordance with GAAP.

Reconciliation of Adjusted EBITDA and Adjusted EBITDA with Tax Attributes (in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 210	\$ 291	\$ 449	\$ 461
Income tax expense	103	109	52	179
Interest expense	379	326	1,125	966
Interest income	(119)	(144)	(312)	(398)
Depreciation and amortization	306	286	926	836
EBITDA	\$ 879	\$ 868	\$ 2,240	\$ 2,044
Less: Income from discontinued operations	7	—	7	—
Less: Adjustment for noncontrolling interests and redeemable stock of subsidiaries ⁽¹⁾	(229)	(183)	(471)	(508)
Less: Income tax expense (benefit), interest expense (income) and depreciation and amortization from equity affiliates	30	27	91	93
Interest income recognized under service concession arrangements	16	18	49	54
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	(47)	10	(185)	3
Unrealized foreign currency losses	7	97	10	161
Disposition/acquisition losses (gains)	(11)	8	8	21
Impairment losses	39	145	179	318
Loss on extinguishment of debt and troubled debt restructuring	1	—	51	1
Adjusted EBITDA ⁽¹⁾	\$ 692	\$ 990	\$ 1,979	\$ 2,187
Tax attributes	476	18	895	69
Adjusted EBITDA with Tax Attributes ⁽²⁾	\$ 1,168	\$ 1,008	\$ 2,874	\$ 2,256

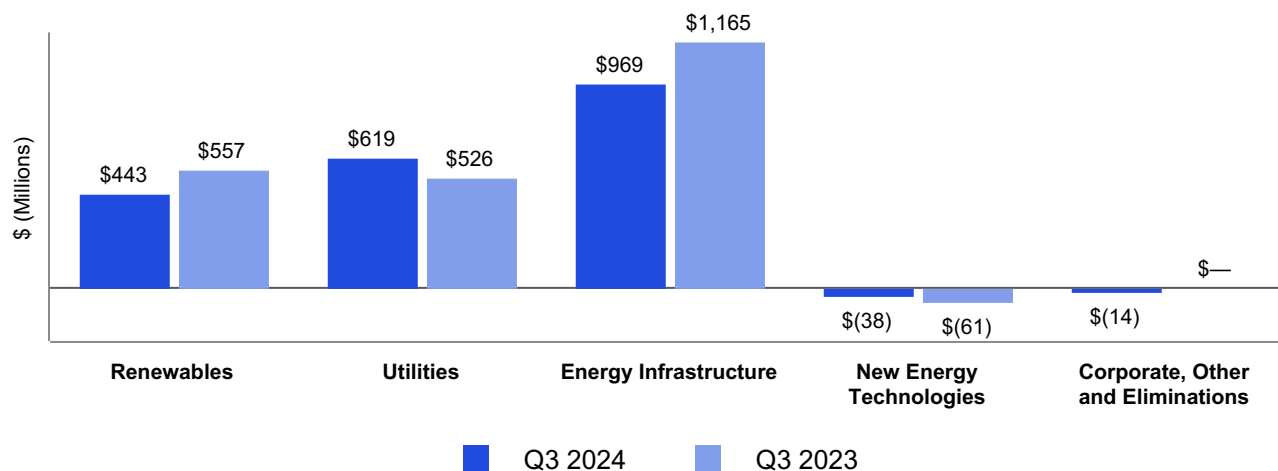
⁽¹⁾ The allocation of earnings and losses to tax equity investors from both consolidated entities and equity affiliates is removed from Adjusted EBITDA.

⁽²⁾ Adjusted EBITDA with Tax Attributes includes the impact of the share of the ITCs, PTCs, and depreciation deductions allocated to tax equity investors under the HLBV accounting method and recognized as *Net loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries* on the Condensed Consolidated Statements of Operations. It also includes the tax benefit recorded from tax credits retained or transferred to third parties. The tax attributes are related to the Renewables and Utilities SBUs.

Adjusted EBITDA QTD



Adjusted EBITDA YTD



Adjusted PTC

We define Adjusted PTC as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits, and costs associated with dispositions and acquisitions of business interests, including early plant closures, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring. Adjusted PTC also includes net equity in earnings of affiliates on an after-tax basis adjusted for the same gains or losses excluded from consolidated entities.

Adjusted PTC reflects the impact of NCI and excludes the items specified in the definition above. In addition to the revenue and cost of sales reflected in Operating Margin, Adjusted PTC includes the other components of our Consolidated Statement of Operations, such as *general and administrative expenses* in Corporate and Other as well as business development costs, *interest expense* and *interest income*, *other expense* and *other income*, *realized foreign currency transaction gains and losses*, and *net equity in earnings (losses) of affiliates*.

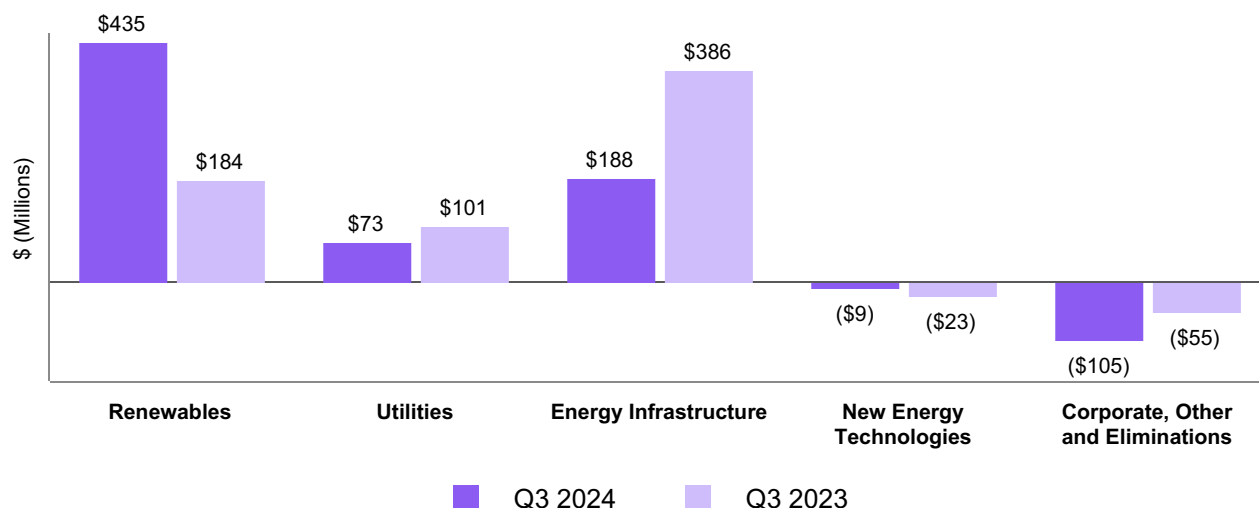
The GAAP measure most comparable to Adjusted PTC is *Income from continuing operations attributable to The AES Corporation*. We believe that Adjusted PTC better reflects the underlying business performance of the Company and is a relevant measure considered in the Company's internal evaluation of the financial performance of its segments. Factors in this determination include the variability due to unrealized gains or losses pertaining to

derivative transactions, equity securities, or financial assets and liabilities remeasurement, unrealized foreign currency gains or losses, losses due to impairments, and strategic decisions to dispose of or acquire business interests or retire debt, which affect results in a given period or periods. In addition, Adjusted PTC represents the business performance of the Company before the application of statutory income tax rates and tax adjustments, including the effects of tax planning, corresponding to the various jurisdictions in which the Company operates. Given its large number of businesses and complexity, the Company concluded that Adjusted PTC is a more transparent measure than *Income from continuing operations attributable to The AES Corporation* that better assists investors in determining which businesses have the greatest impact on the Company's results.

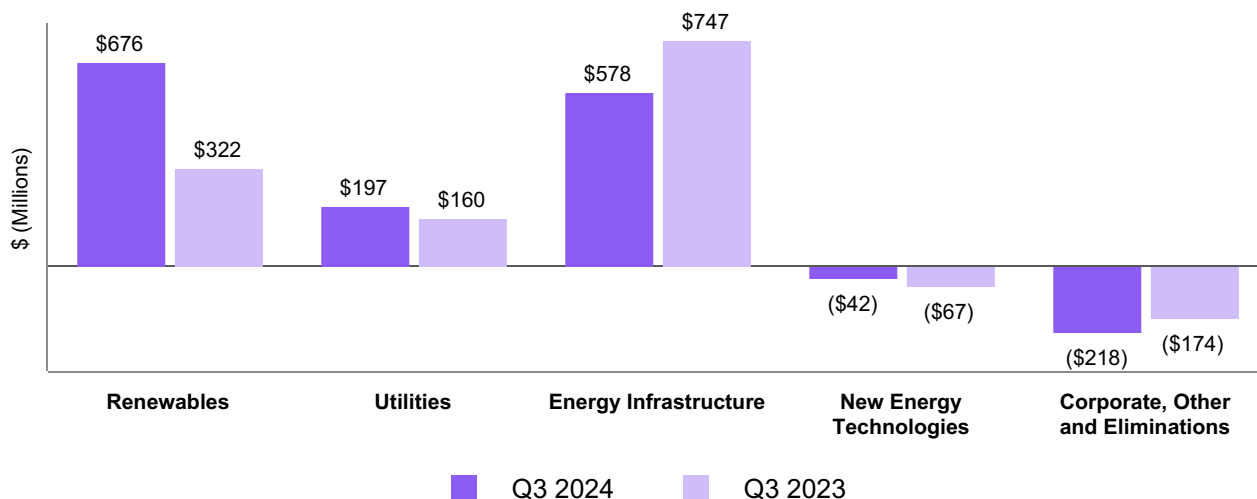
Adjusted PTC should not be construed as an alternative to *Income from continuing operations attributable to The AES Corporation*, which is determined in accordance with GAAP.

Reconciliation of Adjusted PTC (in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Income from continuing operations, net of tax, attributable to The AES Corporation	\$ 509	\$ 231	\$ 1,126	\$ 343
Income tax expense (benefit) from continuing operations attributable to The AES Corporation	82	101	(4)	136
Pre-tax contribution	591	332	1,122	479
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	(47)	9	(185)	3
Unrealized foreign currency losses	7	96	10	160
Disposition/acquisition losses (gains)	(11)	8	8	21
Impairment losses	39	145	179	318
Loss on extinguishment of debt and troubled debt restructuring	3	3	57	7
Adjusted PTC	\$ 582	\$ 593	\$ 1,191	\$ 988

Adjusted PTC QTD



Adjusted PTC YTD



Adjusted EPS

We define Adjusted EPS as diluted earnings per share from continuing operations excluding gains or losses of both consolidated entities and entities accounted for under the equity method due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using the fair value option; (b) unrealized foreign currency gains or losses; (c) gains, losses, benefits and costs associated with dispositions and acquisitions of business interests, including early plant closures, and the tax impact from the repatriation of sales proceeds, and gains and losses recognized at commencement of sales-type leases; (d) losses due to impairments; and (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring.

The GAAP measure most comparable to Adjusted EPS is *Diluted earnings per share from continuing operations*. We believe that Adjusted EPS better reflects the underlying business performance of the Company and is considered in the Company's internal evaluation of financial performance. Factors in this determination include the variability due to unrealized gains or losses pertaining to derivative transactions, equity securities, or financial assets and liabilities remeasurement, unrealized foreign currency gains or losses, losses due to impairments, and strategic decisions to dispose of or acquire business interests or retire debt, which affect results in a given period or periods.

Adjusted EPS should not be construed as an alternative to *Diluted earnings per share from continuing operations*, which is determined in accordance with GAAP.

Reconciliation of Adjusted EPS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Diluted earnings per share from continuing operations	\$ 0.72	\$ 0.32	\$ 1.58	\$ 0.48
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	(0.06) ⁽¹⁾	0.01	(0.26) ⁽²⁾	— ⁽³⁾
Unrealized foreign currency losses	0.01	0.14 ⁽⁴⁾	0.02	0.22 ⁽⁵⁾
Disposition/acquisition losses (gains)	(0.02)	0.01	0.01 ⁽⁶⁾	0.03
Impairment losses	0.05 ⁽⁷⁾	0.21 ⁽⁸⁾	0.25 ⁽⁹⁾	0.45 ⁽¹⁰⁾
Loss on extinguishment of debt and troubled debt restructuring	—	—	0.08 ⁽¹¹⁾	0.01
Less: Net income tax expense (benefit)	0.01	(0.09) ⁽¹²⁾	(0.08) ⁽¹³⁾	(0.16) ⁽¹⁴⁾
Adjusted EPS	<u>\$ 0.71</u>	<u>\$ 0.60</u>	<u>\$ 1.60</u>	<u>\$ 1.03</u>

⁽¹⁾ Amount primarily relates to net unrealized derivative gains at the Energy Infrastructure SBU of \$50 million, or \$0.07 per share, and unrealized gains on commodity derivatives at AES Clean Energy of \$17 million, or \$0.02 per share, partially offset by unrealized losses on foreign currency derivatives at Corporate of \$17 million, or \$0.02 per share.

⁽²⁾ Amount primarily relates to net unrealized derivative gains at the Energy Infrastructure SBU of \$109 million, or \$0.15 per share, unrealized gains on commodity derivatives at AES Clean Energy of \$33 million, or \$0.05 per share, unrealized gains on cross currency swaps in Brazil of \$28 million, or \$0.04 per share, and unrealized gains on foreign currency derivatives at Corporate of \$20 million, or \$0.03 per share.

⁽³⁾ Amount primarily relates to recognition of unrealized derivative losses due to the termination of a PPA of \$72 million, or \$0.10 per share and unrealized derivative losses at AES Clean Energy of \$20 million, or \$0.03 per share, offset by unrealized derivative gains at the Energy Infrastructure SBU of \$108 million,

or \$0.15 per share.

- (4) Amount primarily relates to unrealized foreign currency losses mainly associated with the devaluation of long-term receivables denominated in Argentine pesos of \$60 million, or \$0.08 per share, unrealized foreign currency losses at AES Andes of \$21 million, or \$0.03 per share, and unrealized foreign currency losses on debt in Brazil of \$10 million, or \$0.01 per share.
- (5) Amount primarily relates to unrealized foreign currency losses mainly associated with the devaluation of long-term receivables denominated in Argentine pesos of \$109 million, or \$0.15 per share, and unrealized foreign currency losses at AES Andes of \$54 million, or \$0.08 per share.
- (6) Amount primarily relates to day-one losses at commencement of sales-type leases at AES Renewable Holdings of \$63 million, or \$0.09 per share, and the loss on partial sale of our ownership interest in Amman East and IPP4 in Jordan of \$10 million, or \$0.01 per share, partially offset by a gain on dilution of ownership in Uplight due to its acquisition of AutoGrid of \$52 million, or \$0.07 per share.
- (7) Amount primarily relates to impairment at Brazil of \$29 million, or \$0.04 per share, and impairment at Mong Duong of \$6 million, or \$0.01 per share.
- (8) Amount primarily relates to asset impairments at TEG and TEP of \$76 million and \$58 million, respectively, or \$0.19 per share.
- (9) Amount primarily relates to impairment at Brazil of \$131 million, or \$0.18 per share, and impairment at Mong Duong of \$28 million, or \$0.04 per share.
- (10) Amount primarily relates to asset impairments at the Norgener coal-fired plant in Chile of \$136 million, or \$0.19 per share, at TEG and TEP of \$76 million and \$58 million, respectively, or \$0.19 per share, the GAF projects at AES Renewable Holdings of \$18 million, or \$0.03 per share, and at Jordan of \$16 million, or \$0.02 per share.
- (11) Amount primarily relates to losses incurred at AES Andes due to early retirement of debt \$29 million, or \$0.04 per share, and costs incurred due to troubled debt restructuring at Puerto Rico of \$20 million, or \$0.03 per share.
- (12) Amount primarily relates to income tax benefits associated with the asset impairments at TEG and TEP of \$34 million, or \$0.05 per share and income tax benefits associated with unrealized foreign currency losses at AES Andes of \$6 million, or \$0.01 per share.
- (13) Amount primarily relates to income tax benefits associated with the tax over book investment basis differences related to the AES Brasil held-for-sale classification of \$59 million, or \$0.08 per share.
- (14) Amount primarily relates to income tax benefits associated with the asset impairments at the Norgener coal-fired plant in Chile of \$35 million, or \$0.05 per share and at TEG and TEP of \$34 million, or \$0.05 per share, income tax benefits associated with the recognition of unrealized losses due to the termination of a PPA of \$18 million, or \$0.02 per share, and income tax benefits associated with unrealized foreign currency losses at AES Andes of \$14 million, or \$0.02 per share.

Renewables SBU

The following table summarizes Operating Margin, Adjusted EBITDA, and Adjusted EBITDA with Tax Attributes (in millions) for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Operating Margin	\$ 179	\$ 222	\$ (43)	-19%	\$ 323	\$ 428	\$ (105)	-25%
Adjusted EBITDA ⁽¹⁾	199	267	(68)	-25%	443	557	(114)	-20%
Adjusted EBITDA with Tax Attributes ⁽¹⁾	674	285	389	NM	1,321	626	695	NM

⁽¹⁾ A non-GAAP financial measure. See *SBU Performance Analysis—Non-GAAP Measures* for definition.

Operating Margin for the three months ended September 30, 2024 decreased \$43 million. This decrease was primarily driven by record-breaking drought conditions in Colombia. Additionally, a partial outage in Colombia during July 2024, which resulted from a flooding incident at the Chivor plant in the prior month, drier hydrology in Brazil and the depreciation of the Brazilian real further impacted operating margin. These adverse effects were partially offset by higher margins due to better hydrology in Panama, new businesses operating in our portfolio, higher contracted energy sales, and unrealized derivative gains.

Adjusted EBITDA for the three months ended September 30, 2024 decreased \$68 million, primarily due to the drivers mentioned above, adjusted for NCI, unrealized derivatives, and depreciation.

Adjusted EBITDA with Tax Attributes for the three months ended September 30, 2024 increased \$389 million, primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the decrease in Adjusted EBITDA. During the three months ended September 30, 2024 and 2023, we realized \$475 million and \$18 million, respectively, from tax attributes earned by our U.S. renewables business.

Operating Margin for the nine months ended September 30, 2024 decreased \$105 million, driven primarily by higher fixed costs due to an accelerated growth plan, record-breaking drought conditions in Colombia, reduced wind and solar availability alongside drier hydrological conditions in Brazil, and higher outages at Colombia due to a flooding incident at the Chivor plant which occurred in June 2024, partially offset by higher margin from new businesses, higher contracted energy sales and unrealized derivatives gains.

Adjusted EBITDA for the nine months ended September 30, 2024 decreased \$114 million, primarily due to the drivers mentioned above, adjusted for NCI, and depreciation.

Adjusted EBITDA with Tax Attributes for the nine months ended September 30, 2024 increased \$695 million, primarily due to higher realized tax attributes driven by more renewables projects placed in service, partially offset by the decrease in Adjusted EBITDA. During the nine months ended September 30, 2024 and 2023, we realized \$878 million and \$69 million, respectively, from tax attributes earned by our U.S. renewables business.

Utilities SBU

The following table summarizes Operating Margin, Adjusted EBITDA, Adjusted EBITDA with Tax Attributes, and Adjusted PTC (in millions) for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Operating Margin	\$ 165	\$ 160	\$ 5	3%	\$ 441	\$ 351	\$ 90	26%
Adjusted EBITDA ⁽¹⁾	223	216	7	3%	619	526	93	18%
Adjusted EBITDA with Tax Attributes ⁽¹⁾	224	216	8	4%	636	526	110	21%
Adjusted PTC ⁽¹⁾⁽²⁾	73	101	(28)	-28%	197	160	37	23%

⁽¹⁾ A non-GAAP financial measure. See *SBU Performance Analysis—Non-GAAP Measures* for definition.

⁽²⁾ Adjusted PTC remains a key metric used by management for analyzing our businesses in the utilities industry.

Operating Margin for the three months ended September 30, 2024 increased \$5 million, driven primarily by the increase in transmission and rider revenues due to higher ECCRA and DIR, higher retail rates as a result of the 2024 Base Rate Order, and higher demand due to the impact of weather. These increases are partially offset by the prior year deferral of power purchase costs associated with the approval of ESP 4, and higher fixed costs.

Adjusted EBITDA for the three months ended September 30, 2024 increased \$7 million, primarily due to the drivers above, adjusted for NCI and depreciation.

Adjusted EBITDA with Tax Attributes increased \$8 million, mainly driven by the drivers above.

Adjusted PTC for the three months ended September 30, 2024 decreased \$28 million due to the drivers above, offset by higher depreciation expense and higher interest expense, primarily due to increased borrowings at IPALCO and the prior year deferral of carrying costs associated with the approval of ESP 4.

Operating Margin for the nine months ended September 30, 2024 increased \$90 million, mainly driven by an increase in transmission and rider revenues due to higher TDSIC, ECCRA and DIR; higher demand due to the impact of weather and higher retail rates as a result of the 2024 Base Rate Order. These increases are partially offset by the prior year deferral of power purchase costs associated with the approval of ESP 4, and higher fixed costs.

Adjusted EBITDA for the nine months ended September 30, 2024 increased \$93 million, primarily due to the drivers above, adjusted for NCI and depreciation.

Adjusted EBITDA with Tax Attributes increased \$110 million due to the drivers above, as well as \$17 million of realized tax attributes related to the Hardy Hills solar project in the current year.

Adjusted PTC for the nine months ended September 30, 2024 increased \$37 million due to the drivers above, partially offset by higher depreciation expense and higher interest expense, primarily due to increased borrowings at IPALCO and the prior year deferral of carrying costs associated with the approval of ESP 4.

Energy Infrastructure SBU

The following table summarizes Operating Margin and Adjusted EBITDA (in millions) for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Operating Margin	\$ 355	\$ 504	\$ (149)	-30%	\$1,026	\$1,120	\$ (94)	-8%
Adjusted EBITDA ⁽¹⁾	299	520	(221)	-43%	969	1,165	(196)	-17%

⁽¹⁾ A non-GAAP financial measure. See *SBU Performance Analysis—Non-GAAP Measures* for definition.

Operating Margin for the three months ended September 30, 2024 decreased \$149 million, driven primarily by lower revenues due to end of commercial operations of Warrior Run, higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year, lower thermal dispatch substituted with renewable sources, and impact of the selldown of Amman East and IPP4 in Jordan. These losses were partially offset by favorable LNG transactions.

Adjusted EBITDA for the three months ended September 30, 2024 decreased \$221 million, primarily due to the drivers above adjusted for NCI and unrealized derivatives.

Operating Margin for the nine months ended September 30, 2024 decreased \$94 million, driven by higher energy margin from our hedged merchant Southland facilities in the prior year that are contracted primarily for capacity in the current year, higher outages, impact of the selldown of Amman East and IPP4 in Jordan, and lower thermal dispatch substituted by renewable sources. These losses were partially offset by higher revenues due to a PPA termination agreement and lower fixed costs.

Adjusted EBITDA for the nine months ended September 30, 2024 decreased \$196 million, primarily due to the drivers above, adjusted for NCI and unrealized derivatives.

New Energy Technologies SBU

The following table summarizes Operating Margin and Adjusted EBITDA (in millions) for the periods indicated:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Operating Margin	\$ (1)	\$ (2)	\$ 1	-50%	\$ (5)	\$ (8)	\$ 3	38%
Adjusted EBITDA ⁽¹⁾	(7)	(22)	15	-68%	(38)	(61)	23	38%

⁽¹⁾ A non-GAAP financial measure. See *SBU Performance Analysis—Non-GAAP Measures* for definition.

Operating Margin for the three months ended September 30, 2024 increased \$1 million, with no material drivers.

Adjusted EBITDA for the three months ended September 30, 2024 increased \$15 million, primarily due to a reduction in losses at Fluence as a result of higher margins on a new product line.

Operating Margin for the nine months ended September 30, 2024 increased \$3 million, with no material drivers.

Adjusted EBITDA for the nine months ended September 30, 2024 increased \$23 million, primarily due to a reduction in losses at Fluence as a result of higher margins on a new product line.

Key Trends and Uncertainties

During 2024 and beyond, we expect to face the following challenges at certain of our businesses. Management expects that improved operating performance at certain businesses, growth from new businesses, and global cost reduction initiatives may lessen or offset their impact. If these favorable effects do not occur, or if the challenges described below and elsewhere in this section impact us more significantly than we currently anticipate, or if volatile foreign currencies and commodities move more unfavorably, then these adverse factors (or other adverse factors unknown to us) may have a material impact on our operating margin, net income attributable to The AES Corporation, and cash flows. We continue to monitor our operations and address challenges as they arise. For the risk factors related to our business, see Item 1.—*Business* and Item 1A.—*Risk Factors* of our 2023 Form 10-K.

Operational

Trade Restrictions and Supply Chain — On April 1, 2022, the U.S. Department of Commerce (“Commerce”) initiated an investigation into whether imports into the U.S. of solar cells and panels imported from Cambodia, Malaysia, Thailand, and Vietnam (“Southeast Asia”) are circumventing antidumping and countervailing duty (“AD/CVD”) orders on solar cells and panels from China. This investigation resulted in significant systemic disruptions to the import of solar cells and panels from Southeast Asia. On June 6, 2022, President Biden issued a Proclamation waiving any circumvention duties on imported solar cells and panels from Southeast Asia that result from this investigation for a 24-month period ending June 6, 2024. Suppliers resumed importing cells and panels from Southeast Asia into the U.S. pursuant to a Commerce certification regime implementing the Proclamation.

On December 2, 2022, Commerce issued country-wide affirmative preliminary determinations that circumvention had occurred in each of the four Southeast Asian countries. Commerce also evaluated numerous individual companies and issued preliminary determinations that circumvention had occurred with respect to several but not all of these companies. Additionally, Commerce issued a preliminary determination that circumvention would not be deemed to occur for any solar cells and panels imported from the four countries if the wafers comprising the cells and panels were manufactured outside of China or if no more than two out of six specifically identified panel components were produced in China. On August 23, 2023, Commerce published its final determinations and affirmed its preliminary findings in most respects. Commerce found that three of the specific companies it investigated were not circumventing. Several parties have challenged Commerce’s circumvention final

determinations before the U.S. Court of International Trade ("CIT"), arguing that the determinations were not supported by substantial evidence or otherwise rendered in accordance with governing law.

On December 29, 2023, Auxin Solar and Concept Clean Energy filed a lawsuit before the CIT, challenging certain aspects of the final rule promulgated by Commerce to implement the Proclamation. The lawsuit specifically challenges Commerce's decisions not to suspend the final disposition of certain entries of imported solar cells and panels from Southeast Asia made prior to June 6, 2024, and not to collect AD/CVD deposits with respect to those entries. Certain U.S. developers, associations, and foreign solar producers have intervened in the case to support Commerce's final rule. The CIT denied motions to dismiss filed by the U.S. Department of Justice, and the defendant-intervenors, and on July 22, 2024, plaintiffs filed their opening brief on the merits.

On April 24, 2024, new Commerce regulations with respect to the administration of AD/CVD cases went into effect, including regulations pertaining to transnational subsidization and particular market situations. On the same day, several companies filed a petition requesting that Commerce initiate an investigation into whether new AD/CVD duties should be imposed on cells and modules imported from Thailand, Cambodia, Malaysia, and Vietnam. These petitions cover exports of cells and panels from Southeast Asia that are not otherwise subject to the Commerce circumvention determinations. On May 14, 2024, Commerce initiated new AD/CVD investigations with respect to all four countries, and the U.S. International Trade Commission (the "ITC") preliminarily voted to continue its investigations on June 7, 2024. On October 4, 2024, Commerce published its CVD preliminary determinations, establishing CVD cash deposit requirements, which may be applied retroactively with respect to Thailand and Vietnam. Commerce is scheduled to announce its AD preliminary determinations in these investigations in late November of 2024. The ITC will conduct its final injury investigation with respect to these exports from Southeast Asia in the first half of 2025. If the Commerce and ITC investigations result in Commerce issuing AD/CVD orders, the orders are likely to be imposed in the second or third quarter of 2025.

Separately, the United States maintains a global tariff (currently 14.25% ad valorem) on solar cells and modules pursuant to the Section 201 Safeguard Action on crystalline silicon photovoltaic products, which became effective in February 2018. On June 21, 2024, President Biden issued Proclamation 10779, revoking the exclusion of bifacial panels from safeguard relief previously proclaimed in Proclamation 10339, and reinstating bifacial panels under the Section 201 Safeguard Action, subject to certain qualifications.

Additionally, the Uyghur Forced Labor Prevention Act ("UFLPA") seeks to block the import of products made with forced labor in certain areas of China, at any point in the supply chain, and may lead to certain suppliers being blocked from importing solar cells and panels to the U.S. While this has impacted the U.S. market, AES has managed this issue without significant impact to our projects. Further disruptions may impact our suppliers' ability or willingness to meet their contractual agreements or to continue to supply cells or panels into the U.S. market on terms that we deem satisfactory.

The impact of new Commerce investigations or any additional adverse Commerce determinations or other tariff disputes or litigation, the impact of the UFLPA, potential future disruptions to the solar panel supply chain and their effect on AES' U.S. solar project development and construction activities remain uncertain. AES will continue to monitor developments and take prudent steps towards maintaining a robust supply chain for our renewables projects. To that end, we have contracted and secured all of the necessary solar panels for our projects in our backlog expected to come online through 2026. We have all the 2024 panels and we expect to have the majority of the 2025 and 2026 panels in the United States by November.

Additionally, as part of our supply chain strategy, we are well advanced in securing domestically manufactured modules to support our US solar growth from 2026 to 2028, with a contractual option to extend deliveries to 2030.

Operational Sensitivity to Dry Hydrological Conditions — Our hydroelectric generation facilities are sensitive to changes in the weather, particularly the level of water inflows into generation facilities. Dry hydrological conditions in Panama, Brazil, Colombia, and Chile can present challenges for our businesses in these markets. Low inflows can result in low reservoir levels, reduced generation output, and subsequently possible increased prices for electricity. If our hydroelectric generation facilities cannot generate sufficient energy to meet contractual arrangements, we may need to purchase energy to fulfill our obligations, which could have an adverse impact on AES. As mitigation, AES has invested in thermal, wind, and solar generation assets, which have a complementary profile to hydroelectric plants. These plants are expected to have increased generation in low hydrology scenarios, offsetting possible impacts described from hydro assets.

According to the National Oceanic and Atmospheric Administration ("NOAA"), neutral conditions are currently observed. La Niña is emerging and expected to continue to emerge through November (60% chance) and is expected to persist through January-March 2025.

In Panama, La Niña phenomenon in contrast to El Niño typically results in wetter conditions than average, although local system impacts may vary due to other factors. Higher hydrology may result in energy surpluses after covering the contracted hydro positions, available to be sold in the spot market after fulfilling contract obligations.

In Colombia, La Niña is typically characterized by more rainfall, possibly leading to a decrease in spot prices. However, during La Niña, impacts vary and the basin where Chivor is located may experience drier conditions than the system. Inflows at our Chivor hydroelectric plant have been below historical averages in the third quarter of 2024. Although conditions are currently expected to return to normal levels in the fourth quarter, should dry conditions persist, Chivor may be exposed to higher spot prices.

In Brazil, La Niña results in more rainfall in the north, drier conditions in the south, and milder temperatures in the central region. Current system reservoir levels remain high, supporting lower spot market prices. However, inflows lower than expected may cause spot and future prices to rise. Lower prices limit external thermal generation which, if dispatched, could impact demand for the AES hydro generation.

In Chile, the primary driver for AES' hydro assets is snowpack volumes. La Niña in Chile tends to divert the frontal systems to the south of Chile, reducing rainfall in the central area, possibly reducing the snowpack formation. Lower snowpack, together with reduced rainfall in the system, could increase both spot prices and energy purchase volumes required to meet contracted positions.

The exact behavior pattern and strength of La Niña is unknown and therefore the impacts could vary from those described above, and may include impacts to our businesses beyond hydrology, including with respect to power generation from other renewable sources of energy and demand. Even if rainfall and water inflows return to historical averages, in some cases market prices and generation above or below the average could persist until reservoir levels are fully recovered. Further, investments made in thermal, wind, and solar power generation may benefit from uncontracted spot sales at higher market prices. Impacts may be material to our results of operations.

Macroeconomic and Political

During the past few years, some countries where our subsidiaries conduct business have experienced macroeconomic and political changes. In the event these trends continue, there could be an adverse impact on our businesses.

Inflation Reduction Act and U.S. Renewable Energy Tax Credits — The U.S. Inflation Reduction Act of 2022 (the "IRA") includes provisions that benefit the U.S. clean energy industry, including increases, extensions, direct transfers, and/or new tax credits for onshore and offshore wind, solar, storage, and hydrogen projects. The IRA extends solar investment tax credits ("ITCs") and provides higher credits for projects that satisfy wage and apprenticeship requirements, which benefit our U.S. renewables business.

Our U.S. renewables business has a 51 GW pipeline that we intend to utilize to continue to grow our business, and these changes in tax policy are supportive of this strategy. We account for U.S. renewables projects according to U.S. GAAP, which, when partnering with tax-equity investors to monetize tax benefits, utilizes the HLBV method. This method recognizes the tax-credit value that is transferred to tax equity investors at the time of its creation, which for projects utilizing the investment tax credit begins in the quarter the project is placed in service. For projects utilizing the production tax credit, this value is recognized over 10 years as the facility produces energy.

The IRA also allows us to directly transfer investment tax credits to unrelated tax credit buyers. We account for the transfer proceeds as tax benefit throughout the year the renewables project is placed in service.

In 2023, we realized \$611 million of earnings from tax attributes, comprised of \$593 million from the Renewables SBU and \$18 million from the Utilities SBU. In 2024, we expect an increase in tax attributes earned by our U.S. renewables business in line with the growth in that business. Based on construction schedules, a significant portion of these earnings will be realized in the fourth quarter. For the nine months ended September 30, 2024, we recognized \$895 million in tax attributes.

The implementation of the IRA requires substantial guidance from the U.S. Department of Treasury and other government agencies. While some of that guidance remains pending, there will be uncertainty with respect to the implementation of certain provisions of the IRA.

Argentina — President Javier Milei was elected on December 10, 2023 and has instituted a series of reforms impacting the power sector.

On July 8, 2024, the Argentine government enacted Law 27,742 or Ley Bases, translated in English as Law of Bases and Starting Points for the Freedom of the Argentine People. Ley Bases declares a public emergency in

administrative, economic, financial, and energy matters for a term of one year, grants delegated powers to the President, and contains a broad reform of the State in order to deregulate the economy, including measures such as labor reform, the implementation of the Incentive Regime for Large Investments, and the modification of several non-income tax measures. The law also opens avenues for privatization of state-owned energy companies.

In addition, the Ministry of Energy published Resolution 150/2024 on July 10, 2024 that repeals certain regulations from previous years that imply excessive involvement of the National State and CAMMESA in the operation and functioning of the wholesale electricity market.

These changes may have a profound impact on the sector, influencing our operations and financial results. It is not yet possible to predict the impact of these regulations in our consolidated results of operations, cash flows, and financial condition.

Global Tax — The macroeconomic and political environments in the U.S. and in some countries where our subsidiaries conduct business have changed in recent years. This could result in significant impacts to future tax law. In the U.S., the IRA includes a 15% corporate alternative minimum tax (CAMT) based on adjusted financial statement income. In September 2024, the IRS released proposed regulations on the 15% CAMT. The Company is currently evaluating the potential impacts of these regulations.

During 2023, the Netherlands, Bulgaria, and Vietnam adopted legislation to implement Pillar 2 effective as of January 1, 2024. We will continue to monitor the issuance of draft legislation in other non-EU countries where the Company operates that are considering Pillar 2 amendments and new interpretive guidance. The impact to the Company during 2024 is not expected to be material.

Inflation — In the markets in which we operate, there have been higher rates of inflation recently. While most of our contracts in our international businesses that are denominated in a currency other than the U.S. dollar are indexed to inflation, in general, our U.S.-based generation contracts are not indexed to inflation. If inflation continues to increase in our markets, it may increase our expenses that we may not be able to pass through to customers. It may also increase the costs of some of our development projects that could negatively impact their competitiveness. Our utility businesses do allow for recovering of operations and maintenance costs through the regulatory process, which may have timing impacts on recovery.

Interest Rates — In the U.S. and other markets in which we operate, there has been a rise in interest rates since 2021, and interest rates are expected to remain volatile in the near term.

As discussed in Item 3.—*Quantitative and Qualitative Disclosures about Market Risk*, although most of our existing corporate and subsidiary debt is at fixed rates, an increase in interest rates can have several impacts on our business. For any existing debt under floating rate structures and any future debt refinancings, rising interest rates will increase future financing costs. In most cases in which we have floating rate debt, our revenues serving this debt are indexed to inflation, which helps mitigate the impact of rising rates. For future debt refinancings, AES actively manages a hedging program to reduce uncertainty and exposure to future interest rates. For new business, higher interest rates increase the financing costs for new projects under development and which have not yet secured financing.

AES typically seeks to incorporate expected financing costs into our new PPA pricing such that we maintain our target investment returns, but higher financing costs may negatively impact our returns or the competitiveness of some of our development projects. Additionally, we typically seek to enter into interest rate hedges shortly after signing PPAs to mitigate the risk of rising interest rates prior to securing long-term financing.

Puerto Rico — As discussed in Item 7.—*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Trends and Uncertainties* of the 2023 Form 10-K, our subsidiaries in Puerto Rico have long-term PPAs with state-owned PREPA, which has been facing economic challenges that could result in a material adverse effect on our business in Puerto Rico. Despite the Title III protection, PREPA has been making substantially all of its payments to the generators in line with historical payment patterns.

The Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") was enacted to create a structure for exercising federal oversight over the fiscal affairs of U.S. territories and created procedures for adjusting debt accumulated by the Puerto Rico government and, potentially, other territories ("Title III"). PROMESA also expedites the approval of key energy projects and other critical projects in Puerto Rico.

PROMESA allowed for the establishment of an Oversight Board with broad powers of budgetary and financial control over Puerto Rico. The Oversight Board filed for bankruptcy on behalf of PREPA under Title III in July 2017.

As a result of the bankruptcy filing, AES Illumina's non-recourse debt of \$23 million continues to be in technical default and is classified as current as of September 30, 2024.

In 2022, a mediation commenced to resolve the PREPA Title III case. The confirmation trial ended in March 2024 and the decision is pending.

Considering the information available as of the date hereof, management believes the carrying amount of our long-lived assets in Puerto Rico of \$384 million is recoverable as of September 30, 2024.

Decarbonization Initiatives

Our strategy involves shifting towards clean energy platforms, including renewable energy, energy storage, LNG, and modernized grids. It is designed to position us for continued growth while reducing our carbon intensity and to be in support of our mission of accelerating the future of energy, together. We have made significant progress on our exit of coal generation, and we intend to exit the substantial majority of our remaining coal facilities by year-end 2025 and intend to exit all of the coal facilities by year-end 2027, subject to necessary approvals.

In addition, initiatives have been announced by regulators, including in Chile, Puerto Rico, Bulgaria, and offtakers in recent years, with the intention of reducing GHG emissions generated by the energy industry. In parallel, the shift towards renewables has caused certain customers to migrate to other low-carbon energy solutions and this trend may continue.

Although we cannot currently estimate the financial impact of these decarbonization initiatives, new legislative or regulatory programs further restricting carbon emissions or other initiatives to voluntarily exit coal generation could require material capital expenditures, result in a reduction of the estimated useful life of certain coal facilities, or have other material adverse effects on our financial results.

For further information about the risks associated with decarbonization initiatives, see Item 1A.—*Risk Factors —Concerns about GHG emissions and the potential risks associated with climate change have led to increased regulation and other actions that could impact our businesses* included in the 2023 Form 10-K.

Regulatory

AES Maritza PPA Review — DG Comp is conducting a preliminary review of whether AES Maritza's PPA with NEK is compliant with the European Union's State Aid rules. No formal investigation has been launched by DG Comp to date. AES Maritza has previously engaged in discussions with the DG Comp case team and the Government of Bulgaria ("GoB") to attempt to reach a negotiated resolution of the DG Comp's review ("PPA Discussions"). There are no active PPA Discussions at present but those discussions could resume at any time. The PPA continues to remain in place. However, there can be no assurance that, in the context of DG Comp's preliminary review or any future PPA Discussions, the other parties will not seek a prompt termination of the PPA.

We do not believe termination of the PPA is justified. Nevertheless, the PPA Discussions involved a range of potential outcomes, including but not limited to the termination of the PPA and payment of some level of compensation to AES Maritza. Any negotiated resolution would be subject to mutually acceptable terms, lender consent, and DG Comp approval. At this time, we cannot predict whether and when the PPA Discussions might resume or the outcome of any such discussions. Nor can we predict how DG Comp might resolve its review if the PPA Discussions do not resume or if any such discussions fail to result in an agreement concerning the agency's review. AES Maritza believes that its PPA is legal and in compliance with all applicable laws, and it will take all actions necessary to protect its interests, whether through negotiated agreement or otherwise. However, there can be no assurance that this matter will be resolved favorably; if it is not, there could be a material adverse effect on the Company's financial condition, results of operations, and cash flows. As of September 30, 2024, the carrying value of our long-lived assets at Maritza is \$336 million.

AES Indiana DSM Plan Petition — On May 31, 2024, AES Indiana filed a petition with the IURC asking for approval of a two year Demand-Side Management (DSM) plan for the 2025-2026 program years. The petition includes requested cost recovery of programs as well as performance incentives, depending on the level of success of the programs consistent with prior DSM plans. On October 1, 2024, AES Indiana and the Office of Utility Consumer Counselor ("OUCC") filed settlement testimony with the IURC in support of approval of a Stipulation and Settlement Agreement reached between the settling parties (AES Indiana, OUCC, and Citizens Action Coalition). An evidentiary hearing on this matter was held by the IURC on October 22, 2024. We expect the IURC to issue an order on this proceeding by the end of 2024.

AES Indiana Regulatory Rate Review — On April 17, 2024, the IURC issued an order (the “2024 Rate Order”) approving the Stipulation and Settlement Agreement that AES Indiana entered into on November 22, 2023, with the OUCC and the other intervening parties in AES Indiana’s base rate case filing. Among other matters and consistent with the Stipulation and Settlement Agreement, the 2024 Rate Order approves an increase in AES Indiana’s total annual operating revenue of \$71 million for AES Indiana’s electric service and provides a return on common equity of 9.9% and cost of long-term debt of 4.90% on a rate base of approximately \$3.5 billion. Updated customer rates and charges became effective on May 9, 2024.

AES Indiana Petersburg Repowering — On March 11, 2024, AES Indiana filed for approval of a CPCN seeking for IURC approval to repower Petersburg Generation Units 3 & 4 from coal to natural gas and to recover costs through future rates. The conversion of Unit 3 is expected to begin in February 2026 and be completed by June 2026 and the conversion of Unit 4 is expected to begin in June 2026 and be completed by December 2026. An evidentiary hearing on this matter was held by the IURC on August 6, 2024, and we expect the IURC to issue an order on this proceeding during the fourth quarter of 2024.

AES Ohio Smart Grid Phase 2 Filing — In February 2024, AES Ohio filed a Smart Grid Phase 2 with the PUCO proposing to invest approximately \$683 million in capital projects over a 10-year period following Smart Grid Phase 1, which ends June 2025. On September 13, 2024, AES Ohio reached a settlement with the PUCO Staff and other parties to resolve the pending Smart Grid Phase 2 Application. The Settlement will provide for a four-year plan to invest \$241 million of capital and \$19 million of operations and maintenance expense related to grid modernization, support of Distributed Energy Resources and Economic Development and an enhanced Telecommunications network. These costs will be recovered through the existing Investment Infrastructure Rider.

If approved, AES Ohio will implement a comprehensive grid modernization project that will deliver benefits to customers, society as a whole and to AES Ohio. An evidentiary hearing was held on October 29, 2024, and we expect an order from PUCO by the second quarter of 2025, prior to the end of Smart Grid Phase 1.

AES Ohio Distribution Rate Case — On October 30, 2024, AES Ohio filed a Pre-filing Notice of Intent to file an application to increase rates for distribution service. The Distribution Rate Case Application will be filed on November 29, 2024.

Foreign Exchange Rates

We operate in multiple countries and as such are subject to volatility in exchange rates at varying degrees at the subsidiary level and between our functional currency, the USD, and currencies of the countries in which we operate.

The overall economic climate in Argentina has deteriorated, resulting in volatility and increased the risk that a further significant devaluation of the Argentine peso against the USD, similar to the devaluations experienced by the country in 2018, 2019, and 2023, may occur. A continued trend of peso devaluation could result in increased inflation, a deterioration of the country’s risk profile, and other adverse macroeconomic effects that could significantly impact our results of operations. For additional information, refer to Item 3.—*Quantitative and Qualitative Disclosures About Market Risk*.

Impairments and Realizability

Long-lived Assets and Current Assets Held-for-Sale — During the nine months ended September 30, 2024, the Company recognized asset impairment expense of \$355 million. See Note 16—*Asset Impairment Expense* included in Item 1.—*Financial Statements* of this Form 10-Q for further information. After recognizing this impairment expense, the carrying value of long-lived assets and current assets held-for-sale that were assessed for impairment totaled \$2.5 billion at September 30, 2024.

Events or changes in circumstances that may necessitate recoverability tests and potential impairments of long-lived assets may include, but are not limited to, adverse changes in the regulatory environment, unfavorable changes in power prices or fuel costs, increased competition due to additional capacity in the grid, technological advancements, declining trends in demand, evolving industry expectations to transition away from fossil fuel sources for generation, or an expectation it is more likely than not the asset will be disposed of before the end of its estimated useful life.

Tax Asset Realizability — Certain AES Chilean businesses have recorded net deferred tax assets ("DTA") of \$235 million relating primarily to net operating loss carryforwards, which are not subject to expiration. Their realization is dependent on generating sufficient taxable income. At this time, management believes it is more likely than not that all of the DTA will be realized; however, it could be reduced by way of valuation allowance in the near term if estimates of future taxable income are reduced.

Environmental

The Company is subject to numerous environmental laws and regulations in the jurisdictions in which it operates. The Company faces certain risks and uncertainties related to these environmental laws and regulations, including existing and potential GHG legislation or regulations, and actual or potential laws and regulations pertaining to water discharges, waste management (including disposal of coal combustion residuals) and certain air emissions, such as SO₂, NO_x, particulate matter, mercury, and other hazardous air pollutants, and species and habitat protections. Such risks and uncertainties could result in increased capital expenditures or other compliance costs which could have a material adverse effect on certain of our U.S. or international subsidiaries and our consolidated results of operations. For further information about these risks, see Item 1A.—*Risk Factors—Our operations are subject to significant government regulation and could be adversely affected by changes in the law or regulatory schemes; Several of our businesses are subject to potentially significant remediation expenses, enforcement initiatives, private party lawsuits and reputational risk associated with CCR; Our businesses are subject to stringent environmental laws, rules and regulations; and Concerns about GHG emissions and the potential risks associated with climate change have led to increased regulation and other actions that could impact our businesses* included in the 2023 Form 10-K.

CSAPR — CSAPR addresses the "good neighbor" provision of the CAA, which prohibits sources within each state from emitting any air pollutant in an amount which will contribute significantly to any other state's nonattainment, or interference with maintenance of, any NAAQS. The CSAPR required significant reductions in SO₂ and NO_x emissions from power plants in many states in which subsidiaries of the Company operate. The Company is required to comply with the CSAPR in certain states, including Indiana and Maryland. The CSAPR is implemented, in part, through a market-based program under which compliance may be achievable through the acquisition and use of emissions allowances created by the EPA. The Company complies with CSAPR through operation of existing controls and purchases of allowances on the open market, as needed.

In October 2016, the EPA published a final rule to update the CSAPR to address the 2008 ozone NAAQS ("CSAPR Update Rule"). The CSAPR Update Rule found that NO_x ozone season emissions in 22 states (including Indiana and Maryland) affected the ability of downwind states to attain and maintain the 2008 ozone NAAQS, and, accordingly, the EPA issued federal implementation plans that both updated existing CSAPR NO_x ozone season emission budgets for electric generating units within these states and implemented these budgets through modifications to the CSAPR NO_x ozone season allowance trading program. Implementation started in the 2017 ozone season (May-September 2017). Affected facilities receive fewer ozone season NO_x allowances in 2017 and later, possibly resulting in the need to purchase additional allowances. Following legal challenges to the CSAPR Update Rule, on April 30, 2021, the EPA issued the Revised CSAPR Update Rule. The Revised CSAPR Update Rule required affected EGUs within certain states (including Indiana and Maryland) to participate in a new trading program, the CSAPR NO_x Ozone Season Group 3 trading program. These affected EGUs received fewer NO_x Ozone Season allowances beginning in 2021.

On June 5, 2023, the EPA published a final Federal Implementation Plan to address air quality impacts with respect to the 2015 Ozone NAAQS. The rule establishes a revised CSAPR NO_x Ozone Season Group 3 trading program for 22 states, including Indiana and Maryland, and became effective during 2023. The FIP also includes enhancements to the revised Group 3 trading program, which include a dynamic budget setting process beginning in 2026, annual recalibration of the allowance bank to reflect changes to affected sources, a daily backstop emissions rate limit for certain coal-fired electric generating units beginning in 2024, and a secondary emissions limit prohibiting certain emissions associated with state assurance levels. It is too early to determine the impact of the final FIP, but it may result in the need to purchase additional allowances or make operational adjustments. On June 27, 2024, the U.S. Supreme Court issued an order granting a stay of the EPA's 2023 Federal Implementation Plan ("FIP") pending resolution of legal challenges to the FIP.

While the Company's additional CSAPR compliance costs to date have been immaterial, the future availability of and cost to purchase allowances to meet the emission reduction requirements is uncertain at this time, but it could be material.

Mercury and Air Toxics Standard — In April 2012, the EPA's rule to establish maximum achievable control technology standards for hazardous air pollutants regulated under the CAA emitted from coal and oil-fired electric utilities, known as "MATS", became effective and AES facilities implemented measures to comply, as applicable. In June 2015, the U.S. Supreme Court remanded MATS to the D.C. Circuit due to the EPA's failure to consider costs before deciding to regulate power plants under Section 112 of the CAA and subsequently remanded MATS to the EPA without vacatur. On May 22, 2020, the EPA published a final finding that it is not "appropriate and necessary" to regulate hazardous air pollutant emissions from coal- and oil-fired electric generating units ("EGUs") (reversing its prior 2016 finding), but that the EPA would not remove the source category from the CAA Section 112(c) list of source categories and would not change the MATS requirements. On March 6, 2023, the EPA published a final rule to revoke its May 2020 finding and reaffirm its 2016 finding that it is appropriate and necessary to regulate these emissions. On April 24, 2023, the EPA published a proposed rule, the MATS Risk and Technology Review ("RTR") Rule to lower certain emissions limits and revise certain other aspects of MATS. On May 7, 2024, the EPA published a final rule to revise MATS for coal and oil-fired EGUs. The final rule became effective on July 8, 2024. The final rule lowers certain emissions limits and revises certain other aspects of MATS. The MATS RTR Rule is subject to legal challenges. On October 4, 2024, the U.S. Supreme Court denied emergency stay applications.

Further rulemakings and/or proceedings are possible; however, in the meantime, MATS remains in effect. We currently cannot predict the outcome of the regulatory or judicial process, or its impact, if any, on our MATS compliance planning or ultimate costs.

Climate Change Regulation — The final NSPS for CO₂ emissions from new, modified, and reconstructed fossil-fuel-fired power plants were published in the *Federal Register* on October 23, 2015. Several states and industry groups challenged the NSPS for CO₂ in the D.C. Circuit Court. On December 20, 2018, the EPA published proposed revisions to the final NSPS for new, modified, and reconstructed coal-fired electric utility steam generating units. The EPA proposed that the Best System of Emissions Reduction ("BSER") for these units is highly efficient generation that would be equivalent to supercritical steam conditions for larger units and sub-critical steam conditions for smaller units, and not partial carbon capture and sequestration ("CCS"), which had been the BSER for these units in the 2015 final NSPS. The EPA did not include revisions for natural-gas combined cycle or simple cycle units in the December 20, 2018 proposal. Challenges to the GHG NSPS remain held in abeyance at this time. On May 23, 2023, the EPA published a proposed rule that would establish CO₂ emissions limits for certain new fossil-fuel fired stationary combustion turbines that commence construction or are modified after May 23, 2023. On May 9, 2024, the EPA published the final NSPS requiring carbon capture and sequestration for new and reconstructed baseload stationary combustion turbines, among other requirements. The EPA did not finalize revisions to the NSPS for newly constructed or reconstructed coal-fired electric utility steam generating units as proposed in 2018.

On July 8, 2019, the EPA published the final Affordable Clean Energy ("ACE") Rule which would have established CO₂ emission rules for existing power plants under CAA Section 111(d) and would have replaced the EPA's 2015 Clean Power Plan Rule ("CPP"). However, on January 19, 2021, the D.C. Circuit vacated and remanded the ACE Rule. Subsequently, on June 30, 2022, the Supreme Court reversed the judgment of the D.C. Circuit Court and remanded for further proceedings consistent with its opinion holding that the "generation shifting" approach in the CPP exceeded the authority granted to the EPA by Congress under Section 111(d) of the CAA. As a result of the June 30, 2022 Supreme Court decision, on October 27, 2022, the D.C. Circuit issued a partial mandate, holding pending challenges to the ACE Rule in abeyance while the EPA developed a replacement rule. On May 23, 2023, the EPA published a proposed rule that would vacate the ACE Rule and proposed New Source Performance Standards ("NSPSs") that would establish emissions guidelines in the form of CO₂ emissions limitations for certain existing electric generating units ("EGUs") and would require states to develop State Plans that establish standards of performance for such EGUs that are at least as stringent as the EPA's emissions guidelines. Depending on various EGU-specific factors, the bases of proposed emissions guidelines range from routine methods of operation to carbon capture and sequestration or co-firing low-GHG hydrogen starting in the 2030s. On May 9, 2024, the EPA published the final rule regulating GHGs from existing EGUs pursuant to Section 111(d) of the Clean Air Act and effective on July 8, 2024. Existing EGUs are those that were constructed prior to January 8, 2014. Depending on various EGU-specific factors, the bases of emissions guidelines for natural gas-fired units include the use of uniform fuels and routine methods of operation and maintenance and the bases of emissions guidelines for coal-fired units include 40% natural gas co-firing or carbon capture and sequestration with 90% capture of CO₂ depending on the date that coal operations cease. Specific standards for performance for EGUs will be established through a State Plan (or a Federal Plan if a state were to not submit an approvable plan). The May 2024 rule is subject to legal challenges. On October 16, 2024, the U.S. Supreme Court denied emergency stay applications. The impact of the rules, the results of further proceedings, and potential future greenhouse gas emissions regulations remain uncertain but could be material.

Waste Management — On October 19, 2015, an EPA rule regulating CCR under the Resource Conservation and Recovery Act as nonhazardous solid waste became effective. The rule established nationally applicable minimum criteria for the disposal of CCR in new and currently operating landfills and surface impoundments, including location restrictions, design and operating criteria, groundwater monitoring, corrective action and closure requirements, and post-closure care. The primary enforcement mechanisms under this regulation would be actions commenced by the states and private lawsuits. On December 16, 2016, the Water Infrastructure Improvements for the Nation Act ("WIN Act") was signed into law. This includes provisions to implement the CCR rule through a state permitting program, or if the state chooses not to participate, a possible federal permit program. If this rule is finalized before Indiana or Puerto Rico establishes a state-level CCR permit program, AES CCR units in those locations could eventually be required to apply for a federal CCR permit from the EPA. The EPA has indicated that it will implement a phased approach to amending the CCR Rule, which is ongoing. On August 28, 2020, the EPA published final amendments to the CCR Rule titled "A Holistic Approach to Closure Part A: Deadline to Initiate Closure," that, among other amendments, required certain CCR units to cease waste receipt and initiate closure by April 11, 2021. The CCR Part A Rule also allowed for extensions of the April 11, 2021 deadline if the EPA determines certain criteria are met. Facilities seeking such an extension were required to submit a demonstration to the EPA by November 30, 2020. On January 11, 2022, the EPA released the first in a series of proposed determinations regarding CCR Part A Rule demonstrations and compliance-related letters notifying certain other facilities of their compliance obligations under the federal CCR regulations. The determinations and letters include interpretations regarding implementation of the CCR Rule. On April 8, 2022, petitions for review were filed challenging these EPA actions. The petitions are consolidated in *Electric Energy, Inc. v. EPA*. On June 28, 2024, the D.C. Circuit dismissed the challenges. It is too early to determine the direct or indirect impact of these letters or any determinations that may be made.

On May 18, 2023, the EPA published a proposed rule that would expand the scope of CCR units regulated by the CCR Rule to include inactive surface impoundments at inactive generating facilities as well as additional inactive and closed landfills and certain other accumulations of CCR. On May 8, 2024, the EPA published final revisions to the CCR rule which are effective on November 8, 2024. The final revisions expand the scope of CCR units regulated by the CCR rule to include legacy surface impoundments, inactive surface impoundments, and CCR management units. It is too early to determine the potential impact.

On February 20, 2020, the EPA published a proposed rule to establish a federal CCR permit program that would operate in states without approved CCR permit programs. If this rule is finalized before Indiana establishes a final state-level CCR permit program, AES Indiana could eventually be required to apply for a federal CCR permit from the EPA. On December 21, 2022, the Indiana Department of Environmental Management ("IDEM") published in the Indiana Register a Second Notice of Comment Period for its proposed CCR rulemaking which would include regulation of CCR through a state permitting program. On August 7, 2024, in response to changes to Indiana statute, as well as comments received during the Second Notice of Comment Period, IDEM published a Continuation of the Second Notice of Comment Period for proposed amendments to the draft rule language for a State CCR Permitting Program.

The CCR rule, current or proposed amendments to or interpretations of the CCR rule, the results of groundwater monitoring data, or the outcome of CCR-related litigation could have a material impact on our business, financial condition, and results of operations. AES Indiana would seek recovery of any resulting expenditures; however, there is no guarantee we would be successful in this regard.

Cooling Water Intake — The Company's facilities are subject to a variety of rules governing water use and discharge. In particular, the Company's U.S. facilities are subject to the CWA Section 316(b) rule issued by the EPA effective in 2014 that seeks to protect fish and other aquatic organisms drawn into cooling water systems at power plants and other facilities. These standards require affected facilities to choose among seven BTA options to reduce fish impingement. In addition, certain facilities must conduct studies to assist permitting authorities to determine whether and what site-specific controls, if any, would be required to reduce entrainment of aquatic organisms. It is possible that this process, which includes permitting and public input, could result in the need to install closed-cycle cooling systems (closed-cycle cooling towers) or other technology. Finally, the standards require that new units added to an existing facility to increase generation capacity are required to reduce both impingement and entrainment. It is not yet possible to predict the total impacts of this final rule at this time, including any challenges to such final rule and the outcome of any such challenges. However, if additional capital expenditures are necessary, they could be material.

Certain AES Southland OTC units were required to be retired to provide interconnection capacity and/or emissions credits prior to startup of new (air cooled) generating units, and the remaining AES OTC generating units in California have been or will be shut down and permanently retired by the applicable OTC Policy compliance dates

for the respective units. The SWRCB OTC Policy currently requires the shutdown and permanent retirement of the remaining OTC generating units at AES Huntington Beach, LLC and AES Alamitos, LLC by December 31, 2026, as extended in support of grid reliability. This extension compliance date is contingent upon the facilities participating in the Strategic Reserve established by AB 205.

Power plants are required to comply with the more stringent of state or federal requirements. At present, the California state requirements are more stringent and have earlier compliance dates than the federal EPA requirements, and are therefore applicable to the Company's California assets. The Company anticipates that compliance with CWA Section 316(b) regulations and associated costs could have a material impact on our consolidated financial condition or results of operations.

Water Discharges — In June 2015, the EPA and the U.S. Army Corps of Engineers ("the Agencies") published a rule defining federal jurisdiction over waters of the U.S., known as the "Waters of the U.S." ("WOTUS") rule. WOTUS defines the geographic reach and authority of the Agencies to regulate streams, wetlands, and other water bodies under the CWA. There have been multiple Supreme Court decisions and dueling regulatory definitions over the past several years concerning the proper standard for how to properly determine whether a wetland or stream that is not navigable is considered a WOTUS. On May 25, 2023, the U.S. Supreme Court rendered a decision ("Decision") in the case of *Sackett v. Environmental Protection Agency*, addressing the definition of WOTUS with regards to the CWA. This decision provides a clear standard that substantially restricts the Agencies' ability to regulate certain types of wetlands and streams. Specifically, under this decision, wetlands that do not have a continuous surface connection with traditional interstate navigable water are not federally jurisdictional.

On September 8, 2023, the Agencies published final rule amendments in the Federal Register to amend the final "Revised Definition of 'Waters of the United States'" rule. This final rule conforms the definition to the definition adopted in the Decision. The Agencies have amended key aspects of the regulatory text to conform the rule to the Decision. It is too early to determine whether the outcome of litigation or current or future revisions to rules interpreting federal jurisdiction over WOTUS may have a material impact on our business, financial condition, or results of operations.

In November 2015, the EPA published its final ELG rule to reduce toxic pollutants discharged into waters of the U.S. by steam-electric power plants through technology applications. These effluent limitations for existing and new sources include dry handling of fly ash, closed-loop or dry handling of bottom ash, and more stringent effluent limitations for flue gas desulfurization wastewater. AES Indiana Petersburg has installed a dry bottom ash handling system in response to the CCR rule and wastewater treatment systems in response to the NPDES permits in advance of the ELG compliance date. Other U.S. businesses already include dry handling of fly ash and bottom ash and do not generate flue gas desulfurization wastewater. Following the 2019 U.S. Court of Appeals vacatur and remand of portions of the 2015 ELG rule related to leachate and legacy water, on March 29, 2023, the EPA published a proposed rule revising the 2020 Reconsideration Rule. On May 9, 2024, the EPA published a final rule which became effective on July 8, 2024. The final rule established more stringent best available technology limits for flue gas desulfurization wastewater, bottom ash transport water, and combustion residual leachate and established a new set of definitions and new limits for combustion residual leachate and legacy wastewater. The May 2024 rule is subject to legal challenges. On October 10, 2024, the Eighth Circuit Court denied stay applications. It is too early to determine whether any outcome of litigation or current or future revisions to the ELG rule might have a material impact on our business, financial condition, and results of operations.

Capital Resources and Liquidity

Overview

As of September 30, 2024, the Company had unrestricted cash and cash equivalents of \$1.9 billion, of which \$6 million was held at the Parent Company and qualified holding companies. The Company had \$62 million in short-term investments, held primarily at subsidiaries, and restricted cash and debt service reserves of \$640 million. The Company also had non-recourse and recourse aggregate principal amounts of debt outstanding of \$22.5 billion and \$6.5 billion, respectively. Of the \$3.2 billion of our current non-recourse debt, \$2.9 billion was presented as such because it is due in the next twelve months and \$330 million relates to debt considered in default. AES Puerto Rico is in payment default. See Note 8—*Debt* in Item 1.—*Financial Statements* of this Form 10-Q for additional detail. All other defaults are not payment defaults but are instead technical defaults triggered by failure to comply with covenants or other requirements contained in the non-recourse debt documents. As of September 30, 2024, the Company also had \$698 million outstanding related to supplier financing arrangements, which are classified as *Supplier financing arrangements* on the Condensed Consolidated Balance Sheets.

We expect current maturities of non-recourse debt, recourse debt, and amounts due under supplier financing arrangements to be repaid from net cash provided by operating activities of the subsidiary to which the liability relates, through opportunistic refinancing activity, or some combination thereof. We have \$1.7 billion in recourse debt which matures within the next twelve months, including \$611 million in outstanding borrowings under the commercial paper program. Furthermore, we have \$447 million due under supplier financing arrangements that have a Parent Company guarantee. From time to time, we may elect to repurchase our outstanding debt through cash purchases, privately negotiated transactions, or otherwise when management believes that such securities are attractively priced. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, and other factors. The amounts involved in any such repurchases may be material.

We rely mainly on long-term debt obligations to fund our construction activities. We have, to the extent available at acceptable terms, utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct and acquire our electric power plants, distribution companies, and related assets. Our non-recourse financing is designed to limit cross-default risk to the Parent Company or other subsidiaries and affiliates. Our non-recourse long-term debt is a combination of fixed and variable interest rate instruments. Debt is typically denominated in the currency that matches the currency of the revenue expected to be generated from the benefiting project, thereby reducing currency risk. In certain cases, the currency is matched through the use of derivative instruments. The majority of our non-recourse debt is funded by international commercial banks, with debt capacity supplemented by multilaterals and local regional banks.

Given our long-term debt obligations, the Company is subject to interest rate risk on debt balances that accrue interest at variable rates. When possible, the Company will borrow funds at fixed interest rates or hedge its variable rate debt to fix its interest costs on such obligations. In addition, the Company has historically tried to maintain at least 70% of its consolidated long-term obligations at fixed interest rates, including fixing the interest rate through the use of interest rate swaps. These efforts apply to the notional amount of the swaps compared to the amount of related underlying debt. Presently, the Parent Company's only material unhedged exposure to variable interest rate debt relates to \$200 million in senior unsecured term loans. Additionally, commercial paper issuances are short-term in nature and subject the Parent Company to interest rate risk at the time of refinancing the paper. On a consolidated basis, of the Company's \$29.3 billion of total gross debt outstanding as of September 30, 2024, approximately \$9.1 billion accrues interest at variable rates. The Company actively hedges its current and expected variable rate exposure through a combination of currently effective and forward starting interest rate swaps. As of September 30, 2024, the total maximum outstanding amount of hedges protecting the company against variable rate exposure was \$8.9 billion. These hedges generally provide economic protection through the entire expected life of the projects, regardless of the type of debt issued to finance construction or refinance the projects in the future. In addition, AES Brasil holds \$2.3 billion of floating rate non-recourse debt, which is classified in *Current held-for-sale liabilities* and *Noncurrent held-for-sale liabilities* on the Condensed Consolidated Balance Sheets as of September 30, 2024, as variable rate instruments act as a natural hedge against inflation in Brazil.

In addition to utilizing non-recourse debt at a subsidiary level when available, the Parent Company provides a portion, or in certain instances all, of the remaining long-term financing or credit required to fund development, construction, or acquisition of a particular project. These investments have generally taken the form of equity investments or intercompany loans, which are subordinated to the project's non-recourse loans. We generally obtain the funds for these investments from our cash flows from operations, proceeds from the sales of assets and/or the proceeds from our issuances of debt, common stock, and other securities. Similarly, in certain of our businesses, the Parent Company may provide financial guarantees or other credit support for the benefit of counterparties who have entered into contracts for the purchase or sale of electricity, equipment, or other services with our subsidiaries or lenders. In such circumstances, if a business defaults on its payment or supply obligation, the Parent Company will be responsible for the business' obligations up to the amount provided for in the relevant guarantee or other credit support. As of September 30, 2024, the Parent Company had provided outstanding financial and performance-related guarantees or other credit support commitments to or for the benefit of our businesses, which were limited by the terms of the agreements, of approximately \$4.3 billion in aggregate (excluding those collateralized by letters of credit and other obligations discussed below).

Some counterparties may be unwilling to accept our general unsecured commitments to provide credit support. Accordingly, with respect to both new and existing commitments, the Parent Company may be required to provide some other form of assurance, such as a letter of credit, to backstop or replace our credit support. The Parent Company may not be able to provide adequate assurances to such counterparties. To the extent we are required and able to provide letters of credit or other collateral to such counterparties, this will reduce the amount of credit available to us to meet our other liquidity needs. As of September 30, 2024, we had \$237 million in letters of credit outstanding provided under our unsecured credit facilities, \$290 million in letters of credit under bilateral agreements, and \$24 million in letters of credit outstanding provided under our revolving credit facility. These letters

of credit operate to guarantee performance relating to certain project development and construction activities and business operations. During the quarter ended September 30, 2024, the Company paid letter of credit fees ranging from 1% to 3% per annum on the outstanding amounts.

Additionally, in connection with certain project financings, some of the Company's subsidiaries have expressly undertaken limited obligations and commitments. These contingent contractual obligations are issued at the subsidiary level and are non-recourse to the Parent Company. As of September 30, 2024, the maximum undiscounted potential exposure to guarantees issued by our subsidiaries was \$2.6 billion, including \$1.6 billion of customary payment guarantees under EPC contracts and other agreements, and \$996 million of tax equity financing related guarantees. In addition, as of September 30, 2024, our subsidiaries had \$1.9 billion of letters of credit outstanding.

We expect to continue to seek, where possible, non-recourse debt financing in connection with the assets or businesses that we or our affiliates may develop, construct, or acquire. However, depending on local and global market conditions and the unique characteristics of individual businesses, non-recourse debt may not be available on economically attractive terms or at all. If we decide not to provide any additional funding or credit support to a subsidiary project that is under construction or has near-term debt payment obligations and that subsidiary is unable to obtain additional non-recourse debt, such subsidiary may become insolvent, and we may lose our investment in that subsidiary. Additionally, if any of our subsidiaries lose a significant customer, the subsidiary may need to withdraw from a project or restructure the non-recourse debt financing. If we or the subsidiary choose not to proceed with a project or are unable to successfully complete a restructuring of the non-recourse debt, we may lose our investment in that subsidiary.

Many of our subsidiaries depend on timely and continued access to capital markets to manage their liquidity needs. The inability to raise capital on favorable terms, to refinance existing indebtedness, or to fund operations and other commitments during times of political or economic uncertainty may have material adverse effects on the financial condition and results of operations of those subsidiaries. In addition, changes in the timing of tariff increases or delays in the regulatory determinations under the relevant concessions could affect the cash flows and results of operations of our businesses.

Long-Term Receivables

As of September 30, 2024, the Company had approximately \$97 million of gross accounts receivable classified as *Other noncurrent assets*. These noncurrent receivables mostly consist of accounts receivable in the U.S. and Chile that, pursuant to amended agreements or government resolutions, have collection periods that extend beyond September 30, 2025, or one year from the latest balance sheet date. Noncurrent receivables in the U.S. pertain to the sale of the Redondo Beach land. Noncurrent receivables in Chile pertain primarily to revenues recognized on regulated energy contracts that were impacted by the Stabilization Funds created by the Chilean government. See Note 5—*Financing Receivables* in Item 1.—*Financial Statements* of this Form 10-Q for further information.

As of September 30, 2024, the Company had approximately \$1 billion of loans receivable primarily related to the Mong Duong facility in Vietnam, which was constructed under a build, operate, and transfer contract. This loan receivable represents contract consideration related to the construction of the facility, which was substantially completed in 2015, and will be collected over the 25-year term of the plant's PPA. As of September 30, 2024, Mong Duong met the held-for-sale criteria and the loan receivable balance of \$1 billion, net of CECL reserves of \$24 million, was classified in held-for-sale assets. Of the loan receivable balance, \$118 million was classified in *Current held-for-sale assets*, and \$873 million was classified in *Noncurrent held-for-sale assets* on the Condensed Consolidated Balance Sheets. See Note 14—*Revenue* in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Cash Sources and Uses

The primary sources of cash for the Company in the nine months ended September 30, 2024 were debt financings, cash flows from operating activities, purchases under supplier financing arrangements, and sales to noncontrolling interests. The primary uses of cash in the nine months ended September 30, 2024 were capital expenditures, repayments of debt, repayments of obligations under supplier financing arrangements, and purchases of short-term investments.

The primary sources of cash for the Company in the nine months ended September 30, 2023 were debt financings, cash flows from operating activities, purchases under supplier financing arrangements, and sales of short-term investments. The primary uses of cash in the nine months ended September 30, 2023 were repayments

of debt, capital expenditures, repayments of obligations under supplier financing arrangements, and purchases of short-term investments.

A summary of cash-based activities is as follows (in millions):

	Nine Months Ended September 30,	
	2024	2023
Cash Sources:		
Borrowings under the revolving credit facilities	\$ 5,652	\$ 3,939
Issuance of non-recourse debt	5,199	1,784
Net cash provided by operating activities	1,664	2,309
Purchases under supplier financing arrangements	1,211	1,307
Issuance of recourse debt	950	1,400
Sales to noncontrolling interests	869	371
Sale of short-term investments	731	1,002
Commercial paper borrowings (repayments), net	611	604
Proceeds from the sale of business interests, net of cash and restricted cash sold	11	98
Contributions from noncontrolling interests	137	63
Total Cash Sources	\$ 17,035	\$ 12,877
Cash Uses:		
Capital expenditures	\$ (5,665)	\$ (5,295)
Repayments under revolving credit facilities	(4,051)	(2,730)
Repayments of non-recourse debt	(3,311)	(1,262)
Repayments of obligations under supplier financing arrangements	(1,412)	(1,099)
Purchase of short-term investments	(725)	(764)
Dividends paid on AES common stock	(361)	(333)
Distributions to noncontrolling interests	(165)	(173)
Purchase of emissions allowances	(157)	(161)
Acquisitions of business interests, net of cash and restricted cash sold	(79)	(311)
Other	(540)	(501)
Total Cash Uses	\$ (16,466)	\$ (12,629)
Net increase in Cash, Cash Equivalents, and Restricted Cash	\$ 569	\$ 248

Consolidated Cash Flows

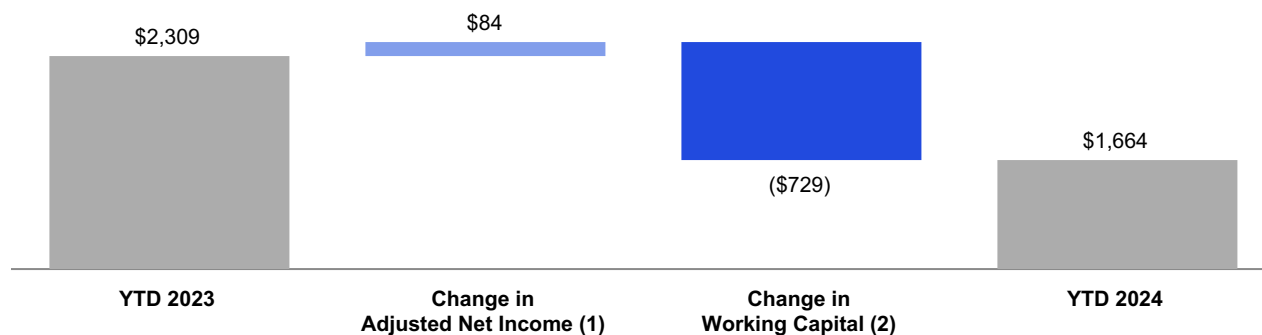
The following table reflects the changes in operating, investing, and financing cash flows for the comparative nine-month period (in millions):

Cash flows provided by (used in):	Nine Months Ended September 30,		
	2024	2023	\$ Change
Operating activities	\$ 1,664	\$ 2,309	\$ (645)
Investing activities	(6,089)	(5,673)	(416)
Financing activities	5,187	3,740	1,447

Operating Activities

Net cash provided by operating activities decreased \$645 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023.

Operating Cash Flows (in millions)



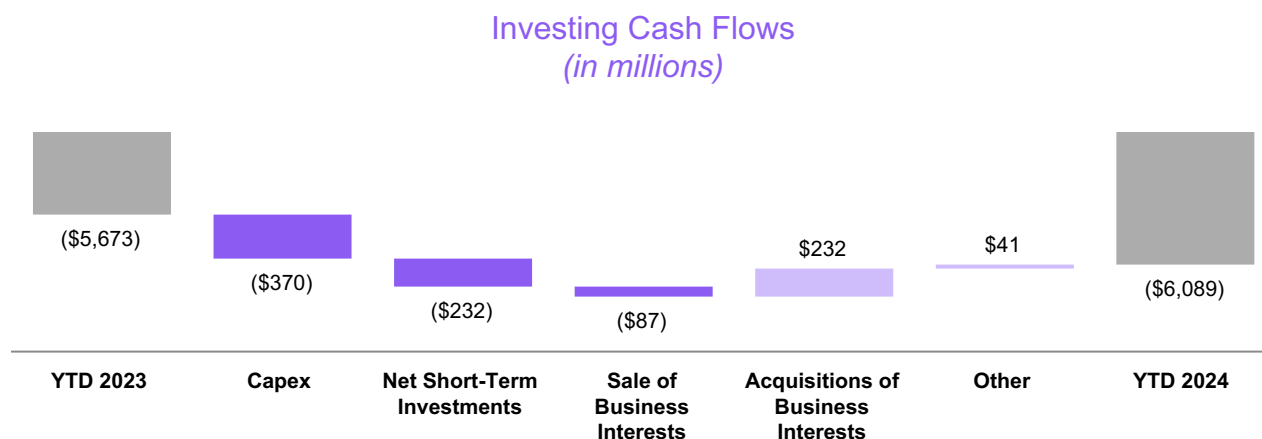
(1) The change in adjusted net income is defined as the variance in *net income*, net of the total *adjustments to net income* as shown on the Condensed Consolidated Statements of Cash Flows in Item 1.—*Financial Statements* of this Form 10-Q.

(2) The change in working capital is defined as the variance in total *changes in operating assets and liabilities* as shown on the Condensed Consolidated Statements of Cash Flows in Item 1.—*Financial Statements* of this Form 10-Q.

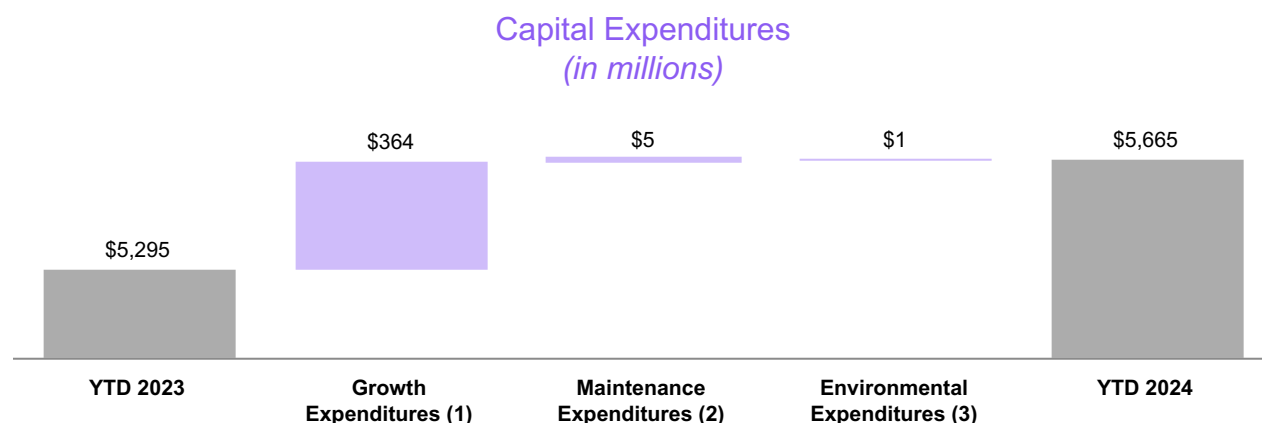
- Adjusted net income increased \$84 million, primarily due to higher margins at our Utilities SBU and proceeds from the transfer of U.S. investment tax credits; partially offset by lower margins at our Renewables and Energy Infrastructure SBUs, an increase in interest expense, and a decrease in interest income.
- Change in working capital decreased \$729 million, primarily due to an increase in receivables due to timing of billings and collections, and higher coal consumption coupled with lower coal prices in the prior year; partially offset by the impact of lower coal purchases on accounts payable, and a decrease in other assets due to the sale of financing receivables under the Warrior Run PPA termination agreement.

Investing Activities

Net cash used in investing activities increased \$416 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023.



- Cash used for short-term investing activities increased \$232 million, primarily as a result of lower net short-term investment sales at our Renewables SBU.
- Proceeds from sales of business interests decreased \$87 million, primarily due to the prior year selldown of sPower OpCo B.
- Acquisitions of business interests decreased \$232 million, primarily due to the prior year acquisitions of Bellefield and Bolero Solar Park at AES Clean Energy and AES Andes, respectively, partially offset by the current year acquisition of Hoosier Wind at AES Indiana.
- Capital expenditures increased \$370 million, discussed further below.

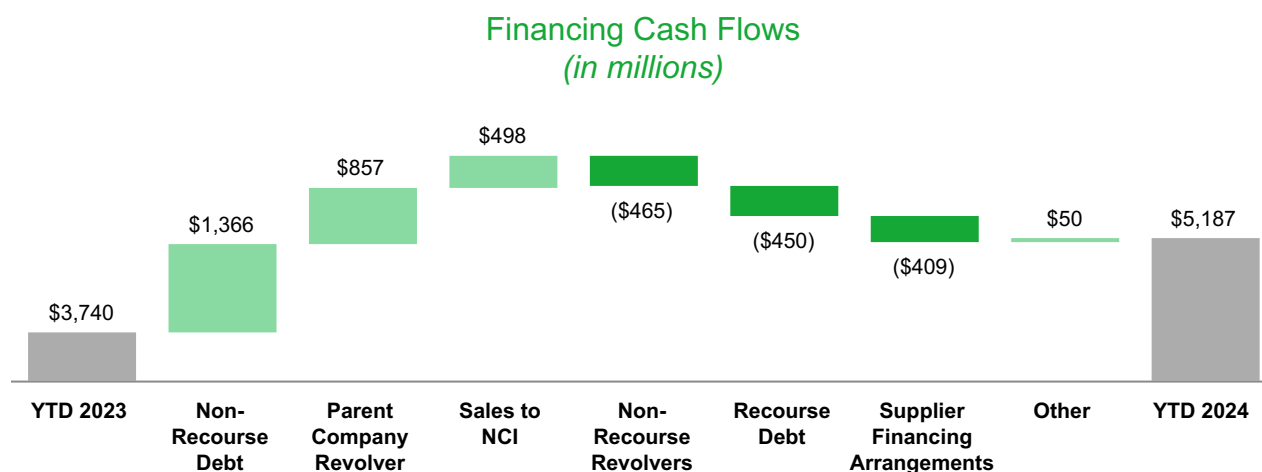


- (1) Growth expenditures generally include expenditures related to development projects in construction, expenditures that increase capacity of a facility beyond the original design, and investments in general load growth or system modernization.
- (2) Maintenance expenditures generally include expenditures that are necessary to maintain regular operations or net maximum capacity of a facility.
- (3) Environmental expenditures generally include expenditures to comply with environmental laws and regulations, expenditures for safety programs and other expenditures to ensure a facility continues to operate in an environmentally responsible manner.

- Growth expenditures increased \$364 million, primarily driven by an increase in renewables project investments in the U.S. and Chile and higher transmission and distribution project investments at our Utilities SBU; partially offset by lower expenditures in Brazil primarily due to the completion of the Cajuina wind projects.
- Maintenance expenditures increased \$5 million, primarily due to higher expenditures at Southland due to the extension of compliance dates for the OTC units, partially offset by the timing of maintenance activities at our Renewables SBU.

Financing Activities

Net cash provided by financing activities increased \$1.4 billion for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023.



See Notes 1—*Financial Statement Presentation*, 8—*Debt*, and 12—*Equity* in Item 1.—*Financial Statements* of this Form 10-Q for more information regarding significant supplier financing arrangements, debt, and equity transactions, respectively.

- The \$1.4 billion impact from non-recourse debt transactions is mainly due to an increase in borrowings at AES Indiana, AES Andes, and AES Clean Energy Development.
- The \$857 million impact from the Parent Company revolver is due to higher net borrowings in the current period.
- The \$498 million impact from sales to noncontrolling interest is primarily due to an increase in proceeds received at AES Clean Energy from the sales of ownership in project companies to tax equity investors.
- The \$465 million impact from non-recourse revolvers is primarily due to higher net repayments at our Energy Infrastructure and Utilities SBUs.
- The \$450 million impact from recourse debt is primarily due to the prior year issuance of a bridge loan at AES Clean Energy, which was fully guaranteed by the Parent Company, partially offset by an increase in issuances at the Parent Company in the current period.
- The \$409 million impact from supplier financing arrangements is primarily due to higher net repayments at our Renewables SBU.

Parent Company Liquidity

The following discussion is included as a useful measure of the liquidity available to The AES Corporation, or the Parent Company, given the non-recourse nature of most of our indebtedness. Parent Company Liquidity, as outlined below, is a non-GAAP measure and should not be construed as an alternative to *Cash and cash equivalents*, which is determined in accordance with GAAP. Parent Company Liquidity may differ from similarly titled measures used by other companies. The principal sources of liquidity at the Parent Company level are dividends

and other distributions from our subsidiaries, including refinancing proceeds; proceeds from debt and equity financings at the Parent Company level, including availability under our revolving credit facility and commercial paper program; and proceeds from asset sales. The Parent Company credit facility and commercial paper program are generally used for short-term cash needs to bridge the timing of distributions from subsidiaries. Cash requirements at the Parent Company level are primarily to fund interest and principal repayments of debt, construction commitments, other equity commitments, acquisitions, taxes, Parent Company overhead and development costs, and dividends on common stock.

The Company defines Parent Company Liquidity as cash available to the Parent Company, including cash at qualified holding companies, plus available borrowings under our existing credit facility and commercial paper program. The cash held at qualified holding companies represents cash sent to subsidiaries of the Company domiciled outside of the U.S. Such subsidiaries have no contractual restrictions on their ability to send cash to the Parent Company. Parent Company Liquidity is reconciled to its most directly comparable GAAP financial measure, *Cash and cash equivalents*, at the periods indicated as follows (in millions):

	September 30, 2024	December 31, 2023
Consolidated cash and cash equivalents	\$ 1,919	\$ 1,426
Less: Cash and cash equivalents at subsidiaries	(1,913)	(1,393)
Parent Company and qualified holding companies' cash and cash equivalents	6	33
Commitments under the Parent Company credit facility	1,500	1,500
Less: Letters of credit under the credit facility	(24)	(124)
Less: Borrowings under the credit facility	(530)	—
Less: Borrowings under the commercial paper program	(611)	—
Borrowings available under the Parent Company credit facility	335	1,376
Total Parent Company Liquidity	\$ 341	\$ 1,409

The Parent Company paid dividends of \$0.1725 per outstanding share to its common stockholders during the first, second, and third quarters of 2024 for dividends declared in December 2023, February 2024, and July 2024, respectively. While we intend to continue payment of dividends and believe we will have sufficient liquidity to do so, we can provide no assurance that we will continue to pay dividends, or if continued, the amount of such dividends.

Recourse Debt

Our total recourse debt was \$6.5 billion and \$4.5 billion as of September 30, 2024 and December 31, 2023, respectively. See Note 8—*Debt* in Item 1.—*Financial Statements* of this Form 10-Q and Note 11—*Debt* in Item 8.—*Financial Statements and Supplementary Data* of our 2023 Form 10-K for additional detail.

We believe that our sources of liquidity will be adequate to meet our needs for the foreseeable future. This belief is based on a number of material assumptions, including, without limitation, assumptions about our ability to access the capital markets, the operating and financial performance of our subsidiaries, currency exchange rates, power market pool prices, and the ability of our subsidiaries to pay dividends. In addition, our subsidiaries' ability to declare and pay cash dividends to us (at the Parent Company level) is subject to certain limitations contained in loans, governmental provisions and other agreements. We can provide no assurance that these sources will be available when needed or that the actual cash requirements will not be greater than anticipated. We have met our interim needs for shorter-term and working capital financing at the Parent Company level with our revolving credit facility and commercial paper program. See Item 1A.—*Risk Factors—The AES Corporation's ability to make payments on its outstanding indebtedness is dependent upon the receipt of funds from our subsidiaries* of the Company's 2023 Form 10-K for additional information.

Various debt instruments at the Parent Company level, including our revolving credit facility and commercial paper program, contain certain restrictive covenants. The covenants provide for, among other items, limitations on other indebtedness, liens, investments and guarantees; limitations on dividends, stock repurchases and other equity transactions; restrictions and limitations on mergers and acquisitions, sales of assets, leases, transactions with affiliates and off-balance sheet and derivative arrangements; maintenance of certain financial ratios; and financial and other reporting requirements. As of September 30, 2024, we were in compliance with these covenants at the Parent Company level.

Non-Recourse Debt

While the lenders under our non-recourse debt financings generally do not have direct recourse to the Parent Company, defaults thereunder can still have important consequences for our results of operations and liquidity, including, without limitation:

- reducing our cash flows as the subsidiary will typically be prohibited from distributing cash to the Parent Company during the time period of any default;
- triggering our obligation to make payments under any financial guarantee, letter of credit, or other credit support we have provided to or on behalf of such subsidiary;
- causing us to record a loss in the event the lender forecloses on the assets; and
- triggering defaults in our outstanding debt at the Parent Company.

For example, our revolving credit facility and outstanding debt securities at the Parent Company include events of default for certain bankruptcy-related events involving material subsidiaries. In addition, our revolving credit agreement at the Parent Company includes events of default related to payment defaults and accelerations of outstanding debt of material subsidiaries.

Some of our subsidiaries are currently in default with respect to all or a portion of their outstanding indebtedness. The total non-recourse debt classified as current in the accompanying Condensed Consolidated Balance Sheets amounts to \$3.2 billion. The portion of current debt related to such defaults was \$330 million at September 30, 2024, all of which was non-recourse debt related to five subsidiaries: AES Puerto Rico, AES Mexico Generation Holdings, AES Illumina, AES Jordan Solar, and a project entity at AES Clean Energy Development. AES Puerto Rico is in payment default on its long-term debt and preferred shares due to failure to implement the cash sweep mechanism in accordance with the terms of the loan agreements. AES Puerto Rico is working with the noteholders to resolve this matter. All other subsidiary defaults listed are not payment defaults, but are instead technical defaults triggered by failure to comply with other covenants or other requirements contained in the non-recourse debt documents of the applicable subsidiary. See Note 8—*Debt* in Item 1.—*Financial Statements* of this Form 10-Q for additional detail.

None of the subsidiaries that are currently in default are subsidiaries that met the applicable definition of materiality under the Parent Company's debt agreements as of September 30, 2024, in order for such defaults to trigger an event of default or permit acceleration under the Parent Company's indebtedness. However, as a result of additional dispositions of assets, other significant reductions in asset carrying values or other matters in the future that may impact our financial position and results of operations or the financial position of the individual subsidiary, it is possible that one or more of these subsidiaries could fall within the definition of a "material subsidiary" and thereby trigger an event of default and possible acceleration of the indebtedness under the Parent Company's outstanding debt securities. A material subsidiary is defined in the Parent Company's revolving credit agreement as any business that contributed 20% or more of the Parent Company's total cash distributions from businesses for the four most recently ended fiscal quarters. As of September 30, 2024, none of the defaults listed above resulted in a cross-default under the recourse debt of the Parent Company. Furthermore, none of the non-recourse debt in default listed above is guaranteed by the Parent Company.

Critical Accounting Policies and Estimates

The condensed consolidated financial statements of AES are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

The Company's significant accounting policies are described in Note 1—*General and Summary of Significant Accounting Policies* of our 2023 Form 10-K. The Company's critical accounting estimates are described in Item 7.—*Management's Discussion and Analysis of Financial Condition and Results of Operations* in the 2023 Form 10-K. An accounting estimate is considered critical if the estimate requires management to make an assumption about matters that were highly uncertain at the time the estimate was made, if different estimates reasonably could have been used, or if changes in the estimate that would have a material impact on the Company's financial condition or results of operations are reasonably likely to occur from period to period. Management believes that the accounting estimates employed are appropriate and resulting balances are reasonable; however, actual results could differ from the original estimates, requiring adjustments to these balances in future periods. The Company has reviewed and determined that these remain as critical accounting policies as of and for the nine months ended September 30, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview Regarding Market Risks

Our businesses are exposed to, and proactively manage, market risk. Market risk is the potential loss that may

result from market changes associated with AES power generation or with existing or forecasted financial or commodity transactions. Our primary market risk exposure is to the price of commodities, particularly electricity, natural gas, coal, and environmental credits. AES is also exposed to fluctuations in interest rates and foreign currency exchange rates associated primarily with outstanding and expected future issuances and borrowing, and from investments in foreign subsidiaries and affiliates. We enter into various transactions, including derivatives, in order to hedge our exposure to these market risks.

The disclosures presented in this Item 3 are based upon a number of assumptions; actual effects may differ. The safe harbor provided in Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act shall apply to the disclosures contained in this Item 3. For further information regarding market risk, see Item 1A.—*Risk Factors, Fluctuations in currency exchange rates may impact our financial results and position; Wholesale power prices may experience significant volatility in our markets which could impact our operations and opportunities for future growth; We may not be adequately hedged against our exposure to changes in commodity prices or interest rates; and Certain of our businesses are sensitive to variations in weather and hydrology* of the 2023 Form 10-K.

Commodity Price Risk

Although we prefer to hedge our exposure to the impact of market fluctuations in the price of commodities, some of our generation businesses operate under short-term sales, have contracted electricity obligations greater than supply, or operate under contract sales that leave an unhedged exposure on some of our capacity or through imperfect fuel pass-throughs. These businesses subject our operational results to the volatility of prices for electricity, fuels, and environmental credits in competitive markets. In addition, our businesses are exposed to lower electricity prices due to increased competition, including from renewable sources such as wind and solar, because of lower costs of entry and lower variable costs. We employ risk management strategies to hedge our financial performance against these effects. The implementation of these strategies can involve the use of physical and financial commodity contracts, futures, swaps, and options. We have some natural offsets across our businesses such that low commodity prices may benefit certain businesses and be a cost to others. Exposures are not perfectly linear or symmetric. The sensitivities are affected by a number of local or indirect market factors. Examples of these factors include hydrology, local energy market supply/demand balances, regional fuel supply issues, regional competition, bidding strategies, and regulatory interventions such as price caps. Volume variation also affects our commodity exposure. The volume sold under contracts or retail concessions can vary based on weather and economic conditions, resulting in a higher or lower volume of sales in spot markets. Thermal unit availability and hydrology can affect the generation output available for sale and can affect the marginal unit setting power prices.

As of September 30, 2024, we project pre-tax earnings exposure on a 10% increase in commodity prices to be less than a \$10 million gain for power, less than a \$5 million loss for gas, and less than a \$5 million gain for coal. The sensitivities are calculated using industry-standard valuation techniques to revalue all transactions (physical and financial commodity transactions) in the portfolio for a change in the underlying prices the transactions are exposed to and exclude correlation effects, including those due to renewable resource availability. The models reference market prices of commodities across future periods and associated volatility of these market prices. Prices and volatilities are predominantly based on observable market prices.

Exposures at individual businesses will change as new contracts or financial hedges are executed, and our sensitivity to changes in commodity prices generally increases in later years with reduced hedge levels at some of our businesses.

In the Energy Infrastructure SBU, the generation businesses are largely contracted, but may have residual risk to the extent contracts are not perfectly indexed to the business drivers. In California, our Southland once-through cooling generation units (“Legacy Assets”) in Long Beach and Huntington Beach have been extended to operate through 2026 under capacity contracts with the State as part of the Strategic Reserve program. Our facility in Redondo Beach has been retired effective January 1, 2024. Our ability to operate the Long Beach facility at full capacity through 2025 was approved under Tentative Time Schedule Order coverage in November 2023. Approval to operate Long Beach at full capacity in 2026 will be subject to review with State Agencies. Our Southland combined cycle gas turbine (Southland Energy) units benefit from higher power and lower gas prices, depending on the contracted or hedge position. The AES Andes business in Chile owns assets in the central and northern regions of the country and has a portfolio of contract sales in both. A significant portion of our PPAs through 2024 include mechanisms of indexation that adjust the price of energy based on fluctuations in the price of coal, with an index defined by the National Energy Commission based on the physical coal imports for the energy system. This mechanism mitigates exposures to changes in the price of fuel. The increasing share of renewable energy in Chile's power market may reduce reliance on thermal units and impact power price volatility, which could impact our cost to serve certain unregulated PPAs. In the Dominican Republic, we own natural gas plants contracted under a portfolio

of contract sales, and both contract and spot prices may move with commodity prices through 2024. Our thermal asset in Panama has PPAs with distribution companies that match the term of the LNG supply agreement of such thermal assets. New entrants into the Panama thermal generation market could impact the dispatch of existing generation, requiring purchases in the spot market to satisfy the PPA obligations. Contract levels do not always match our generation availability or needs, and our assets may be sellers of spot prices in excess of contract levels or a net buyer in the spot market to satisfy contract obligations, which could impact existing fuel supply commitments. Our assets operating in Vietnam and Bulgaria have minimal exposure to commodity price risk as they have no or minor merchant exposure and fuel is subject to a pass-through mechanism.

In the Renewables SBU, our businesses have commodity exposure on unhedged volumes and resource volatility and benefit from higher power prices, where generation exceeds contracted levels. In Colombia, we operate under a shorter-term sales strategy with spot market exposure for uncontracted volumes. Because we own hydroelectric assets there, contracts are not indexed to fuel. In Brazil, the majority of the hydroelectric and other renewable generating facility volumes are covered by contract sales. Under normal hydrological volatility, spot price risk is mitigated through a regulated sharing mechanism across all hydroelectric generators in the country. Under drier conditions, the sharing mechanism may not be sufficient to cover the business' contract position, and therefore it may have to purchase power at spot prices driven by the cost of thermal generation. Our Renewables businesses in Panama are highly contracted under financial and load-following PPA-type structures, exposing the business to hydrology-based variance. To the extent hydrological inflows are greater than or less than the contract volumes, the business will be sensitive to changes in spot power prices which may be driven by oil and natural gas prices in some time periods.

Foreign Exchange Rate Risk

We operate in multiple countries and as such are subject to volatility in exchange rates at varying degrees at the subsidiary level and between our functional currency, the USD, and currencies of the countries in which we operate.

In the normal course of business, we are exposed to foreign currency risk and other foreign operations risks that arise from investments in foreign subsidiaries and affiliates. A key component of these risks stems from the fact that some of our foreign subsidiaries and affiliates utilize currencies other than our consolidated reporting currency, the USD. Additionally, certain of our foreign subsidiaries and affiliates have entered into monetary obligations in USD or currencies other than their own functional currencies. Certain of our foreign subsidiaries calculate and pay taxes in currencies other than their own functional currency. We have varying degrees of exposure to changes in the exchange rate between the USD and the following currencies: Argentine peso, Brazilian real, Chilean peso, Colombian peso, Dominican peso, Euro, and Mexican peso. Our exposure to certain of these currencies may be material. These subsidiaries and affiliates attempt to limit potential foreign exchange exposure by entering into revenue contracts that adjust to changes in foreign exchange rates. We also use foreign currency forwards, swaps, and options where possible to manage our risk related to certain foreign currency fluctuations.

AES enters into foreign currency hedges to protect economic value of the business and minimize the impact of foreign exchange rate fluctuations to AES' portfolio. While protecting cash flows, the hedging strategy is also designed to reduce forward-looking earnings foreign exchange volatility. Due to variation of timing and amount between cash distributions and earnings exposure, the hedge impact may not fully cover the earnings exposure on a realized basis, which could result in greater volatility in earnings.

AES has unhedged forward-looking earnings foreign exchange deterioration risk from the Argentine peso that could be material. Additionally, as of September 30, 2024, assuming a 10% USD appreciation, cash distributions attributable to foreign subsidiaries may be exposed to exchange rate movement of less than a \$5 million gain from Euro and less than a \$5 million gain from the Colombian peso.

These numbers have been produced by applying a one-time 10% USD appreciation to forecasted exposed cash distributions for 2024 coming from the respective subsidiaries exposed to the currencies listed above, net of the impact of outstanding hedges and holding all other variables constant. The numbers presented above are net of any transactional gains or losses. These sensitivities may change in the future as new hedges are executed or existing hedges are unwound. Additionally, updates to the forecasted cash distributions exposed to foreign exchange risk may result in further modification. The sensitivities presented do not capture the impacts of any administrative market restrictions or currency inconvertibility.

Interest Rate Risks

We are exposed to risk resulting from changes in interest rates primarily because of our current and expected future issuance of debt and borrowing.

Decisions on the fixed-floating debt mix are made to be consistent with the risk factors faced by individual businesses or plants. Depending on whether a plant's capacity payments or revenue stream is fixed or varies with inflation, we partially hedge against interest rate fluctuations by arranging fixed-rate or variable-rate financing. In certain cases, particularly for non-recourse financing, we execute interest rate swap, cap, and floor agreements to effectively fix or limit the interest rate exposure on the underlying financing. Most of our interest rate risk is related to non-recourse financings at our businesses.

As of September 30, 2024, the portfolio's pre-tax earnings exposure to a one-time 100-basis-point increase in interest rates for our Argentine peso, Brazilian real, Chilean peso, Colombian peso, Euro, and USD denominated debt would be less than \$5 million on interest expense for the debt denominated in these currencies. These amounts represent the exposure for the remainder of 2024 and do not take into account the historical correlation between these interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of its "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of September 30, 2024, to ensure that information required to be disclosed by the Company in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting

There were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in certain claims, suits and legal proceedings in the normal course of business. The Company has accrued for litigation and claims when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company believes, based upon information it currently possesses and taking into account established reserves for estimated liabilities and its insurance coverage, that the ultimate outcome of these proceedings and actions is unlikely to have a material adverse effect on the Company's condensed consolidated financial statements. It is reasonably possible, however, that some matters could be decided unfavorably to the Company and could require the Company to pay damages or make expenditures in amounts that could be material, but cannot be estimated as of September 30, 2024. Pursuant to SEC amendments Item 103 of SEC Regulation S-K, AES' policy is to disclose environmental legal proceedings to which a governmental authority is a party if such proceedings are reasonably expected to result in monetary sanctions of greater than or equal to \$1 million.

In December 2001, Grid Corporation of Odisha ("GRIDCO") served a notice to arbitrate pursuant to the Indian Arbitration and Conciliation Act of 1996 on the Company, AES Orissa Distribution Private Limited ("AES ODPL"), and Jyoti Structures ("Jyoti") pursuant to the terms of the shareholders agreement between GRIDCO, the Company, AES ODPL, Jyoti and the Central Electricity Supply Company of Orissa Ltd. ("CESCO"), an affiliate of the Company. In the arbitration, GRIDCO asserted that a comfort letter issued by the Company in connection with the Company's indirect investment in CESCO obligates the Company to provide additional financial support to cover all of CESCO's financial obligations to GRIDCO. GRIDCO appeared to be seeking approximately \$189 million in damages, plus undisclosed penalties and interest, but a detailed alleged damage analysis was not filed by GRIDCO. The Company counterclaimed against GRIDCO for damages. In June 2007, a 2-to-1 majority of the arbitral tribunal rendered its award rejecting GRIDCO's claims and holding that none of the respondents, the Company, AES ODPL, or Jyoti, had any liability to GRIDCO. The respondents' counterclaims were also rejected. A majority of the tribunal later awarded the respondents, including the Company, some of their costs relating to the arbitration. GRIDCO filed challenges of the tribunal's awards with the local Indian court. GRIDCO's challenge of the costs award has been dismissed by the court, but its challenge of the liability award remains pending. A hearing on the liability award has not taken place to date. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts.

Pursuant to their environmental audit, AES Sul and AES Florestal discovered 200 barrels of solid creosote waste and other contaminants at a pole factory that AES Florestal had been operating. The conclusion of the audit was that a prior operator of the pole factory, Companhia Estadual de Energia ("CEEE"), had been using those contaminants to treat the poles that were manufactured at the factory. On their initiative, AES Sul and AES Florestal communicated with Brazilian authorities and CEEE about the adoption of containment and remediation measures. In March 2008, the State Attorney of the state of Rio Grande do Sul, Brazil filed a public civil action against AES Sul, AES Florestal and CEEE seeking an order requiring the companies to mitigate the contaminated area located on the grounds of the pole factory and an indemnity payment of approximately R\$6 million (\$1 million). In October 2011, the State Attorney filed a request for an injunction ordering the defendant companies to contain and remove the contamination immediately. The court granted injunctive relief on October 18, 2011, but determined that only CEEE was required to perform the removal work. In May 2012, CEEE began the removal work in compliance with the injunction. The case is now awaiting judgment. The removal and remediation costs are estimated to be approximately R\$15 million to R\$60 million (\$3 million to \$11 million), and there could be additional costs which cannot be estimated at this time. In June 2016, the Company sold AES Sul to CPFL Energia S.A. and as part of the sale, AES Guaíba, a holding company of AES Sul, retained the potential liability relating to this matter. The Company believes that there are meritorious defenses to the claims asserted against it and will defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts.

In September 2015, AES Southland Development, LLC and AES Redondo Beach, LLC filed a lawsuit against the California Coastal Commission (the "CCC") over the CCC's determination that the site of AES Redondo Beach included approximately 5.93 acres of CCC-jurisdictional wetlands. The CCC has asserted that AES Redondo Beach has improperly installed and operated water pumps affecting the alleged wetlands in violation of the California Coastal Act and Redondo Beach Local Coastal Program ("LCP"). Potential outcomes of the CCC determination could include an order requiring AES Redondo Beach to perform a restoration and/or pay fines or penalties. AES Redondo Beach believes that it has meritorious arguments concerning the underlying CCC determination, but there can be no assurances that it will be successful. On March 27, 2020, AES Redondo Beach, LLC sold the site to an unaffiliated third-party purchaser that assumed the obligations contained within these proceedings. On May 26, 2020, CCC staff sent AES an NOV directing AES to discontinue any operation of the water pumps in the alleged

wetlands and to submit a Coastal Development Permit ("CDP") application for the removal of the water pumps within the alleged wetlands. The NOV also directed AES to submit technical analysis regarding additional water pumps located within onsite electrical vaults and, if necessary, a CDP application for their continued operation. With respect to the vault pumps, AES provided the CCC, with the requested analysis, and the CCC has not required further action. With respect to the pumps in the alleged wetlands, AES locked out those pumps to prevent further operation and submitted the CDP to the permitting authority, the City of Redondo Beach (the "City"), with respect to AES' plans to disable or remove the pumps. On October 14, 2020, the City deemed the CDP application to be complete and indicated a public hearing will be required. AES submitted all required information and waited for the City to continue processing the application. In December 2023, the City indicated it would continue processing the CDP application. AES will vigorously defend its interests with regard to the NOV, but we cannot predict the outcome of the matter at this time. However, settlements and litigated outcomes of Coastal Act and LCP claims alleged against other companies have required them to pay significant civil penalties and undertake remedial measures.

In October 2015, AES Indiana received an NOV alleging violations of the Clean Air Act ("CAA"), the Indiana State Implementation Plan ("SIP"), and the Title V operating permit related to alleged particulate and opacity violations at Petersburg Station Unit 3. In addition, in February 2016, AES Indiana received an NOV from the EPA alleging violations of New Source Review and other CAA regulations, the Indiana SIP, and the Title V operating permit at Petersburg Station. On August 31, 2020, AES Indiana reached a settlement with the EPA, the DOJ and the Indiana Department of Environmental Management ("IDEM"), resolving these purported violations of the CAA at Petersburg Station. The settlement agreement, in the form of a proposed judicial consent decree, was approved and entered by the U.S. District Court for the Southern District of Indiana on March 23, 2021, and includes, among other items, the following requirements: annual caps on NO_x and SO₂ emissions and more stringent emissions limits than AES Indiana's current Title V air permit; payment of civil penalties totaling \$1.5 million; a \$5 million environmental mitigation project consisting of the construction and operation of a new, non-emitting source of generation at the site; expenditure of \$0.3 million on a state-only environmentally beneficial project to preserve local, ecologically-significant lands; and retirement of Units 1 and 2 prior to July 1, 2023.

In December 2018, a lawsuit was filed in Dominican Republic civil court against the Company, AES Puerto Rico, and three other AES affiliates. The lawsuit purports to be brought on behalf of over 100 Dominican claimants, living and deceased, and appears to seek relief relating to CCRs that were delivered to the Dominican Republic in 2004. The lawsuit generally alleges that the CCRs caused personal injuries and deaths and demands \$476 million in alleged damages. The lawsuit does not identify, or provide any supporting information concerning, the alleged injuries of the claimants individually. Nor does the lawsuit provide any information supporting the demand for damages or explaining how the quantum was derived. The relevant AES companies believe that they have meritorious defenses to the claims asserted against them and will defend themselves vigorously in this proceeding; however, there can be no assurances that they will be successful in their efforts.

In February 2019, a separate lawsuit was filed in Dominican Republic civil court against the Company, AES Puerto Rico, two other AES affiliates, and an unaffiliated company and its principal. Subsequently, the claimants withdrew the lawsuit with respect to AES Puerto Rico. The lawsuit remains pending against the other AES defendants ("AES Defendants") and the unaffiliated defendants. The lawsuit purports to be brought on behalf of over 200 Dominican claimants, living and deceased, and appears to seek relief relating to CCRs that were delivered to the Dominican Republic in 2003 and 2004. The lawsuit generally alleges that the CCRs caused personal injuries and deaths and demands over \$900 million in alleged damages. The lawsuit does not identify, or provide any supporting information concerning, the alleged injuries of the claimants individually, nor does the lawsuit provide any information supporting the demand for damages or explaining how the quantum was derived. In August 2020, at the request of the relevant AES companies, the case was transferred to a different civil court, namely, the Civil Court of La Vega ("CFI"). In May 2024, the CFI dismissed the entire case due to the expiry of the statute of limitations. The claimants may seek to appeal. Recently, the claimants appealed the dismissal to the relevant intermediate appellate court. To date, the AES Defendants have not been formally served with the appeal. The AES Defendants believe that they have meritorious defenses to the claims asserted against them and will defend themselves vigorously in this proceeding; however, there can be no assurances that they will be successful in their efforts.

In October 2019, the Superintendency of the Environment (the "SMA") notified AES Andes of certain alleged breaches associated with the environmental permit of the Ventanas Complex, initiating a sanctioning process through Exempt Resolution N° 1 / ROL D-129-2019. The alleged charges include exceeding generation limits, failing to reduce emissions during episodes of poor air quality, exceeding limits on discharges to the sea, and exceeding noise limits. AES Andes has submitted a proposed "Compliance Program" to the SMA for the Ventanas Complex. The latest version of this Compliance Program was submitted on May 26, 2021. On December 30, 2021, the Compliance Program was approved by the SMA. However an ex officio action was brought by the SMA due to alleged exceedances of generation limits, which would require the Company to reduce SO₂, NO_x and PM emissions

in order to achieve the emissions offset established in the Compliance Program. On January 6, 2022, AES Andes filed a reposition with the SMA seeking modification of the means for compliance with the ex officio action. On January 17, 2023, the SMA approved street paving measures, or alternatively a program providing heaters for community members, as the means to satisfy the air emissions offsets in the approved Compliance Plan. The cost of the proposed Compliance Program is approximately \$10.8 million USD and is in the execution stage. Fines are possible if the SMA determines there is an unsatisfactory execution of the Compliance Program. On April 21, 2023, the SMA notified AES Andes of a resolution alleging an additional “serious” non-compliance of the Ventanas Complex failing to reduce emissions during episodes of poor air quality. On May 24, 2023, AES Andes submitted disclaimers to the SMA in response to this resolution. On May 10, 2024, the Company was notified of a fine for \$180,515 USD. On June 3, 2024, the Company appealed this fine to the Environmental Court. The Company believes that it has meritorious defenses and will continue to assert them vigorously in this dispute; however, there can be no assurances that it will be successful.

In March 2020, Mexico’s Comisión Federal de Electricidad (“CFE”) served an arbitration demand upon AES Mérida III. CFE alleged that AES Mérida was in breach of a power and capacity purchase agreement (“Contract”) between the two parties, even though the allegations relate to CFE’s own failure to provide fuel within the specifications of the Contract. CFE sought to recover approximately \$200 million in payments made to AES Mérida under the Contract as well as approximately \$480 million in alleged damages for having to acquire power from alternative sources in the Yucatan Peninsula. AES Mérida filed an answer denying liability to CFE and asserted a counterclaim for damages due to CFE’s breach of its obligations. The evidentiary hearing took place in November 2021. Closing arguments were heard in May 2022. In November 2022, the arbitration Tribunal issued its decision in the case, rejecting CFE’s claims for damages and granting AES Mérida a net amount of damages on AES Mérida’s counterclaims (“Award”). There are ongoing proceedings in the Mexican courts concerning AES Mérida’s attempt to enforce the Award and CFE’s attempt to challenge the Award. The enforcement proceeding initiated by AES Mérida is still pending before the relevant court of first instance. In contrast, in March 2024, the relevant court of first instance denied CFE’s request to nullify the Award (“March 2024 Decision”). The March 2024 Decision was affirmed by the relevant federal District Court and is currently under review by the Collegiate Circuit Court. AES Mérida believes that it has meritorious claims and defenses and will assert them vigorously in this dispute; however, there can be no assurances that it will be successful in its efforts.

On May 12, 2021, the Mexican Federal Attorney for Environmental Protection (the “Authority”) initiated an environmental audit at the TEP thermal generating facility. On January 20, 2023, TEP was notified of the resolution issued by the Authority, which alleges breaches of air emission regulations, including the failure to submit reports. The resolution imposes a fine of \$27,615,140 pesos (approximately USD \$1.5 million). On March 3, 2023, the facility filed a nullity judgment to challenge such resolution, which has been admitted by the local judge with an injunction granted against execution of the proposed fine during the course of the underlying proceedings. However, the local tax authority rejected receiving the bond that is required to guarantee the injunction, and as a result, on September 18, 2023, TEP filed a complaint seeking to compel the tax authority to accept the bond and recognize the validity of the injunction. The Specialized Chamber has not issued a response to the complaint, and therefore on January 12, 2024, TEP filed a request for the Specialized Chamber to rule on the admission of the complaint. On February 2, 2024, TEP filed an amparo lawsuit on the basis that no resolution has been issued regarding TEP’s May 2023 filing with the Chamber to inform if the Authority had submitted its response to the nullity lawsuit, and if not, to declare that the Authority’s right precluded. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself vigorously in these proceedings; however, there can be no assurances that it will be successful in its efforts.

In February 2022, a lawsuit was filed in Dominican Republic civil court against the Company. The lawsuit purports to be brought on behalf of over 425 Dominican claimants, living and deceased, and appears to seek relief relating to CCRs that were delivered to the Dominican Republic in 2003 and 2004. The lawsuit generally alleges that the CCRs caused personal injuries and deaths and demands over \$600 million in alleged damages. The lawsuit does not identify or provide any supporting information concerning the alleged injuries of the claimants individually. Nor does the lawsuit provide any information supporting the demand for damages or explaining how the quantum was derived. In February 2024, at the request of the Company, the Dominican Supreme Court of Justice transferred the case to a different civil court, namely, the Civil Court of La Vega. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself vigorously in this proceeding; however, there can be no assurances that it will be successful in its efforts.

On July 25, 2022, AES Puerto Rico, LP (“AES-PR”) received from the EPA an NOV alleging certain violations of the CAA at AES-PR’s coal-fired power facility in Guayama, Puerto Rico. The NOV alleged AES-PR exceeded an emission limit and did not continuously operate certain monitoring equipment, conduct certain analyses and testing, maintain complete records, and submit certain reports as required by the EPA’s Mercury and Air Toxics Standards.

The NOV further alleged AES-PR did not comply fully with the facility's Title V operating permit. In August 2024, AES-PR and the EPA entered into a Consent Agreement and Final Order ("CAFO") settling this matter. Pursuant to the CAFO, AES-PR paid a \$3.125 million fine to the agency and agreed to implement certain additional compliance and reporting measures.

On January 26, 2023, the SMA notified Alto Maipo SpA of four alleged charges relating to the Alto Maipo facility, all of which are categorized by the SMA as "serious." The alleged charges include untimely completion of intake works and insufficient capture by the provisional works, irrigation water outlet and canal contemplated by an agreement with local communities; non-compliance with the details of the forest management plans and intervention in unauthorized areas; construction of a road in a restricted paleontological area; and unlawful moving of fauna. On February 16, 2023, the Alto Maipo project submitted a compliance program to the SMA which has undergone two rounds of observations by the SMA and interested third parties. On June 19, 2024, the SMA issued new observations. In response, on July 17, 2024, Alto Maipo submitted an updated version of the compliance program, which is currently under review by the Environmental Authority. The costs associated with the compliance program are estimated to amount to CLP \$3,111,437 (approximately \$3 million USD). If the compliance program is not approved, Alto Maipo reserves the right to appeal such a decision before the environmental courts. If such an appeal is unsuccessful - or if the compliance program is not executed to the satisfaction of the SMA - fines, revocation of the facility's RCA environmental permit, or facility closure are possible outcomes for such alleged serious violations under applicable regulations.

In May 2024, the Chilean competition agency (the Fiscalía Nacional Económica or "FNE") opened an investigation regarding AES Andes's declarations with respect to coal prices and coal blends used to generate electricity in Chile. The investigation was prompted by a confidential complaint filed in December 2023, which has not been disclosed to AES Andes. In general terms, the investigation seeks to determine whether the facts alleged in the complaint could be considered as an abuse of a dominant position by AES Andes. The investigation is at a very early stage; AES Andes is currently responding to the FNE's information requests. The FNE will independently conduct the investigation and will ultimately decide whether to dismiss the matter or initiate a judicial proceeding on the allegations in the confidential complaint. These types of investigations in Chile commonly last for years. AES Andes does not believe that it has violated any competition laws. Further, if the FNE ever initiates a judicial proceeding on this matter, AES Andes will defend itself vigorously. Given the early nature of this investigation, we are unable to estimate any potential impact of the investigation or its eventual outcome on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A.—*Risk Factors* of our 2023 Form 10-K. Additional risks and uncertainties also may adversely affect our business and operations, including those discussed in Item 2.—*Management's Discussion and Analysis of Financial Condition and Results of Operations* in this Form 10-Q.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Issuer Purchases of Equity Securities**

The following table provides information relating to our purchases of AES Common Stock during the third quarter of fiscal year 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
July 1 — July 31	—	\$ —	—	\$ 264,000,000
August 1 — August 31	—	—	—	264,000,000
September 1 — September 30	—	—	—	264,000,000
Total	—	—	—	\$ 264,000,000

⁽¹⁾ On July 7, 2010, The AES Corporation announced that its Board of Directors approved a common stock repurchase program under which the Company may purchase up to \$500 million of shares of its outstanding common stock, depending on cash availability, market conditions, and other factors. The original authorization was set to expire on December 31, 2010, however, in December 2010, the Board authorized an extension of the stock repurchase program. The current program does not have a predetermined expiration date. Repurchases under this program may be made using a variety of methods, which may include open market repurchases, purchases by contract (including, without limitation, accelerated stock repurchase programs or 10b5-1 plans), and/or privately negotiated transactions. No repurchases were made under this program during the third quarter of 2024. As of September 30, 2024, \$264 million remained available for purchase under this authorization.

ITEM 5. OTHER INFORMATION**Trading Arrangements**

None of the Company's directors or "officers," as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended September 30, 2024.

ITEM 6. EXHIBITS

- 3.2 [Amended and Restated By-Laws of The AES Corporation, incorporated herein by reference to Exhibit 3.1 of the Company's Form 8-K filed on October 4, 2024.](#)
- 10.1 [Amendment No. 1 to the Term Loan Agreement dated as of September 30, 2024 among The AES Corporation as Borrower, the banks named herein as Banks, and Sumitomo Mitsui Banking Corporation as Administrative Agent, \(filed herewith\).](#)
- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Andrés Gluski \(filed herewith\).](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Stephen Coughlin \(filed herewith\).](#)
- 32.1 [Section 1350 Certification of Andrés Gluski \(filed herewith\).](#)
- 32.2 [Section 1350 Certification of Stephen Coughlin \(filed herewith\).](#)
- 101 The AES Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL (Inline Extensible Business Reporting Language): (i) the Cover Page, (ii) Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statements of Operations, (iv) Condensed Consolidated Statements of Comprehensive Income (Loss), (v) Condensed Consolidated Statements of Changes in Equity, (vi) Condensed Consolidated Statements of Cash Flows, and (vii) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE AES CORPORATION
(Registrant)

Date: October 31, 2024 By: /s/ STEPHEN COUGHLIN

Name: Stephen Coughlin

Title: *Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

By: /s/ SHERRY L. KOHAN

Name: Sherry L. Kohan

Title: *Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)*