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, 2026
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	**54-1163725**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4300 Wilson Boulevard **Arlington, Virginia**	**22203**
(Address of principal executive offices)	**(Zip Code)**

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
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 30, 2026 was 713,564,658.

The AES Corporation

Form 10-Q for the Quarterly Period ended September 30, 2026

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Glossary of Terms

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

2024 DRC Settlement	The order issued in November 2025 by the PUCO authorizing AES Ohio to, among other things, increase its basic rates and charges by $168 million annually
Adjusted EBITDA	Adjusted earnings before interest income and expense, taxes, depreciation, amortization, and accretion of AROs, a non-GAAP measure of operating performance
Adjusted EBITDA with Tax Attributes	Adjusted earnings before interest income and expense, taxes, depreciation, amortization, and accretion of AROs, adding back the pre-tax effect of Production Tax Credits, Investment Tax Credits 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, 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 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. Beginning in April 2025, La Caisse owns an aggregate indirect equity interest in AES Ohio of approximately 30%.
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
ANEEL	Brazilian National Electric Energy Agency
AOCL	Accumulated Other Comprehensive Loss
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BESS	Battery Energy Storage System
BOT	Build, Operate and Transfer
CAA	U.S. Clean Air Act
CAISO	California Independent System Operator
CAMMESA	Wholesale Electric Market Administrator in Argentina
CCR	Coal Combustion Residuals, which include bottom ash, fly ash, and air pollution control wastes generated at coal-fired generation plant sites
CECL	Current Expected Credit Loss
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO_2	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
CWA	U.S. Clean Water Act
DPL	DPL LLC and its consolidated subsidiaries. On April 3, 2025, DPL Inc. converted its form of business organization from an Ohio corporation to an Ohio limited liability company. Upon the conversion, DPL Inc. changed its name to DPL LLC. References to DPL are to DPL Inc. before April 3, 2025, and DPL LLC on and after April 3, 2025.
EBITDA	Earnings before interest income and expense, taxes, depreciation, amortization, and accretion of AROs, a non-GAAP measure of operating performance
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction
ESP	Electric Security Plan
EU	European Union
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Fluence	Fluence Energy, Inc. and its subsidiaries, including Fluence Energy, LLC, which was previously our joint venture with Siemens AG (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
IDEM	Indiana Department of Environmental Management
IPALCO	IPALCO Enterprises, Inc. La Caisse owns direct and indirect interests in IPALCO of approximately 30%.
ITC	Investment Tax Credit
IURC	Indiana Utility Regulatory Commission
JK Projects	Jemeiwaa Ka'I wind projects
La Caisse	Caisse de dépôt et placement du Québec
LNG	Liquefied Natural Gas
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Megawatt Hours

NAAQS	U.S. National Ambient Air Quality Standards
NCI	Noncontrolling Interest
NCTI	Net Controlled Foreign Corporation Tested Income
NM	Not Meaningful
NOV	Notice of Violation
NO_X	Nitrogen Oxides
NPDES	National Pollutant Discharge Elimination System
NSPS	New Source Performance Standards
O&M	Operations and Maintenance
OCC	Ohio Consumers' Counsel (statewide legal representative for Ohio's residential consumers and advocates on their behalf in PUCO and Ohio Supreme Court proceedings)
OTC	Once-Through Cooling
OTC Policy	Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling
OVEC	Ohio Valley Electric Corporation, an electric generating company in which AES Ohio has a 4.9% interest
Parent Company	The AES Corporation
Pet Coke	Petroleum Coke
PJM	PJM Interconnection, LLC
PPA	Power Purchase Agreement
PREPA	Puerto Rico Electric Power Authority
PUCO	The Public Utilities Commission of Ohio
RSC	The Rate Stabilization Charge is a non-bypassable rider intended to compensate AES Ohio for providing stabilized rates to customers.
RSU	Restricted Stock Unit
RTO	Regional Transmission Organization
SBU	Strategic Business Unit
SEC	U.S. Securities and Exchange Commission
SEET	Significantly Excessive Earnings Test
SO_2	Sulfur Dioxide
SPV	Special Purpose Vehicle
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, 2026	December 31, 2025
	(in millions, except share and per share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,972	$ 1,382
Restricted cash	591	691
Short-term investments	54	174
Accounts receivable, net of allowance of $36 and $39, respectively	1,872	1,683
Inventory	617	612
Prepaid expenses	147	192
Other current assets, net of allowance of $2 and $2, respectively	1,442	1,723
Current held-for-sale assets	18	45
Total current assets	6,713	6,502
NONCURRENT ASSETS		
Property, plant, and equipment, net of accumulated depreciation of $9,917 and $9,796, respectively	41,850	37,818
Investments in and advances to affiliates	891	1,004
Debt service reserves and other deposits	124	89
Goodwill	342	342
Other intangible assets, net of accumulated amortization of $533 and $479, respectively	2,021	2,040
Deferred income taxes	388	397
Loan receivable, net of allowance of $17 and $19, respectively	690	755
Other noncurrent assets, net of allowance of $27 and $24, respectively	3,028	2,821
Total noncurrent assets	49,334	45,266
TOTAL ASSETS	$ 56,047	$ 51,768
LIABILITIES, REDEEMABLE STOCK OF SUBSIDIARIES, AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 2,197	$ 1,980
Accrued interest	358	268
Accrued non-income taxes	346	294
Supplier financing arrangements	461	616
Accrued and other liabilities	1,448	2,223
Recourse debt	—	879
Non-recourse debt	2,950	2,232
Current held-for-sale liabilities	6	—
Total current liabilities	7,766	8,492
NONCURRENT LIABILITIES		
Recourse debt	6,361	5,105
Non-recourse debt	23,953	21,681
Deferred income taxes	1,756	1,581
Other noncurrent liabilities	2,328	2,980
Total noncurrent liabilities	34,398	31,347
Commitments and Contingencies (see Note 9)		
Redeemable stock of subsidiaries	3,100	2,824
EQUITY		
THE AES CORPORATION STOCKHOLDERS' EQUITY		
Common stock ($0.01 par value, 1,200,000,000 shares authorized; 860,118,596 issued and 713,564,658 outstanding at September 30, 2026 and 859,836,539 issued and 712,201,777 outstanding at December 31, 2025)	9	9
Additional paid-in capital	5,891	5,904
Retained earnings	1,847	641
Accumulated other comprehensive loss	(255)	(698)
Treasury stock, at cost (146,553,938 and 147,634,762 shares at September 30, 2026 and December 31, 2025, respectively)	(1,780)	(1,793)
Total AES Corporation stockholders' equity	5,712	4,063
NONCONTROLLING INTERESTS	5,071	5,042
Total equity	10,783	9,105
TOTAL LIABILITIES, REDEEMABLE STOCK OF SUBSIDIARIES, AND EQUITY	$ 56,047	$ 51,768

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in millions, except share and per share amounts)			
Revenue:				
Non-Regulated	$ 2,649	$ 2,269	$ 7,142	$ 6,132
Regulated	1,223	1,082	3,332	3,000
Total revenue	3,872	3,351	10,474	9,132
Cost of Sales:				
Non-Regulated	(1,931)	(1,730)	(5,486)	(4,998)
Regulated	(959)	(886)	(2,674)	(2,505)
Total cost of sales	(2,890)	(2,616)	(8,160)	(7,503)
Operating margin	982	735	2,314	1,629
General and administrative expenses	(68)	(46)	(185)	(172)
Interest expense	(361)	(348)	(1,082)	(1,042)
Interest income	71	76	201	215
Loss on extinguishment of debt	(13)	(2)	(27)	(15)
Other expense	(25)	(26)	(110)	(373)
Other income	21	19	61	57
Gain on disposal and sale of business interests	3	1	212	70
Asset impairment reversals (expense)	(91)	(31)	(133)	74
Foreign currency transaction losses	(14)	(19)	(55)	(57)
Other non-operating expense	—	(32)	—	(42)
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES AND EQUITY IN EARNINGS OF AFFILIATES	505	327	1,196	344
Income tax benefit	10	226	23	42
Net equity in earnings (losses) of affiliates	12	1	(30)	(55)
INCOME FROM CONTINUING OPERATIONS	527	554	1,189	331
Loss from disposal of discontinued businesses, net of $0 income tax for all periods	—	(37)	—	(37)
NET INCOME	527	517	1,189	294
Less: Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries	26	122	277	296
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	$ 553	$ 639	$ 1,466	$ 590
Increase in redemption value of redeemable stock of subsidiaries	(9)	(5)	(9)	(15)
NET INCOME AVAILABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	$ 544	$ 634	$ 1,457	$ 575
AMOUNTS AVAILABLE TO THE AES CORPORATION COMMON STOCKHOLDERS:				
Income from continuing operations available to The AES Corporation common stockholders	$ 544	$ 671	$ 1,457	$ 612
Loss from discontinued operations available to The AES Corporation common stockholders	—	(37)	—	(37)
NET INCOME AVAILABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	$ 544	$ 634	$ 1,457	$ 575
BASIC EARNINGS PER SHARE:				
Income from continuing operations available to The AES Corporation common stockholders	$ 0.76	$ 0.94	$ 2.04	$ 0.86
Loss from discontinued operations available to The AES Corporation common stockholders	—	(0.05)	—	(0.05)
NET INCOME AVAILABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	$ 0.76	$ 0.89	$ 2.04	$ 0.81
DILUTED EARNINGS PER SHARE:				
Income from continuing operations available to The AES Corporation common stockholders	$ 0.76	$ 0.94	$ 2.04	$ 0.86
Loss from discontinued operations available to The AES Corporation common stockholders	—	(0.05)	—	(0.05)
NET INCOME AVAILABLE TO THE AES CORPORATION COMMON STOCKHOLDERS	$ 0.76	$ 0.89	$ 2.04	$ 0.81
DILUTED SHARES OUTSTANDING	715	714	715	714

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,	
	2026	2025	2026	2025
	(in millions)			
NET INCOME	$ 527	$ 517	$ 1,189	$ 294
Foreign currency translation activity:				
Foreign currency translation adjustments, net of $0 income tax for all periods	4	18	17	90
Total foreign currency translation adjustments	4	18	17	90
Derivative activity:				
Change in fair value of derivatives, net of income tax benefit (expense) of $(104), $2, $(127), and $30, respectively	430	8	532	(142)
Reclassification to earnings, net of income tax benefit of $1, $0, $3, and $12, respectively	3	(1)	3	(6)
Total change in fair value of derivatives	433	7	535	(148)
Pension activity:				
Change in pension adjustments due to prior service cost, net of $0 income tax for all periods	—	—	—	1
Change in pension adjustments due to net actuarial loss for the period, net of income tax benefit of $0, $0, $0, and $1, respectively	—	—	—	(5)
Total pension adjustments	—	—	—	(4)
Fair value option liabilities activity:				
Reclassification to earnings, net of $0 income tax for all periods	(3)	—	(3)	—
Total change in fair value option liabilities	(3)	—	(3)	—
OTHER COMPREHENSIVE INCOME (LOSS)	434	25	549	(62)
COMPREHENSIVE INCOME	961	542	1,738	232
Less: Comprehensive loss (income) attributable to noncontrolling interests and redeemable stock of subsidiaries	(60)	116	170	316
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AES CORPORATION	$ 901	$ 658	$ 1,908	$ 548

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Equity
(Unaudited)

	Nine Months Ended September 30, 2026							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests [1]
	Shares	Amount	Shares	Amount				
	(in millions)							
Balance at January 1, 2026	859.8	$ 9	147.6	$ (1,793)	$ 5,904	$ 641	$ (698)	$ 5,042
Net income (loss)	—	—	—	—	—	487	—	(211)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	2	—
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	(1)	12
Total other comprehensive income (loss)	—	—	—	—	—	—	1	12
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(225)
Acquisitions of noncontrolling interests	—	—	—	—	(1)	—	1	(29)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	226
Sales to noncontrolling interests	—	—	—	—	(1)	—	—	120
Issuance of preferred shares in subsidiaries	—	—	—	—	—	—	—	1
Dividends declared on common stock ($0.17595/share)	—	—	—	—	—	(125)	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	(0.9)	12	(17)	—	—	—
Balance at March 31, 2026	859.8	$ 9	146.7	$ (1,781)	$ 5,885	$ 1,003	$ (696)	$ 4,936
Net income (loss)	—	—	—	—	—	426	—	(3)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	11	—
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	82	9
Total other comprehensive income (loss)	—	—	—	—	—	—	93	9
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(616)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	335
Sales to noncontrolling interests	—	—	—	—	(5)	—	—	—
Issuance of preferred shares in subsidiaries	—	—	—	—	—	—	—	169
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	8	—	—	—
Balance at June 30, 2026	859.8	$ 9	146.7	$ (1,781)	$ 5,888	$ 1,429	$ (603)	$ 4,830
Net income (loss)	—	—	—	—	—	553	—	(51)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	4	—
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	347	86
Change in fair value option liabilities, net of income tax	—	—	—	—	—	—	(3)	—
Total other comprehensive income (loss)	—	—	—	—	—	—	348	86
Adjustments to redemption value of redeemable stock of subsidiaries [3]	—	—	—	—	—	(9)	—	(3)
Reclassification of redeemable stock of subsidiaries to noncontrolling interests [2]	—	—	—	—	—	—	—	3
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(71)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	153
Sales to noncontrolling interests	—	—	—	—	(2)	—	—	124
Dividends declared on common stock ($0.17595/share)	—	—	—	—	—	(126)	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	0.3	—	(0.1)	1	5	—	—	—
Balance at September 30, 2026	860.1	$ 9	146.6	$ (1,780)	$ 5,891	$ 1,847	$ (255)	$ 5,071

	Nine Months Ended September 30, 2025							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests [1]
	Shares	Amount	Shares	Amount				
	(in millions)							
Balance at January 1, 2025	859.7	$ 9	148.6	$ (1,805)	$ 5,913	$ 293	$ (766)	$ 4,060
Net income (loss)	—	—	—	—	—	46	—	(149)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	30	—
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	(113)	(8)
Change in pension adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	1	—
Total other comprehensive income (loss)	—	—	—	—	—	—	(82)	(8)
Reclassification of redeemable stock of subsidiaries to noncontrolling interests [2]	—	—	—	—	—	—	—	38
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(57)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	114
Sales to noncontrolling interests	—	—	—	—	(15)	—	—	250
Issuance of preferred shares in subsidiaries	—	—	—	—	—	—	—	9
Dividends declared on common stock ($0.17595/share)	—	—	—	—	—	(125)	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	(0.8)	10	(10)	—	—	—
Balance at March 31, 2025	859.7	$ 9	147.8	$ (1,795)	$ 5,888	$ 214	$ (848)	$ 4,257
Net loss	—	—	—	—	—	(95)	—	(58)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	41	1
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	(15)	(19)
Change in pension adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	(5)	—
Total other comprehensive income (loss)	—	—	—	—	—	—	21	(18)
Adjustments to redemption value of redeemable stock of subsidiaries [3]	—	—	—	—	—	(10)	—	—
Reclassification of redeemable stock of subsidiaries to noncontrolling interests [2]	—	—	—	—	—	—	—	18
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(290)
Acquisitions of noncontrolling interests	—	—	—	—	(26)	—	(17)	(46)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	246
Sales to noncontrolling interests	—	—	—	—	199	(188)	8	200
Issuance of preferred shares in subsidiaries	—	—	—	—	—	—	—	5
Issuance and exercise of stock-based compensation benefit plans, net of income tax	—	—	—	—	9	—	—	—
Balance at June 30, 2025	859.7	$ 9	147.8	$ (1,795)	$ 6,070	$ (79)	$ (836)	$ 4,314
Net income (loss)	—	—	—	—	—	639	—	(57)
Foreign currency translation adjustments and reclassification to earnings, net of income tax	—	—	—	—	—	—	18	—
Change in fair value of derivatives and reclassification to earnings, net of income tax	—	—	—	—	—	—	1	10
Total other comprehensive income (loss)	—	—	—	—	—	—	19	10
Adjustments to redemption value of redeemable stock of subsidiaries [3]	—	—	—	—	—	(5)	—	(2)
Reclassification of redeemable stock of subsidiaries to noncontrolling interest [2]	—	—	—	—	—	—	—	51
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(310)
Acquisitions of noncontrolling interests	—	—	—	—	(36)	—	—	(34)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	419
Sales to noncontrolling interests	—	—	—	—	(4)	—	—	152
Dividends declared on AES common stock ($0.17595/share)	—	—	—	—	(126)	—	—	—
Issuance and exercise of stock-based compensation benefit plans, net of income tax	0.1	—	(0.1)	1	8	—	—	—
Balance at September 30, 2025	859.8	$ 9	147.7	$ (1,794)	$ 5,912	$ 555	$ (817)	$ 4,543

[1] Excludes redeemable stock of subsidiaries. See Note 11—*Redeemable Stock of Subsidiaries.*

[2] Related to the reclassification of certain tax equity partnerships at AES Clean Energy and the AES Indiana Pike County BESS tax equity partnership from *Redeemable stock of subsidiaries* to *Noncontrolling interests.* See Note 11—*Redeemable Stock of Subsidiaries.*

[3] Adjustment to record the redeemable stock of a tax equity partnership at AES Clean Energy Development and AES Global Insurance at redemption value.

See Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
OPERATING ACTIVITIES:		
Net income	$ 1,189	$ 294
Adjustments to net income:		
Depreciation, amortization, and accretion of AROs	1,280	1,056
Emissions allowance expense	94	241
Loss on realized/unrealized derivatives	31	49
Loss on commencement of sales-type leases	44	221
Gain on disposal and sale of business interests	(212)	(70)
Impairment expense (reversals)	133	(32)
Loss (gain) on realized/unrealized foreign currency	(1)	35
Deferred income tax expense, net of tax credit transfers allocated to AES	34	402
Tax credit transfers allocated to noncontrolling interests	496	568
Other	140	268
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(227)	(16)
(Increase) decrease in inventory	(37)	10
(Increase) decrease in prepaid expenses and other current assets	666	(24)
(Increase) decrease in other assets	114	63
Increase (decrease) in accounts payable and other current liabilities	118	147
Increase (decrease) in income tax payables, net, and other tax payables	(396)	(484)
Increase (decrease) in other liabilities	(19)	90
Net cash provided by operating activities	3,447	2,818
INVESTING ACTIVITIES:		
Capital expenditures	(4,916)	(4,394)
Acquisitions of business interests, net of cash and restricted cash acquired	(35)	(104)
Proceeds from the sale of business interests, net of cash and restricted cash sold	242	105
Sale of short-term investments	130	70
Purchase of short-term investments	(3)	(57)
Purchase of emissions allowances	(224)	(260)
Other investing	50	22
Net cash used in investing activities	(4,756)	(4,618)
FINANCING ACTIVITIES:		
Borrowings under the revolving credit facilities	4,481	2,711
Repayments under the revolving credit facilities	(2,413)	(3,951)
Commercial paper borrowings (repayments), net	(79)	643
Issuance of recourse debt	1,800	800
Repayments of recourse debt	(1,600)	(898)
Issuance of non-recourse debt	4,050	4,397
Repayments of non-recourse debt	(3,237)	(2,523)
Payments for financing fees	(100)	(101)
Purchases under supplier financing arrangements	870	1,237
Repayments of obligations under supplier financing arrangements	(1,014)	(1,108)
Distributions to noncontrolling interests	(1,444)	(523)
Acquisitions of noncontrolling interests	(30)	(143)
Contributions from noncontrolling interests	325	337
Sales to noncontrolling interests	428	1,289
Issuance of preferred shares in subsidiaries	282	528
Dividends paid on AES common stock	(376)	(376)
Payments for financed capital expenditures	(60)	(28)
Other financing	(42)	(38)
Net cash provided by financing activities	1,841	2,253
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(7)	(22)
Decrease in cash, cash equivalents, and restricted cash of held-for-sale businesses	—	79
Total increase in cash, cash equivalents, and restricted cash	525	510
Cash, cash equivalents and restricted cash, beginning	2,162	2,039
Cash, cash equivalents and restricted cash, ending	$ 2,687	$ 2,549

Condensed Consolidated Statements of Cash Flows *(continued)*
(Unaudited)

	Nine Months Ended September 30,	
	2026	2025
	(in millions)	
SUPPLEMENTAL DISCLOSURES:		
Cash payments for interest, net of amounts capitalized	$ 874	$ 859
Cash payments for income taxes, net of refunds	268	192
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Accruals for capital expenditures	792	900
Noncash contributions from noncontrolling interests related to tax credit transfers	496	568
Noncash recognition of new operating and financing leases (see Note 10)	153	155
Initial recognition of contingent consideration for acquisitions	34	19
Noncash distributions to noncontrolling interests	—	193
Noncash contributions from noncontrolling interests	—	42

See Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2026 and 2025

(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.

The condensed consolidated financial statements of the Company include the accounts of The AES Corporation and its controlled subsidiaries. Furthermore, VIEs in which the Company has an ownership interest and is the primary beneficiary, thus controlling the VIE, have been consolidated. Intercompany transactions and balances are eliminated in consolidation. Investments in entities where the Company has the ability to exercise significant influence, but not control, are accounted for using the equity method of accounting or, in the case of Alto Maipo, the fair value option.

Consolidated VIEs — At September 30, 2026, the Company consolidates entities that have been identified as VIEs under ASC 810, *Consolidation*. These entities are primarily limited liability entities or partnership arrangements with third-party investors structured to develop, construct, and operate power generation facilities and related assets. These entities were generally determined to have insufficient equity to finance their activities during development and construction without additional subordinated financial support. The Company also has tax equity arrangements entered into with third parties in order to monetize certain tax credits associated with renewables facilities. These tax equity partnerships meet the definition of a VIE as the holders of the membership interests, as a group, lack the characteristics of a controlling financial interest, including substantive kickout rights. Under these arrangements, the third-party investors are allocated earnings, tax attributes, and distributable cash in accordance with the respective limited liability company agreements. The assets of these tax equity partnerships are generally restricted from transfer under the terms of their limited liability company agreements. The third-party investor’s ownership interest is recorded as either *Redeemable stock of subsidiaries* or *Noncontrolling interests* in the Condensed Consolidated Balance Sheets based on applicable guidance. See Note 11—*Redeemable Stock of Subsidiaries* and Note 12—*Equity* for further information.

Determining whether the Company is the primary beneficiary of a VIE requires judgment, including an assessment of contractual rights, operational responsibilities, and exposure to variability in returns. AES is considered the primary beneficiary of these VIEs when it has the power to direct the activities that most significantly affect their economic performance, such as construction, budgeting, operations, and maintenance, and it has the obligation to absorb expected losses and the right to receive benefits through its variable interests. As of September 30, 2026, the Company may be required to contribute up to $2.7 billion in additional equity to certain consolidated VIEs, with these contributions generally contingent upon the underlying assets achieving specific project milestones. Certain consolidated VIEs are financed with non-recourse project-level debt. Creditors of these VIEs have no recourse to the Company beyond the VIE’s assets. See Note 8—*Obligations* for further information.

Unconsolidated VIEs — The Company has noncontrolling interests in VIEs accounted for under the equity method. These entities include partnerships in which the limited partners do not have substantive rights over the significant activities of these entities, as well as renewable energy project joint ventures that have insufficient equity to finance their activities during development and construction without additional subordinated financial support. AES is not the primary beneficiary because it does not have a controlling financial interest in these entities, as it does not have the power to direct the activities that most significantly impact these VIEs' performance; therefore, AES does not consolidate any of these entities. AES’ investment in these entities totaled approximately $159 million and $127 million as of September 30, 2026 and December 31, 2025, respectively, which are included in *Investments in and advances to affiliates* on the Condensed Consolidated Balance Sheets. See Note 7—*Investments In and Advances to Affiliates* for further information. AES' maximum exposure to loss is limited to its current investments in these entities.

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, 2026 are not necessarily indicative of expected results for the year ending December 31, 2026. The accompanying condensed consolidated financial statements are unaudited and should be read in conjunction with the 2025 audited consolidated financial statements and notes thereto, which are included in the 2025 Form 10-K filed with the SEC on March 2, 2026 (the "2025 Form 10-K").

Proposed Merger — On March 1, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Horizon Parent, L.P., a Delaware limited partnership ("Parent"), and Horizon Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger. Parent is controlled by investment vehicles affiliated with one or more funds, accounts or other entities managed or advised by Global Infrastructure Management, LLC and the EQT Infrastructure VI fund.

At the effective time of the Merger, each share of the Company's common stock outstanding immediately before the effective time (other than (i) shares of Company common stock held by any holder who properly exercises and perfects appraisal rights under Delaware law in respect of such shares and (ii) any shares of Company common stock held in the treasury of the Company or owned, directly or indirectly, by Parent or Merger Sub) will be converted automatically into the right to receive $15.00 in cash, without interest, per share.

The Board of Directors of the Company has unanimously approved the Merger Agreement, including the Merger and the other transactions contemplated thereby, and the Board of Directors of the Company has resolved to recommend that the Company stockholders approve the Merger and adopt the Merger Agreement.

The Merger Agreement includes certain representations, warranties, and covenants. Among other things, the Company has agreed (subject to certain exceptions) to conduct its business in the ordinary course consistent with past practice and not to take specified actions prior to closing without Parent's consent. The Company is also required to hold a special meeting of its stockholders to seek approval of the Merger and, subject to certain exceptions, it has agreed not to solicit or engage in discussions or negotiations regarding alternative business combination proposals and not to withdraw or modify the Board's recommendation in favor of the Merger.

In addition, subject to the terms of the Merger Agreement, the Company, Parent, and Merger Sub are required to use reasonable best efforts to obtain all required regulatory approvals, including certain regulatory approvals from the PUCO, the New York Public Service Commission, the FERC, and the Committee on Foreign Investment in the United States, and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), as well as the receipt of certain approvals under the applicable laws of certain foreign countries, so long as such approval does not result in a Burdensome Condition (as defined in the Merger Agreement).

Consummation of the Merger is subject to various closing conditions, including: (1) approval of the stockholders of the Company, (2) receipt of the specified regulatory approvals without the imposition of a Burdensome Condition, (3) absence of any law or order prohibiting the consummation of the Merger, (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties, (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement, and (6) the absence of a material adverse effect with respect to the Company and its subsidiaries. Approval by the stockholders of the Company was obtained on June 26, 2026. At 11:59 p.m. Eastern Time on June 22, 2026, the waiting period under the HSR Act expired with respect to the Merger. On September 17, 2026, the PUCO issued an order approving the Merger. The OCC filed a motion for rehearing of the approval, arguing that the approval should have included an investment-grade credit rating maintenance requirement and ring-fencing requirement, which AES Ohio responded to on October 29, 2026. The PUCO's approval order remains operative.

On October 15, 2026, the European Commission ("EC") unconditionally approved the Merger under Council Regulation No. 139/2004 (as amended). Additionally, on October 19, 2026, the New York Public Service Commission issued a declaratory ruling that the Merger requires no further review under New York Public Service Law Section 70. Further, on October 28, 2026, the European Commission closed its preliminary review of the Merger in accordance with Article 10(4) of Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market (the "EU Foreign Subsidies Regulation Approval"). The Merger remains subject to certain additional regulatory approvals and other customary closing conditions. The completion of the Merger is not conditioned on receipt of financing by Parent.

The Merger Agreement contains certain termination rights for both the Company and Parent, including if the Merger is not consummated by June 1, 2027 (subject to extension for an additional two successive three-month periods if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for each of the Company and

Parent, and provides that, upon termination of the Merger Agreement under certain specified circumstances, Parent would be required to pay a termination fee of $100 million or approximately $588 million (depending on the specific circumstances of termination) to the Company, and under other specified circumstances, the Company would be required to pay Parent a termination fee of approximately $321 million.

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, 2026	December 31, 2025
Cash and cash equivalents	$ 1,972	$ 1,382
Restricted cash (current assets) [1]	591	691
Debt service reserves and other deposits (noncurrent assets) [2]	124	89
Cash, Cash Equivalents, and Restricted Cash	$ 2,687	$ 2,162

[1] Includes approximately $410 million and $451 million of cash maintained in accordance with certain covenants of non-recourse debt agreements and $155 million and $153 million of cash held as collateral to cover potential liabilities for current and future insurance claims being assumed by AGIC, AES' captive insurance company, as of September 30, 2026 and December 31, 2025, respectively. See Note 8—*Obligations* for further information.

[2] Includes approximately $111 million and $80 million of cash maintained in accordance with certain covenants of non-recourse debt agreements as of September 30, 2026 and December 31, 2025, respectively. See Note 8—*Obligations* for further information.

Tax Credit Transferability — Historically, the Company has financed renewables projects with investments from tax equity investors who are allocated certain tax benefits associated with renewables projects (e.g., investment tax credits) through partnership agreements. The U.S. Inflation Reduction Act of 2022 (the “IRA”) allows the owners of renewable energy projects to directly transfer ITCs to unrelated tax credit buyers. This provides the Company with the flexibility to obtain financing on any particular project with (i) the transfer of tax credits or (ii) investments from tax equity investors who are allocated tax benefits. The Company may also elect to retain the tax credit and use it to reduce its tax liability.

The Company accounts for tax credits that it will retain or transfer under ASC 740—*Income Taxes*, as a reduction in income tax expense by either including the expected amount of the tax credit to be claimed or the cash to be received when transferred, respectively, in the calculation of its annual effective tax rate throughout the year the renewables project is placed in service. The Company applies the flow-through method to account for its investment tax credits. The estimated tax credits are updated on a quarterly basis, with the year-end calculation including only the tax credits that are associated with projects placed in service, comprising credits claimed or transferred during the year. In assessing realizability for credits to be transferred, the Company includes cash it anticipates receiving in establishing any valuation allowance and establishes a valuation allowance equal to its best estimate of any discount on the transfer. In many cases, ITCs are generated at partnerships which are non-tax paying entities for U.S. federal income tax purposes. These entities cannot utilize tax credits, but rather allocate credits to their partners, who report their share of the partnership credits on their individual tax returns. Once a project is placed in service, any portion of the tax credit to be transferred which is allocated to a noncontrolling interest holder is recorded as a noncash deemed contribution within *Noncontrolling interests* or *Redeemable stock of subsidiaries*, as applicable, on the Condensed Consolidated Balance Sheets as this represents an increase in the partners’ capital account. To the extent any of the expected transfer proceeds are contractually obligated to be distributed to the noncontrolling interest holder, the Company records a corresponding noncash deemed distribution within *Noncontrolling interests* or *Redeemable stock of subsidiaries*, as applicable. The receipt of cash from the transfer of tax credits, inclusive of the portion allocated to noncontrolling interest holders, is treated as an operating cash inflow on the Condensed Consolidated Statements of Cash Flows. Proceeds from the transfer of tax credits are excluded from the supplemental disclosure of *Cash payments for income taxes, net of refunds*.

During the nine months ended September 30, 2026, the Company executed agreements for $535 million to transfer ITCs directly to a third party at a discount. Of this amount, $39 million was allocated to AES and $496 million was allocated to noncontrolling interests and treated as a contribution from noncontrolling interest holders. The Company received cash proceeds from these tax credit transfers of $535 million during the nine months ended September 30, 2026. In addition, during the nine months ended September 30, 2026, we received cash proceeds of $448 million related to tax credit transfer agreements executed in 2025, and of this amount, we distributed $414 million to noncontrolling interest holders.

During the nine months ended September 30, 2025, the Company executed agreements to transfer ITCs directly to third parties for $921 million. Of this amount, $353 million was allocated to AES and $568 million was allocated to noncontrolling interests and treated as a contribution from noncontrolling interest holders. The Company received cash proceeds from these tax credit transfers of $567 million during the nine months ended September 30, 2025 and received the remaining $161 million in October 2025 and $193 million in the first quarter of

2026. In addition, during the nine months ended September 30, 2025, the Company received cash proceeds of $75 million related to a tax credit transfer agreement executed in 2024.

New Accounting Pronouncements Adopted in 2026 — The Company assessed all accounting pronouncements adopted in 2026 and determined they were either not applicable or did not have a material impact on the Company's condensed consolidated 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**
2024-03: Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)	The amendments in this Update require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity: 1. Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e). 2. Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements. 3. Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. 4. Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.	The date for each amendment in this Update is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted.	This ASU only affects disclosures, which will be provided when the amendment becomes effective.
2025-06: Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	The amendments in this Update remove all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 350-40. Therefore, an entity is required to start capitalizing software costs when both of the following occur: 1. Management has authorized and committed to funding the software project. 2. It is probable that the project will be completed and the software will be used to perform the function intended. In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software. The two factors to consider in determining whether there is significant development uncertainty are whether: 1. The software being developed has technological innovations or novel, unique, or unproven functions or features, and the uncertainty related to those technological innovations, functions, or features, if identified, has not been resolved through coding and testing. 2. The entity has determined what it needs the software to do (for example, functions or features), including whether the entity has identified or continues to substantially revise the software's significant performance requirements.	The amendments in this Update are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period.	The Company is currently evaluating the impact of adopting the standard on its consolidated financial statements.

2025-07: Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract	Issue 1: Derivatives Scope Refinements The amendments in this Update exclude from derivative accounting non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. Issue 2: Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract The amendments in this Update clarify that an entity should apply the guidance in Topic 606, including the guidance on noncash consideration to a contract with share-based noncash consideration (for example, shares, share options, or other equity instruments) from a customer for the transfer of goods or services.	The amendments in this Update are effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted.	AES evaluated the provisions of ASU 2025-07 in relation to its existing derivative portfolio, revenue arrangement, and compensation programs. Although certain amendments clarify the scope of derivative accounting based on an entity's own operations, AES' current derivative portfolio primarily consists of interest rate swaps, foreign currency forward and commodity instruments that are not expected to be affected by the Update. In addition, AES does not receive share-based noncash consideration from customers within the scope of the amendments. Accordingly, adoption is not expected to have a material impact on AES' consolidated financial statements.
2025-09: Hedge Accounting Improvements	Issue 1: Similar Risk Assessment for Cash Flow Hedges The amendments in this Update permit grouping forecasted transactions in a cash flow hedge based on similar risk exposures, subject to initial and ongoing risk assessments. Issue 2: Hedging Forecasted Interest Payments on Choose-Your-Rate Debt The amendments in this Update provide a model to facilitate the application of cash flow hedge accounting for forecasted interest payments on variable-rate debt that permits borrowers to change the interest rate index and reset frequency ("choose-your-rate" debt). Issue 3: Cash Flow Hedges of Nonfinancial Forecasted Transactions The amendments in this Update expand hedge accounting for forecasted purchases and sales of nonfinancial assets by allowing hedging of eligible price components and subcomponents, subject to specific criteria. Issue 4: Net Written Options as Hedging Instruments The amendments in this Update eliminate the requirement to apply the net written option test to compound derivatives consisting of a swap and a written option that are designated as hedging instruments in cash flow or fair value hedges of interest rate risk. Issue 5: Foreign-Currency-Denominated Debt Used in Dual Hedges The amendments in this Update eliminate recognition and presentation mismatches in dual hedge strategies by excluding fair value hedge basis adjustments from net investment hedge effectiveness assessments and requiring related foreign exchange gains and losses to be recognized in earnings.	The amendments in this Update are effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods, and should be applied prospectively for all hedging relationships that exist at the date of adoption.	AES evaluated the provisions of ASU 2025-09 in relation to its existing derivative portfolio and hedge-accounting strategies. Although certain amendments are applicable to AES' portfolio hedges of forecasted debt transactions and debt arrangements that permit a choice of interest-rate indices, the amendments principally provide additional flexibility in hedge designation and continuity. AES does not currently engage in material nonfinancial component hedging, net written option hedging strategies, or dual-hedge strategies affected by the Update. Accordingly, adoption is not expected to have a material impact on AES' consolidated financial statement, although certain hedge documentation, accounting policies, and related controls will be updated.
2025-11: Interim Reporting (Topic 270)—Narrow-Scope Improvements	The amendments in this Update clarify interim disclosure requirements and the applicability of Topic 270 by organizing existing GAAP interim disclosure requirements into a single framework and clarifying when additional disclosures are required for material events occurring after the most recent annual reporting period.	The amendments in this Update are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods.	This ASU only affects disclosures, which will be provided when the amendment becomes effective.

2025-12: Codification Improvements	The amendments in this Update include 33 issues that represent changes to the Codification that clarify, correct errors, or make minor improvements, making the Codification easier to understand and apply. The amendments in this Update are varied in nature and may affect the application of guidance in cases in which the original guidance may have been unclear.	The amendments in this Update are effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted on an issue-by-issue basis as of the beginning of an annual reporting period.	AES evaluated the provisions of ASU 2025-12 in relation to its existing accounting policies. The majority of the amendments represent clarifications, corrections, or minor improvements to existing guidance and are not expected to affect AES' accounting. Accordingly, adoption is not expected to have a material impact on its consolidated financial statements, although certain accounting policies, documentation and related controls may be updated.
2026-01: Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock	The amendments in this Update require that paid-in-kind dividends on equity-classified preferred stock be initially measured on the basis of the paid-in-kind dividend rate stated in the preferred stock agreement.	The amendments in this Update are effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted.	AES evaluated the provisions of ASU 2026-01 in relation to its existing capital structure and equity arrangements. Although the amendments establish guidance for the initial measurement of paid-in-kind (“PIK”) dividends on equity-classified preferred stock, AES does not currently have preferred stock arrangements with PIK dividend features within the scope of the Update. Accordingly, adoption will not have a material impact on AES’ consolidated financial statements.
2026-02: Environmental Credits and Environmental Credit Obligations (Topic 818)	The amendments in this Update improve GAAP by providing specific authoritative guidance for environmental credit obligations.	The amendments in this Update are effective for fiscal years beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted.	The Company is currently evaluating the impact of adopting the standard on its consolidated financial statements.

2. INVENTORY

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

	September 30, 2026	December 31, 2025
Spare parts and supplies	$ 401	$ 392
Fuel and other raw materials	216	220
Total	$ 617	$ 612

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 2025 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, 2026				December 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Contingent consideration [1]	$ —	$ —	$ 8	$ 8	$ —	$ —	$ —	$ —
DEBT SECURITIES:								
Available-for-sale:								
Certificates of deposit	—	3	—	3	—	3	—	3
Government debt securities	—	3	—	3	—	—	—	—
Total debt securities	—	6	—	6	—	3	—	3
EQUITY SECURITIES:								
Mutual funds	59	—	—	59	57	—	—	57
Common stock	—	—	—	—	1	—	—	1
Total equity securities	59	—	—	59	58	—	—	58
DERIVATIVES:								
Interest rate derivatives	—	716	—	716	—	279	—	279
Foreign currency derivatives	—	6	—	6	—	24	—	24
Commodity derivatives	78	77	8	163	109	72	5	186
Total derivatives — assets	78	799	8	885	109	375	5	489
TOTAL ASSETS	$ 137	$ 805	$ 16	$ 958	$ 167	$ 378	$ 5	$ 550
Liabilities								
Contingent consideration [2]	$ —	$ —	$ 212	$ 212	$ —	$ —	$ 205	$ 205
DERIVATIVES:								
Interest rate derivatives	—	3	—	3	—	59	—	59
Foreign currency derivatives	—	50	—	50	—	28	—	28
Commodity derivatives	76	25	40	141	110	42	45	197
Total derivatives — liabilities	76	78	40	194	110	129	45	284
TOTAL LIABILITIES [2]	$ 76	$ 78	$ 252	$ 406	$ 110	$ 129	$ 250	$ 489

[1] Payments contingent upon specified events related to the disposition of Uplight completed in August 2026. See Note 7—*Investments in and Advances to Affiliates* for further information.

[2] Includes $6 million of contingent consideration reported in *Current held-for-sale liabilities* on the Condensed Consolidated Balance Sheets related to the JK Projects as of September 30, 2026.

As of September 30, 2026, all available-for-sale debt securities had stated maturities within one year. For the three and nine months ended September 30, 2026, no impairments of marketable securities were recognized in earnings or other comprehensive income (loss). Credit-related impairments are recognized as an allowance with a corresponding impact recognized as a credit loss in *Other expense*. Gains and losses on sale of investments are determined using the specific-identification method. The following table presents gross proceeds from the sale of available-for-sale securities for the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Gross proceeds from sale of available-for-sale securities	$ 1	$ —	$ 3	$ 4

The Company accounts for equity securities without readily determinable fair values using the measurement alternative in accordance with ASC 321. These securities are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of the same issuer. Upward adjustments resulting from observable price changes are recorded in *Other income* and impairments and downward adjustments are recorded in *Other expense*. As of both December 31, 2025 and September 30, 2026, the carrying amount of equity securities accounted for using the measurement alternative was $19 million, inclusive of $22 million of cumulative upward adjustments recorded in *Other income* in prior years and a $48 million downward adjustment recorded in *Other expense* in June 2025 to reflect observable price changes for our investment in 5B Holdings Ptd. Ltd. ("5B").

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, 2026 and 2025 (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.

	Derivative Assets and Liabilities				
Three Months Ended September 30, 2026	**Interest Rate**	**Foreign Currency**	**Commodity**	**Contingent Consideration Assets and Liabilities**	**Total**
Balance at July 1, 2026	$ —	$ —	$ (25)	$ (205)	$ (230)
Total realized and unrealized gains (losses):					
Included in earnings	—	—	(1)	(5)	(6)
Included in other comprehensive income (loss) — derivative activity	—	—	(6)	—	(6)
Included in other comprehensive income (loss) — foreign currency translation activity	—	—	—	(1)	(1)
Included in regulatory liabilities	—	—	(1)	—	(1)
Acquisitions	—	—	—	(18)	(18)
Settlements	—	—	1	14	15
Dispositions	—	—	—	11	11
Balance at September 30, 2026	$ —	$ —	$ (32)	$ (204)	$ (236)
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	$ —	$ —	$ —	$ (5)	$ (5)

	Derivative Assets and Liabilities				
Three Months Ended September 30, 2025	**Interest Rate**	**Foreign Currency**	**Commodity**	**Contingent Consideration Liabilities**	**Total**
Balance at July 1, 2025	$ —	$ 35	$ (22)	$ (144)	$ (131)
Total realized and unrealized gains (losses):					
Included in earnings	—	1	—	6	7
Included in other comprehensive income (loss) — derivative activity	—	—	8	—	8
Acquisitions	—	—	—	(8)	(8)
Settlements	—	(10)	(1)	—	(11)
Transfers of assets (liabilities), net out of Level 3	—	(26)	—	—	(26)
Balance at September 30, 2025	$ —	$ —	$ (15)	$ (146)	$ (161)
Total gains 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	$ —	$ —	$ —	$ 6	$ 6

	Derivative Assets and Liabilities				
Nine Months Ended September 30, 2026	Interest Rate	Foreign Currency	Commodity	Contingent Consideration Assets and Liabilities	Total
Balance at January 1, 2026	$ —	$ —	$ (40)	$ (205)	$ (245)
Total realized and unrealized gains (losses):					
Included in earnings	—	—	—	(7)	(7)
Included in other comprehensive income (loss) — derivative activity	—	—	7	—	7
Included in other comprehensive income (loss) — foreign currency translation activity	—	—	—	(1)	(1)
Included in regulatory liabilities	—	—	6	—	6
Acquisitions	—	—	—	(34)	(34)
Settlements	—	—	(5)	32	27
Dispositions	—	—	—	11	11
Balance at September 30, 2026	$ —	$ —	$ (32)	$ (204)	$ (236)
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	$ —	$ —	$ —	$ (7)	$ (7)

	Derivative Assets and Liabilities				
Nine Months Ended September 30, 2025	Interest Rate	Foreign Currency	Commodity	Contingent Consideration Liabilities	Total
Balance at January 1, 2025	$ (1)	$ 52	$ (21)	$ (145)	$ (115)
Total realized and unrealized gains (losses):					
Included in earnings	—	3	—	(12)	(9)
Included in other comprehensive income (loss) — derivative activity	—	1	5	—	6
Included in regulatory liabilities	—	—	5	—	5
Acquisitions	—	—	—	(19)	(19)
Settlements	—	(30)	(3)	30	(3)
Transfers of assets (liabilities), net into Level 3	—	—	(1)	—	(1)
Transfers of assets (liabilities), net out of Level 3	1	(26)	—	—	(25)
Balance at September 30, 2025	$ —	$ —	$ (15)	$ (146)	$ (161)
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	$ —	$ (12)	$ —	$ (12)	$ (24)

The following table summarizes the significant unobservable inputs used for Level 3 derivative assets (liabilities) as of September 30, 2026 (in millions, except range amounts):

Type of Derivative	Fair Value	Unobservable Input	Amount or Range (Average)
Commodity:			
CAISO energy swap	$ (33)	Forward CAISO energy prices per MWh from 2032 through 2038	$4.76 to $127.94 ($52.10)
MISO energy swap	(4)	Forward MISO energy prices per MWh from 2032 through 2040	$29.88 to $114.88 ($56.54)
Other	5		
Total	$ (32)		

For the CAISO and MISO energy swaps, increases (decreases) in the estimates above would decrease (increase) the value of the derivatives.

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. Gains and losses on the remeasurement of contingent consideration are recognized in *Other income* and *Other expense*, respectively, on the Condensed Consolidated Statements of Operations.

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 reversals (expense)* or *Other non-operating expense*, as applicable, 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, 2025	Measurement Date	Carrying Amount [1]	Fair Value			Pre-tax Loss
			Level 1	Level 2	Level 3	
Held-for-sale businesses: [2]						
Mong Duong [3]	3/31/2025	$ 383	$ —	$ 371	$ —	$ 17
Equity method investments: [4]						
Uplight	9/30/2025	$ 60	$ —	$ —	$ —	$ 60

(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 Mong Duong disposal group less costs to sell of $5 million.

(4) See Note 7—*Investments in and Advances to Affiliates* for further information.

AES Clean Energy Development Projects — On a quarterly basis, the Company reviews the status of development projects to identify projects that are no longer viable and will be abandoned. The fair value of each abandoned project with no salvage value is determined to be zero as there are no future projected cash flows, resulting in a full write-off of the carrying value of project development intangibles and capitalized development costs incurred.

The Company recognized $128 million and $132 million of pre-tax asset impairment expense related to AES Clean Energy Development Projects during the nine months ended September 30, 2026 and 2025, respectively. See Note 16—*Asset Impairment Expense* for further information.

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"). As of May 31, 2025, due to delays in closing the transaction and the pending expiration of the agreement in November 2025, the Company determined Mong Duong no longer met the held-for-sale criteria and the asset group was reclassified as held and used.

During the nine months ended September 30, 2025, the Company recognized a $243 million increase in the carrying value of the Mong Duong asset group due to the derecognition of a $239 million valuation allowance on the loan receivable accounted for under ASC 310, which had been recognized in *Asset impairment expense* between December 31, 2023 and March 31, 2025 while Mong Duong was classified as held-for-sale, and the elimination of $4 million in net estimated costs to sell from the measurement of the asset group. Upon reclassification out of held-for-sale, the loan receivable was remeasured at amortized cost and individual non-loan assets were remeasured at the lower of (i) carrying value before Mong Duong was classified as held for sale, adjusted for any depreciation expense or impairment losses that would have been recognized had the asset been continuously classified as held and used, or (ii) fair value at the date of the subsequent determination that held-for-sale criteria was no longer met. See Note 16—*Asset Impairment Expense* for further information.

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, 2026				
		Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3
Assets:	Financing receivables [1]	$ 784	$ 784	$ —	$ —	$ 784
Liabilities:	Non-recourse debt	26,037	26,418	—	25,041	1,377
	Recourse debt	6,361	6,150	—	6,150	—

		December 31, 2025				
		Carrying Amount	Fair Value			
			Total	Level 1	Level 2	Level 3
Assets:	Financing receivables [1]	$ 855	$ 955	$ —	$ —	$ 955
Liabilities:	Non-recourse debt	23,178	23,749	—	20,448	3,301
	Recourse debt	5,984	5,003	—	5,003	—

[1] For both periods presented, amounts primarily relate to the Mong Duong loan receivable, payment deferrals granted to mining customers as part of our green blend agreements in Chile, and the sale of the Redondo Beach land. These are included in *Loan receivable* and *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 2025 Form 10-K. See Note 3—*Fair Value* for additional disclosures related to derivative instruments.

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, 2026, 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 [1]
Interest rate	$ 8,863	2058
Foreign currency:		
Chilean peso	255	2029
Colombian peso	232	2029
Euro	57	2028
Mexican peso	30	2027

Commodity Derivatives	Maximum Notional	Latest Maturity [2]
Natural Gas (in MMBtu)	53	2029
Power (in MWhs) [2]	34	2040

[1] Maturity dates are consistent for both designated and non-designated positions.

[2] Includes one contract designated as a cash flow hedge with a final maturity date in 2038.

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, 2026			December 31, 2025		
Assets	Designated	Not Designated	Total	Designated	Not Designated	Total
Interest rate derivatives	$ 702	$ 14	$ 716	$ 279	$ —	$ 279
Foreign currency derivatives	4	2	6	11	13	24
Commodity derivatives	4	159	163	4	182	186
Total assets	$ 710	$ 175	$ 885	$ 294	$ 195	$ 489
Liabilities						
Interest rate derivatives	$ 1	$ 2	$ 3	$ 59	$ —	$ 59
Foreign currency derivatives	4	46	50	4	24	28
Commodity derivatives	36	105	141	46	151	197
Total liabilities	$ 41	$ 153	$ 194	$ 109	$ 175	$ 284

	September 30, 2026		December 31, 2025	
Fair Value	Assets	Liabilities	Assets	Liabilities
Current	$ 433	$ 97	$ 261	$ 154
Noncurrent	452	97	228	130
Total	$ 885	$ 194	$ 489	$ 284

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,	
	2026	2025	2026	2025
Cash flow hedges				
Gains (losses) recognized in AOCL				
Interest rate derivatives	$ 541	$ 2	$ 618	$ (183)
Foreign currency derivatives	(4)	(1)	26	6
Commodity derivatives	(3)	5	15	5
Total	$ 534	$ 6	$ 659	$ (172)
Gains (losses) reclassified from AOCL into earnings				
Interest rate derivatives — Interest expense	$ —	$ 2	$ (4)	$ 11
Foreign currency derivatives — Foreign currency transaction gains (losses)	—	1	3	6
Commodity derivatives — Cost of sales—Non-Regulated	(2)	(3)	1	—
Total	$ (2)	$ —	$ —	$ 17
Gains reclassified from AOCL to earnings due to change in forecast	$ —	$ —	$ —	$ 8
Not designated as hedging instruments				
Gains (losses) recognized in earnings related to				
Interest rate derivatives — Interest expense	$ 13	$ (2)	$ 13	$ (2)
Foreign currency derivatives — Foreign currency transaction gains (losses)	(6)	(4)	(12)	(13)
Commodity derivatives — Revenue—Non-Regulated	(4)	90	70	51
Commodity derivatives — Cost of sales—Non-Regulated	25	(26)	33	(40)
Total	$ 28	$ 58	$ 104	$ (4)

Reclassifications from AOCL to earnings are forecasted to increase pre-tax income from continuing operations by $64 million for the twelve months ended September 30, 2027, primarily related to Interest rate derivatives.

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 and amounts classified as held for sale, by country as of the dates indicated (in millions):

	September 30, 2026			December 31, 2025		
	Gross Receivable	Allowance	Net Receivable	Gross Receivable	Allowance	Net Receivable
Vietnam	$ 707	$ 17	$ 690	$ 774	$ 19	$ 755
Chile	57	—	57	61	—	61
U.S.	55	24	31	51	19	32
Other	6	—	6	7	—	7
Total	$ 825	$ 41	$ 784	$ 893	$ 38	$ 855

Vietnam — AES has recorded loan receivables of $781 million as of September 30, 2026 pertaining to our Mong Duong plant in Vietnam. During the nine months ended September 30, 2026 and September 30, 2025, the Company collected $83 million and $91 million, respectively. The plant was constructed under a BOT contract and sold to the Vietnamese government, while we remain the operator for the duration of the 25-year PPA. Mong Duong was reclassified from held-for-sale to held and used as of May 31, 2025 and therefore $91 million was classified in *Other current assets*, and $690 million in *Loan receivable* on the Condensed Consolidated Balance Sheet as of September 30, 2026. See Note 14—*Revenue* and Note 18—*Held-for-Sale and Dispositions* for further information.

Chile — AES Andes has recorded non-current receivables pertaining to payment deferrals granted to mining customers as part of our green blend agreements.

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, 2027.

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, 2026	Accounts Receivable	Financing Receivables	Other [1]	Total
CECL reserve balance at beginning of period	$ 39	$ 38	$ 6	$ 83
Current period provision	31	4	—	35
Write-offs charged against allowance	(34)	—	—	(34)
Recoveries collected	—	(1)	—	(1)
CECL reserve balance at end of period	$ 36	$ 41	$ 6	$ 83

Nine Months Ended September 30, 2025	Accounts Receivable	Financing Receivables	Other [1]	Total
CECL reserve balance at beginning of period	$ 52	$ 15	$ 29	$ 96
Reclassification from held-for-sale to held and used	—	21	(21)	—
Current period provision	38	3	—	41
Write-offs charged against allowance	(43)	—	—	(43)
Recoveries collected	(4)	(1)	(1)	(6)
Foreign exchange	—	—	(1)	(1)
CECL reserve balance at end of period	$ 43	$ 38	$ 6	$ 87

(1) Primarily relates to credit losses allowance on Argentina receivables as of September 30, 2026 and September 30, 2025.

Following the implementation of customer billing system upgrades at our utilities in 2023 and 2024, a temporary pause in customer disconnections, certain collections efforts, and write-off processes contributed to increased provisions and allowance for credit losses throughout 2025. AES Indiana and AES Ohio reinstituted customer disconnections and write-off processes in March and June 2025, respectively. The resumption of these activities resulted in increased write-offs.

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 and majority-owned unconsolidated subsidiaries that are accounted for using the equity method (in millions):

Nine Months Ended September 30,	50%-or-less Owned Affiliates [1]		Majority-Owned Unconsolidated Subsidiaries [2]	
	2026	2025	2026	2025
Revenue	$ 2,450	$ 2,046	$ —	$ —
Operating income (loss)	93	68	(1)	—
Net loss	(156)	(148)	(1)	(2)
Net loss attributable to affiliates	(158)	(155)	(1)	(2)

(1) The summarized financial information of Uplight is not included in the table above for the nine months ended September 30, 2026 as the equity method of accounting was suspended during the fourth quarter of 2025.

(2) The summarized financial information of Alto Maipo is not included in the table above as the Company is not the primary beneficiary, the fair value of the investment is insignificant, and the investment in Alto Maipo is not material to the financial results of the Company.

Uplight — In March 2026, the Company entered into an agreement to sell its 25% ownership interest and convertible note in Uplight for up to $40 million, including $10 million at closing and up to an additional $30 million contingent upon specified events. The transaction closed in August 2026 and the Company received $10 million. Prior to its sale, Uplight was reported in the New Energy Technologies SBU reportable segment.

Fluence — In May 2026, the Company redeemed 10,066,414 common units of Fluence Energy, LLC. Fluence Energy, Inc. settled this redemption through the issuance of an equivalent number of shares of its Class A common stock. In conjunction with this redemption, the Company executed a public sale of the Class A shares, resulting in net proceeds of $207 million after expenses, and a pre-tax gain on sale of $186 million, recorded in *Gain on disposal and sale of business interests*. As a result of this transaction, AES' ownership interest decreased from 28% to 22%. As the Company still does not control but has significant influence over Fluence after the transaction, it continues to be accounted for as an equity method investment. Fluence is reported in the New Energy Technologies SBU reportable segment.

JK Projects — In May 2026, the Company completed the contribution of two of the Jemeiwaa Ka'I wind projects ("JK Projects"), JK1 and JK2, to a trust, receiving proceeds of $25 million. After closing the transaction, the Company retained 51% ownership in the trust, which is considered a VIE and accounted for as an equity method investment. As the Company lacks the power to make significant decisions without the consent of all parties, it does not meet the criteria to be considered the primary beneficiary and therefore does not consolidate the entity. The

Company recorded its retained interest in the trust at fair value of $27 million. See Note 18—*Held-for-Sale and Dispositions* for further information. The JK Projects are reported in the Renewables SBU reportable segment.

El Salvador — In April 2026, the Company acquired the remaining 50% ownership interests in the Bosforo and Cuscatlan solar projects for a total of $44 million. The transactions were accounted for as asset acquisitions as the projects did not meet the definition of a business. Prior to the transactions, the Company's investments in Bosforo and Cuscatlan were accounted for under the equity method; however, as a result of the transactions, both are now consolidated by AES. Bosforo and Cuscatlan are reported in the Utilities SBU reportable segment.

Alto Maipo — The Company holds a 99% ownership interest in Alto Maipo SpA ("Alto Maipo"), a hydroelectric plant in Chile. 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, 2026 and December 31, 2025, the fair value is insignificant. Alto Maipo is reported in the Renewables SBU reportable segment.

Barry — The Company holds a 100% ownership interest in AES Barry Ltd. ("Barry"), a dormant entity in the U.K. that disposed of its generation and other operating assets. Due to a debt agreement, no material financial or operating decisions can be made without the banks' consent, and the Company does not control Barry. As of September 30, 2026 and December 31, 2025, *Other noncurrent liabilities* included $43 million and $44 million, respectively, related to this debt agreement. Barry is reported in the Energy Infrastructure SBU reportable segment.

Dominican Republic Renewables — In June 2025, the Company completed the sale of 50% of its interests in AES DR Renewables Holdings, S.L. and its subsidiaries (collectively "Dominican Republic Renewables") for $103 million and received cash proceeds for the sale of $100 million in July 2025. The Company retained a 50% ownership interest in Dominican Republic Renewables after the sale. However, the Company's ownership in Dominican Republic Renewables is held through AES Hispanola Holdings II BV, a 65%-owned consolidated subsidiary, resulting in an AES effective ownership of 33%. The business was deconsolidated and accounted for as an equity method investment. The Company recorded its retained interest in Dominican Republic Renewables at fair value of $103 million, using the market approach. See Note 18—*Held-for-Sale and Dispositions* for further information. Dominican Republic Renewables is reported in the Renewables SBU reportable segment.

8. OBLIGATIONS

Recourse Debt — Recourse debt represents debt that the Parent Company has an obligation to settle. This can be debt issued directly by the Parent Company or debt issued by a subsidiary under which the Parent Company has explicit commitments such as guarantees, indemnities, letters of credit, or agreements to settle if the subsidiary defaults.

Unsecured Term Loan — In September 2026, the Company executed a $300 million unsecured delayed draw term loan agreement, with an option to borrow until January 2027 and maturity date 364 days after the funding date. As of September 30, 2026, AES had no outstanding drawings under the loan agreement.

Senior Notes due 2029 and 2033 — In June 2026, the Company issued $600 million aggregate principal of 5.20% senior notes due in 2029 and $400 million aggregate principal of 5.75% senior notes due in 2033. The Company used the net proceeds from this offering to repay existing indebtedness, including its senior unsecured term loan of $500 million due in December 2026, and for general corporate purposes.

Senior Notes due 2028 and 2032 — In March 2026, the Company entered into supplemental indentures with respect to its Senior Notes due 2028 and its Senior Notes due 2032 (together, the "Notes"). The supplemental indentures amend the indentures governing each series to provide that the Merger will not constitute a "Change of Control" under those indentures. The amendments will become operative only upon the consummation of the Merger and the payment of the consent fee with respect to each series of the Notes.

Senior Unsecured Term Loan due December 2026 — In October 2025, the Company executed a $300 million senior unsecured term loan agreement, maturing in December 2026. In March 2026, the Company and the lender executed an amendment providing lender consent to the consummation of the Merger. In September 2026, the Company fully repaid $300 million under the loan agreement.

Senior Unsecured Term Loan due December 2026 — In June 2025, the Company executed a $500 million senior unsecured term loan agreement, maturing in June 2026. In November 2025, the Company executed an

amendment extending the maturity date of the loan agreement to December 2026. In March 2026, the Company and the lender executed an amendment providing lender consent to the consummation of the Merger. In June 2026, AES used the net proceeds of its senior notes issuance to fully repay this term loan.

Senior Notes due 2032 — In March 2025, the Company issued $800 million aggregate principal of 5.80% senior notes due in 2032. The Company used the proceeds from this issuance to purchase via tender offer a portion of its 3.30% senior notes due in 2025. As a result of the latter transaction, the Company recognized a gain on extinguishment of debt of $2 million.

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. In April 2025, the Company executed agreements to increase the maximum aggregate face amount to $1.5 billion 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 $1.8 billion in revolving credit facilities, and the Company cannot issue commercial paper in an aggregate amount exceeding the then available capacity under its revolving credit facilities. During the nine months ended September 30, 2026, the Company borrowed approximately $44.6 billion and repaid approximately $44.7 billion under the commercial paper program, with average daily outstanding borrowings of $727 million. As of September 30, 2026, the Company had no outstanding borrowings under the commercial paper program.

Revolving Credit Facilities — In August 2026, AES executed amendments to extend the maturity dates of its existing revolving credit facilities. The $300 million senior unsecured revolving credit facility matures in December 2027. Of the $1.5 billion aggregate commitment under its other revolving credit facility, $1.4 billion matures in August 2028 and $48 million matures in August 2027. Previously, in March 2026, the Company had executed amendments to each facility which modified certain change of control provisions to permit direct or indirect ownership of the Company by Global Infrastructure Management, LLC, EQT Fund Management S.à r.l., Qatar Investment Authority, and certain investment vehicles affiliated with any of the foregoing or with funds, accounts, or other entities managed, advised, or controlled by any of the foregoing. As of September 30, 2026, AES had $560 million in outstanding borrowings under its revolving credit facilities.

Non-Recourse Debt — Non-recourse debt represents debt issued by one of our subsidiaries and is only required to be repaid solely from the subsidiary's assets. Repayments of the loans, and interest thereon, are secured solely by the capital stock, physical assets, contracts, and cash flows of one of our subsidiaries, and the Parent Company is not otherwise liable for such debt. Non-recourse debt balances on the Condensed Consolidated Balance Sheet include $2 billion of current and $12.8 billion of noncurrent non-recourse debt related to VIEs as of September 30, 2026.

During the nine months ended September 30, 2026, the Company's following subsidiaries had significant debt issuances (in millions):

Subsidiary	Issuances [1]
AES Clean Energy	2,007
AES Pacifico Chile	597
AES España	550
AES Andes	400

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

AES España — In July 2026, AES España issued $500 million aggregate principal of 7.75% senior notes due August 2033. The net proceeds of this issuance were used to repay existing indebtedness, including the full repayment of $300 million outstanding on its senior notes due 2028 and partial repayment of $200 million outstanding of local bonds due 2027. As a result of the refinancing, the Company recognized a loss on extinguishment of debt of $2 million.

AES Andes — In July 2026, AES Andes entered into a $400 million syndicated term loan facility maturing in July 2031. The Company used proceeds from the issuance to repay $360 million of existing indebtedness, including amounts outstanding under its 2021 and 2022 credit facilities. As a result of the transaction, the Company recognized a loss on extinguishment of debt of $1 million.

In March 2025, AES Andes issued $400 million aggregate principal of 6.25% senior notes due in 2032. The net proceeds from the issuance were used to redeem the remaining $228 million aggregate principal of its 6.35% junior

subordinated notes due in 2079 and to repay other existing indebtedness. As a result of the latter transaction, the Company recognized a loss on extinguishment of debt of $3 million.

AES Pacifico Chile — During the years ended December 31, 2025 and 2024, several renewables development projects owned by AES Pacifico Chile executed project financing agreements with aggregate commitments of up to $1.7 billion to support the development and construction of wind and solar plants. As of September 30, 2026, there were $1.4 billion in borrowings under the agreements, maturing in 2027, 2029, and 2030.

AES Clean Energy — In May 2026, Four Horizons Seller, LLC and Four Horizons 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 $2.2 billion. As of September 30, 2026, there were $644 million in borrowings maturing in 2029.

In December 2024, Bellefield 2 Seller, LLC executed a construction, tax equity bridge, and letter of credit financing agreement for commitments of up to $1.7 billion. As of September 30, 2026, there were $1.4 billion in borrowings maturing in 2026 and 2027.

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 in 2022 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. 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. In July 2026, the Co-Issuers issued $1.2 billion in 6.83% notes due May 2051 under the Master Indenture. Proceeds from the issuance were used to repay outstanding construction debt, resulting in a $10 million loss on debt extinguishment. As of September 30, 2026, the aggregate principal outstanding for the Co-Issuers was $4.4 billion. As a result of the notes issued in 2026 and net of repayments, AES Clean Energy Development and AES Renewable Holdings recorded, in aggregate, an increase in liabilities of $1.1 billion, resulting in an aggregate carrying amount of notes at consolidated subsidiaries of $3.6 billion as of September 30, 2026.

AES Clean Energy Development, AES Renewable Holdings, and sPower, collectively referred to as the Borrowers, executed two Credit Agreements for revolving credit facilities in 2021 and subsequent amendments in the following years for aggregate commitments of up to $4 billion with maturity dates in May 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 and net of repayments, AES Clean Energy Development and AES Renewable Holdings recorded, in aggregate, an increase in liabilities of $1.6 billion in 2026, resulting in total commitments used under the revolving credit facilities, as of September 30, 2026, of $3.2 billion at consolidated subsidiaries. As of September 30, 2026, the aggregate commitments used under the revolving credit facilities for the Co-Borrowers was $3.3 billion.

AES Ohio — In August 2025, AES Ohio issued $375 million aggregate principal of 4.55% First Mortgage Bonds due August 2030. The net proceeds from this issuance were used to repay existing indebtedness, including its unsecured $150 million term loan due in October 2025 and $195 million outstanding under its revolving credit agreement maturing in March 2030, and for general corporate purposes at AES Ohio.

AES Indiana — In August 2025, AES Indiana issued $350 million aggregate principal of 5.05% First Mortgage Bonds due August 2035. The net proceeds from this issuance were used to repay existing indebtedness, including the remaining $300 million outstanding on its unsecured term loan due in October 2025 and $30 million outstanding under its revolving credit agreement maturing in March 2030, and for general corporate purposes at AES Indiana.

AES El Salvador — In July 2025, our distribution companies operating in El Salvador entered into a credit agreement for $341 million, bearing interest at 3-month SOFR plus 3.50%, maturing in 2032. The net proceeds were used to repay existing indebtedness of $206 million, with the remainder used for dividend distributions. As a result of the refinancing, the Company recognized a loss on extinguishment of $1 million.

Marahu — The Marahu project is currently constructing the Salinas and Jobos renewables projects in Puerto Rico, including both solar and energy storage facilities. In July 2025, the Marahu project executed a tax credit transfer bridge loan agreement for total commitments of $230 million, at interest rates of SOFR plus a margin of 1.25% to 2.25%, maturing in April 2027. As of September 30, 2026, there was $215 million in borrowings under the agreement.

In October 2024, the Marahu project obtained a loan guarantee for $861 million from the U.S. Department of Energy and began drawing on the loan in the first quarter of 2025. As of September 30, 2026, there was $875 million, inclusive of paid-in-kind interest, in outstanding borrowings, maturing in 2049.

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 contain 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. 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 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 as a result of this transaction. As of September 30, 2026, 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.

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, 2026 and December 31, 2025, approximately $521 million and $531 million, respectively, of restricted cash was maintained in accordance with certain covenants of the non-recourse debt agreements. Of these amounts, $410 million and $451 million, respectively, were included within *Restricted cash* and $111 million and $80 million, respectively, were included within *Debt service reserves and other deposits* in the accompanying Condensed Consolidated Balance Sheets. As of September 30, 2026 and December 31, 2025, approximately $155 million and $153 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. Of total restricted cash and debt service reserves of $715 million, $393 million related to VIEs as of September 30, 2026.

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 $2.1 billion at September 30, 2026.

The following table summarizes the Company's subsidiary non-recourse debt in default (in millions) as of September 30, 2026. 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
AES Ilumina (Puerto Rico)	Covenant	$ 18	$ 34

The above default is not a payment default, but is instead a technical default 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, 2026, 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.

Supplier Financing Arrangements — With some purchases, the Company enters into supplier financing arrangements with the goal of securing improved payment terms. The Company confirms supplier invoices to an intermediary financial institution who will pay the supplier directly or reimburse the Company for payments made to the supplier. These arrangements are included in *Supplier financing arrangements* on the Condensed Consolidated Balance Sheets in *Current liabilities* 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 total outstanding balances of $461 million as of September 30, 2026. These agreements ranged from less than $1 million to $56 million with a weighted average interest rate of 6.46%. Of the amounts

outstanding under supplier financing arrangements as of September 30, 2026, $286 million were guaranteed, including $56 million guaranteed by the Parent Company and $230 million guaranteed by subsidiaries.

The Company had total outstanding balances of $616 million as of December 31, 2025. These agreements ranged from less than $1 million to $51 million with a weighted average interest rate of 6.72%. Of the amounts outstanding under supplier financing arrangements as of December 31, 2025, $391 million were guaranteed, including $204 million guaranteed by the Parent Company and $187 million guaranteed by subsidiaries.

9. COMMITMENTS AND CONTINGENCIES

Guarantees, Letters of Credit, and Surety Bonds — In connection with certain project financings (including tax equity transactions), acquisitions and dispositions, power purchases, EPC contracts, tax credit transfers, and other agreements, the Parent Company and its 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. In the normal course of business, the Parent Company and its subsidiaries have entered into various agreements, mainly guarantees and letters of credit, to provide financial or performance assurance to third parties on behalf of AES businesses. It is unlikely that the Parent Company or its subsidiaries would be required to perform or otherwise incur any material losses associated with guarantees of subsidiaries' or affiliates' obligations. 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 expects to fulfill within the normal course of business. Our tax equity and tax credit transfer guarantees typically consist of standard indemnifications of tax equity partners or tax credit purchasers in the event that an adverse determination arises due to a recapture event, tax controversy, or any breach by the AES project company of the representations in the shared equity agreement. The expiration dates of these guarantees vary from less than 1 year to no more than 25 years.

The following table summarizes the Parent Company's consolidated contingent contractual obligations as of September 30, 2026. Amounts presented in the following table represent the Parent Company's current undiscounted exposure to guarantees and the range of maximum undiscounted potential exposure per individual agreement. The maximum exposure is not reduced by the amounts, if any, that could be recovered under the recourse or collateralization provisions in the guarantees.

Parent Company Contingent Contractual Obligations	Maximum Exposure (in millions)	Number of Agreements	Maximum Exposure Range for Each Agreement (in millions)
Guarantees and commitments [1]	$ 5,125	24	< $1 — 894
Letters of credit under bilateral agreements	254	10	< $1 — 64
Letters of credit under the unsecured credit facilities	174	9	< $1 — 60
Letters of credit under the revolving credit facility	8	14	< $1 — 4
Total	$ 5,561	57	

[1] Excludes payment obligation and commercial transaction arrangements entered into by the Parent Company on behalf of its consolidated subsidiaries, which relate to the Company's own future performance.

The following table summarizes our subsidiaries' consolidated contingent contractual obligations as of September 30, 2026. These contingent contractual obligations are issued at the subsidiary level and are non-recourse to the Parent Company. Amounts presented in the following table represent our subsidiaries' current undiscounted exposure to guarantees and the range of maximum undiscounted potential exposure per individual agreement. The maximum exposure is not reduced by the amounts, if any, that could be recovered under the recourse or collateralization provisions in the guarantees.

Subsidiary Contingent Contractual Obligations	Maximum Exposure (in millions)	Number of Agreements	Maximum Exposure Range for Each Agreement (in millions)
Guarantees and commitments	$ 3,983	42	< $1 — 569
Letters of credit under subsidiary credit facilities	2,052	379	< $1 — 85
Surety bonds	86	105	< $1 — 10
Total	$ 6,121	526	

Contingencies

Environmental — The Company periodically reviews its obligations as they relate to compliance with environmental laws, including site restoration and remediation. As of both September 30, 2026 and December 31, 2025, the Company recognized liabilities of $1 million for projected environmental remediation costs. These

amounts are reported on the Condensed Consolidated Balance Sheets within *Accrued and other liabilities* and *Other noncurrent liabilities*. 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, 2026. Unasserted claims are not included in the range of potential losses related to environmental matters until it is probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. In aggregate, the Company estimates the range of potential losses related to environmental matters, where estimable, to be between $1 million and $5 million. The amounts considered reasonably possible do not include the 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 $15 million and $22 million as of September 30, 2026 and December 31, 2025, 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, 2026. 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 (including but not limited to tax disputes in Brazil and El Salvador); 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 $98 million and $172 million. Included in this range is a reasonably possible legal contingency for environmental remediation costs related to Sul, a business the Company disposed of in 2016, estimated to be approximately R$15 million to R$60 million ($3 million to $12 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating Lease Revenue	**2026**	**2025**	**2026**	**2025**
Non-variable lease revenue	$ 39	$ 84	$ 173	$ 241
Variable lease revenue	29	28	74	71
Total lease revenue	$ 68	$ 112	$ 247	$ 312

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

Property, Plant, and Equipment, Net	September 30, 2026	December 31, 2025
Gross assets	$ 1,910	$ 1,923
Less: Accumulated depreciation	(276)	(231)
Net assets	$ 1,634	$ 1,692

The option to extend or terminate a lease is based on customary early termination provisions in the contract, such as payment defaults, bankruptcy, or lack of performance on energy delivery. The Company has not recognized any early terminations as of September 30, 2026. 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, 2026 for the remainder of 2026 through 2030 and thereafter (in millions):

	Future Cash Receipts for	
	Sales-Type Leases	Operating Leases
2026	$ 17	$ 19
2027	63	64
2028	63	1
2029	63	1
2030	63	—
Thereafter	945	—
Total	$ 1,214	$ 85
Less: Imputed interest	(621)	
Present value of total lease receipts	$ 593	

Battery Storage Lease Arrangements — The Company constructs and operates projects consisting only of a stand-alone 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 enters into PPAs for the full output of the facility which allow customers the ability to determine when to charge and discharge the BESS. Generally, these arrangements include both lease and non-lease elements under ASC 842, with the BESS component typically constituting a sales-type lease. Losses recognized on the commencement of sales-type leases primarily relate to the exclusion of the value of ITCs from the fair value of the renewable asset, which is used in the determination of the rate implicit in the lease. This results in a higher discount rate, which reduces the lease receivable to an amount below the carrying value of the associated lease asset, resulting in a pre-tax loss on commencement.

The following table presents variable lease revenue, interest income, and net losses on commencement of sales-type leases in which the Company is the lessor, for the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Sales-Type Leases	2026	2025	2026	2025
Variable lease revenue	$ —	$ 1	$ 1	$ 2
Interest income	21	7	36	19
Net losses on commencement of sales-type leases [1]	—	(13)	(44)	(221)

[1] Gains and losses are recognized in *Other income* and *Other expense*, respectively, in the Condensed Consolidated Statements of Operations. See Note 15—*Other Income and Expense* for further information.

11. REDEEMABLE STOCK OF SUBSIDIARIES

Noncontrolling interests with redemption features that are not solely within the control of the issuer are classified as temporary equity and are included 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 varies 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 *Retained earnings* or *Additional paid-in capital* in the absence of retained earnings. When the instrument is not probable of becoming redeemable, no adjustment to the carrying value is recognized.

The following table is a reconciliation of changes in redeemable stock of subsidiaries for the periods indicated (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Balance at the beginning of the period	$ 3,052	$ 2,179	$ 2,824	$ 938
Net income (loss)	25	(65)	(12)	(32)
Other comprehensive income (loss)	—	(4)	—	(4)
Adjustments to redemption value of redeemable stock of subsidiaries	12	7	12	17
Reclassification of redeemable stock of subsidiaries to noncontrolling interests	(3)	(51)	(3)	(107)
Distributions to holders of redeemable stock of subsidiaries	(30)	(23)	(133)	(64)
Acquisitions of redeemable stock of subsidiaries	—	—	(1)	—
Contributions from holders of redeemable stock of subsidiaries	44	—	107	168
Sales of redeemable stock of subsidiaries	—	2	194	689
Issuance of preferred shares in subsidiaries	—	77	112	517
Balance at the end of the period	$ 3,100	$ 2,122	$ 3,100	$ 2,122

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

	September 30, 2026	December 31, 2025
IPALCO common stock	$ 1,034	$ 1,003
AES Ohio common stock	652	595
AES Global Insurance preferred stock	456	472
Bellefield 2 Equity Holdings preferred stock	269	249
AES Clean Energy tax equity partnerships	249	228
Desarrollos Renovables preferred stock	225	78
AES DevCo HoldCo preferred stock	215	199
Total redeemable stock of subsidiaries	$ 3,100	$ 2,824

Desarrollos Renovables — On August 5, 2025, AES Pacifico, our wholly-owned subsidiary in Chile, executed a renewables partnership agreement with Global Infrastructure Management, LLC ("GIP") for the sale of a 49% ownership interest in AES Desarrollos Renovables SpA ("Desarrollos Renovables") for total consideration of $77 million. Under the partnership agreement, AES Pacifico will contribute a specified pipeline of renewable development projects to Desarrollos Renovables, and GIP may make additional contributions to maintain its 49% ownership interest. At the execution date, AES Pacifico contributed the Andes Solar III and Punta del Sol renewable development projects to Desarrollos Renovables. In March 2026, AES Pacifico contributed the Cristales, Pampas, and Atacama Solar renewables projects to Desarrollos Renovables, and GIP contributed an additional $112 million to maintain its 49% ownership interest, resulting in an increase to *Redeemable stock of subsidiaries*. AES Pacifico retained a 51% ownership interest in Desarrollos Renovables. The partnership agreement contains certain redemption features that expire upon certain agreed-upon project milestones being achieved. While not currently in effect, the redemption features are not solely in AES' control. As a result, the noncontrolling ownership interest is considered temporary equity. The Company has concluded it is probable that these projects will reach the specified milestones. Therefore, the noncontrolling ownership interests are not probable of becoming redeemable and subsequent adjustments to the carrying value were not required. Desarrollos Renovables 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, which vary over the life of the projects. The substance of such arrangements is that of a preferred structure, whereby tax equity investors are granted preferential returns in the form of significant earnings and tax allocations from the partnership, until a specified internal rate of return is achieved.

In some cases, these agreements contain certain partnership rights, though not currently in effect, which may enable the tax equity investor to exit in the future. As a result, the noncontrolling ownership interest is considered temporary equity. Some of these tax equity partnership agreements have redemption features dependent upon the passage of time, therefore the noncontrolling ownership interests are probable of becoming redeemable. As of September 30, 2026 and 2025, the redemption value of the noncontrolling interest associated with one of the tax equity partnerships exceeded the carrying value; as such, an adjustment of $12 million and $7 million, respectively, was recorded to *Redeemable stock of subsidiaries* on the Condensed Consolidated Balance Sheets to increase the carrying value to the redemption value. Certain other tax equity partnership agreements have redemption features that expire upon certain agreed-upon project milestones being achieved. The Company has concluded it is probable

that these projects will reach the specified milestones, therefore the noncontrolling ownership interests are not probable of becoming redeemable and subsequent adjustments to the carrying value were not required.

During the nine months ended September 30, 2026 and 2025, 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 $194 million and $152 million, respectively, net of transaction costs.

During the nine months ended September 30, 2026 and 2025, certain renewables development projects with redemption features were placed in service, resulting in the expiration of the redemption features. As a result, noncontrolling ownership interests of $3 million and $69 million, respectively, 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.

AES Global Insurance — On April 30, 2025, the Company sold minority interests in AES Global Insurance Company, LLC ("AGIC"), AES' captive insurance company, and AGIC Holdings, LLC (together with AGIC, the "AGIC Companies") in exchange for $450 million in total proceeds for Class B units representing 17.5% and 18.0%, respectively, of each entity's total outstanding units, for a combined ownership (directly and indirectly) of AGIC's total outstanding units of 32.4% by the Class B Member. The Company continues to own Class A units for the remaining economic interest in the AGIC Companies. The Class B units provide for target distribution amounts for the Class B Member, with a call option for AES for years 2030 through 2035 to redeem these units at pre-agreed redemption prices.

As the agreement contains certain redemption features that may require future redemption of the Class B units and are not solely in AES' control, the noncontrolling interest is considered temporary equity. The contractual target rate of return increases the redemption price on the Class B units and the annual distributions reduce the applicable redemption price. Annual dividends are subject to regulatory and the AGIC Companies Boards' approval. Through March 31, 2045, the AGIC Companies Boards will approve distributions to the Class B Member to the extent that there is sufficient cash generated from operations each annual period. After March 31, 2045, all dividends are discretionary if the Class B units remain outstanding. It is probable that the AGIC Companies' performance will generate sufficient cash to require distributions to be made to the Class B Member of an amount that would redeem the instrument after the call option period. Therefore, the noncontrolling interest is probable of becoming redeemable and the carrying value of the Class B units will be adjusted to equal the redemption value each reporting period. As of September 30, 2025, the redemption value of the noncontrolling ownership interest of $464 million exceeded the carrying value; as such, an adjustment of $10 million was recorded to *Redeemable stock of subsidiaries* on the Condensed Consolidated Balance Sheets to increase the carrying value to the Class B units' redemption value. As of September 30, 2026, the redemption value of the noncontrolling ownership interest of $456 million equaled the carrying value; as such, no adjustment to the carrying value was necessary. The AGIC Companies are reported in Corporate and Other.

As part of the transaction, it is required that either (i) the AGIC Companies achieve a minimum distribution target to the Class B Member ranging from $146 million to $199 million over pre-defined periods of time ranging from three to five years (the "distribution period") or (ii) AGIC achieves an average cash basis quarterly net income threshold for the period comprising the relevant distribution period and the four quarters immediately prior to the start of such distribution period. AES can make disproportionate distributions to the Class B Member to meet the minimum distribution target for the distribution period. If, at the end of a distribution period, (1) such cash basis net income threshold is not met and (2) the minimum distribution target for such distribution period is not achieved, AES would be required to address the shortfall by issuing AES common stock ("Shortfall Stock") to AGIC for the net difference between actual and targeted distributions. Distributions of cash from the sale of Shortfall Stock are subject to regulatory approval and at the discretion of AES.

AES Ohio — On April 4, 2025, DPL sold an indirect equity interest in AES Ohio of approximately 30% to Astrid Holdings LP, a wholly-owned subsidiary of La Caisse, for total proceeds of approximately $544 million, resulting in an increase to *Redeemable stock of subsidiaries* of $538 million, net of transaction costs. The Company also recognized an increase to additional paid-in capital and a reduction to retained earnings of $188 million for the excess of the fair value of the shares over the share of the net assets sold. The agreement contains certain redemption features that, while not currently in effect, are not solely in AES' control. As a result, the noncontrolling ownership interest is considered temporary equity. The Company has concluded that the likelihood of an event that would allow La Caisse to redeem its interest under the terms of the shareholder agreement is not probable, but would require redemption at fair value. Therefore, as of September 30, 2026, the noncontrolling ownership interest is not probable of becoming redeemable and subsequent adjustments to the carrying value were not required. AES Ohio is reported in the Utilities SBU reportable segment.

AES Indiana Pike County BESS — The redemption feature of the tax equity partnership agreement was contingent upon the underlying assets being placed in service by a guaranteed date. In March 2025, the Pike County BESS project was placed in service, resulting in the expiration of the redemption feature. As a result, the noncontrolling ownership interest of $38 million was reclassified from *Redeemable stock of subsidiaries* to *Noncontrolling interests* on the Condensed Consolidated Balance Sheets. AES Indiana is reported in the Utilities SBU reportable segment.

12. EQUITY

Equity Transactions with Noncontrolling Interests

Marahu — In June 2026, the Company sold a preferred membership interest in CleanFlex Puerto Rico Partners, LLC ("Marahu") to TotalEnergies ("Total"), resulting in a $169 million increase to NCI. Marahu is a holding company over the Jobos and Salinas renewables development projects in Puerto Rico, and is reported in the Renewables SBU reportable segment.

Cochrane — In May 2025, the Company acquired the remaining 40% of the common shares in Empresa Electrica Cochrane SpA ("Cochrane"), a coal-fired plant in Chile, from a third-party investor for $89 million, increasing AES' ownership in Cochrane to 96.7%. This transaction resulted in a $40 million decrease in Parent Company Stockholder's Equity due to a decrease in additional paid-in-capital of $23 million and a reclassification of accumulated other comprehensive losses from NCI to AOCL of $17 million.

In February 2026, AES Andes acquired all of the outstanding preferred shares in Cochrane for $29 million, increasing AES' effective ownership in Cochrane to 99.6%. Cochrane is reported in the Energy Infrastructure SBU reportable segment.

AES Indiana Petersburg Energy Center — In February 2026, AES Indiana sold additional noncontrolling interests in the Petersburg Energy Center project to the tax equity investor, resulting in a $120 million increase to NCI. AES Indiana is reported in the Utilities 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, which vary over the life of the projects. The substance of such arrangements is that of a preferred structure, whereby tax equity investors are granted preferential returns in the form of significant earnings and tax allocations from the partnership, until a specified internal rate of return is achieved.

During the nine months ended September 30, 2026 and 2025, 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 $68 million and $434 million, respectively. During the third quarter of 2025, AES Renewable Holdings completed buyouts of tax equity partners at Buffalo Gap I, Buffalo Gap II, and Buffalo Gap III, resulting in a decrease to NCI of $28 million and a decrease to additional paid-in capital of $42 million. AES Clean Energy Development and AES Renewable Holdings are reported in the Renewables SBU reportable segment.

AES Indiana Pike County BESS — In March 2025, as a result of the Pike County BESS project being placed in service, the noncontrolling ownership interest of $38 million was reclassified from *Redeemable stock of subsidiaries* to *Noncontrolling interests* on the Condensed Consolidated Balance Sheets. See Note 11—*Redeemable Stock of Subsidiaries* for further information. Subsequently, AES Indiana sold additional noncontrolling interests to the tax equity investor, resulting in a $150 million increase to NCI. AES Indiana is reported in the Utilities SBU reportable segment.

Chile Renovables — In December 2023, Chile Renovables issued $275 million of preferred shares to Global Infrastructure Management, LLC ("GIP"), the proceeds of which are being used to fund the development of an additional pipeline of renewables projects. Under the terms of the operating agreement, GIP receives an escalating specified internal rate of return up until the point the projects reach commercial operations. As each project reaches commercial operations, the preferred shares convert to common stock and GIP may make additional contributions to maintain its 49% ownership interest. In February 2025, the Andes Solar 2a BESS project reached commercial operations. The preferred shares were converted to common stock and GIP made additional contributions of $14 million, resulting in an increase to NCI of $17 million and a decrease to additional paid-in capital of $3 million. In December 2025, Chile Renovables issued an additional $16 million of preferred shares to GIP, the proceeds of which were used to fund the development of the Bolero BESS project. In August 2026, the Bolero BESS project reached commercial operations. The preferred shares were converted to common stock and GIP made additional contributions of $54 million, resulting in an increase to NCI of $56 million and a decrease to additional paid-in capital

of $2 million. As the Company maintained control after these transactions, Chile Renovables continues to be consolidated by the Company within the Renewables SBU reportable segment.

The following table summarizes the net income (loss) attributable to The AES Corporation and all transfers (to) from noncontrolling interests for the periods indicated (in millions):

	Nine Months Ended September 30,	
	2026	2025
Net income attributable to The AES Corporation	$ 1,466	$ 590
Transfers (to) from noncontrolling interest:		
Increase (decrease) in The AES Corporation's paid-in capital for sale of subsidiary shares	(8)	180
Additional paid-in-capital transferred to redeemable stock of subsidiaries [1]	—	(188)
Decrease in The AES Corporation's paid-in capital for acquisition of subsidiary shares	(1)	(62)
Net transfers (to) from noncontrolling interest	(9)	(70)
Change from net income attributable to The AES Corporation and transfers (to) from noncontrolling interests	$ 1,457	$ 520

[1] See Note 11—*Redeemable Stock of Subsidiaries* for further information on increase in paid-in capital transferred to redeemable stock of subsidiaries.

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, 2026 (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	$ (1,168)	$ 483	$ (16)	$ 3	$ (698)
Other comprehensive income before reclassifications	17	435	—	—	452
Amount reclassified to earnings	—	(7)	—	(3)	(10)
Other comprehensive income	17	428	—	(3)	442
Reclassification from NCI due to share repurchases	—	1	—	—	1
Balance at the end of the period	$ (1,151)	$ 912	$ (16)	$ —	$ (255)

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
AOCL Components	2026	2025	2026	2025
Change in fair value of derivatives, net				
Non-regulated revenue	$ (2)	$ —	$ 3	$ —
Non-regulated cost of sales	—	(4)	(4)	(2)
Interest expense	—	2	(2)	12
Foreign currency transaction losses	—	1	3	6
Income (loss) from continuing operations before taxes and equity in earnings of affiliates	(2)	(1)	—	16
Income tax benefit	(1)	—	(3)	(12)
Net equity in earnings (losses) of affiliates	—	2	—	2
Net income (loss)	(3)	1	(3)	6
Less: Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries	3	—	10	4
Net income (loss) attributable to The AES Corporation	—	1	7	10
Change in fair value option liabilities, net				
Gain on disposal and sale of business interests	3	—	3	—
Net income (loss) attributable to The AES Corporation	3	—	3	—
Total reclassifications out of AOCL for the period, net of income tax and noncontrolling interests	$ 3	$ 1	$ 10	$ 10

Common Stock Dividends — The Parent Company paid dividends of $0.17595 per outstanding share to its common stockholders during the first, second, and third quarters of 2026 for dividends declared in December 2025, February 2026, and July 2026, respectively.

On October 8, 2026, the Board of Directors declared a quarterly common stock dividend of $0.17595 per share payable on November 13, 2026 to shareholders of record at the close of business on October 30, 2026.

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 Chief Executive Officer, who is our Chief Operating Decision Maker. 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. In March 2026, the Company announced changes in its internal management structure, including a change in its President. These changes did not result in a change to our Chief Operating Decision Maker or to the Company's operating or reportable segments.

- *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
- *New Energy Technologies* — Investments in Fluence, Maximo, the AI Fund, 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 AES Global Insurance Company, LLC ("AGIC"), AES' captive 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, amortization, and accretion of AROs, adjusted for the impact of NCI and interest, taxes, depreciation, amortization, and accretion of AROs 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; (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts; and (g) costs directly associated with the Merger, including, but not limited to, advisory, legal, and employee-related costs.

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. The Chief Operating Decision Maker uses Adjusted EBITDA to allocate resources and capital for each segment in the annual budget and forecasting process, including making decisions on where to reinvest profits to support segment growth. On a monthly basis, the Chief Operating Decision Maker reviews variances in budget versus actual Adjusted EBITDA and monitors changes in forecasted Adjusted EBITDA to assess the underlying operating performance and analyze risks and opportunities at each segment.

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, 2026				
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Total
Revenue	$ 1,104	$ 1,256	$ 1,536	$ 1	$ 3,897
Corporate and other					29
Eliminations					(54)
Total Revenue					$ 3,872
Less:					
Total cost of sales excluding depreciation, amortization, and accretion of AROs [1]	553	848	1,140	8	
Other segment items [2]	55	112	74	13	
Segment Adjusted EBITDA	$ 496	$ 296	$ 322	$ (20)	$ 1,094
Reconciliation to income from continuing operations before taxes:					
Corporate and other					(14)
Eliminations					10
Interest expense					(361)
Interest income					71
Depreciation, amortization, and accretion of AROs					(413)
Adjusted for:					
Noncontrolling interests and redeemable stock of subsidiaries					282
Income tax (expense) benefit, interest (expense) income, and depreciation, amortization, and accretion of AROs from equity affiliates					(36)
Interest income recognized under service concession arrangements					(13)
Unrealized derivatives, equity securities, and financial assets and liabilities losses					(14)
Unrealized foreign currency gains					8
Disposition/acquisition losses					(4)
Impairment losses					(69)
Loss on extinguishment of debt and troubled debt restructuring					(10)
Merger costs					(14)
Income from continuing operations before taxes					$ 517

(1) Segment-level total cost of sales excluding depreciation, amortization, and accretion of AROs is considered regularly provided to the Chief Operating Decision Maker. Total cost of sales excluding depreciation, amortization, and accretion of AROs includes items such as fuel cost, electricity purchases, transmission charges, supplies, salaries and wages, consulting costs, IT costs, market fees, insurance, and lease expense.

(2) Other segment items for each reportable segment includes:

Renewables SBU — business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Utilities SBU — miscellaneous gains and losses in *Other income* and *Other expense*, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Energy Infrastructure SBU — service concession interest income, business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

New Energy Technologies SBU — business development costs, earnings from equity affiliates, and miscellaneous gains and losses in *Other income* and *Other expense*.

	Three Months Ended September 30, 2025				
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Total
Revenue	$ 817	$ 1,105	$ 1,483	$ —	$ 3,405
Corporate and other					32
Eliminations					(86)
Total Revenue					$ 3,351
Less:					
Total cost of sales excluding depreciation, amortization, and accretion of AROs [1]	458	775	1,110	3	
Other segment items [2]	63	90	72	—	
Segment Adjusted EBITDA	$ 296	$ 240	$ 301	$ (3)	$ 834
Reconciliation to income from continuing operations before taxes:					
Corporate and other					(10)
Eliminations					6
Interest expense					(348)
Interest income					76
Depreciation, amortization, and accretion of AROs					(365)
Adjusted for:					
Noncontrolling interests and redeemable stock of subsidiaries					238
Income tax (expense) benefit, interest (expense) income, and depreciation, amortization, and accretion of AROs from equity affiliates					(39)
Interest income recognized under service concession arrangements					(15)
Unrealized derivatives, equity securities, and financial assets and liabilities gains					20
Unrealized foreign currency losses					(2)
Disposition/acquisition losses					(5)
Impairment losses					(61)
Loss on extinguishment of debt and troubled debt restructuring					(1)
Income from continuing operations before taxes					$ 328

(1) Segment-level total cost of sales excluding depreciation, amortization, and accretion of AROs is considered regularly provided to the Chief Operating Decision Maker. Total cost of sales excluding depreciation, amortization, and accretion of AROs includes items such as fuel cost, electricity purchases, transmission charges, supplies, salaries and wages, consulting costs, IT costs, market fees, insurance, and lease expense.

(2) Other segment items for each reportable segment includes:

Renewables SBU — business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Utilities SBU — miscellaneous gains and losses in *Other income* and *Other expense*, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Energy Infrastructure SBU — service concession interest income, business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

New Energy Technologies SBU — business development costs, earnings from equity affiliates, and miscellaneous gains and losses in *Other income* and *Other expense*.

	Nine Months Ended September 30, 2026				
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Total
Revenue	$ 2,863	$ 3,410	$ 4,288	$ 1	$ 10,562
Corporate and other					97
Eliminations					(185)
Total Revenue					$ 10,474
Less:					
Total cost of sales excluding depreciation, amortization, and accretion of AROs [1]	1,531	2,338	3,236	14	
Other segment items [2]	198	290	107	42	
Segment Adjusted EBITDA	$ 1,134	$ 782	$ 945	$ (55)	$ 2,806
Reconciliation to income from continuing operations before taxes:					
Corporate and other					(16)
Eliminations					25
Interest expense					(1,082)
Interest income					201
Depreciation, amortization, and accretion of AROs					(1,280)
Adjusted for:					
Noncontrolling interests and redeemable stock of subsidiaries					713
Income tax (expense) benefit, interest (expense) income, and depreciation, amortization, and accretion of AROs from equity affiliates					(121)
Interest income recognized under service concession arrangements					(40)
Unrealized derivatives, equity securities, and financial assets and liabilities losses					(34)
Unrealized foreign currency gains					16
Disposition/acquisition gains					152
Impairment losses					(103)
Loss on extinguishment of debt and troubled debt restructuring					(30)
Merger costs					(41)
Income from continuing operations before taxes					$ 1,166

[1] Segment-level total cost of sales excluding depreciation, amortization, and accretion of AROs is considered regularly provided to the Chief Operating Decision Maker. Total cost of sales excluding depreciation, amortization, and accretion of AROs includes items such as fuel cost, electricity purchases, transmission charges, supplies, salaries and wages, consulting costs, IT costs, market fees, insurance, and lease expense.

[2] Other segment items for each reportable segment includes:

Renewables SBU — business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Utilities SBU — miscellaneous gains and losses in *Other income* and *Other expense*, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Energy Infrastructure SBU — service concession interest income, business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

New Energy Technologies SBU — business development costs, earnings from equity affiliates, and miscellaneous gains and losses in *Other income* and *Other expense*.

	Nine Months Ended September 30, 2025				
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Total
Revenue	$ 2,127	$ 3,068	$ 4,109	$ —	$ 9,304
Corporate and other					111
Eliminations					(283)
Total Revenue					$ 9,132
Less:					
Total cost of sales excluding depreciation, amortization, and accretion of AROs [1]	1,346	2,192	3,208	6	
Other segment items [2]	84	217	92	39	
Segment Adjusted EBITDA	$ 697	$ 659	$ 809	$ (45)	$ 2,120
Reconciliation to income from continuing operations before taxes:					
Corporate and other					(23)
Eliminations					5
Interest expense					(1,042)
Interest income					215
Depreciation, amortization, and accretion of AROs					(1,056)
Adjusted for:					
Noncontrolling interests and redeemable stock of subsidiaries					625
Income tax (expense) benefit, interest (expense) income, and depreciation, amortization, and accretion of AROs from equity affiliates					(120)
Interest income recognized under service concession arrangements					(44)
Unrealized derivatives, equity securities, and financial assets and liabilities losses					(112)
Unrealized foreign currency gains					1
Disposition/acquisition losses					(172)
Impairment losses					(7)
Loss on extinguishment of debt and troubled debt restructuring					(13)
Restructuring costs					(88)
Income from continuing operations before taxes					$ 289

[1] Segment-level total cost of sales excluding depreciation, amortization, and accretion of AROs is considered regularly provided to the Chief Operating Decision Maker. Total cost of sales excluding depreciation, amortization, and accretion of AROs includes items such as fuel cost, electricity purchases, transmission charges, supplies, salaries and wages, consulting costs, IT costs, market fees, insurance, and lease expense.

[2] Other segment items for each reportable segment includes:

Renewables SBU — business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Utilities SBU — miscellaneous gains and losses in *Other income* and *Other expense*, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

Energy Infrastructure SBU — service concession interest income, business development costs, miscellaneous gains and losses in *Other income* and *Other expense*, realized foreign currency gains and losses, earnings from equity affiliates, and adjustment for noncontrolling interest expense.

New Energy Technologies SBU — business development costs, earnings from equity affiliates, and miscellaneous gains and losses in *Other income* and *Other expense*.

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, 2026	December 31, 2025
Renewables SBU	$ 27,305	$ 23,945
Utilities SBU	10,341	9,464
Energy Infrastructure SBU	4,514	4,726
New Energy Technologies SBU	27	23
Corporate and Other	33	29
Long-Lived Assets	42,220	38,187
Current assets	6,713	6,502
Investments in and advances to affiliates	891	1,004
Debt service reserves and other deposits	124	89
Goodwill	342	342
Other intangible assets	2,021	2,040
Deferred income taxes	388	397
Loan receivable	690	755
Other noncurrent assets, excluding right-of-use assets for operating leases	2,658	2,452
Total Assets	$ 56,047	$ 51,768

Depreciation, Amortization, and Accretion of AROs	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Renewables SBU	$ 191	$ 146	$ 564	$ 413
Utilities SBU	137	133	410	388
Energy Infrastructure SBU	80	84	294	248
New Energy Technologies SBU	1	—	2	1
Corporate and Other	4	2	10	6
Total	$ 413	$ 365	$ 1,280	$ 1,056

Capital Expenditures	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Renewables SBU	$ 1,066	$ 1,416	$ 3,749	$ 3,472
Utilities SBU	408	369	1,123	861
Energy Infrastructure SBU	32	24	88	77
New Energy Technologies SBU	1	2	4	5
Corporate and Other	2	4	12	7
Total	$ 1,509	$ 1,815	$ 4,976	$ 4,422

Interest Income	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Renewables SBU	$ 30	$ 26	$ 79	$ 67
Utilities SBU	3	2	8	8
Energy Infrastructure SBU	34	39	103	121
New Energy Technologies SBU	—	2	—	6
Corporate and Other	4	7	11	13
Total	$ 71	$ 76	$ 201	$ 215

Interest Expense	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Renewables SBU	$ 127	$ 123	$ 392	$ 373
Utilities SBU	82	72	238	226
Energy Infrastructure SBU	62	71	187	221
New Energy Technologies SBU	—	—	—	—
Corporate and Other	90	82	265	222
Total	$ 361	$ 348	$ 1,082	$ 1,042

Net Equity in Earnings (Losses) of Affiliates (in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Renewables SBU	$ 10	$ 4	$ (14)	$ (11)
Utilities SBU	—	2	3	6
Energy Infrastructure SBU	10	1	19	8
New Energy Technologies SBU	(10)	(3)	(36)	(47)
Corporate and Other	2	(3)	(2)	(11)
Total	$ 12	$ 1	$ (30)	$ (55)

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, 2026					
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	$ 1,065	$ 33	$ 1,483	$ —	$ (25)	$ 2,556
Other non-regulated revenue [1]	39	—	53	1	—	93
Total non-regulated revenue	1,104	33	1,536	1	(25)	2,649
Regulated Revenue						
Revenue from contracts with customers	—	1,215	—	—	—	1,215
Other regulated revenue	—	8	—	—	—	8
Total regulated revenue	—	1,223	—	—	—	1,223
Total revenue	$ 1,104	$ 1,256	$ 1,536	$ 1	$ (25)	$ 3,872

	Three Months Ended September 30, 2025					
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	$ 756	$ 22	$ 1,312	$ —	$ (54)	$ 2,036
Other non-regulated revenue [1]	61	1	171	—	—	233
Total non-regulated revenue	817	23	1,483	—	(54)	2,269
Regulated Revenue						
Revenue from contracts with customers	—	1,075	—	—	—	1,075
Other regulated revenue	—	7	—	—	—	7
Total regulated revenue	—	1,082	—	—	—	1,082
Total revenue	$ 817	$ 1,105	$ 1,483	$ —	$ (54)	$ 3,351

	Nine Months Ended September 30, 2026					
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	$ 2,668	$ 77	$ 4,075	$ —	$ (88)	$ 6,732
Other non-regulated revenue [1]	195	1	213	1	—	410
Total non-regulated revenue	2,863	78	4,288	1	(88)	7,142
Regulated Revenue						
Revenue from contracts with customers	—	3,307	—	—	—	3,307
Other regulated revenue	—	25	—	—	—	25
Total regulated revenue	—	3,332	—	—	—	3,332
Total revenue	$ 2,863	$ 3,410	$ 4,288	$ 1	$ (88)	$ 10,474

	Nine Months Ended September 30, 2025					
	Renewables SBU	Utilities SBU	Energy Infrastructure SBU	New Energy Technologies SBU	Corporate, Other and Eliminations	Total
Non-Regulated Revenue						
Revenue from contracts with customers	$ 2,014	$ 65	$ 3,770	$ —	$ (172)	$ 5,677
Other non-regulated revenue [1]	113	3	339	—	—	455
Total non-regulated revenue	2,127	68	4,109	—	(172)	6,132
Regulated Revenue						
Revenue from contracts with customers	—	2,978	—	—	—	2,978
Other regulated revenue	—	22	—	—	—	22
Total regulated revenue	—	3,000	—	—	—	3,000
Total revenue	$ 2,127	$ 3,068	$ 4,109	$ —	$ (172)	$ 9,132

[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 $200 million and $374 million as of September 30, 2026 and December 31, 2025, respectively.

During the nine months ended September 30, 2026 and 2025, we recognized revenue of $227 million and $22 million, respectively, that was included in the corresponding contract liability balance at the beginning of the periods.

A significant financing arrangement exists for our Mong Duong plant in Vietnam. The plant was constructed under a BOT contract and sold to the Vietnamese government, while we remain the operator for the duration of the 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, 2026 and December 31, 2025, the loan receivable balance was $781 million and $862 million, respectively. Of these amounts, $91 million and $107 million were classified in *Other current assets,* and $690 million and $755 million in *Loan receivable* on the Condensed Consolidated Balance Sheets, respectively.

Remaining Performance Obligations — The transaction price allocated to remaining performance obligations represents future revenue for unsatisfied (or partially unsatisfied) performance obligations at the end of the reporting period. As of September 30, 2026, the aggregate amount of transaction price allocated to remaining performance obligations was $195 million, primarily consisting of fixed consideration in development services contracts in the U.S., of which $79 million has been collected. We expect to recognize revenue of approximately $64 million in the remainder of 2026, $127 million in 2027, 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,	
		2026	2025	2026	2025
Other Income	Gain on remeasurement of contingent consideration [1]	$ 12	$ 1	$ 32	$ 25
	AFUDC (US Utilities)	4	1	9	2
	Dividend income on investments	1	1	5	4
	Gain on sale and disposal of assets	2	—	5	1
	Gain on write-off of contingent liabilities [2]	—	10	—	10
	Other income	2	6	10	15
	Total other income	$ 21	$ 19	$ 61	$ 57
Other Expense	Loss on commencement of sales-type leases [3]	$ —	$ 13	$ 44	$ 221
	Loss on remeasurement of contingent consideration [1]	17	5	39	47
	Loss on sale and disposal of assets	6	6	11	14
	Legal contingencies and settlements	1	—	5	2
	Non-service pension and other postretirement costs	1	2	3	6
	Loss on remeasurement of investment [4]	—	—	—	48
	Other	—	—	8	35
	Total other expense	$ 25	$ 26	$ 110	$ 373

[1] Related to certain remeasurements of contingent consideration, primarily on projects acquired at AES Clean Energy. See Note 3—*Fair Value* for further information about remeasurement to fair value.

[2] For the period ended September 30, 2025, related to the write-off of contingent consideration for a renewables development project at AES Andes. See Note 16—*Asset Impairment Expense* for further information.

[3] Related to losses recognized at commencement of sales-type leases at AES Clean Energy. See Note 10—*Leases* for further information.

[4] For the period ended September 30, 2025, related to the remeasurement of our existing investment in 5B, accounted for using the measurement alternative. See Note 3—*Fair Value* for further information.

16. ASSET IMPAIRMENT EXPENSE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
AES Clean Energy Development Projects	$ 90	$ 15	$ 128	$ 132
Mong Duong	—	—	—	(226)
AES Andes Development Project	—	16	—	16
Other	1	—	5	4
Total	$ 91	$ 31	$ 133	$ (74)

AES Clean Energy Development Projects — AES Clean Energy Development has a pipeline of U.S. renewables projects that are in various stages of development and construction. In some cases, if development efforts are not successful, the Company may abandon a particular project, writing off all the intangible assets and capitalized development costs incurred. The fair value of each abandoned project with no salvage value is determined to be zero as there are no future projected cash flows.

The Company recognized $128 million and $132 million of pre-tax asset impairment expense related to the write-off of projects that were determined to be no longer viable during the nine months ended September 30, 2026 and 2025, respectively. The $90 million of pre-tax impairment expense recorded during the three months ended September 30, 2026 was primarily related to a review of project budgets and the strategic evaluation of certain development-stage assets, resulting in the write-down of projects that no longer meet our investment criteria. Of the pre-tax impairment expense recorded during the nine months ended September 30, 2025, $51 million was related to right-sizing our development company as part of the restructuring program initiated in February 2025. See Note 21—*Restructuring* for further information. AES Clean Energy Development is reported in the Renewables SBU reportable segment.

AES Andes Development Project — In September 2025, the Company determined that a renewables development project at AES Andes was no longer viable. The Company recognized pre-tax impairment expense of $16 million related to the write-off of intangible assets and capitalized development costs as the fair value of the

project was determined to be zero. In addition, the Company recognized a $10 million gain in *Other income* due to the write-off of contingent consideration associated with the original acquisition of the project. See Note 15—*Other Income and Expense* for further information. AES Andes 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 carrying amount of the Mong Duong disposal group, which primarily consisted of our loan receivable from the sale of the power plant to the Vietnamese government, in subsequent periods exceeded the expected sales proceeds and as a result, the Company recognized pre-tax impairment expense of $17 million during the three months ended March 31, 2025.

As of May 31, 2025, due to delays in closing the transaction and the pending expiration of the agreement in November 2025, the Company determined Mong Duong no longer met the held-for-sale criteria. As such, the Mong Duong asset group was reclassified as held and used. The loan receivable was remeasured at amortized cost and non-loan assets were each individually remeasured at the lower of (i) carrying value before being classified as held for sale, adjusted for any depreciation expense or impairment losses that would have been recognized had the assets been continuously classified as held and used, or (ii) fair value at the date of the subsequent determination that held-for-sale criteria was no longer met. As a result, the Company recorded a $243 million increase in the carrying value of the Mong Duong asset group due to the derecognition of a $239 million valuation allowance on the loan receivable accounted for under ASC 310, which had been recognized in *Asset impairment expense* between December 31, 2023 and March 31, 2025 while Mong Duong was classified as held-for-sale, and the elimination of $4 million in net estimated costs to sell from the measurement of the asset group. See Note 18—*Held-for-Sale and Dispositions* for further information. Mong Duong is reported in the Energy Infrastructure 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, 2026 were both (2)%. The effective tax rates for the three and nine months ended September 30, 2025 were (69)% and (12)%, respectively. The difference between the Company’s effective tax rates for the 2026 and 2025 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 three and nine months ended September 30, 2026, the Company recognized discrete tax benefit of approximately $43 million due to release of valuation allowance at the Bolero BESS project. Further, for the three and nine months ended September 30, 2026, the Company recognized discrete tax expense of approximately $19 million and $56 million, respectively, resulting from allocations of losses to tax equity investors on renewables projects.

For the nine months ended September 30, 2026, the Company recognized approximately $42 million of discrete tax expense as a result of the public sale of the Fluence Class A shares. Additionally, the Company recognized discrete tax benefit of approximately $54 million associated with this Fluence sell-down transaction due to release of valuation allowance on U.S. capital losses. See Note 7—*Investments in and Advances to Affiliates* for additional information regarding the Fluence sell-down transaction. Further, for the nine months ended September 30, 2026, the Company recorded discrete tax benefit of approximately $20 million associated with the merger of Cochrane into AES Andes.

For the three and nine months ended September 30, 2025, the Company recognized discrete tax expense of approximately $39 million and $83 million, respectively, resulting from allocations of losses to tax equity investors on renewables projects.

18. HELD-FOR-SALE AND DISPOSITIONS

Held-for-Sale

JK Projects — In April 2025, the Company executed an agreement to contribute the Jemeiwaa Ka’I wind projects (“JK Projects”) to two trusts. In May 2026, the Company completed the contribution of two of the JK Projects, JK1 and JK2, to one of the trusts. See *Dispositions* below and Note 7—*Investments in and Advances to Affiliates* for further information.

As of September 30, 2026, the contribution of the remaining JK Projects has not been completed and they continue to be classified as held-for-sale but do not meet the criteria to be reported as discontinued operations. These projects are expected to be contributed to the trusts in late 2026 or early 2027. Since the fair value less costs to sell exceeded the carrying value of the disposal group, no impairment was recorded. On a consolidated basis, the carrying value of the remaining JK Projects held-for-sale as of September 30, 2026 was $12 million, consisting primarily of intangible assets. The JK Projects are 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"). As a result, Mong Duong was classified as held-for-sale but did not meet the criteria to be reported as discontinued operations. The sale was subject to regulatory approval, and due to delays in closing the transaction and the pending expiration of the agreement, the Company determined the sale was no longer probable and that Mong Duong no longer met the held-for-sale criteria as of May 31, 2025. As a result, Mong Duong was classified as held and used as of September 30, 2026. The Company recorded an increase in the carrying value of the Mong Duong asset group primarily due to the derecognition of a $239 million valuation allowance on the loan receivable accounted for under ASC 310, which had been recognized in *Asset impairment expense* between December 31, 2023 and March 31, 2025 while Mong Duong was classified as held-for-sale. The agreement expired in November 2025 and the sale did not close. See Note 16—*Asset Impairment Expense* for further information. Mong Duong is reported in the Energy Infrastructure SBU reportable segment.

Dispositions

JK Projects — In May 2026, the Company completed the contribution of two of the JK Projects, JK1 and JK2, to a trust, receiving proceeds of $25 million. After closing the transaction, the Company retained 51% ownership in the trust, which is accounted for as an equity method investment. The transaction resulted in a pre-tax gain on sale of $24 million reported in *Gain on disposal and sale of business interests*. See Note 7—*Investments in and Advances to Affiliates* for further information. The JK Projects are reported in the Renewables SBU reportable segment.

Dominican Republic Renewables — In June 2025, the Company completed the sale of 50% of its interest in AES DR Renewables Holdings, S.L. and its subsidiaries (collectively “Dominican Republic Renewables”), whose main objective is the operation and administration of energy generation assets from primary energy resources. Of the sale price of $103 million, the Company received cash proceeds of $100 million in July 2025. The Company retained a 50% ownership interest in Dominican Republic Renewables after the sale and the business was deconsolidated and accounted for as an equity method investment. The transaction resulted in a pre-tax gain on sale of $70 million reported in *Gain on disposal and sale of business interests*, of which $37 million was related to remeasurement of the Company’s retained interest to its fair value. See Note 7—*Investments in and Advances to Affiliates* for further information. Dominican Republic Renewables is reported in the Renewables SBU reportable segment.

Ventanas — In January 2025, the Company completed the sale of its 100% ownership interest in Empresa Electrica Ventanas SpA and Nucleo SpA (collectively “Ventanas”), owner of a coal-fired energy generation facility in Chile, for $5 million. An immaterial loss on sale was recognized as a result of this transaction. The sale did not meet the criteria to be reported as discontinued operations. Prior to its sale, Ventanas was reported in the Energy Infrastructure SBU reportable segment.

19. ACQUISITIONS

Crossvine — On May 16, 2025, the Company completed the acquisition of 100% of the membership interests in Crossvine Solar 1, LLC, which is developing an 85 MW solar generation facility and an 85 MW battery storage project in Indiana, for total consideration of $78 million. The nature of the assets acquired is largely intangible, consisting mainly of a project development intangible valued at $64 million. The transaction was accounted for as an asset acquisition of a variable interest entity that did not meet the definition of a business. Crossvine is reported in the Utilities SBU reportable segment.

AES Clean Energy Solar Project Acquisitions — On April 4, 2025, the Company closed on the acquisition of 100% of the membership interests in Homer Solar Energy Center, LLC, Moraine Solar Energy Center, LLC, and Tracy Solar Energy Center, LLC, which hold early-stage development solar energy projects in New York, with a capacity of 303 MW. The total fair value of the consideration was $30 million, including contingent consideration of $8 million. The contingent consideration will be updated quarterly with any prospective changes in fair value recorded through earnings. The fair value of the consideration paid was attributed mainly to a project development

intangible asset. The transaction was accounted for as an asset acquisition of variable interest entities that did not meet the definition of a business. These projects are reported in the Renewables 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 and stock options. The effect of such potential common stock is computed using the treasury stock method.

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, 2026 and 2025, where income represents the numerator and weighted-average shares represent the denominator.

Three Months Ended September 30, (in millions, except per share data)	2026			2025		
	Income	Shares	$ per Share	Income	Shares	$ per Share
BASIC EARNINGS PER SHARE						
Income from continuing operations attributable to The AES Corporation common stockholders	$ 553	713	$ 0.77	$ 676	712	$ 0.95
Increase in redemption value of redeemable stock of subsidiaries	(9)	—	(0.01)	(5)	—	(0.01)
Income available to The AES Corporation common stockholders	$ 544	713	$ 0.76	$ 671	712	$ 0.94
EFFECT OF DILUTIVE SECURITIES						
Restricted stock units	—	2	—	—	2	—
DILUTED EARNINGS PER SHARE	$ 544	715	$ 0.76	$ 671	714	$ 0.94

Nine Months Ended September 30, (in millions, except per share data)	2026			2025		
	Income	Shares	$ per Share	Income	Shares	$ per Share
BASIC EARNINGS PER SHARE						
Income from continuing operations attributable to The AES Corporation common stockholders	$ 1,466	713	$ 2.05	$ 627	712	$ 0.88
Increase in redemption value of redeemable stock of subsidiaries	(9)	—	(0.01)	(15)	—	(0.02)
Income available to The AES Corporation common stockholders	$ 1,457	713	$ 2.04	$ 612	712	$ 0.86
EFFECT OF DILUTIVE SECURITIES						
Restricted stock units	—	2	—	—	2	—
DILUTED EARNINGS PER SHARE	$ 1,457	715	$ 2.04	$ 612	714	$ 0.86

Adjustments to Redemption Value — For the three and nine months ended September 30, 2026, income from continuing operations available to AES common stockholders included a $9 million adjustment related to the increase of the carrying value of redeemable stock of subsidiaries at AES Clean Energy Development.

For the three months ended September 30, 2025, income from continuing operations available to AES common stockholders included a $5 million adjustment related to the increase of the carrying value of redeemable stock of subsidiaries at AES Clean Energy Development.

For the nine months ended September 30, 2025, income from continuing operations available to the AES common stockholders included $10 million and $5 million adjustments related to the increase of the carrying value of redeemable stock of subsidiaries at the AGIC Companies and AES Clean Energy Development, respectively.

The Company has elected to administer these entire non-fair value redemption adjustments consistent with the treatment of dividends in the earnings per share calculation. While the adjustments impacted net income available to AES common stockholders and earnings per share, they did not impact *Net income* in the Condensed Consolidated Statement of Operations. See Note 11—*Redeemable Stock of Subsidiaries* for further information.

Anti-Dilutive Securities — The calculation of diluted earnings per share excluded 3 million outstanding stock awards for both the three and nine months ended September 30, 2026 and 2 million outstanding stock awards for both three and nine months ended September 30, 2025, respectively, which would be anti-dilutive. These stock awards could potentially dilute basic earnings per share in the future.

AES Global Insurance — As described in Note 11—*Redeemable Stock of Subsidiaries*, on April 30, 2025, the Company sold noncontrolling interests in the AGIC Companies. It is required that either (i) the AGIC Companies achieve a minimum distribution target to the Class B Member ranging from $146 million to $199 million over pre-defined periods of time ranging from three to five years (the “distribution period”) or (ii) AGIC achieves an average cash basis quarterly net income threshold for the period comprising the relevant distribution period and the four

quarters immediately prior to the start of such distribution period. AES can make disproportionate distributions to the Class B Member to meet the minimum distribution target for the distribution period. If, at the end of a distribution period, (1) such cash basis net income threshold is not met and (2) the minimum distribution target for such distribution period is not achieved, AES would be required to address the shortfall by issuing AES common stock ("Shortfall Stock") to AGIC for the net difference between actual and targeted distributions. If AES is required to issue Shortfall Stock, the amount will be based upon the number of shares multiplied by the then current share price to equal the net difference between actual and targeted distributions. Distributions of cash from the sale of Shortfall Stock are subject to regulatory approval and at the discretion of AES.

As part of the quarterly diluted earnings per share calculation, AES evaluates whether (1) average cash basis quarterly net income in a given quarter exceeds the threshold or (2) aggregate distributions made to the investor for the related distribution period exceed such target distribution amount. If either condition is met, no Shortfall Stock will be included in the diluted earnings per share calculation. As of September 30, 2026, the average cash basis quarterly net income condition was met, and therefore, no shares are included in the calculation of diluted EPS.

21. RESTRUCTURING

In February 2025, the Company approved and initiated a restructuring program to streamline our organization given the significantly lower number of countries that we operate in. Additionally, we right-sized our development company to focus on executing on the backlog and pursuing larger but fewer projects to better serve our core customers. No restructuring charges were recognized during the nine months ended September 30, 2026. From inception, the cumulative amount of restructuring costs incurred to date as of September 30, 2026 was $54 million.

During the nine months ended September 30, 2025, pre-tax restructuring charges related to employee severance costs were $53 million, of which $39 million was classified within *Cost of sales* and $14 million was classified as *General and administrative expenses* on the Condensed Consolidated Statements of Operations. For the nine months ended September 30, 2025, $20 million was recognized at the Energy Infrastructure SBU, $17 million at the Renewables SBU, $5 million at the Utilities SBU, $1 million at the New Energy Technologies SBU, and $10 million at Corporate and Other.

During the nine months ended September 30, 2025, AES Clean Energy Development also recognized $51 million of pre-tax asset impairment expense as a result of the restructuring program. See Note 16—*Asset Impairment Expense* for further information. AES Clean Energy Development is reported in the Renewables SBU reportable segment.

As of December 31, 2025, $5 million of pre-tax restructuring charges were reflected within *Accrued and other liabilities* on the Condensed Consolidated Balance Sheets. During the nine months ended September 30, 2026, the Company made cash payments of $5 million. As of September 30, 2026, no pre-tax restructuring charges were reflected within *Accrued and other liabilities* on the Condensed Consolidated Balance Sheets.

22. DISCONTINUED OPERATIONS

Sul — In 2016, the Company completed the sale of Sul, its wholly-owned distribution company in Brazil, with its historical operating results reported as discontinued operations. In August 2025, an arbitration tribunal awarded the buyer an estimated $37 million in alleged damages plus interest, as well as potential future damages, under a dispute related to representations and warranties in the 2016 share purchase agreement, which the Company recognized as a loss from disposal of discontinued businesses.

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 2025 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, the following:

- the completion of the proposed transaction between AES and Horizon Parent, L.P. (the "Transaction") on the anticipated terms and timing;
- the risk that the conditions to the completion of the Transaction are not satisfied in a timely manner or at all;
- potential litigation relating to the Transaction, including resulting expense or delay, and the effects of any outcomes related thereto;
- the risk that disruptions from the Transaction will harm AES' business, including current plans and operations;
- the ability of AES to retain and hire key personnel through the consummation of the Transaction;
- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Transaction;
- continued availability of capital and financing, and rating agency actions;
- certain restrictions during the pendency of the Transaction that may impact AES' ability to pursue certain business opportunities or strategic transactions;
- significant transaction costs associated with the Transaction;
- the possibility that the Transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- the occurrence of any event, change, or other circumstance that could give rise to the termination of the Transaction, including in circumstances requiring AES to pay a termination fee or other expenses;
- competitive responses to the Transaction;
- the economic climate, particularly the state of the economy in the areas in which we operate, which impacts demand for electricity in many of our key markets, including the fact that the global economy faces considerable uncertainty for the foreseeable future, which further increases many of the risks discussed in our 2025 Form 10-K;
- changes in the price of electricity at which our generation businesses sell into the wholesale market and our utility businesses purchase to distribute to their customers, and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk;
- changes in the prices and availability of coal, gas, and other fuels (including our ability to have fuel transported to our facilities) and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk, and our ability to meet credit support requirements for fuel and power supply contracts;
- changes in and access to the financial markets, particularly changes affecting the availability and cost of capital in order to refinance existing debt and finance capital expenditures, acquisitions, investments, and other corporate purposes;
- changes in inflation, demand for power, interest rates, and foreign currency exchange rates, including our ability to hedge our interest rate and foreign currency risk;
- our ability to fulfill our obligations, manage liquidity and comply with covenants under our recourse and non-recourse debt, including our ability to manage our significant liquidity needs and to comply with covenants under our revolving credit facilities and other existing financing obligations;

- our ability to receive funds from our subsidiaries by way of dividends, fees, interest, loans or otherwise;
- changes in our or any of our subsidiaries' corporate credit ratings or the ratings of our or any of our subsidiaries' debt securities or preferred stock, and changes in the rating agencies' ratings criteria;
- our ability to purchase and sell assets at attractive prices and on other attractive terms;
- our ability to compete in markets where we do business;
- our ability to operate power generation, transmission and distribution facilities, including managing availability, outages, and equipment failures;
- our ability to manage our operational and maintenance costs and the performance and reliability of our generating plants, including our ability to reduce unscheduled down times;
- our ability to enter into long-term contracts, which limit volatility in our results of operations and cash flow, such as PPAs, fuel supply, and other agreements and to manage counterparty credit risks in these agreements;
- variations in weather, especially mild winters and cooler summers in the areas in which we operate, the occurrence of difficult hydrological conditions for our hydropower plants, as well as hurricanes and other storms and disasters, wildfires and low levels of wind or sunlight for our wind and solar facilities;
- pandemics, or the future outbreak of any other highly infectious or contagious disease;
- the performance of our contracts by our contract counterparties, including suppliers or customers;
- severe weather and natural disasters;
- our ability to manage global supply chain disruptions;
- our ability to raise sufficient capital to fund development projects or to successfully execute our development projects;
- the success of our initiatives in renewable energy projects and energy storage projects;
- the availability of government incentives or policies that support the development of renewable energy generation projects;
- our ability to execute on our strategies or achieve expectations related to environmental, social, and governance matters;
- our ability to keep up with advances in technology;
- changes in number of customers or in customer usage;
- the operations of our joint ventures and equity method investments that we do not control;
- our ability to achieve reasonable rate treatment in our utility businesses;
- changes in laws, rules and regulations affecting our international businesses, particularly in developing countries;
- changes in laws, rules and regulations affecting our utilities businesses, including, but not limited to, regulations which may affect competition, the ability to recover net utility assets and other potential stranded costs by our utilities;
- changes in law resulting from new local, state, federal or international energy legislation and changes in political or regulatory oversight or incentives affecting our wind business and solar projects, our other renewables projects, and our initiatives in GHG reductions and energy storage, including government policies or tax incentives;
- changes in environmental laws, including requirements for reduced emissions, GHG legislation, regulation, and/or treaties and CCR regulation and remediation;
- changes in tax laws, including U.S. tax reform, and challenges to our tax positions;
- the effects of litigation and government and regulatory investigations;
- the performance of our acquisitions;
- our ability to maintain adequate insurance;
- decreases in the value of pension plan assets, increases in pension plan expenses, and our ability to fund defined benefit pension and other postretirement plans at our subsidiaries;
- losses on the sale or write-down of assets due to impairment events or changes in management intent with regard to either holding or selling certain assets;
- changes in accounting standards, corporate governance, and securities law requirements;
- our ability to maintain effective internal control over financial reporting;

- our ability to remediate any future material weakness;
- our ability to attract and retain talented directors, management, and other personnel;
- cyber-attacks and information security breaches; and
- data privacy.

These factors, in addition to others 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 2025 Form 10-K and subsequent filings with the SEC, should not be construed as a comprehensive listing of factors that could cause results to vary from our forward-looking information.

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 publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. If one or more forward-looking statements are updated, no inference should be drawn that additional updates will be made 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 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 **New Energy Technologies** (investments in Fluence, Maximo, the AI Fund, and other new and innovative energy technology businesses). For additional information regarding our business, see Item 1.—*Business* of our 2025 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, transmit, distribute, 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.

Proposed Merger

On March 1, 2026, The AES Corporation (the "Company" or "AES") entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Horizon Parent, L.P., a Delaware limited partnership ("Parent"), and Horizon Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger. Parent is jointly controlled by investment vehicles affiliated with one or more funds, accounts or other entities managed or advised by Global Infrastructure Management, LLC and the EQT Infrastructure VI fund. For further details on this proposed transaction, see Note 1—*Financial Statement Presentation* included in Item 1.—*Financial Statements* of this Form 10-Q.

Executive Summary

Compared with last year, third quarter net income increased $10 million, from $517 million to $527 million. This increase is the result of higher energy and capacity sales and prices in the spot market, higher retail rates and demand at our utilities, and the prior year impairment of the Uplight equity method investment and adjustments to the convertible notes; partially offset by lower income tax benefit, lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria, and higher impairment expense.

Adjusted EBITDA, a non-GAAP measure, increased $260 million, from $830 million to $1,090 million, driven by higher energy and capacity sales and prices in the spot market, and higher retail rates and demand at our utilities; partially offset by lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria.

Compared with last year, net income for the nine months ended September 30, 2026 increased $895 million, from $294 million to $1,189 million. This increase is the result of higher energy and capacity sales and prices in the spot market, higher contributions from development services in the U.S., higher retail rates and demand at our

utilities, losses on commencement of sales-type leases recognized in the prior year at AES Clean Energy Development, a gain on sale of shares in Fluence, one-time costs in the prior year due to the Company's restructuring program in February 2025, and the prior year impairment of the Uplight equity method investment and adjustments to the convertible notes; partially offset by the prior-year impact of derecognition of a valuation allowance on the loan receivable upon reclassifying Mong Duong from held-for-sale to held and used and lower contract sales volume and higher depreciation mainly due to the expiration of the Maritza PPA in Bulgaria.

Adjusted EBITDA, a non-GAAP measure, increased $713 million, from $2,102 million to $2,815 million for the nine months ended September 30, 2026, driven by higher energy and capacity sales and prices in the spot market, higher contributions from development services in the U.S., higher retail rates and demand at our utilities, and the increase in ownership of Cochrane; partially offset by lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria and the impact of the AES Ohio selldown in the prior year.



Business Overview

158
Generation Facilities

34,808
Gross MW

6
Utility Companies

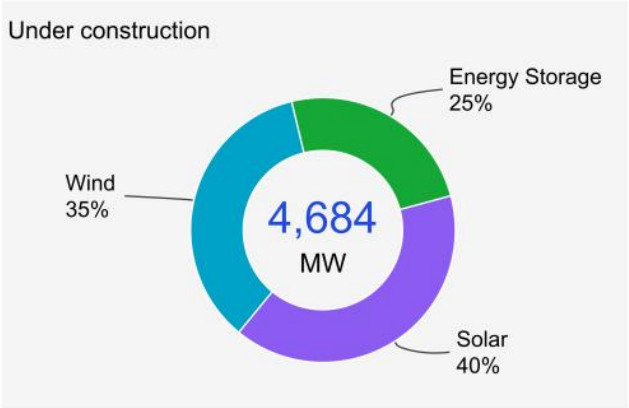
35,052
GWH [2]

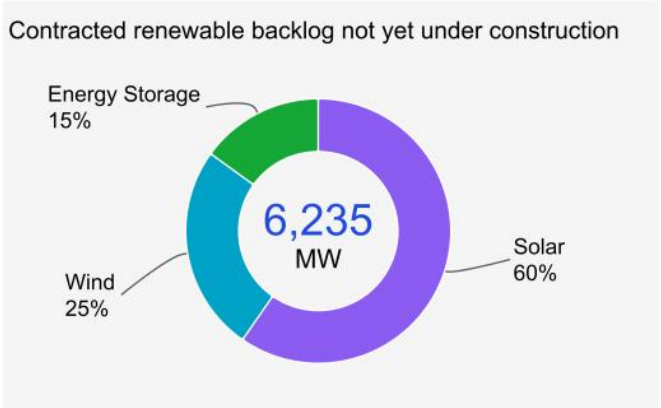


Key events in 2026

Our PPA backlog, which consists of projects with signed contracts, but which are not yet operational, is 10.9 GW, including 4.7 GW under construction. Year-to-date, we:

- Completed the construction of 2.1 GW of renewables and 0.5 GW of natural gas; and
- Signed or were awarded new long-term PPAs for 1.1 GW.





[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 2025.

Review of Consolidated Results of Operations (Unaudited)

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in millions)	2026	2025	$ change	% change	2026	2025	$ change	% change
Revenue:								
Renewables SBU	$ 1,104	$ 817	$ 287	35%	$ 2,863	$ 2,127	$ 736	35%
Utilities SBU	1,256	1,105	151	14%	3,410	3,068	342	11%
Energy Infrastructure SBU	1,536	1,483	53	4%	4,288	4,109	179	4%
New Energy Technologies SBU	1	—	1	NM	1	—	1	NM
Corporate and Other	29	32	(3)	-9%	97	111	(14)	-13%
Eliminations	(54)	(86)	32	37%	(185)	(283)	98	35%
Total Revenue	3,872	3,351	521	16%	10,474	9,132	1,342	15%
Operating Margin:								
Renewables SBU	361	213	148	69%	771	371	400	NM
Utilities SBU	270	197	73	37%	661	488	173	35%
Energy Infrastructure SBU	316	288	28	10%	758	653	105	16%
New Energy Technologies SBU	(8)	(2)	(6)	NM	(14)	(6)	(8)	NM
Corporate and Other	54	61	(7)	-11%	183	203	(20)	-10%
Eliminations	(11)	(22)	11	50%	(45)	(80)	35	44%
Total Operating Margin	982	735	247	34%	2,314	1,629	685	42%
General and administrative expenses	(68)	(46)	(22)	48%	(185)	(172)	(13)	8%
Interest expense	(361)	(348)	(13)	4%	(1,082)	(1,042)	(40)	4%
Interest income	71	76	(5)	-7%	201	215	(14)	-7%
Loss on extinguishment of debt	(13)	(2)	(11)	NM	(27)	(15)	(12)	80%
Other expense	(25)	(26)	1	-4%	(110)	(373)	263	-71%
Other income	21	19	2	11%	61	57	4	7%
Gain on disposal and sale of business interests	3	1	2	NM	212	70	142	NM
Asset impairment reversals (expense)	(91)	(31)	(60)	NM	(133)	74	(207)	NM
Foreign currency transaction losses	(14)	(19)	5	-26%	(55)	(57)	2	-4%
Other non-operating expense	—	(32)	32	-100%	—	(42)	42	-100%
Income tax benefit	10	226	(216)	-96%	23	42	(19)	-45%
Net equity in earnings (losses) of affiliates	12	1	11	NM	(30)	(55)	25	-45%
INCOME FROM CONTINUING OPERATIONS	527	554	(27)	-5%	1,189	331	858	NM
Loss from disposal of discontinued businesses, net of $0 income tax for all periods	—	(37)	37	-100%	—	(37)	37	-100%
NET INCOME	527	517	10	2%	1,189	294	895	NM
Less: Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries	26	122	(96)	-79%	277	296	(19)	-6%
NET INCOME ATTRIBUTABLE TO THE AES CORPORATION	$ 553	$ 639	$ (86)	-13%	$ 1,466	$ 590	$ 876	NM
Net cash provided by operating activities	$ 1,200	$ 1,297	$ (97)	-7%	$ 3,447	$ 2,818	$ 629	22%

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.

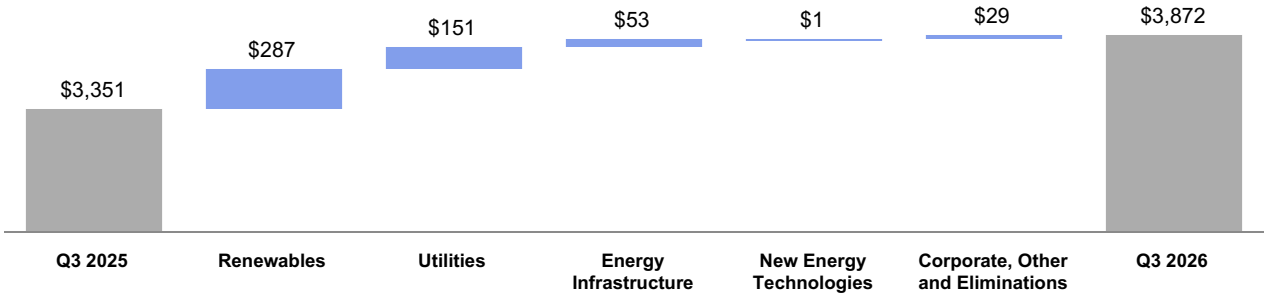
Cost of sales includes costs incurred directly by the businesses in the ordinary course of business. Examples include electricity and fuel purchases, O&M costs, depreciation and amortization expenses, bad debt expense and recoveries, and general administrative and support costs (including employee-related costs directly associated with the operations of the business). Cost of sales also includes the gains or losses on derivatives (including embedded derivatives other than foreign currency embedded 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, 2026

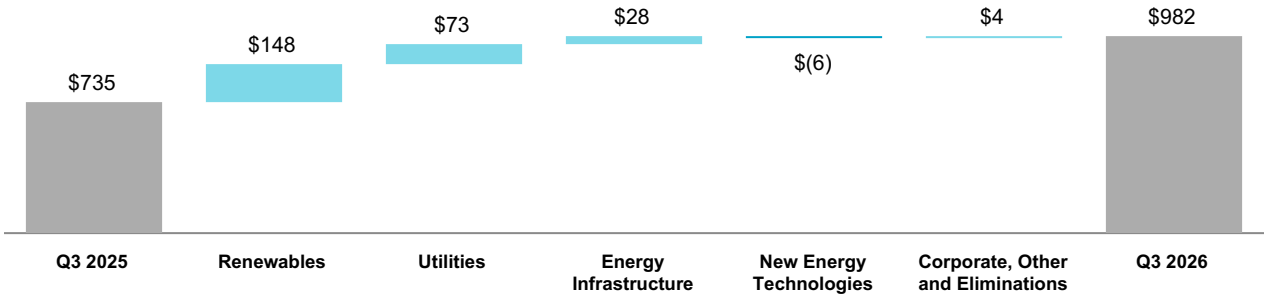
Revenue
(in millions)



Consolidated Revenue — Revenue increased $521 million, or 16%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, driven by:

- $287 million at Renewables mainly driven by $182 million higher spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related unfavorable hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin, $77 million positive impact due to the appreciation of the Colombian peso, $56 million due to new projects placed in service in the U.S. and Chile, $34 million due to development services in the U.S., and $21 million higher revenues under our retail supply agreements; partially offset by $61 million lower contracted and spot sales in Chile, and an $18 million unfavorable impact from energy derivatives in the U.S.;
- $151 million at Utilities mainly driven by $67 million due to higher retail demand mainly driven by weather, $48 million due to higher retail rates as a result of AES Ohio's 2024 DRC Settlement in November 2025, and $43 million due to higher transmission and rider revenues; partially offset by a $13 million decrease in wholesale revenues at AES Indiana driven by lower load requirements and unit availability;
- $53 million at Energy Infrastructure mainly driven by $254 million higher energy and capacity sales and prices in the spot market mainly in Argentina, $14 million of higher spot sales in Mexico driven by the expiration of a PPA, and $11 million of higher LNG sales; partially offset by $146 million lower contract sales volume mainly driven by the expiration of the Maritza PPA in Bulgaria, $74 million of prior year net derivative gains as part of our commercial hedging strategy, and $9 million driven by lower availability; and
- $29 million at Corporate, Other and Eliminations mainly driven by lower eliminations of inter-segment revenue.

Operating Margin
(in millions)



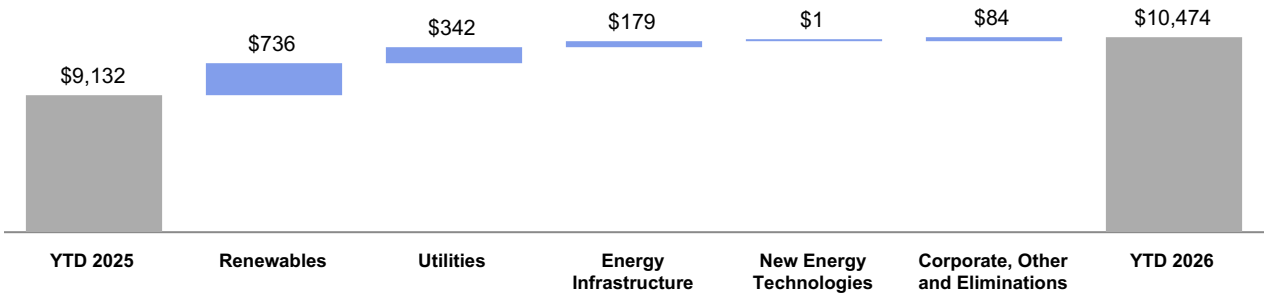
Consolidated Operating Margin — Operating margin increased $247 million, or 34%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, mainly due to higher margins at the Renewables SBU driven by higher spot sales and prices in Colombia driven by El Niño, as well as higher energy and capacity sales and prices in the spot market at the Energy Infrastructure SBU and higher retail rates and demand in the Utilities SBU. The increase in operating margin was partially offset by lower contract sales

volume mainly due to the expiration of the Maritza PPA in Bulgaria.

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.

Nine Months Ended September 30, 2026

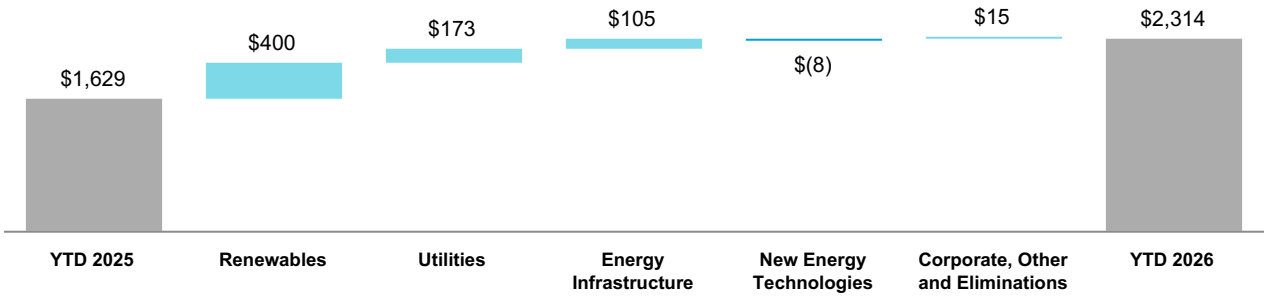
Revenue
(in millions)



Consolidated Revenue — Revenue increased $1,342 million, or 15%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, driven by:

- $736 million at Renewables mainly driven by $230 million higher spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related unfavorable hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin and partially offset by lower spot prices in the first quarter, $160 million due to development services in the U.S., $146 million due to new projects placed in service in the U.S. and Chile, $116 million positive impact due to the appreciation of the Colombian peso, a $75 million favorable impact from energy derivatives in the U.S., and $60 million higher revenues under our retail supply agreements; partially offset by $59 million lower contracted and spot sales in Chile;
- $342 million at Utilities mainly driven by $132 million due to higher retail rates as a result of AES Ohio's 2024 DRC Settlement in November 2025, $122 million due to higher transmission and rider revenues, and $88 million due to higher retail demand mainly driven by weather;
- $179 million at Energy Infrastructure mainly driven by $455 million higher energy and capacity sales and prices in the spot market mainly in Argentina, $75 million of higher spot sales in Mexico driven by the expiration of a PPA, and $72 million of higher LNG sales; partially offset by $347 million lower contract sales volume mainly driven by the expiration of the Maritza PPA in Bulgaria, $62 million of prior year net derivative gains as part of our commercial hedging strategy, and $15 million driven by lower availability; and
- $84 million at Corporate, Other and Eliminations mainly driven by lower eliminations of inter-segment revenue.

Operating Margin
(in millions)



Consolidated Operating Margin — Operating margin increased $685 million, or 42%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, mainly due to higher margins at the Renewables SBU driven by contributions from development services in the U.S. and higher spot

sales and prices in Colombia driven by El Niño, as well as higher retail rates at AES Ohio at the Utilities SBU, and higher energy and capacity sales and prices in the spot market at the Energy Infrastructure SBU. The increase in operating margin was partially offset by lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria and higher depreciation.

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 increased $22 million, or 48%, to $68 million for the three months ended September 30, 2026, compared to $46 million for the three months ended September 30, 2025, primarily due to $12 million of costs related to the Merger, $4 million increase primarily due to changes in the allocation of certain executive costs between Corporate general and administrative expenses and the Company's segments under cost of sales following changes in the leadership structure, and a $3 million increase in business development costs.

General and administrative expenses increased $13 million, or 8%, to $185 million for the nine months ended September 30, 2026, compared to $172 million for the nine months ended September 30, 2025, primarily due to $35 million of costs related to the Merger and $4 million increase primarily due to changes in the allocation of certain executive costs between Corporate general and administrative expenses and the Company's segments under cost of sales following changes in the leadership structure; partially offset by a $12 million decrease in business development costs and $9 million decrease in one-time costs, all driven by the Company's restructuring program in February 2025, as well as $5 million lower professional fees.

Interest expense

Interest expense increased $13 million, or 4%, to $361 million for the three months ended September 30, 2026, compared to $348 million for the three months ended September 30, 2025. This increase is primarily due to higher interest expense at the Parent Company due to a higher weighted average interest rate and debt balance, and higher debt balances at the Utilities SBU; partially offset by lower debt balances at the Energy Infrastructure SBU.

Interest expense increased $40 million, or 4%, to $1,082 million for the nine months ended September 30, 2026, compared to $1,042 million for the nine months ended September 30, 2025. This increase is primarily due to higher interest expense at the Parent Company due to a higher weighted average interest rate and debt balance as well as the impact of a prior year realized gain on a de-designated interest rate swap, lower capitalized interest at the Renewables SBU due to fewer projects under construction, and lower capitalized interest at the Utilities SBU due to a decrease in the allowance for borrowed funds used during construction; partially offset by lower debt balances at the Energy Infrastructure SBU.

Loss on extinguishment of debt

Loss on extinguishment of debt increased $11 million to $13 million for the three months ended September 30, 2026, compared to $2 million for the three months ended September 30, 2025. This increase is primarily driven by prepayment of debt at AES Clean Energy.

Loss on extinguishment of debt increased $12 million, or 80%, to $27 million for the nine months ended September 30, 2026, compared to $15 million for the nine months ended September 30, 2025, primarily due to the driver above.

See Note 8—*Obligations* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Other expense

Other expense decreased $1 million, or 4%, to $25 million for the three months ended September 30, 2026, compared to $26 million for the three months ended September 30, 2025, primarily driven by $13 million of prior year losses on commencement of sales-type leases at AES Clean Energy, offset by a $12 million increase in losses on remeasurement of contingent consideration.

Other expense decreased $263 million, or 71%, to $110 million for the nine months ended September 30, 2026, compared to $373 million for the nine months ended September 30, 2025, primarily driven by a $177 million decrease in losses on commencement of sales-type leases at AES Clean Energy, a prior year $48 million loss on

remeasurement of our investment in 5B, accounted for using the measurement alternative, and an $8 million decrease in losses on remeasurement of contingent consideration.

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

Gain on disposal and sale of business interests

Gain on disposal and sale of business interests increased $142 million to $212 million for the nine months ended September 30, 2026, compared to $70 million for the nine months ended September 30, 2025 mainly due to a $186 million gain on sale of shares of Fluence and a $24 million gain resulting from the contribution of two of the JK Projects to a trust; partially offset by a $70 million gain on the selldown of Dominican Republic Renewables in the prior year.

See Note 7—*Investments in and Advances to Affiliates* and Note 18—*Held-for-Sale and Dispositions* for further information.

Asset impairment reversals (expense)

Asset impairment expense increased $60 million to $91 million for the three months ended September 30, 2026, compared to $31 million for the three months ended September 30, 2025. This increase was driven by higher impairment expense of $75 million at AES Clean Energy Development primarily related to a review of project budgets and the strategic evaluation of certain development-stage assets, resulting in the writedown of projects that no longer meet our investment criteria; partially offset by prior year impairment expense of $16 million at AES Andes due to the write-off of project development intangibles and capitalized development costs for projects that were determined to be no longer viable.

Asset impairment expense increased $207 million to $133 million for the nine months ended September 30, 2026, compared to a $74 million reversal for the nine months ended September 30, 2025. This increase was primarily the result of a $243 million increase in the carrying value of Mong Duong asset group in the prior year due to the derecognition of a valuation allowance on the loan receivable accounted for under ASC 310 and the elimination of net estimated costs to sell upon reclassifying Mong Duong from held-for-sale to held and used. This was partially offset by lower impairment expense of $16 million and $4 million at AES Andes and AES Clean Energy Development, respectively, due to the write-off of project development intangibles and capitalized development costs for projects that were determined to be no longer viable.

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

Foreign currency transaction losses

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Argentina	$ (7)	$ (16)	$ (26)	$ (26)
Chile	1	(8)	(22)	(27)
Corporate	—	3	4	(9)
Other	(8)	2	(11)	5
Total [1]	$ (14)	$ (19)	$ (55)	$ (57)

[1] Includes losses of $10 million and $8 million on foreign currency derivative contracts for the three months ended September 30, 2026 and 2025, respectively, and losses of $55 million and $22 million on foreign currency derivative contracts for the nine months ended September 30, 2026 and 2025, respectively.

The Company recognized net foreign currency transaction losses of $14 million for the three months ended September 30, 2026, primarily driven by unrealized foreign currency derivative losses in Argentina and unrealized losses due to the depreciation of the Argentine peso.

The Company recognized net foreign currency transaction losses of $55 million for the nine months ended September 30, 2026, primarily driven by unrealized foreign currency derivative losses in Argentina, unrealized losses in Chile due to the appreciation of the Colombian peso, which negatively impacted foreign currency forwards, and higher realized foreign currency losses related to settled forward contracts in Chile.

The Company recognized net foreign currency transaction losses of $19 million for the three months ended September 30, 2025, primarily driven by unrealized losses due to the depreciation of the Argentine peso and net unrealized losses in Chile due to the appreciation of the Colombian peso, which negatively impacted foreign currency forwards, partially offset by unrealized gains due to the depreciation of the Chilean peso.

The Company recognized net foreign currency transaction losses of $57 million for the nine months ended September 30, 2025, primarily driven by unrealized losses due to the depreciation of the Argentine peso and net unrealized losses in Chile due to the appreciation of the Colombian peso, which negatively impacted foreign currency forwards, and the appreciation of the Chilean peso.

Other non-operating expense

There were no other non-operating expenses during the three and nine months ended September 30, 2026.

Other non-operating expense was $32 million for the three months ended September 30, 2025 due to an impairment of the Uplight equity method investment and adjustments to the convertible notes and related embedded derivative feature included within the convertible notes for Uplight as a result of observable market factors.

Other non-operating expense was $42 million for the nine months ended September 30, 2025 due to the $32 million impact from Uplight mentioned above and a $10 million other-than-temporary impairment of convertible notes at 5B as a result of an observable price change from a transaction between 5B and a third-party.

Income tax benefit

Income tax benefit decreased $216 million, or 96%, to $10 million for the three months ended September 30, 2026, compared to $226 million for the three months ended September 30, 2025. The Company's effective tax rates were (2)% and (69)% for the three months ended September 30, 2026 and 2025, respectively. Both the current and prior year effective tax rates were impacted by the benefits associated with U.S. investment tax credits ("ITCs"), partially offset by tax expense resulting from allocations of losses to tax equity investors on renewables projects. The current quarter rate was further impacted by the benefit associated with the release of valuation allowance at the Bolero BESS project.

Income tax benefit decreased $19 million, or 45%, to $23 million for the nine months ended September 30, 2026, compared to $42 million for the nine months ended September 30, 2025. The Company's effective tax rates were (2)% and (12)% for the nine months ended September 30, 2026 and 2025, respectively. The 2026 effective tax rate was impacted by the benefits associated with ITCs and the Bolero BESS project valuation allowance release, partially offset by tax expense resulting from allocations of losses to tax equity investors on renewables projects.

The 2025 effective tax rate was largely impacted by the benefits associated with ITCs and the prior year reclassification of Mong Duong from held-for-sale to held and used, partially offset by tax expense resulting from allocations of losses to tax equity investors on renewables projects.

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 NCTI 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 earnings (losses) of affiliates

Net equity in earnings of affiliates increased $11 million to $12 million for the three months ended September 30, 2026, compared to $1 million for the three months ended September 30, 2025. This increase was primarily driven by higher earnings from Gatun of $7 million due to higher generation and lower losses from Uplight of $5 million after equity method accounting was suspended in the fourth quarter of 2025, partially offset by higher losses from Fluence of $7 million driven by liquidated damages incurred due to project delays, increased costs related to the deployment of newer solution offerings, and an increase in battery prices.

Net equity in losses of affiliates decreased $25 million, or 45%, to $30 million for the nine months ended September 30, 2026, compared to $55 million for the nine months ended September 30, 2025. This decrease was primarily driven by lower losses from Uplight of $21 million after equity method accounting was suspended in the fourth quarter of 2025 and $8 million from sPower due to contributions from new projects that came online.

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

Loss from disposal of discontinued businesses

There were no losses from disposal of discontinued businesses during the three and nine months ended September 30, 2026.

Net loss from disposal of discontinued businesses was $37 million for the three and nine months ended September 30, 2025, related to alleged damages plus interest, as well as potential future damages, under a dispute

related to representations and warranties in the 2016 share purchase agreement for Sul.

See Note 22—*Discontinued Operations* included in Item 1.—*Financial Statements* of this Form 10-Q for further information.

Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries

Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries decreased $96 million, or 79%, to $26 million for the three months ended September 30, 2026, compared to $122 million for the three months ended September 30, 2025. This decrease in net losses was primarily due to:

- Lower losses of $68 million at AES Clean Energy Development and AES Renewable Holdings primarily attributable to lower allocation of losses to tax equity investors on projects placed in service; and
- Higher income of $23 million at Chile Renovables driven by the recognition of a deferred tax benefit due to reversal of valuation allowance.

These drivers were partially offset by:

- Higher losses of $15 million at AES Indiana primarily related to higher allocation of losses to tax equity investors for the Petersburg Energy Center.

Net loss attributable to noncontrolling interests and redeemable stock of subsidiaries decreased $19 million, or 6%, to $277 million for the nine months ended September 30, 2026, compared to $296 million for the nine months ended September 30, 2025. This decrease in net losses was primarily due to:

- Lower losses of $118 million at AES Renewable Holdings primarily due to lower allocation of losses to tax equity investors on projects placed in service;
- Higher income of $22 million and $11 million due to the prior-year selldowns of AES Ohio and AGIC, respectively;
- Higher income of $23 million at Chile Renovables driven by the recognition of a deferred tax benefit due to reversal of valuation allowance; and
- Higher income of $15 million at Merida due to higher spot sales.

These drivers were partially offset by:

- Lower income of $112 million at Mong Duong primarily due to the prior-year derecognition of a valuation allowance on the loan receivable accounted for under ASC 310 upon reclassifying Mong Duong from held-for-sale to held and used;
- Higher losses of $15 million at AES Clean Energy Development primarily attributable to higher allocation of losses to tax equity investors on projects placed in service, partially offset by gains allocated to noncontrolling interest holders;
- Lower equity earnings of $15 million at Gatun primarily related to debt extinguishment costs; and
- Lower income of $14 million due to the acquisition of the remaining shares of Cochrane.

Net income attributable to The AES Corporation

Net income attributable to The AES Corporation decreased $86 million, or 13%, to $553 million for the three months ended September 30, 2026, compared to $639 million for the three months ended September 30, 2025. This decrease was primarily due to:

- Lower income tax benefit of $232 million due to a higher effective tax rate;
- Higher impairment expense at AES Clean Energy Development of $57 million partially offset by prior-year impairment expense of $16 million at AES Andes due to the write-off of project development intangibles and capitalized development costs for projects that were determined to be no longer viable; and
- Lower contributions from renewables projects placed in service of $40 million.

These drivers were partially offset by:

- Higher margins from the Renewables SBU of $143 million primarily due to higher spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related below-average hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin, appreciation of the Colombian peso,

and contributions from development services in the U.S.; partially offset by higher depreciation and an unfavorable impact from energy derivatives in the U.S.;

- Higher margins from the Utilities SBU of $53 million primarily due to higher retail rates as a result of AES Ohio's 2024 DRC Settlement, net of certain riders now incorporated into base rates;
- Higher other non-operating expense of $32 million in the prior year due to an impairment of the Uplight equity method investment and adjustments to the convertible notes; and
- Higher margins from the Energy Infrastructure SBU of $11 million primarily due to higher energy and capacity sales and prices in the spot market and higher margin from LNG transactions, partially offset by lower contract sales volume due to the expiration of the Maritza PPA in Bulgaria, net derivative gains in the prior year, and lower availability.

Net income attributable to The AES Corporation increased $876 million to $1,466 million for the nine months ended September 30, 2026, compared to $590 million for the nine months ended September 30, 2025. This increase was primarily due to:

- Higher margins from the Renewables SBU of $323 million, excluding one-time restructuring costs in the prior year, primarily due to increases from development services in the U.S., higher spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related below-average hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin, a favorable impact from energy derivatives in the U.S, and appreciation of the Colombian peso; partially offset by higher depreciation;
- Lower other expense of $213 million primarily due to lower losses on commencement of sales-type leases and a prior-year loss on remeasurement of our investment in 5B, accounted for using the measurement alternative;
- Higher gain on disposal and sale of business interests of $166 million due to a gain on sale of shares in Fluence and the contribution of JK1 and JK2 to a trust, partially offset by a prior-year gain on the sell-down of Dominican Republic Renewables;
- Higher margins from the Utilities SBU of $114 million, excluding one-time restructuring costs in the prior year, primarily due to AES Ohio's 2024 DRC Settlement, net of certain riders now incorporated into base rates, and higher recovery of costs primarily associated with transmission, distribution, and renewable projects, and higher demand due to the impact of weather in El Salvador; partially offset by higher property taxes;
- Higher margins from the Energy Infrastructure SBU of $86 million, excluding one-time restructuring costs in the prior year, primarily due to higher energy and capacity sales and prices in the spot market, and higher LNG sales, partially offset by lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria, higher depreciation at Maritza due to the useful life reassessment in the prior year, lower availability, and lower net derivative gains;
- Higher contributions from renewables projects placed in service of $73 million;
- One-time restructuring costs of $50 million in the prior year;
- Higher other non-operating expense of $42 million in the prior year primarily due to an impairment of the Uplight equity method investment and adjustments to the convertible notes; and
- Lower net equity in losses of affiliates of $25 million primarily related to the suspension of equity method accounting at Uplight in the fourth quarter of 2025.

These drivers were partially offset by:

- Prior-year $127 million increase in the carrying value of the Mong Duong asset group primarily due to the derecognition of a valuation allowance on the loan receivable accounted for under ASC 310 upon reclassifying Mong Duong from held-for-sale to held and used; and
- Lower income tax benefit of $25 million due to a higher effective tax rate.

SBU Performance Analysis

Non-GAAP Measures

EBITDA, Adjusted EBITDA, and Adjusted PTC 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.

Beginning in the first quarter of 2026, the Company no longer discloses Adjusted EPS or Adjusted EBITDA with Tax Attributes. Both metrics are subject to significant variability related to the 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. As a result, the Company determined that these metrics are no longer as relevant to investors and 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.

On March 1, 2026, the Company entered into the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger. See Note 1—*Financial Statement Presentation—Proposed Merger* included in Item 1.—*Financial Statements* of this Form 10-Q for further information. During the first quarter of 2026, the Company updated the definitions of Adjusted EBITDA and Adjusted PTC to exclude costs directly associated with the Merger, including but not limited to, advisory, legal, and employee-related costs. This discrete, strategic transaction would result in significant incremental costs above normal operations, and the inclusion of such costs would result in a lack of comparability in our results of operations and could be misleading to investors. We believe excluding these costs associated with the Merger better reflects the underlying business performance of the Company.

During the first quarter of 2025, the Company updated the definition of Adjusted EBITDA and Adjusted PTC to exclude costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts. These restructuring initiatives to streamline our organization and right-size our development company would result in significant incremental costs above normal operations, and the inclusion of such costs would result in a lack of comparability in our results of operations and could be misleading to investors. We believe excluding these costs associated with a major restructuring initiative better reflects the underlying business performance of the Company.

EBITDA and Adjusted EBITDA

We define EBITDA as earnings before interest income and expense, taxes, depreciation, amortization, and accretion of AROs. 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; (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts; and (g) costs directly associated with the Merger, including, but not limited to, advisory, legal, and employee-related costs.

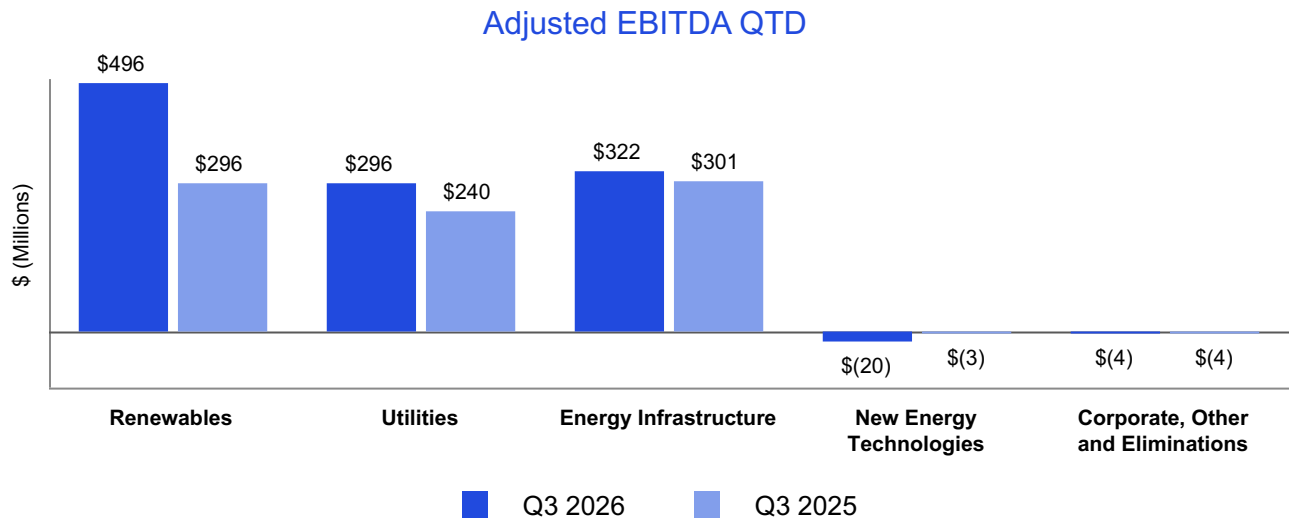
In addition to the revenue and cost of sales reflected in Operating Margin, Adjusted EBITDA includes the other components of our Condensed Consolidated Statements of Operations, such as *general and administrative expenses* in Corporate and Other as well as business development costs, *other expense*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

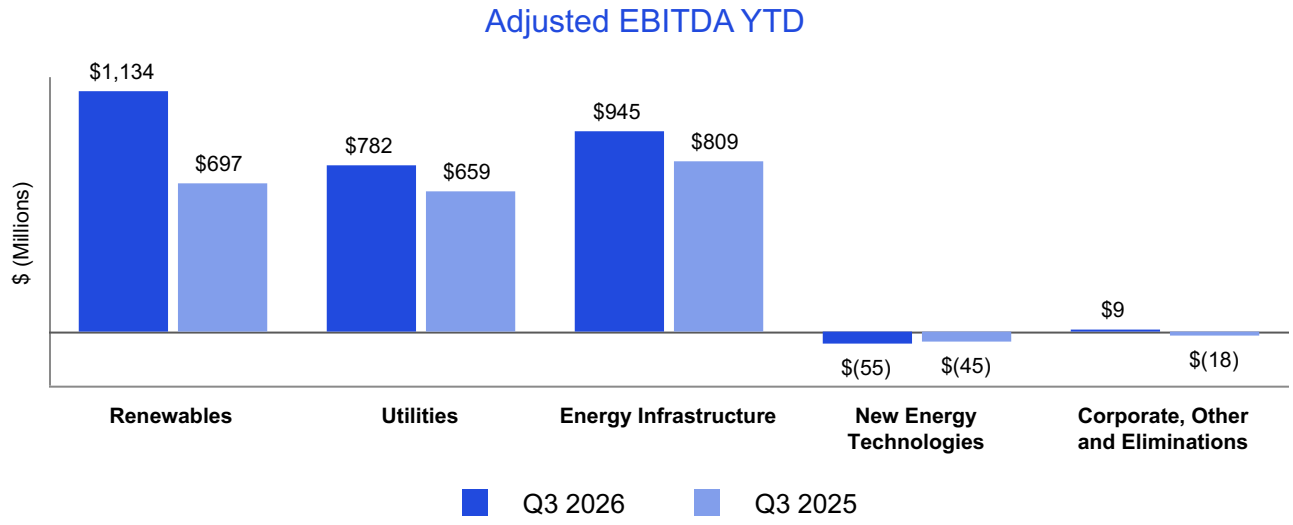
The GAAP measure most comparable to EBITDA and Adjusted EBITDA is *Net income*. We believe that EBITDA and Adjusted EBITDA better reflect the underlying business performance of the Company. Adjusted EBITDA is the most relevant measure considered in the Company's internal evaluation of the financial performance 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, retire debt, implement restructuring initiatives, or consummate the Merger, 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 and Adjusted EBITDA should not be construed as alternatives to *Net income*, which is determined in accordance with GAAP.

Reconciliation of Adjusted EBITDA (in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 527	$ 517	$ 1,189	$ 294
Income tax benefit	(10)	(226)	(23)	(42)
Interest expense	361	348	1,082	1,042
Interest income	(71)	(76)	(201)	(215)
Depreciation, amortization, and accretion of AROs	413	365	1,280	1,056
EBITDA	$ 1,220	$ 928	$ 3,327	$ 2,135
Less: Loss from disposal of discontinued businesses	—	37	—	37
Less: Adjustment for noncontrolling interests and redeemable stock of subsidiaries [1]	(282)	(238)	(713)	(625)
Less: Income tax expense (benefit), interest expense (income) and depreciation, amortization, and accretion of AROs from equity affiliates	36	39	121	120
Interest income recognized under service concession arrangements	13	15	40	44
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	14	(20)	34	112
Unrealized foreign currency losses (gains)	(8)	2	(16)	(1)
Disposition/acquisition losses (gains)	4	5	(152)	172
Impairment losses	69	61	103	7
Loss on extinguishment of debt and troubled debt restructuring	10	1	30	13
Restructuring costs	—	—	—	88
Merger costs	14	—	41	—
Adjusted EBITDA [1]	$ 1,090	$ 830	$ 2,815	$ 2,102

(1) The allocation of earnings and losses to tax equity investors from both consolidated entities and equity affiliates is removed from Adjusted EBITDA. NCI also excludes amounts allocated to preferred shareholders during the construction phase before a project becomes operational, as this is akin to a financing arrangement.





Adjusted PTC

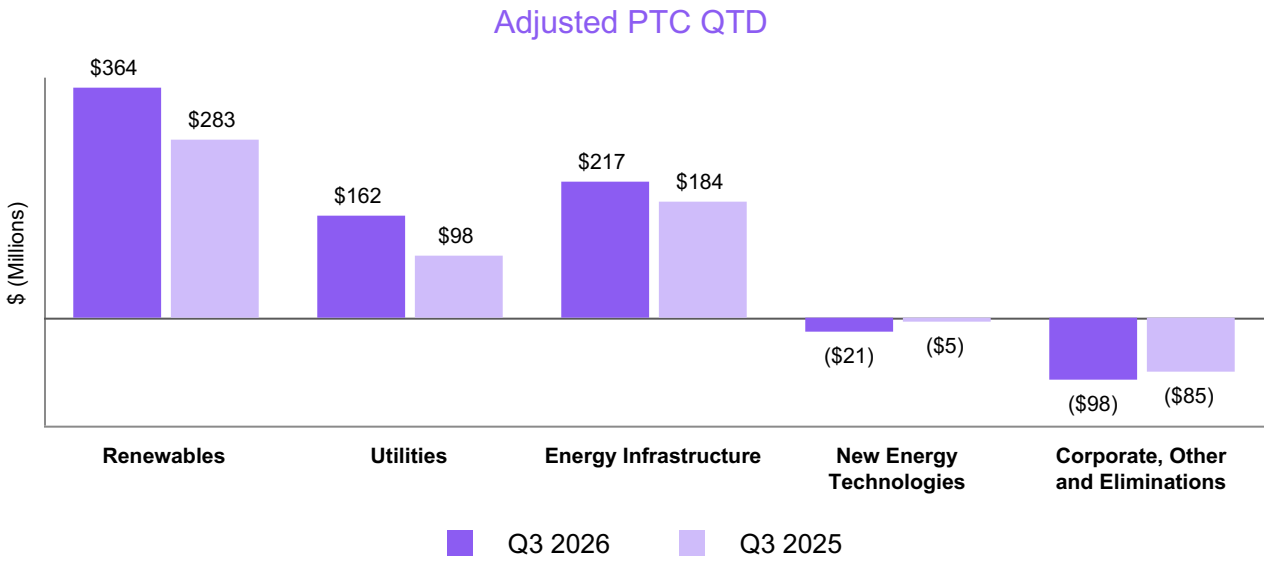
We define Adjusted PTC as pre-tax income from continuing operations attributable to The AES Corporation excluding gains or losses of the consolidated entity due to (a) unrealized gains or losses pertaining to derivative transactions, equity securities, and financial assets and liabilities measured using 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; (e) gains, losses, and costs due to the early retirement of debt or troubled debt restructuring; (f) costs directly associated with a major restructuring program, including, but not limited to, workforce reduction efforts; and (g) costs directly associated with the Merger, including, but not limited to, advisory, legal, and employee-related costs. 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.

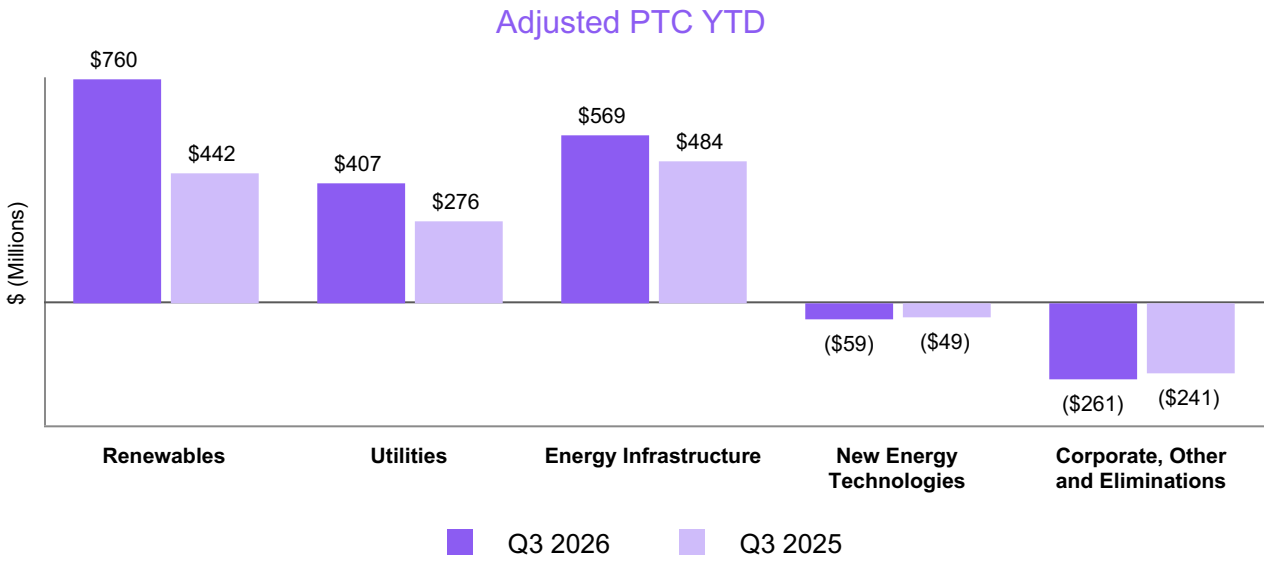
Adjusted PTC reflects the impact of NCI and excludes the items specified in the definition above. In addition to the revenue and cost of sales reflected in Operating Margin, Adjusted PTC includes the other components of our Condensed Consolidated Statements of Operations, such as *general and administrative 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, retire debt, implement restructuring initiatives, or consummate the Merger, 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, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Income from continuing operations, net of tax, attributable to The AES Corporation	$ 553	$ 676	$ 1,466	$ 627
Income tax benefit from continuing operations attributable to The AES Corporation	(21)	(253)	(84)	(109)
Pre-tax contribution	532	423	1,382	518
Unrealized derivatives, equity securities, and financial assets and liabilities losses (gains)	2	(20)	22	108
Unrealized foreign currency losses (gains)	(8)	2	(16)	(1)
Disposition/acquisition losses (gains)	4	5	(152)	172
Impairment losses	69	61	103	7
Loss on extinguishment of debt and troubled debt restructuring	11	4	36	20
Restructuring costs	—	—	—	88
Merger costs	14	—	41	—
Adjusted PTC	$ 624	$ 475	$ 1,416	$ 912





Renewables 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,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Operating Margin	$ 361	$ 213	$ 148	69%	$ 771	$ 371	$ 400	NM
Adjusted EBITDA [1]	496	296	200	68%	1,134	697	437	63%

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

Operating Margin for the three months ended September 30, 2026 increased $148 million, primarily driven by $100 million from higher net spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related unfavorable hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin, $39 million positive impact due to the appreciation of the Colombian peso, and $28 million due to development services in the U.S.; partially offset by a $20 million increase in fixed costs primarily due to higher depreciation and a $20 million unfavorable impact from energy derivatives in the U.S.

Adjusted EBITDA for the three months ended September 30, 2026 increased $200 million, primarily due to the drivers above, adjusted for NCI, unrealized derivatives, and depreciation and amortization.

Operating Margin for the nine months ended September 30, 2026 increased $400 million, primarily driven by $151 million due to development services in the U.S., $128 million from higher net spot sales in Colombia, benefiting from elevated spot prices due to El Niño-related unfavorable hydrological conditions across the country and relatively favorable hydrology at the AES Chivor basin, a $72 million favorable impact from energy derivatives in the U.S., $54 million positive impact due to the appreciation of the Colombian peso, and $17 million due to one-time restructuring costs incurred in the prior year; partially offset by a $56 million increase in fixed costs primarily due to higher depreciation.

Adjusted EBITDA for the nine months ended September 30, 2026 increased $437 million, primarily due to the drivers above, adjusted for NCI, unrealized derivatives, restructuring costs, and depreciation and amortization.

Utilities SBU

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Operating Margin	$ 270	$ 197	$ 73	37%	$ 661	$ 488	$ 173	35%
Adjusted EBITDA [1]	296	240	56	23%	782	659	123	19%
Adjusted PTC [1] [2]	162	98	64	65%	407	276	131	47%

[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, 2026 increased $73 million, primarily driven by $42 million due to higher retail rates as a result of AES Ohio's 2024 DRC Settlement implemented in November 2025, net of certain riders now incorporated into base rates, and a $26 million increase from higher demand, primarily due to the impact of weather.

Adjusted EBITDA for the three months ended September 30, 2026 increased $56 million, primarily due to the drivers above and adjusted for NCI.

Adjusted PTC for the three months ended September 30, 2026 increased $64 million due to the drivers above and $16 million from realized tax attributes primarily related to the Petersburg Energy Center project in the current year.

Operating Margin for the nine months ended September 30, 2026 increased $173 million, primarily driven by $109 million due to higher retail rates as a result of AES Ohio's 2024 DRC Settlement implemented in November 2025, net of certain riders now incorporated into base rates, a $56 million net increase from higher recovery of costs primarily associated with transmission, distribution, and renewable projects, and a $34 million increase from higher demand, primarily due to the impact of weather in El Salvador. These increases were partially offset by a $17 million increase in fixed costs, primarily driven by higher property taxes due to higher assessed values.

Adjusted EBITDA for the nine months ended September 30, 2026 increased $123 million, primarily due to the drivers above and adjusted for NCI, including the impact of the AES Ohio selldown in the second quarter of 2025.

Adjusted PTC for the nine months ended September 30, 2026 increased $131 million, primarily due to the drivers above.

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,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Operating Margin	$ 316	$ 288	$ 28	10%	$ 758	$ 653	$ 105	16%
Adjusted EBITDA [1]	322	301	21	7%	945	809	136	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, 2026 increased $28 million, primarily driven by $137 million higher energy and capacity sales and prices in the spot market, and $32 million higher margin from LNG transactions; partially offset by $78 million lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria, $50 million of net derivative gains in the prior year, and $14 million driven by lower availability.

Adjusted EBITDA for the three months ended September 30, 2026 increased $21 million, primarily due to the drivers above, adjusted for NCI and unrealized derivatives.

Operating Margin for the nine months ended September 30, 2026 increased $105 million, primarily driven by $265 million higher energy and capacity sales and prices in the spot market, $41 million higher margin from LNG transactions, and $20 million lower fixed costs mainly due to the 2025 restructuring; partially offset by $143 million driven by lower contract sales volume mainly due to the expiration of the Maritza PPA in Bulgaria, $32 million of higher depreciation in Maritza due to the useful life reassessment in the prior year, $28 million driven by lower availability, and $17 million due to lower net derivative gains.

Adjusted EBITDA for the nine months ended September 30, 2026 increased $136 million, primarily due to the drivers above, adjusted for unrealized derivatives and restructuring costs, as well as higher depreciation at Maritza due to the useful life reassessment in the prior year, the increase in ownership of Cochrane, and higher equity earnings mainly at Gatun, excluding debt extinguishment costs.

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,			
	2026	2025	$ Change	% Change	2026	2025	$ Change	% Change
Operating Margin	$ (8)	$ (2)	$ (6)	NM	$ (14)	$ (6)	$ (8)	NM
Adjusted EBITDA [1]	(20)	(3)	(17)	NM	(55)	(45)	(10)	-22%

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

Operating Margin for the three months ended September 30, 2026 decreased $6 million, primarily due to $5 million higher professional services fees related to Maximo.

Adjusted EBITDA for the three months ended September 30, 2026 decreased $17 million, primarily due to the driver above and $13 million higher losses from Fluence mostly driven by liquidated damages incurred due to project delays, increased costs related to the deployment of newer solution offerings, and an increase in battery prices.

Operating Margin for the nine months ended September 30, 2026 decreased $8 million, primarily due to $5 million higher professional services fees and $2 million increased people costs related to Maximo.

Adjusted EBITDA for the nine months ended September 30, 2026 decreased $10 million, primarily due to the drivers above and $12 million higher losses from Fluence mostly driven by liquidated damages incurred due to project delays, increased costs related to the deployment of newer solution offerings, and an increase in battery prices; partially offset by lower losses from Uplight of $8 million after equity method accounting was suspended in the fourth quarter of 2025.

Key Trends and Uncertainties

During 2026 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 2025 Form 10-K.

Operational

Trade Restrictions and Supply Chain — In April 2022, the U.S. Department of Commerce ("Commerce") initiated an investigation into whether imports into the U.S. of solar cells and panels from Cambodia, Malaysia, Thailand, and Vietnam ("Southeast Asia") were circumventing antidumping and countervailing duty ("AD/CVD") orders on solar cells and panels from China. In August 2023, Commerce rendered final affirmative findings of circumvention with respect to all four countries, which resulted in the imposition of AD/CVD duties on certain imported cells and panels from Southeast Asia. Commerce's determination and related matters remain the subject of ongoing litigation before the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit").

In 2024, Commerce and the U.S. International Trade Commission ("ITC") initiated new AD/CVD investigations on solar cells and panels imported from Southeast Asia. On April 18, 2025, Commerce rendered final affirmative determinations and AD/CVD rates with respect to all four countries. On June 13, 2025, the ITC issued its determination that imports from Malaysia and Vietnam have injured the U.S. industry and that imports from Cambodia and Thailand threaten injury. Commerce then issued orders on June 24, 2025, implementing the AD/CVD rates, which are subject to annual review by Commerce. There is ongoing litigation about these and related matters in the U.S. Court of International Trade ("CIT"). We do not expect these AD/CVD orders will have a negative impact on our business.

The U.S. also maintains tariffs under Section 301 of the Trade Act of 1974 ("Section 301") on certain Chinese made lithium-ion batteries and related components utilized for energy storage systems, with such tariffs currently set at 25% effective January 1, 2026 (an increase from the previous rate of 7.5%). Commerce has also conducted AD/CVD investigations with respect to exports by China of natural and synthetic graphite used to make lithium-ion battery anode material. In March 2026, the ITC issued a negative determination in its companion investigation, and therefore no AD/CVD orders will issue on anode material from China.

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 into the U.S. While this has impacted the U.S. market, AES has managed this issue without significant impact to our projects. Further forced labor designations of entities under the UFLPA 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 Trump Administration has threatened or imposed tariffs on a wide range of countries and products. On February 10, 2025, President Trump signed Executive Orders modifying existing tariffs under Section 232 of the Trade Expansion Act of 1962 ("Section 232") on steel and aluminum imports to expand their scope and impose 25% tariffs on both products. The President raised these rates to 50% effective June 4, 2025. Starting in August 2025, the President imposed Section 232 tariffs on imported copper products and copper-intensive derivative products. In April 2026, the President issued a new Proclamation applying a tariff rate of 50% on articles wholly of steel, aluminum, or copper, and a rate of 25% on derivative products substantially made of those metals, in each case assessed on the full customs value of the imported article. In June 2026, the President further adjusted these tariff regimes. At this time, we do not expect that the modifications to tariffs on steel, aluminum, and copper will have a material impact on our business.

On February 1, 2025, President Trump issued an Executive Order declaring a national emergency under the International Emergency Economic Powers Act ("IEEPA") with respect to U.S. importation of fentanyl and imposing tariffs on Mexico, Canada, and China. On April 2, 2025, the President issued an Executive Order pursuant to IEEPA imposing reciprocal tariffs on almost all goods imported into the U.S. In February 2026, on review of lower court decisions declaring the tariffs unlawful, the Supreme Court issued a decision holding that IEEPA does not authorize tariffs. The President then issued new 10% tariffs on almost all trading partners under Section 122 of the Trade Act

of 1974, which expired on July 24, 2026. The Section 122 tariffs are currently under review by the Federal Circuit, following a May 2026 ruling from the CIT finding them to be unlawful. There has been no material impact on the Company from these Section 122 tariffs.

In March 2026, the Office of the U.S. Trade Representative ("USTR") initiated investigations under Section 301 concerning possible persistent trade surpluses and unused capacity with respect to China, the EU, South Korea, and certain other major trading partners. These investigations are ongoing. In March 2026, the USTR also initiated Section 301 investigations on 60 countries regarding potential failures to take action on forced labor. Effective July 24, 2026, the USTR imposed tariffs ranging from 10% to 12.5% stemming from the investigations concerning forced labor. USTR's decision is pending on potential tariffs due to alleged trade surpluses and unused capacity. The impact of these new and potential Section 301 tariffs on the Company is uncertain.

In July 2025, Commerce initiated a Section 232 investigation to determine the effects on national security of imports of polysilicon and its derivatives. In August 2026, the President issued a proclamation finding that these imports impair U.S. national security. Effective December 4, 2026, the U.S. Government will implement a minimum import price for polysilicon, wafers and ingots, solar cells, and solar modules, and will impose a 15% tariff on polysilicon and derivative products, including solar cells and modules. Commerce has also implemented an import ban on certain U.S. importers of these products. The impact of these new Section 232 actions on the Company is uncertain.

In August 2025, Commerce initiated a separate investigation under Section 232 to determine the effects on national security of imports of wind turbines and their parts and components. These investigations are ongoing and their outcomes are uncertain.

In January 2026, President Trump issued a Proclamation under Section 232 concerning the importation of several critical minerals (including graphite and lithium) from any country. The Proclamation does not impose tariffs on the critical minerals but directs Commerce and USTR to negotiate agreements with foreign partners to secure reliable access to the critical minerals. If the negotiations fail to result in agreements or to adequately address the identified risks, the President may consider trade-restrictive measures with respect to the critical minerals. The outcome of this process as well as its potential impact on the Company are uncertain.

The Trump Administration has reached bilateral trade agreements or frameworks with several trading partners (including the EU, Japan, and South Korea, among others). Trade negotiations are ongoing with many trading partners concerning various goods and industry sectors.

In July 2026, the Federal Communications Commission ("FCC") updated its "Covered List" to include new foreign-produced power inverters, thereby generally prohibiting such inverters from receiving FCC authorization to be imported, marketed, or sold in the U.S. However, the FCC's action does not affect the continued importing, marketing, or selling of existing models of power inverters that have already received FCC equipment authorization or the continued use of such devices that have already been purchased. In addition, entities may seek "Conditional Approval" to import and sell new foreign-produced power inverters. At this time, we do not believe this action by the FCC will have a significant impact on our solar and battery projects under development.

In August 2026, the President issued an Executive Order under IEEPA that, among other things, prohibits the acquisition, importation, or installation of bulk-power system electric equipment (including but not limited to inverters and battery energy storage systems) ("BPSEE") that is designed, manufactured, or supplied by a Covered Foreign Entity and that poses an undue risk of subversion or disruption of the bulk-power system in the U.S. The Executive Order directs the Secretary of Energy to determine what BPSEE is prohibited from importation into the U.S. after the date of the Executive Order and authorizes the Secretary to determine whether any previously installed BPSEE should be subject to conditions on continued use. The Secretary has not made any such determinations to date, and the impact of this new Executive Order on the Company is uncertain.

We expect the tariffs on imports from China and other countries will increase overall costs for materials and parts that are imported to build and maintain renewable energy plants for the U.S. industry. However, AES has already shifted its supply chain outside of China for the vast majority of final products used to build and maintain renewable energy plants in the U.S. We expect limited impact to projects scheduled to become operational in 2026 through 2027 due to the announced tariffs on China and other countries.

The impact of new tariffs, U.S. Government investigations, proclamations, or actions, any additional adverse Commerce determinations or other tariff disputes or litigation, the UFLPA, and new or existing trade deals or frameworks, and the potential future disruptions to the renewable energy supply chain and their effect on AES' U.S. 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 renewable energy projects. To that end, we

have accelerated imports into the U.S. and increased our contracting for U.S. domestically manufactured solar panels, batteries, wind turbines, trackers, and other equipment, significantly mitigating the potential impacts from reciprocal tariffs or other tariffs.

For our U.S backlog of solar projects scheduled to finish construction and become operational in 2026 or 2027, we have contracted for most of our panel supply needs, with the majority of such panels being manufactured in the U.S. and most of the remaining panels having already been imported into the U.S. These remaining imports are expected to be largely insulated from AD/CVD measures and the announced Section 232 measures through contractual protections with the relevant manufacturers, which are the importers of record and retain the associated import obligations and risks.

Additionally, for our U.S. backlog of storage projects scheduled to finish construction and become operational in 2026 or 2027, we have contracted all our battery needs, with almost all of such batteries coming from U.S. or South Korean suppliers. We have also completed contracting of U.S. domestically manufactured battery modules to support the remainder of our U.S. energy storage growth through 2027.

For our U.S. backlog of wind projects scheduled to be completed in 2026, we have contracted and received delivery of all turbines, and for our 2027 backlog of U.S. wind projects, we are fully contracted with U.S. suppliers and suppliers with primarily U.S. manufactured turbines.

El Niño Impacts and Operational Sensitivity to Dry Hydrological Conditions — On July 9, 2026, the National Oceanic and Atmospheric Administration (“NOAA”) declared an El Niño advisory. There is a forecast consensus across agencies, including the International Research Institute for Climate and Society (“IRI”) along with the NOAA, for strong-to-record-setting El Niño conditions in late 2026 into 2027. These conditions have traditionally led to strong weather impacts across the AES markets.

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, Colombia, and Chile can present challenges for our businesses in these markets. Low inflows can result in low reservoir levels in these systems, 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.

In Panama, while the first quarter 2026 system inflows supported the Bayano and Fortuna reservoirs remaining at above-average levels, the second and third quarters were much drier, leading to lower than average reservoir levels. That said, the presence of the Gatun combined cycle gas power plant has reduced price and volatility, due to the displacement of other thermal generation.

In Colombia, the first half of the year was slightly wetter than average, but the third quarter has been dry. In general, El Niño conditions in Colombia are characterized by dry conditions in the system, causing spot prices generally to be elevated in El Niño seasons. The basin where AES Chivor is located, though, typically experiences conditions that are less dry than the system, and thus far this has been the case through the third quarter. Should these conditions not continue, it may require an increase in purchased power to cover contracted positions.

In Chile, the first half of 2026 was very dry; however, it was marked by a structural decoupling of hydrology and the energy matrix. While wetter conditions have begun in the third quarter, the power system has also demonstrated unprecedented resilience by offsetting the decline in hydroelectricity with record-breaking solar and wind generation, while leveraging the accelerated integration of BESS to mitigate curtailment, stabilize prices, and compensate for depleted system reservoirs.

In the U.S., current seasonal outlooks favor above-normal winter temperatures across the midwestern U.S. during the 2026-2027 heating season, which, if realized, could result in lower retail electric sales during the fourth quarter of 2026 and first quarter of 2027 relative to normal weather assumptions. If actual conditions materialize consistent with the forecast consensus, demand at our U.S. utilities businesses may decrease significantly and the resulting impact could be material to the Company’s results of operations, financial condition, and cash flows.

The exact behavior pattern and strength of weather transitions (from/to La Niña or El Niño) is unknown and therefore the impacts could vary from those described above, and may include impacts across our businesses, including with respect to power generation from other renewable sources of energy and demand. Even if rainfall and water inflows remain in line with historical averages, in some cases, market prices and generation above or below

the average could present due to a variety of factors related to demand, market dynamics, or regulatory impacts. Impacts may be material to our results of operations.

Macroeconomic and Political

The macroeconomic and political environments in some countries where our subsidiaries conduct business have changed. This could result in significant impacts to tax laws and environmental and energy policies. Additionally, we operate in multiple countries and as such are subject to volatility in exchange rates at the subsidiary level.

U.S. Tax Law Reform and U.S. Renewable Energy Tax Credits — On July 4, 2025, the U.S. enacted H.R. 1 (the "2025 Act"). The legislation significantly revised the laws governing U.S. renewable energy tax credits and the U.S. taxation of certain foreign earnings, which may impact our effective tax rate in future periods and could be material. In addition, the 2025 Act included amendments to, and extensions of, various other U.S. corporate income tax provisions including the determination of limitation on interest expense deductions. Any impact may change as U.S. Treasury and Internal Revenue Service ("IRS") issue additional guidance, which may be material.

The U.S. Inflation Reduction Act of 2022 (the "IRA") included provisions that benefited 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. We account for U.S. renewables projects according to GAAP, which, when partnering with tax-equity investors to monetize tax benefits, utilizes the HLBV method. This method recognizes the value of the tax credit that benefits the tax equity investors at the time of its creation, which for projects utilizing the investment tax credit, begins in the quarter the renewables 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 2025 Act amends the phase out of wind and solar ITC and PTC tax credits. Wind and solar renewables projects that begin construction within 12 months of the enactment of the 2025 Act remain eligible for 100% of the credit without the 2027 placed-in-service deadline, provided that, under current Treasury guidance, the projects are placed in service no more than four calendar years after the calendar year when construction began. Wind and solar projects that begin construction after 12 months of the enactment must be placed in service no later than 2027. Wind and solar projects that began construction by the end of 2024 are not impacted by the 2025 Act. The 2025 Act does not impose tighter timelines for energy storage projects to qualify for the ITC and PTC, and it allows energy storage projects to receive the full ITC or PTC credit if they begin construction by 2033.

The 2025 Act also imposes a restriction precluding credits for renewables and storage projects claiming the ITC or PTC credit that start construction after December 31, 2025 and receive material assistance from a prohibited foreign entity, effectively limiting the percentage of total project costs that may be derived from products that are mined, produced or manufactured in China, with varying permissible percentages depending on the calendar year and applicable technology for the project. This restriction also precludes credit eligibility for taxpayers owning projects that start construction after December 31, 2024 that are classified as having ownership or certain other interests by a prohibited foreign entity, including projects over which a prohibited foreign entity is deemed to exercise formal or effective control.

Further, President Trump issued an Executive Order on July 7, 2025 that directed the Secretary of the Treasury to take action to enforce the provisions of the 2025 Act related to issuing updated guidance defining the start of construction for claiming the ITC and PTC and implementing the Foreign Entity of Concern ("FEOC") Restrictions (the "Treasury Action"). The Executive Order also directed the Secretary of the Interior to take action to review its regulations, guidance, policies, and practices for any preferential treatment of wind and solar projects and eliminate those preferences within 45 days (the "Interior Action").

On August 15, 2025, the Department of Treasury issued updated guidance defining the start of construction for purposes of claiming the ITC and PTC. AES does not expect the modifications to the start of construction guidance to materially impact its projects. The Department of Treasury has not yet issued comprehensive guidance implementing the FEOC restrictions, however. Further guidance, which may be material, is expected to be released within the coming months.

We expect the vast majority of our renewables project backlog to continue to qualify for the ITC and PTC. However, the Treasury Action may impose additional burdens in qualifying for the ITC and PTC.

In response to the Executive Order, the Department of Interior issued a memorandum requiring any "decisions, actions, consultations, and other undertakings" for wind or solar projects under Department of Interior jurisdiction to go through an additional three-phase approval process ending with approval from the Secretary of the Interior.

Our U.S. wind and solar projects are developed primarily on private land and are designed in a manner that minimizes the potential of a federal nexus. However, due to the broad language of the memorandum, there may be some impact to projects developed on private land.

The enactment of the 2025 Act requires that substantial guidance be published by the U.S. Department of Treasury and other government agencies. While we have taken significant measures to protect against the impact of changes under the 2025 Act to the IRA, including by implementing a program designed to ensure our backlog of U.S. renewables projects satisfy IRS safe harbor requirements for qualifying for the ITCs and PTCs, the impacts of the 2025 Act, the Treasury Action, the Interior Action or future actions that have the effect of modifying or repealing the ITCs and PTCs or adversely impacting renewable energy projects may be material to our results of operations.

Net CFC Tested Income ("NCTI") — The 2025 Act amended the Global Intangible Low-Taxed Income ("GILTI") provision by eliminating the reduction to foreign earnings subject to GILTI by an allowable economic return on investment beginning January 1, 2026. The GILTI provision was also renamed to the NCTI provision. Additionally, the 2025 Act modified the U.S. foreign tax credit provisions beginning January 1, 2026. Although the new NCTI rules provide for a reduced 14 percent effective tax rate on captured foreign income, by way of a 40 percent deduction, companies with a U.S. net operating loss or otherwise insufficient taxable income will not benefit from the lower effective tax rate and may not be able to utilize foreign tax credits. The new NCTI rules subject a portion of our foreign earnings to current U.S. taxation now and in the future and may be material.

Limitation on Interest Expense Deductions — The 2025 Act retroactively amended the existing limitation on the deductibility of net interest expense beginning January 1, 2025. As amended, the deduction will be limited to interest income, plus 30% of tax basis EBITDA. Previously, the limitation was based on 30% of tax basis Earnings Before Interest and Taxes ("EBIT"). We expect the amendment to increase the current period permitted interest deductions and reduce the amount of disallowed interest expense subject to an indefinite carryforward. The limitation continues to be inapplicable to interest expense attributable to regulated utility property.

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. Any such reduction could have material non-cash impacts to the Company. Also, in the U.S., the IRA included a 15% corporate alternative minimum tax ("CAMT") based on adjusted financial statement income. In June 2025, the IRS began releasing interim guidance for CAMT and announced its intention to revise regulations that were proposed in September 2024. The impact to the Company in 2026 is not expected to be material. We will continue to monitor the issuance of CAMT revised guidance.

The Netherlands, Bulgaria, Vietnam, and certain other jurisdictions adopted legislation to implement Pillar 2 effective as of January 1, 2024. On January 5, 2026, the Organisation for Economic Co-operation and Development ("OECD") published a side-by-side package to modify the Pillar 2 system in a manner that will fully exclude domestic and foreign profits of US-parented groups from Pillar 2's Undertaxed Profits Rule and Income Inclusion Rule. The side-by-side package is intended to take effect as of January 1, 2026, but is subject to enactment of legislation in the local jurisdictions, including Bulgaria, the Netherlands, the United Kingdom, and Spain. We will continue to monitor the issuance of legislation incorporating the side-by-side package, as well as other Pillar 2 amendments and new interpretive guidance in non-EU countries where the Company operates.

The Chilean National Reconstruction Bill was fully enacted on October 17, 2026, providing a gradual 4% rate reduction to 23% by 2029. The impact is expected to be material and will be recorded in the fourth quarter of 2026.

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 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 allow for recovery of O&M 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, we have been and may continue to be impacted by interest rate volatility. 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.

Argentina — In July 2024, the Argentine government enacted Law 27,742, known as Ley Bases, declaring a one-year public emergency in administrative, economic, financial, and energy matters. It granted the President delegated powers and initiated broad state reforms to deregulate the economy, including labor reform, the Incentive Regime for Large Investments, modifications to non-income tax measures, and the privatization of state-owned energy companies. Additionally, the Ministry of Energy issued Resolution 150/2024, repealing certain regulations from previous years that involved excessive state and CAMMESA intervention in the Wholesale Electricity Market ("MEM").

On January 28, 2025, the Energy Secretariat issued Resolution 21/2025 to reform the MEM and is intended to ensure secure energy supply and stable consumer costs.

On April 11, 2025, the Central Bank of Argentina started a new economic program supported by a $20 billion agreement with the International Monetary Fund. The key points of the program include (a) a removal of exchange restrictions for individuals and (b) foreign shareholders can distribute profits starting from 2025 and deadlines for foreign trade payments are relaxed.

On July 4, 2025, the Argentine government issued Decree 450/25, initiating a 24-month transition period to reform and deregulate the country's electricity market. The decree encourages free contracting between private entities and fosters competition in electricity generation and commercialization. Subsequently, on October 20, 2025, the Ministry of Economy and the Secretariat of Energy issued Resolution 400/25, which became effective on November 1, 2025, and provides a new framework introducing more competitive price signals, decentralizing fuel management, and reducing subsidies.

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.

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 2025 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.

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. Despite the Title III protection, PREPA has been making substantially all of its payments to the generators in line with historical payment patterns.

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 Ilumina's non-recourse debt of $18 million continues to be in technical default and is classified as current as of September 30, 2026.

In 2022, a mediation commenced to resolve the PREPA Title III case. On March 19, 2025, the judge presiding over the case entered an order to permit the filing of an amended plan of adjustment and litigation of specific issues, including administrative expense claim by non-settling bondholders. The stay of plan confirmation and bondholder rights-related litigation was extended without a termination date, and the non-settling bondholders' motion to lift the stay was denied. The PROMESA Oversight Board filed an amended plan of adjustment and disclosure statement for PREPA on March 28, 2025. A central issue in the Title III case is the extent of PREPA's net revenues securing the claims of the non-settling bondholders, which determines the collateral available to them in a restructuring. In September 2026, the Oversight Board and the non-settling bondholders filed cross-motions for partial summary judgment regarding the methodology for calculating those net revenues, with a hearing scheduled for November 18, 2026. In October 2026, the Title III court extended the mediation period through April 30, 2027.

Considering the information available as of the date hereof, management believes the carrying amount of our long-lived assets in Puerto Rico of $78 million is recoverable as of September 30, 2026.

Impairments and Realizability

Long-lived Assets and Held-for-Sale Disposal Group — During the nine months ended September 30, 2026, the Company recognized asset impairment expense of $133 million, primarily related to the write-off of development projects that were determined to be no longer viable. See Note 16—*Asset Impairment Expense* included in Item 1.—*Financial Statements* of this Form 10-Q for further information. The net carrying amount of the held-for-sale disposal group assessed for impairment totaled $12 million at September 30, 2026. No impairment was recorded during the nine months ended September 30, 2026 as a result of this assessment.

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 $187 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.

Regulatory

FERC, RTOs, and Interconnection Prioritization — FERC approved one-time queue jumping proposals in PJM, MISO, and Southwest Power Pool, Inc. over the course of the year. Limited additions to each RTO's queue are not expected to materially impact the projects already in our backlog; however, they could create uncertainty around network upgrade costs and the timing of integration of future projects in each RTO's queue. See Item 1A.—*Risk Factors — Our development projects are subject to substantial uncertainties* included in the 2025 Form 10-K for further details.

AES Ohio Merger Application Submission — Subject to the terms of the Merger Agreement as described in Note 1—*Financial Statement Presentation*, the proposed AES Merger, AES, Parent, and Merger Sub are required to use reasonable best efforts to obtain all required regulatory approvals, including certain regulatory approvals from the PUCO. On April 10, 2026, AES Ohio submitted its required merger application to the PUCO, and on September 17, 2026 the PUCO approved the application. The OCC filed a motion for rehearing of the approval, arguing that the approval should have included an investment-grade credit rating maintenance requirement and ring-fencing requirement, which AES Ohio responded to on October 29, 2026. The PUCO's approval order remains operative.

AES Ohio Legislation and Three-Year Rate Plan ("TYRP") — On April 30, 2025, the Ohio legislature passed new energy legislation ("House Bill 15") that was signed by the Governor and became effective August 14, 2025. The legislation allows Ohio's electric utilities to file three-year forecasted base distribution rate cases, which would replace electric security plans ("ESPs") and incorporate associated recovery riders. Among other provisions, the legislation eliminates as of its effective date, the Legacy Generation Resource Rider ("LGR"), which previously allowed for recovery of net OVEC costs and revenues. Changes to the regulatory framework from this legislation, including the recovery of future net OVEC costs and revenues, could be material to our results of operations, financial condition, and cash flows. To comply with House Bill 15, AES Ohio filed an application with the PUCO on November 10, 2025 to establish a TYRP. This plan describes the investments necessary to strengthen and modernize AES Ohio's infrastructure and expand support for its customers. To enable these ongoing investments, the application also proposes rates for future electric distribution service in 2027, 2028, and 2029. On July 21, 2026, AES Ohio entered into an unopposed Stipulation and Recommendation (the "TYRP Settlement") with intervening parties and the Staff of the PUCO. The TYRP Settlement provides for base distribution rates for 2027, 2028, and 2029, with annual true-up proceedings to forecasted amounts, and provides for a 9.5% return on equity, subject to annual performance metrics. The TYRP Settlement is subject to, and conditioned upon, approval by the PUCO. The evidentiary hearing was held on August 4, 2026, and AES Ohio anticipates a final order from the PUCO by the end of 2026.

AES Ohio ESP Appeal — From November 1, 2017 through December 18, 2019, AES Ohio operated pursuant to an approved ESP plan, which was initially approved on October 20, 2017 (“ESP 3”). On December 18, 2019, the PUCO approved AES Ohio's Notice of Withdrawal of ESP 3 and reversion to its prior rate plan (“ESP 1”). Among other items, the PUCO Order approving the ESP 1 rate plan included reinstating the non-bypassable RSC Rider, which provided annual revenue of approximately $79 million. The OCC has appealed to the Ohio Supreme Court the PUCO’s decision approving the reversion to ESP 1, as well as argued for a refund of the RSC revenue dating back to August 2021. Oral arguments regarding this appeal were held on April 22, 2025, and a court decision is pending.

AES Ohio Smart Grid Comprehensive Settlement — On October 23, 2020, AES Ohio entered into a Stipulation and Recommendation with the staff of the PUCO, various customers and organizations representing customers of AES Ohio and certain other parties with respect to, among other matters, AES Ohio's applications for (i) approval of AES Ohio's plan to modernize its distribution grid (“Smart Grid Phase 1”), (ii) findings that AES Ohio passed the SEET for 2018 and 2019, and (iii) findings that AES Ohio's ESP 1 satisfies the SEET and the more favorable in the aggregate (“MFA”) regulatory test. On June 16, 2021, the PUCO issued their opinion and order accepting the stipulation as filed. The OCC appealed the final PUCO order with respect to the 2018 and 2019 SEET to the Ohio Supreme Court on December 6, 2021. On August 22, 2025, the Ohio Supreme Court reversed the PUCO's opinion and order with respect to the methodology used by the PUCO to support its findings related to the 2018 and 2019 SEET, and remanded the case to the PUCO to conduct further analysis of the SEET for those years. The PUCO held an evidentiary hearing on this issue on October 28 and 29, 2025, and on July 8, 2026, the PUCO ordered AES Ohio to issue refunds totaling $11.1 million via one-time bill credits which were issued during the third quarter of 2026. On October 5, 2026, the OCC filed an application for rehearing with the PUCO. The PUCO is expected to address the request by November 4, 2026.

AES Indiana Rate Case Filing — On June 17, 2026, the IURC issued an order (the “2026 Base Rate Order”) approving in part the Stipulation and Settlement Agreement that AES Indiana entered into on October 15, 2025 with most parties in AES Indiana’s base rate case filing. Among other things, the 2026 Base Rate Order establishes proposed 2027 electric service base rates providing for a return on equity of 9.5%. In addition, the 2026 Base Rate Order includes a commitment to not implement additional base rate increases, following the implementation of new base rates under the 2026 Base Rate Order, until at least January of 2030 and to not start a second TDSIC Plan before January of 2028. On July 7, 2026, the Office of Utility Consumer Counselor (“OUCC”) and Citizens Action Coalition (“CAC”) (parties to the regulatory rate review) each filed a petition for reconsideration and rehearing with the IURC. On July 17, 2026, the OUCC also filed a notice of appeal with the Court of Appeals of Indiana. Following the petitions for reconsideration, on September 2, 2026, the IURC granted (i) the OUCC's request to reconsider the 2026 Base Rate Order based on the IURC's weighing of the five pillars of electric utility service and (ii) the CAC's request to reopen the record for the limited capacity of gathering any new evidence applicable to the rate case concerning the Google Monrovia data center project and the pending AES Merger. A preliminary hearing was held on September 17, 2026 establishing a procedural schedule on this case, and the IURC has set an evidentiary hearing to begin on March 11, 2027.

AES Indiana will implement new basic rates and charges authorized under the 2026 Base Rate Order in two phases. Phase one rates and charges became effective on July 27, 2026. Phase two rates and charges are anticipated to be effective in the first quarter of 2027. New basic rates and charges are subject to refund pending resolution of the regulatory petitions and legal appeal processes.

AES Indiana Large Load Customer Project Filing — On April 22, 2026, AES Indiana filed a petition and case in chief seeking IURC approval related to certain generation resources and energy infrastructure investments required to serve increasing demand in AES Indiana's service territory, primarily driven by the anticipated demand for a new data center campus to be located in Monrovia, Indiana (the “Monrovia Project”). AES Indiana is also seeking approval of various accounting and ratemaking requests associated with the Monrovia Project. As part of developing this comprehensive plan, AES Indiana has incorporated certain protections for existing and future customers that ensure the costs of the generation resources and energy infrastructure upgrades required benefit all customers, are fairly allocated, and follow cost causation/beneficiary pays regulatory principles. The petition includes AES Indiana's plan to serve this increasing demand through the acquisition and development of additional generation resources. AES Indiana is seeking approval to acquire two development-stage renewables projects located in Indiana, as well as approval to develop and construct an energy storage project at its existing Hardy Hills renewable facility. The petition also includes AES Indiana's plan to develop and construct specific transmission network upgrades and enhancements required to serve the increasing demand, including seeking approval of a construction service agreement and an electric services agreement executed with the data center customer to provide high-voltage retail electric service to the new data center campus, which includes financial

assurances, minimum demand commitments, and exit provisions as protections for existing customers. On October 7, 2026, the IURC issued an order approving AES Indiana's petition and plan to serve the Monrovia Project.

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 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*.

Environmental

The Company faces certain risks and uncertainties related to numerous 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), species and habitat protections, and certain air emissions, such as SO_2, NO_X, particulate matter, mercury, and other hazardous air pollutants. 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 2025 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 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.

On June 5, 2023, the EPA published a final Federal Implementation Plan ("FIP") 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 and includes enhancements to the revised Group 3 trading program. On June 27, 2024, the U.S. Supreme Court issued an order granting a stay of the EPA's 2023 FIP pending resolution of legal challenges to the FIP. On November 6, 2024, the EPA published an Interim Final Rule in the Federal Register in response to the U.S. Supreme Court's stay of its FIP addressing interstate transport for the 2015 Ozone NAAQS. The Interim Final Rule stays the effectiveness of the Good Neighbor FIP and revises the CSAPR regulations to continue application of the states' respective trading programs. It is too early to determine the impact of this final rule, but it may result in the need to purchase additional allowances or make operational adjustments.

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.

New Source Performance Standards for Stationary Combustion Turbines — On December 13, 2024, the EPA published a proposed rule that would revise the NSPS regulating NO_X and SO_2 from certain new, modified, and reconstructed stationary combustion turbines ("CTs"). On January 15, 2026, the EPA issued a final rule establishing more stringent NO_X emissions standards for certain CTs while retaining the existing SO_2 standards. The final rule establishes NO_X emissions limits based on selective catalytic reduction ("SCR") for new, large, high utilization combustion turbines. NO_X emissions limits for other new, modified, and reconstructed CTs are based on combustion controls without SCR. The revised standards apply to affected sources that begin construction, modification, or reconstruction after December 13, 2024. The final rule is subject to litigation. We cannot predict the possible outcome or potential impacts of this matter at this time.

Regional Haze Rule — The EPA's "Regional Haze Rule" established timelines for states to improve visibility in national parks and wilderness areas throughout the United States by establishing reasonable progress goals toward meeting a national goal of natural visibility conditions in Class I areas by the year 2064 through a series of state implementation plans ("SIPs"), which may result in additional emissions control requirements for electric generating units ("EGUs"). SIPs for the first planning period (through 2018) did not result in material impact to AES facilities. For all future SIP planning periods, states must evaluate whether additional emissions reduction measures may be needed to continue making reasonable progress toward natural visibility conditions. The deadline for submittal of the SIP covering the second planning period was July 31, 2021. On October 2, 2025, the EPA published an advanced notice of proposed rulemaking requesting public input on potential future changes to the Regional Haze Rule. On January 6, 2026, the EPA published a final rule extending the deadline for states to submit implementation plans for the third planning period from July 31, 2028 to July 31, 2031. To date, none of the states in which we operate have submitted plans that identify potential impacts to Company facilities. However, we cannot predict the possible outcome or potential impacts of this matter at this time.

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. On May 7, 2024, the EPA published a final rule to revise MATS for coal and oil-fired electric generating units which lowers certain emissions limits and revises certain other aspects of MATS. The May 2024 MATS revision rule is subject to legal challenges. On June 17, 2025, the EPA published a proposed rule to repeal the majority of the May 7, 2024 final rule revising MATS. On February 24, 2026, the EPA issued a final rule repealing the majority of the May 7, 2024 MATS revision rule. The 2026 MATS repeal rule is subject to legal challenges.

Further rulemakings and/or proceedings are possible. 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.

Federal Power Plant GHG Emission Rules — On May 9, 2024, the EPA published 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.

Following prior rulemakings and litigation related to regulations for GHG emissions from EGUs, on May 9, 2024, the EPA also published a final rule regulating GHGs from existing EGUs pursuant to Section 111(d) of the Clean Air Act and effective on July 8, 2024 (these rules, together with the May 9, 2024 NSPS described above, the "2024 Carbon Pollution Standards"). 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 under the 2024 Carbon Pollution Standards 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 CO_2 depending on the date that coal operations cease. Specific standards for performance for EGUs were required to be established through a State Plan (or a Federal Plan if a state were to not submit an approvable plan).

On June 17, 2025, the EPA published a proposed rule to repeal the 2024 Carbon Pollution Standards for new and existing EGUs in addition to 2015 GHG NSPSs for certain new EGUs. In this proposed rule, the EPA also offered an alternative proposal to repeal a narrower set of greenhouse gas requirements which would include the repeal of requirements for existing EGUs and requirements based on carbon capture and sequestration for new EGUs. On September 17, 2026, the EPA published a final rule to repeal certain aspects of the 2024 Carbon Pollution Standards, in particular GHG emission guidelines for existing coal-fired steam generating units and existing natural gas steam generating units. The September 17, 2026 final rule also repeals the 2024 Carbon Pollution Standards' carbon capture and sequestration-based requirements for new and reconstructed baseload stationary combustion turbines, among other requirements. Also on September 17, 2026, the EPA published a supplemental notice of proposed rulemaking that, if finalized, would repeal all federal GHG emissions standards under section 111 of the Clean Air Act based on the EPA's proposed best reading of the Clean Air Act.

On September 16, 2025, the EPA published a proposed rule to remove certain greenhouse gas emissions reporting obligations from source categories, including electricity generation and electrical transmission and distribution equipment use. On February 18, 2026, the EPA published a final rule to rescind the 2009 greenhouse gas endangerment finding (which had concluded that greenhouse gases endanger public health and welfare). This rule is subject to legal challenges. It is too early to determine the potential impact of these rules, and the results of further proceedings and potential future greenhouse gas emissions regulations remain uncertain, but could be material.

It is too early to determine any potential impact. GHG regulations, current or future amendments to, resulting state or federal plans, or pending or future litigation associated with such regulations or plans could have a material impact on our business, financial condition, and results of operations.

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 existing CCR landfills and CCR surface impoundments, including location restrictions, design and operating criteria, groundwater monitoring, corrective action and closure requirements, and post-closure care. The 2016 Water Infrastructure Improvements for the Nation Act ("WIN Act") 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. 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. On May 28, 2026, the EPA reopened the comment period for the 2020 proposed rule. If a final federal CCR permit program 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. Following prior rulemaking development and comment periods, on December 18, 2025, the Indiana Environmental Rules Board adopted a final CCR rule that includes regulation of CCR through a state permitting program. IDEM submitted its State of Indiana Coal Combustion Residuals Permit Program Application (“Program”) to the EPA on June 26, 2026. On September 16, 2026, the EPA published proposed approval of the Program. The rule and permitting program would become effective upon approval by the EPA.

On July 14, 2026, the EPA published an Advanced Notice of Proposed Rulemaking intended to solicit feedback from the public on a general permit approach that could be developed to allow owners and operators of CCR facilities to temporarily obtain permit coverage until an individual permit is issued by the EPA or an approved state CCR permit program is in effect.

The EPA has indicated that it will implement a phased approach to amending the CCR Rule, which is ongoing. It is too early to determine the direct or indirect impact of these letters or any determinations that may be made. On May 8, 2024, the EPA published final revisions to the CCR rule which expand the scope of CCR units regulated by the CCR Rule to include legacy surface impoundments, inactive surface impoundments, and CCR management units. The May 8, 2024 revisions to the CCR Rule are currently subject to legal challenges. On February 10, 2026, the EPA published a final rule extending certain deadlines for coal combustion residual management units associated with its May 8, 2024 revisions to the CCR Rule. It is too early to determine the potential impact from these revisions to the CCR Rule.

On April 13, 2026, the EPA published proposed revisions to the CCR Rule. The EPA is proposing modifications to the legacy and CCR management units provisions in the CCR Rule, the establishment of site-specific compliance pathways under federal or approved state CCR permits, and the revision of the definition of beneficial use of CCR. It is still too early to determine the potential impacts of these proposed revisions to our businesses.

The CCR rule, current or proposed amendments to the federal CCR rule or state/territory CCR regulations, 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 best technology available (“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 California State Water Resources Board (“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 — The concept of "Waters of the United States (“WOTUS”) defines the geographic reach and authority of the U.S. Army Corps of Engineers and the EPA (together, 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 appropriate 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 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 the “Revised Definition of ‘Waters of the United States’” rule. This final rule amendment conforms the definition to the definition adopted in the Decision. On March 12, 2025, the Agencies issued a joint guidance memorandum for implementing the “continuous surface connection” consistent with the Decision and related issues. On March 24, 2025, the Agencies published notice outlining a process to gather recommendations for implementation of WOTUS. On November 20, 2025, the Agencies proposed revisions to align the definition of WOTUS with the Decision to clarify federal jurisdiction under CWA. On September 9, 2026, the Agencies published a Supplemental Notice of Proposed Rulemaking seeking comment on supplemental regulatory options for certain revised definitions relative to the November 20, 2025 proposal. 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 Effluent Limitation Guideline (“ELG”) rule to reduce toxic pollutants discharged into waters of the U.S. by steam-electric power plants through technology applications. In 2020, the EPA issued a final rule, known as the 2020 Reconsideration Rule, revising certain aspects of the 2015 ELG rule. 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, 2024, the EPA published a final rule revising the 2020 Reconsideration 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. On December 31, 2025, the EPA published a final rule that extended ELG Rule compliance deadlines. On May 18, 2026, the EPA published a proposed rule related to unmanaged combustion residual leachate. The proposed rule would revise certain best available technology limits in the 2024 ELG Rule and would extend the compliance deadline from December 31, 2029 to December 31, 2034. 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.

On April 23, 2020, the U.S. Supreme Court issued a decision in the *Hawaii Wildlife Fund v. County of Maui* case related to whether a CWA permit is required when pollutants originate from a point source but are conveyed to navigable waters through a nonpoint source, such as groundwater. The Court held that discharges to groundwater require a permit if the addition of the pollutants through groundwater is the functional equivalent of a direct discharge from the point source into navigable waters. A number of legal cases relevant to determination of "functional equivalent" are ongoing in various jurisdictions. On November 27, 2023, the EPA issued a draft guidance addressing how the Supreme Court decision would be applied to the NPDES permit program as it relates to functional equivalent discharge. However, in February 2025, the EPA pulled back the guidance before it cleared the Office of Management and Budget. It is too early to determine whether the Supreme Court decision or the result of litigation to "functional equivalent" may have a material impact on our business, financial condition, or results of operations.

U.S. Executive Actions Affecting Environmental Regulations — On January 20, 2025, President Trump issued an Executive Order titled “*Unleashing American Energy*” directing Agencies to, among other tasks,

review regulations issued under the prior Administration to determine whether they should be suspended, revised, or rescinded. The Trump Administration also issued a Memorandum titled "*Regulatory Freeze Pending Review*" directing Agencies to refrain from proposing or issuing any rules until the Trump Administration has reviewed and approved those rules. In accordance with these and other Trump Administration Executive Orders, on March 12, 2025, the EPA released a list of environmental regulations that will be targeted for reconsideration and other deregulatory action. These and other actions, including other Executive Orders and directives from the Trump Administration, may have an impact on regulations and permitting processes that may affect our business, financial condition, or results of operations.

Capital Resources and Liquidity

Overview

As of September 30, 2026, the Company had unrestricted cash and cash equivalents of $2 billion, of which $26 million was held at the Parent Company and qualified holding companies. The Company had restricted cash and debt service reserves of $715 million. The Company also had non-recourse and recourse aggregate principal amounts of debt outstanding of $26 billion and $6.4 billion, respectively. Of the $3 billion of our current non-recourse debt, $2.9 billion was presented as such because it is due in the next twelve months and $18 million relates to debt considered in default. This default is not a payment default but is instead a technical default triggered by failure to comply with covenants or other requirements contained in the non-recourse debt documents. See Note 8—*Obligations* in Item 1.—*Financial Statements* of this Form 10-Q for additional detail. As of September 30, 2026, the Company also had $461 million outstanding related to supplier financing arrangements.

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 no recourse debt which matures within the next twelve months. Furthermore, we have $286 million due under supplier financing arrangements that have a guarantee, $56 million guaranteed by the Parent Company and $230 million guaranteed by subsidiaries. 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 does not have any material unhedged exposure to variable interest rate debt. 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 $32.7 billion of total gross debt outstanding as of September 30, 2026, approximately $10.4 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, 2026, the total maximum outstanding amount of hedges protecting the Company against current and expected variable rate exposure was $8.3 billion. These hedges, primarily related to project financing, 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 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 and performance-related 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, 2026, 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 $5.1 billion in aggregate. This amount excludes arrangements that relate solely to the Company's own future performance, as well as those that are 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, 2026, we had $254 million in letters of credit under bilateral agreements, $174 million in letters of credit outstanding provided under our unsecured credit facilities, and $8 million in letters of credit outstanding provided under our revolving credit facilities. These letters of credit operate to guarantee performance relating to certain project development and construction activities and business operations.

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, 2026, the consolidated maximum undiscounted potential exposure to guarantees, letters of credit, and surety bonds issued by our subsidiaries was $6.1 billion, including $4 billion of guarantees and commitments, $2.1 billion of letters of credit outstanding, and $86 million of surety bonds.

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, 2026, the Company had approximately $118 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, 2027, 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 payment deferrals granted to mining customers as part of our green blend agreements. See Note 5—*Financing Receivables* in Item 1.—*Financial Statements* of this Form 10-Q for further information.

As of September 30, 2026, the Company had a $781 million loan receivable related to the Mong Duong facility in Vietnam, which was constructed under a BOT 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. Of the loan receivable balance, $91 million was classified in *Other current assets* and $690 million was classified in *Loan receivable* on the Condensed Consolidated Balance Sheets. See Note 5—*Financing Receivables* and 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, 2026 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, 2026 were repayments of debt, capital expenditures, distributions to noncontrolling interests, and repayments of obligations under supplier financing arrangements.

The primary sources of cash for the Company in the nine months ended September 30, 2025 were debt financings, cash flows from operating activities, sales to noncontrolling interests, purchases under supplier financing arrangements, and issuance of preferred shares in subsidiaries. The primary uses of cash in the nine months ended September 30, 2025 were repayments of debt, capital expenditures, repayments of obligations under supplier financing arrangements, and distributions to noncontrolling interests.

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

	Nine Months Ended September 30,	
Cash Sources:	**2026**	**2025**
Borrowings under the revolving credit facilities	$ 4,481	$ 2,711
Issuance of non-recourse debt	4,050	4,397
Net cash provided by operating activities	3,447	2,818
Issuance of recourse debt	1,800	800
Purchases under supplier financing arrangements	870	1,237
Sales to noncontrolling interests	428	1,289
Contributions from noncontrolling interests	325	337
Issuance of preferred shares in subsidiaries	282	528
Proceeds from the sale of business interests, net of cash and restricted cash sold	242	105
Sale of short-term investments	130	70
Other	50	744
Total Cash Sources	$ 16,105	$ 15,036
Cash Uses:		
Capital expenditures [1]	$ (4,916)	$ (4,394)
Repayments of non-recourse debt	(3,237)	(2,523)
Repayments under revolving credit facilities	(2,413)	(3,951)
Repayments of recourse debt	(1,600)	(898)
Distributions to noncontrolling interests	(1,444)	(523)
Repayments of obligations under supplier financing arrangements	(1,014)	(1,108)
Dividends paid on AES common stock	(376)	(376)
Purchase of emissions allowances	(224)	(260)
Other	(356)	(493)
Total Cash Uses	$ (15,580)	$ (14,526)
Net increase in Cash, Cash Equivalents, and Restricted Cash	$ 525	$ 510

[1] Includes interest capitalized on development and construction of $363 million and $374 million for the nine months ended September 30, 2026 and 2025, respectively. Of the total capitalized, $357 million and $358 million, respectively, are related to recourse and non-recourse debt interest payments. The remaining capitalized interest is primarily related to supplier financing arrangements.

Consolidated Cash Flows

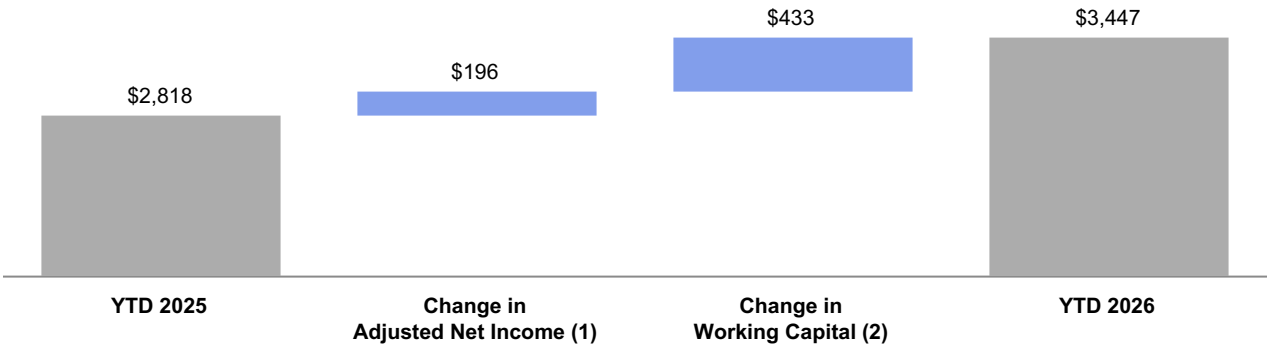
The following table reflects the changes in operating, investing, and financing cash flows for the comparative nine-month period (in millions):

	Nine Months Ended September 30,		
Cash flows provided by (used in):	**2026**	**2025**	**$ Change**
Operating activities	$ 3,447	$ 2,818	$ 629
Investing activities	(4,756)	(4,618)	(138)
Financing activities	1,841	2,253	(412)

Operating Activities

Net cash provided by operating activities increased $629 million for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025.

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.

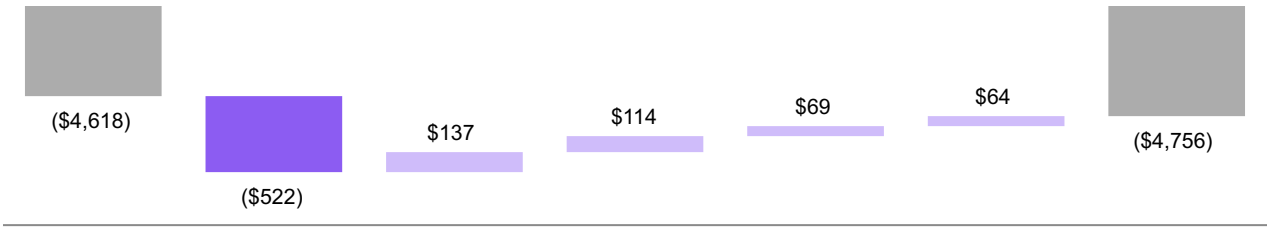
(2) The change in working capital is defined as the variance in total *changes in operating assets and liabilities* as shown on the Condensed Consolidated Statements of Cash Flows in Item 1.—*Financial Statements* of this Form 10-Q.

- Adjusted net income increased $196 million, primarily due to higher margins at the Renewables, Utilities, and Energy Infrastructure SBUs, partially offset by a decrease in transfers of U.S. investment tax credits.
- Change in working capital increased $433 million, primarily due to a decrease in other current assets due to the timing of collection of tax credit transfer proceeds, partially offset by an increase in accounts receivable due to higher billings and the timing of collections, and an increase in other current assets in El Salvador related to an increase in regulatory assets.

Investing Activities

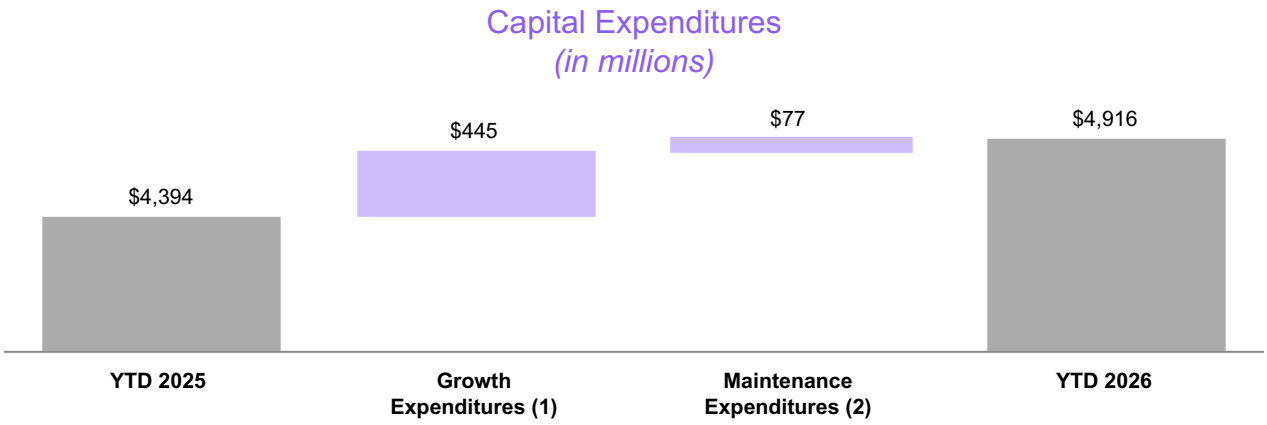
Net cash used in investing activities increased $138 million for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025.

Investing Cash Flows
(in millions)



- Cash proceeds from sales of business interests increased $137 million, primarily due to proceeds from the partial sale of our ownership interests in Fluence and proceeds from the contribution of two of the JK Projects to a trust, partially offset by the prior year selldown of Dominican Republic Renewables.
- Cash provided by short-term investing activities increased $114 million, primarily due to the timing of deposits at AGIC.
- Cash paid for acquisitions of business interests decreased $69 million, primarily due to the prior year acquisition of Crossvine for $78 million.

- Capital expenditures increased $522 million, discussed further below.



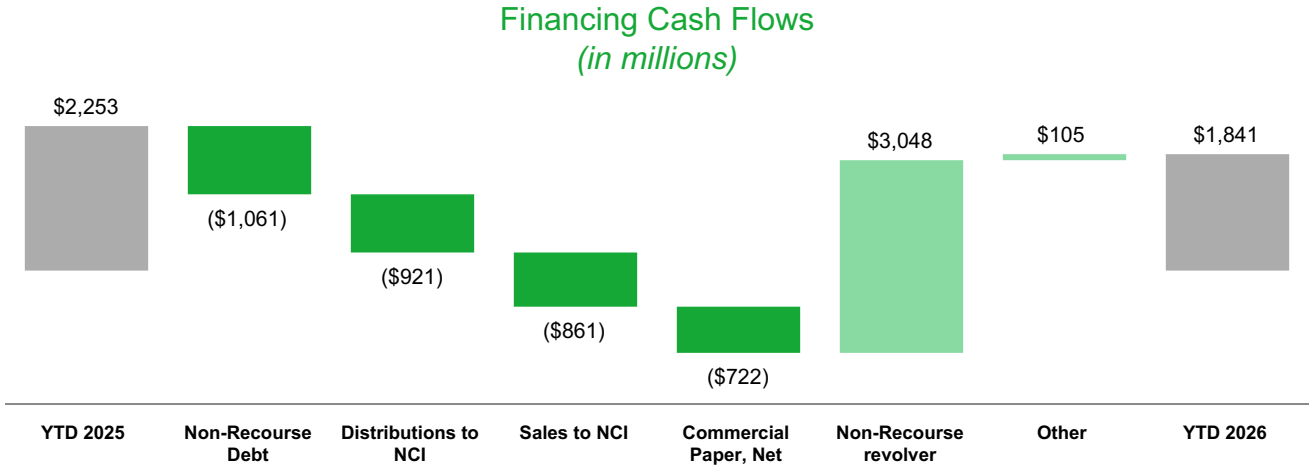
(1) Growth expenditures generally include expenditures related to development projects in construction, expenditures that increase capacity of a facility beyond the original design, and investments in general load growth or system modernization.

(2) Maintenance expenditures generally include expenditures that are necessary to maintain regular operations or net maximum capacity of a facility.

- Growth expenditures increased $445 million, primarily due to an increase in expenditures for U.S. renewables projects compared to the prior year and an increase in transmission and distribution project investments at our U.S. utilities compared to the prior year.
- Maintenance expenditures increased $77 million, primarily due to the timing of maintenance at AES Ohio and AES Indiana.

Financing Activities

Net cash provided by financing activities decreased $412 million for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025.



See Notes 1—*Financial Statement Presentation,* 8—*Obligations,* 11—*Redeemable Stock of Subsidiaries*, and 12—*Equity* in Item 1.—*Financial Statements* of this Form 10-Q for more information regarding significant transactions.

- The $1.1 billion impact from non-recourse debt is primarily due to a $1.5 billion decrease in net borrowings at the Renewables SBU, partially offset by a $244 million and $148 million decrease in net repayments at our Energy Infrastructure and Utilities SBUs, respectively.
- The $921 million impact from distributions to noncontrolling interests is primarily due to increases of $605 million and $73 million at AES Clean Energy and AES Indiana, respectively, mainly due to higher distributions of proceeds from the transfer of U.S. investment tax credits to tax equity partners in the current year, a $220 million distribution at AES Puerto Rico Solar, and a $42 million distribution at AES Global Insurance.
- The $861 million impact from sales to noncontrolling interests is primarily due to $540 million in proceeds

from the sale of ownership in AES Ohio in the prior year and $332 million higher net proceeds from selldowns in various projects to tax equity investors in the prior year.

- The $722 million impact from the commercial paper program is due to higher net repayments in the current year and higher borrowings net of repayments in the prior year.
- The $3 billion impact from non-recourse revolvers is primarily due to higher net borrowings in the current year and higher net repayments in the prior year at our Renewables and Utilities SBUs, and higher net repayments in the prior year at the Energy Infrastructure 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 facilities and commercial paper program; and proceeds from asset sales. The Parent Company credit facilities 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 facilities 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, 2026	December 31, 2025
Consolidated cash and cash equivalents	$ 1,972	$ 1,382
Less: Cash and cash equivalents at subsidiaries	(1,946)	(1,372)
Parent Company and qualified holding companies' cash and cash equivalents	26	10
Commitments under the Parent Company credit facilities	1,800	1,800
Less: Letters of credit under the credit facilities	(8)	(50)
Less: Borrowings under the credit facilities	(560)	(300)
Less: Borrowings under the commercial paper program	—	(79)
Borrowings available under the Parent Company credit facilities	1,232	1,371
Total Parent Company Liquidity	$ 1,258	$ 1,381

The Parent Company paid dividends of $0.17595 per outstanding share to its common stockholders during each of the first, second, and third quarters of 2026 for dividends declared in December 2025, February 2026, and July 2026, 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 $6.4 billion and $6 billion as of September 30, 2026 and December 31, 2025, respectively. See Note 8—*Obligations* in Item 1.—*Financial Statements* of this Form 10-Q and Note 12—*Obligations* in Item 8.—*Financial Statements and Supplementary Data* of our 2025 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 2025 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, 2026, 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 facilities 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 billion. The portion of current debt related to such defaults was $18 million at September 30, 2026, all of which was non-recourse debt related to AES Ilumina. This default is not a payment default, but is instead a technical default triggered by failure to comply with covenants or other conditions contained in the non-recourse debt documents. See Note 8—*Obligations* 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, 2026, 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, 2026, 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 2025 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 2025 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, 2026.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Overview Regarding Market Risks

Our businesses are exposed to, and therefore proactively manage, market risk. Market risk is a 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 associated primarily with outstanding and expected issuances and borrowings, and foreign currency exchange rates associated primarily with investments in foreign subsidiaries and affiliates. To hedge our exposure to market risks, we enter into various transactions, including derivatives.

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 2025 Form 10-K.

Commodity Price Risk

AES generally seeks to hedge its exposure to commodity price risk; however, certain generation businesses may retain limited unhedged positions due to short-term sales structures or contractual mismatches between supply and obligations. As a result, a portion of operating results may be exposed to changes in market prices for electricity, fuels, and environmental credits. Increased competition, including from renewable generation and the growing penetration of energy storage systems, may exert downward pressure on electricity prices in certain markets. AES employs risk management strategies designed to limit the impact of commodity price movements on consolidated financial performance. These strategies may include the use of physical and financial commodity contracts, futures, swaps, and options. The portfolio also benefits from natural offsets across businesses, as changes in commodity prices may positively affect certain operations while negatively affecting others. Actual results may differ from modeled sensitivities due to local market conditions, including hydrology, regional supply and demand dynamics, fuel supply constraints, competition and bidding conditions, 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, 2026, a hypothetical 10% increase in commodity prices would not be expected to have a material impact on consolidated pre-tax earnings, with estimated impacts of less than a $5 million loss for power and less than a $5 million gain for gas. 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.

Commodity price exposure at individual businesses may change over time as contracts mature and hedging positions are adjusted, and although longer-dated forward commodity prices are generally less volatile, our sensitivity to changes in commodity prices may increase in later years due to lower levels of forward hedging 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. This type of market risk exists primarily in California, Chile, the Dominican Republic, and Panama.

In California, our Southland OTC 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 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 2026 include mechanisms of indexation that adjust the price of energy based on the U.S. Consumer Price Index or coal. These mechanisms mitigate exposure 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 2027.

Our thermal assets in Panama have PPAs with distribution companies which 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 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. 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

AES operates in multiple countries and as such is 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 operational 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, 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 in our 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 exposure to the Argentine peso, which could increase earnings volatility, particularly in times of adverse exchange-rate movement. Additionally, as of September 30, 2026, a hypothetical one-time 10% appreciation of the U.S. dollar applied to forecasted 2026 cash distributions, net of outstanding hedges and with all other variables held constant, indicates that cash distributions attributable to foreign subsidiaries in the Colombian peso, Euro, and Argentine peso may each be exposed to exchange-rate movements, resulting in less than a $10 million gain.

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

AES is 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, 2026, a hypothetical 100-basis-point increase in interest rates would be expected to increase annual pre-tax interest expense by less than $5 million, based on the portion of the Company's debt that is subject to variable interest rates. These amounts represent the exposure for the remainder of 2026 and do not take into account the historical correlation among interest rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

The Company, under the supervision and with the participation of its management, including the Company's CEO and 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, as of September 30, 2026, our disclosure controls and procedures were effective.

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, 2026. Pursuant to SEC amendments Item 103 of SEC Regulation S-K, AES' policy is to disclose environmental legal proceedings to which a government 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 Commercial Court in Bhubaneswar ("Court"). GRIDCO's challenge of the costs award was previously dismissed by the Court. In July 2026, the Court dismissed the challenge of the liability award for GRIDCO's default. It is unclear whether GRIDCO will seek to contest the dismissal. 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 $12 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 Guaiba, 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 has since followed up with the City and awaits the next phase of the permitting process. 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.

On March 23, 2021, the U.S. District Court for the Southern District of Indiana approved and entered a judicial consent decree among AES Indiana, the United States on behalf of the Environmental Protection Agency ("EPA"), and IDEM. The decree resolved allegations by the EPA and IDEM that AES Indiana had violated the federal Clean Air Act (“CAA”) at its Petersburg Station, which AES denies. Under the decree, AES Indiana agreed to certain emission limits and annual caps on NO_X, SO_2 and particulate matter emissions at the four Units at the station; paid a civil penalty of $1.525 million; retired Units 1 and 2, spent $325,000 on an environmentally beneficial project to preserve local, ecologically-significant lands (notice of completion of which was provided May 8, 2025 and confirmed satisfactory by IDEM on September 8, 2025); and is spending a total of $5 million on a further environmental mitigation project to build and operate a new, non-emitting source of generation at the site.

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 AES companies moved to dismiss the lawsuit. In May 2026, the relevant court of first instance in Santo Domingo, Dominican Republic, dismissed the entire case due to the expiry of the statute of limitations. It is unclear whether the claimants will seek to appeal the dismissal. The 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. Later in 2024, the claimants appealed the dismissal to the relevant intermediate appellate court. The appellate court heard the parties’ respective oral arguments in September 2025. In May 2026, the appellate court issued a decision affirming the CFI’s ruling that the case is time-barred. In July 2026, the claimants filed an appeal with the Dominican Supreme Court of Justice. 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 (i) exceeding generation limits, (ii) failing to reduce emissions during episodes of poor air quality, (iii) exceeding limits on discharges to the sea, and (iv) exceeding noise limits.

With respect to the sanctioning procedure, AES Andes has submitted a proposed “Compliance Program” (“Programa de Cumplimiento”) to the SMA for the Ventanas Complex. The latest version of this Compliance Program was submitted on May 26, 2021 and approved by the SMA on December 30, 2021. AES Andes has completed the execution of the Compliance Program and filed a request for final compliance report in late 2025. The SMA will review the final report and, if approved, the Compliance Program will be considered fully completed, resulting in the permanent extinction of administrative liability associated with the charges included in this proceeding. To date, this sanctioning procedure remains on stand-by pending the decision of the final report, and no fines have been imposed in connection with it. Separately, and in an independent sanctioning procedure not related to the foregoing Compliance Program, the SMA initiated an ex officio action concerning an alleged failure of the Ventanas Complex to adequately reduce emissions during episodes of poor air quality. In connection with this separate proceeding, on April 21, 2023, the SMA notified AES Andes of a resolution alleging an additional “serious” non-compliance. 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. On June 3, 2024, the Company appealed this fine to the Environmental Court. The appellate hearing occurred on April 3, 2025 and the Environmental Court subsequently upheld the sanction imposed by the SMA, confirming the fine. The Company has paid the fine and will appeal this decision before the Supreme 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.

On May 12, 2021, the Mexican Federal Attorney for Environmental Protection (the “Agency”) initiated an environmental audit at the Termoeléctrica del Peñoles thermal generation facility (“TEP”). On January 20, 2023, TEP was notified of the resolution issued by the Agency, which alleges breaches of air emission regulations, including the failure to submit reports. The resolution imposes a fine of $27,615,140 pesos (approximately $1.5 million), as well as a series of corrective measures. On March 3, 2023, TEP filed a lawsuit in an administrative court —The Specialized Chamber of the Federal Administrative Justice Tribunal (“Chamber”)—challenging the legality of the Agency’s resolution and fine. On May 30, 2025, the Chamber issued a final administrative ruling denying TEP’s lawsuit. On July 1, 2025, TEP appealed to the Federal District Court. TEP’s appeal challenges the constitutionality of the Agency’s regulations (*demanda de amparo*) and requests a stay of enforcement of the Chamber’s final administrative ruling. The appeal has been duly admitted, initial discovery completed, and the Federal District Court’s decision on the injunction request is pending. The Company believes that it has meritorious defenses to the claims asserted against it and will defend itself vigorously in these proceedings. TEP subsequently challenged the ruling through an amparo proceeding, however, TEP did not prevail in the amparo. As a result, TEP was required to file an additional request for legal remedy to prevent the collection of the fine and to preserve its ability to negotiate a potential reduction or commutation of the sanction. On October 15, 2026, the Supreme Court of Justice rejected the review of additional legal remedy. As a result, the judgment of the direct amparo trial of the First Circuit became final. Additionally, applicable surcharges and inflation adjustments may increase the total amount of the fine to approximately $50 million pesos (approximately $3 million). On October 23, 2026, the Company petitioned the Agency to reduce and commute the fine, but there can be no assurances that it will be successful in these 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 (“CFI”). The claimants’ attempt to recuse the presiding judge was rejected by the relevant Dominican appellate court. The parties completed briefing on the Company’s motion to dismiss the lawsuit. In May 2026, the CFI dismissed the entire case due to the expiry of the statute of limitations. In July 2026, the claimants filed an appeal with the relevant intermediate appellate court. 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 January 26, 2023, the SMA notified Alto Maipo SpA of four alleged serious charges relating to the Alto Maipo environmental permit. The alleged charges include: untimely completion of certain intake works; insufficient capture of species; non-compliance with certain forest management plan goals; and intervention of a restricted paleontological area. On February 16, 2023, the Alto Maipo project submitted a proposed compliance program to the SMA. On October 13, 2025, the SMA ultimately rejected an updated version of the compliance program and restarted the sanctions process for the alleged charges. Alto Maipo filed a legal action before the environmental tribunal seeking annulment of the decision that rejected the proposed compliance program. This legal action is pending. Separately, on October 15, 2025, Alto Maipo submitted to SMA its defense response to the four alleged

charges. A decision from SMA is still pending. If Alto Maipo's defense response arguments are not acceptable to the SMA, the imposition of fines is possible. Separately, Alto Maipo filed a legal action seeking annulment of the decision that rejected its proposed compliance program.

In April 2025, an alleged shareholder of Fluence Energy, Inc. ("Fluence") filed a putative securities class action in the U.S. District Court for the Eastern District of Virginia ("Court") against Fluence and certain of Fluence's officers and directors. The complaint in the case also named the Company and AES Grid Stability, LLC as defendants (together, the "AES Defendants"). In May 2025, the Court consolidated the lawsuit with another putative securities class action against Fluence and certain of its officers and directors. The Court also appointed a lead plaintiff (the "Plaintiff") and lead plaintiffs' counsel for the consolidated lawsuit ("Securities Litigation"). In June 2025, the Plaintiff filed a consolidated amended complaint against Fluence, certain of its officers and directors (the "Individual Fluence Defendants" and, together with Fluence, the "Fluence Defendants"), and the AES Defendants. The Plaintiff seeks to pursue claims on behalf of a putative class of all purchasers of Fluence Class A common stock between October 28, 2021 and February 10, 2025. The Plaintiff alleges that the Fluence Defendants made allegedly false or misleading statements in violation of Section 10(b) of the Exchange Act, as well as Rule 10b-5 promulgated thereunder. In addition, the Plaintiff asserts claims against the Individual Fluence Defendants and the AES Defendants as alleged "control persons" under Section 20(a) of the Exchange Act. In July 2025, the Fluence Defendants and the AES Defendants filed separate motions to dismiss the consolidated lawsuit. In March 2026, the Court issued an order dismissing without prejudice the Plaintiff's consolidated amended complaint for failure to state a claim. In its order, the Court noted that it will issue a more detailed memorandum opinion in the future, after which Plaintiffs may file an amended complaint. The memorandum opinion has not been issued to date. The AES Defendants believe that they have meritorious defenses to the claims asserted against them and will defend themselves vigorously in the Securities Litigation; however, there can be no assurances that they will be successful in their efforts.

In May 2025, a special session of the Federal Regional Court of the 1st Region of Brazil ("TRF1") issued a decision dismissing the claims of Sul, which was sold to a third party in 2016 ("Buyer"), to annul ANEEL's Order 288. Order 288 was issued in May 2002 and retroactively changed the effects of the Wholesale Energy Market ("MAE") for the year 2001. The aggregate impact of Order 288 for AES Sul was to reverse a gain on certain purchases and sales into an approximately R$75 million ($14 million) loss, estimated as of May 2002. The TRF1's May 2025 decision reversed its April 2013 decision in Sul's favor that annulled Order 288. In August 2025, Sul filed a motion for clarification of the decision with the TRF1, which is considering the motion. After the motion is decided, Sul will have the ability to file appeals with the Superior Court of Justice and the Supreme Federal Court. In the event of an unsuccessful outcome for Sul, the Buyer may attempt to seek recovery of losses relating to the R$75 million ($14 million) loss above, an additional amount of approximately R$27 million ($5 million) that was collected by Sul in 2008 and may need to be reimbursed, plus interest on these amounts, from the AES seller and The AES Corporation under the sale agreement. In that event, AES would defend itself vigorously; however, there can be no assurances that it would be successful in its efforts.

On May 30, 2025, an arbitral tribunal (the "Tribunal") of the International Centre for the Settlement of Investment Disputes ("ICSID") issued an arbitration award in the Company's favor ("Award") in connection with a treaty arbitration initiated by the Company against the Argentine Republic ("Argentina") under the US-Argentina bilateral investment treaty ("BIT"). In the Award, the Tribunal found that certain measures taken by Argentina in relation to its power sector, beginning in late 2001, breached the BIT. The Tribunal ordered Argentina to pay to the Company approximately $733 million in damages, including an award of costs, as well as accrued interest. In August 2025, the Company filed a lawsuit in the U.S. District Court for the District of Columbia ("DDC") to recognize and enforce the ICSID Award against Argentina. In September 2025, Argentina filed an application with ICSID to annul the Tribunal's Award. In its application, Argentina also requested a stay of enforcement of the Award pending the completion of the annulment proceedings ("Stay Request"). Argentina's annulment application will be decided by a new three-person panel ("Annulment Panel"), which was appointed by ICSID in January 2026. In March 2026, the Annulment Panel issued a procedural order scheduling the hearing on the annulment application for March 4-5, 2027, which was recently moved to March 11-12, 2027. In April 2026, the Annulment Panel issued an order ("Order") conditionally granting Argentina's Stay Request subject to Argentina's provision of a bank guarantee that covers the full amount of damages and interest and that can be collected by the Company if Argentina's annulment application is ultimately rejected. The Order also provided that if Argentina failed to post the bank guarantee, the conditional stay would be lifted automatically. Argentina failed to procure the bank guarantee and, consequently, the Annulment Panel has confirmed that the conditional stay has been lifted. Further, in the annulment proceeding, the Parties are briefing their respective arguments on Argentina's annulment petition. In parallel, the Company's enforcement efforts in the DDC have resumed. In October 2026, Argentina filed its answer in the DDC and also moved to stay the lawsuit pending the resolution of the annulment proceeding. The Company will oppose the stay

motion. The Company can provide no assurance as to how the Annulment Panel will rule on the annulment application. Relatedly, measures to enforce the Award through judicial means entail a process that is inherently unpredictable; as a result, the Company cannot provide any assurance as to the timing or success of such enforcement measures. The Company may attempt to settle this dispute with Argentina. However, the Company can provide no assurances regarding the likelihood, substance, or timing of any such settlement.

On December 30, 2025, the Company received a complaint filed in Virginia state court by Sinolam LNG Terminal, SA and Sinolam Smarter Energy LNG Power Co. (collectively, "Plaintiffs") against the Company, AES Latin America, S. de R.L., AES Panama, S.R.L. ("AES Panama"), AES Colon Holding, S. de R.L., Costa Norte LNG Terminal, S. de R.L., Gas Natural Atlantico S. de R.L., InterEnergy Holdings UK Limited ("IEHL") (a third party), and Group Energy Gas Panama, S.R.L. ("GEGP") (a partnership between IEHL and AES Panama) (collectively, "Defendants"). In their complaint, the Plaintiffs alleged that the Defendants interfered with the Plaintiffs' efforts to develop an LNG-fired power plant and an LNG terminal in Panama. The Plaintiffs appeared to seek recovery of alleged lost profits totaling about $4 billion, alleged out-of-pocket damages, interest, statutory damages, and other relief from the Defendants. The Defendants removed the case to the U.S. District Court for the Eastern District of Virginia ("EDVA") and thereafter moved to dismiss the case. Post-removal, the Plaintiffs dismissed AES Panama from the case. Also, in response to the Defendants' motion to dismiss, the Plaintiffs filed an amended complaint naming only the Company, IEHL, and GEGP as defendants. In April 2026, the EDVA granted the Plaintiffs' motion to remand the case to state court. The Company again moved to dismiss the case in the Virginia state court. IEHL and GEGP also filed motions to dismiss. In August 2026, the Plaintiffs filed a notice of nonsuit dismissing their lawsuit without prejudice. The Virginia state court subsequently granted that motion and removed the case from the docket.

In July 2026, an alleged shareholder of Fluence Energy, Inc. ("Fluence") filed a derivative complaint in the Delaware Court of Chancery allegedly on behalf of Fluence and against the Company and AES Grid Stability, LLC (the "AES Defendants"); Siemens Industry, Inc., and Siemens AG (the "Siemens Defendants"); Qatar Investment Authority and Qatar Holding, LLC (the "QIA Defendants"); and certain Fluence officers and directors (the "Fluence Defendants"). The Plaintiff alleges that Fluence failed to disclose information about, among other things, alleged deficiencies in its products and financial reporting and controls; that the AES Defendants, Siemens Defendants, and QIA Defendants possessed material nonpublic information on those subjects, among others, at the time of Fluence's December 2023 secondary public offering (the "SPO"); and that Fluence's directors breached their fiduciary duties by approving the SPO, while the AES Defendants, Siemens Defendants, and QIA Defendants breached alleged fiduciary duties by selling Fluence stock in the SPO. The Plaintiff also asserts claims for unjust enrichment and aiding and abetting insider selling against the AES Defendants, Siemens Defendants, and QIA Defendants in connection with the SPO. The Plaintiff seeks damages and other relief from all defendants. In September 2026, Fluence filed a motion, joined by the AES Defendants, to stay the lawsuit pending the final resolution of the above-referenced Securities Litigation. The Plaintiff has opposed Fluence's motion. The motion is under consideration by the Chancery Court. The AES Defendants believe that they have meritorious defenses to the claims asserted against them and will defend themselves vigorously in this lawsuit; however, there can be no assurances that they will be successful in their efforts.

To date, the Company is aware of two (2) complaints that have been filed as individual actions in connection with the Merger by purported stockholders of the Company against the Company and the individual members of the Company's Board of Directors. The complaints are captioned as follows: Miller v. The AES Corporation, et al, Index No. 653278/2026 (N.Y. Sup. Ct. N.Y. Cnty. Jun. 3, 2026) and Wright v. The AES Corporation, et al, Index No. 653349/2026 (N.Y. Sup. Ct. N.Y. Cnty. Jun. 5, 2026) (the "Complaints"). The Complaints seek to enjoin the defendants from proceeding with the Merger unless the defendants disclose certain purportedly material information alleged to have been omitted from the Preliminary Proxy Statement filed on May 4, 2026 (the "Preliminary Proxy Statement") and/or the Definitive Proxy Statement filed on May 15, 2026 (the "Definitive Proxy Statement"), respectively, and/or damages if the Merger is consummated. In addition to the Complaints, to date, the Company has received sixteen (16) demand letters from law firms claiming to represent purported Company stockholders, which also generally allege disclosure deficiencies in the Preliminary Proxy Statement and/or the Definitive Proxy Statement (collectively, the "Demand Letters" and, together with the Complaints, the "Matters"). The Company and the other defendants named in the Matters deny all allegations in the Matters and believe that the Matters are without merit and that no supplemental disclosure to the Preliminary Proxy Statement and/or the Definitive Proxy Statement was or is required under any applicable law, rule, or regulation. However, solely to minimize the burden and expense of potential litigation, avoid nuisance and potential delay or disruption to the Merger and provide additional information to the Company's stockholders, the Company determined to voluntarily supplement the Definitive Proxy Statement in a Form 8-K filed on June 12, 2026. The Company believes that the disclosures in the Preliminary Proxy Statement and the Definitive Proxy Statement comply fully with applicable law and nothing will be deemed an admission of legal necessity or materiality under applicable law with respect to the legal proceedings

described herein. In addition, the Company has received two (2) stockholder books and records demands and one stockholder demand for an appraisal of the stockholder's alleged shares.

ITEM 1A. RISK FACTORS

You should consider carefully the following updates to risk factors, along with the risk factors disclosed in Item 1A.—*Risk Factors* of our 2025 Form 10-K and other information contained in or incorporated by reference in this Form 10-Q. 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. The *Risk Factors* section in our 2025 Form 10-K otherwise remains current in all material respects. We routinely encounter and address risks, some of which may cause our future results to be materially different than we presently anticipate. If any of the following events actually occur, our business, financial results, and financial condition could be materially adversely affected.

Risks Related to the Proposed Merger

There is no assurance when or if the Merger will be completed. If our proposed Merger does not close, or is delayed, we may experience financial and operational disruptions. In addition, our stock price may decline if the Merger is perceived as uncertain to close.

On March 1, 2026, AES entered into the Merger Agreement, by and among the Company, Parent, and Merger Sub. The closing of the Merger is subject to various closing conditions, many of which are not within our full control, including: (1) approval of the stockholders of AES, which has been received; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition, as defined in the Merger Agreement; (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company.

The Merger is currently expected to close in late 2026 or early 2027, subject to satisfaction or waiver (to the extent permitted by law) of all closing conditions. The approval of the stockholders was received on June 26, 2026. However, we may be unable to obtain and satisfy, or experience delays in obtaining and satisfying, required regulatory approvals and other closing conditions. In addition, both we and the Parent may terminate the Merger Agreement for reasons specified therein.

The announcement and pendency of the Merger could adversely affect our business and stock price, including if the Merger does not close or is delayed, for reasons including the following:

- Uncertainty about the effect of the Merger may impair our ability to attract, retain, and motivate key personnel, and could cause customers, suppliers, partners, lenders, and others to seek to change existing business relationships with us;
- The Merger Agreement also requires the Company to obtain Parent's consent prior to taking certain specified actions, including acquisitions and disposals above certain thresholds, the incurrence of additional debt, subject to certain exceptions, and from taking other specified actions while the Merger is pending. These restrictions may prevent the Company from pursuing otherwise attractive business opportunities or making other changes to its business prior to the completion of the Merger;
- We have incurred, and will continue to incur, significant costs, expenses, and fees for professional services and other transaction costs in connection with the Merger. Many of the fees and costs will be payable by us even if the Merger is not completed. In addition, we may be required to pay a termination fee of approximately $321 million to Parent if the Merger Agreement is terminated by us for certain specified reasons; and
- The Merger may not occur on the expected timeline if there are delays in receiving required regulatory approvals or other reasons. We cannot provide any assurance that all of the required approvals will be obtained or that the approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the proposed Merger. Any delay or inability to close the Merger may cause the market price of our common stock to decline. The Merger Agreement also contains certain termination rights for both AES and Parent, including if the Merger is not consummated by June 1, 2027 (subject to extension for an additional two successive three-month periods if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied).

The Company and its directors have been named in securities class action and derivative lawsuits arising out of the proposed Merger, which could result in substantial costs and may delay or prevent the proposed Merger or otherwise negatively affect our business and operations.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into a merger agreement. To date, two (2) complaints have been filed as individual actions in connection with the Merger by purported stockholders of the Company against the Company and the individual members of the Company's Board of Directors. In addition, the Company has received sixteen (16) demand letters from law firms claiming to represent purported Company stockholders, which also generally allege disclosure deficiencies in the Preliminary Proxy Statement filed on May 4, 2026 (the "Preliminary Proxy Statement") and/or the Definitive Proxy Statement filed on May 15, 2026 (the "Definitive Proxy Statement"), respectively, two (2) stockholder books and records demands, and one stockholder demand for an appraisal of the stockholder's alleged shares. Although we believe that these lawsuits and demands are without merit, defending against these claims can result in substantial costs to the parties to the Merger Agreement and diverts management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed. If the Merger is not consummated for any reason, litigation could be filed in connection with the failure to consummate the Merger.

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 2026:

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 2026. As of September 30, 2026, $264 million remained available for purchase under this authorization.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On July 21, 2026, the Financial Audit Committee (the "Audit Committee") of the Board of Directors of The AES Corporation (the "Company") dismissed Ernst & Young LLP ("EY") as the Company's independent registered public accounting firm, due to the fact that EY will no longer be considered independent with respect to the Company under the rules of the Securities and Exchange Commission (the "SEC") after the closing of the announced Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Horizon Parent, L.P., a Delaware limited partnership ("Parent"), and Horizon Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub"). Pursuant to the Merger Agreement, on the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger. Parent is jointly controlled by investment vehicles affiliated with one or more funds, accounts or other entities managed or advised by Global Infrastructure Management, LLC and the EQT Infrastructure VI fund. The dismissal was effective upon the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2026.

The audit reports of EY on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2024 and 2025 did not contain an adverse opinion or a disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope, or accounting principles. EY's report on the Company's internal control over financial reporting as of December 31, 2024 contained an adverse opinion. Specifically, EY's report stated that the Company had not maintained effective internal control over financial reporting as of December 31, 2024 due to the effect of a material weakness identified by management in controls related to the disposition process of AES Brasil, as reported by the Company in "Part II, Item 9A. Controls and Procedures" of its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 11, 2025. This material weakness was discussed by the Audit Committee and EY. During the fiscal years ended December 31, 2024 and 2025, and the subsequent interim period through the date of the Current Report on Form 8-K filed with the SEC on July 27, 2026 (the "Current Report"), there were no (i) disagreements (within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) between the Company and EY on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of EY, would have caused EY to make reference to the subject matter of the disagreement in connection with its report on the consolidated financial statements of the Company for the applicable year, or (ii) reportable events (within the meaning of Item 304(a)(1)(v) of Regulation S-K and the related instructions under the Exchange Act), other than the material weakness described above. The Company provided EY with a copy of the disclosures in the Current Report and requested that EY provide the Company with a letter addressed to the SEC stating whether EY agrees with the statements made by the Company therein. A copy of EY's letter, dated July 27, 2026, is filed as Exhibit 16.1 to the Current Report.

Following consideration of multiple accounting firms, on July 21, 2026, the Audit Committee engaged KPMG LLP ("KPMG") as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2026, effective as of EY's dismissal upon the filing of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2026.

As part of the request for proposal process by which KPMG was selected, KPMG and the Company identified that, during the year ending December 31, 2026 (the "Audit Period"), various member firms within the KPMG International network ("KPMG Member Firms") provided tax advisory support, payroll processing, employment legal advice, and financial model review services to certain subsidiaries of the Company. Each of these services contains one or more components of work performed during the Audit Period that render them to be impermissible services ("Impermissible Services") pursuant to SEC Regulation S-X Rule 2-01 and therefore impact KPMG's independence with respect to the Company. Prior to the appointment of KPMG as the independent registered public accounting firm for the Company, all Impermissible Services have either been completed or terminated.

The Impermissible Services were strictly advisory or clerical in nature, and management of the Company retained sole decision-making authority and responsibility for all underlying data and assumptions. Additionally, these services were limited to foreign affiliates, the subject matters to which the services relate are not expected to be in-scope for the consolidated group audit of the Company, and the fees associated with the Impermissible Services are immaterial to each of the Company and KPMG.

KPMG considered whether the matters noted above impacted its objectivity and ability to exercise impartial judgment with regard to its engagement as the Company's independent registered public accounting firm and has concluded that KPMG's objectivity and ability to exercise impartial judgment have not been impaired. After taking into consideration the facts and circumstances of the above matters and KPMG's determination, the Company's Audit Committee also concluded that KPMG's objectivity and ability to exercise impartial judgment have not been impaired.

During the fiscal years ended December 31, 2024 and 2025, and the subsequent interim period through the date of the Current Report, neither the Company, nor anyone on the Company's behalf, consulted with KPMG regarding either (1) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and no written report or oral advice was provided by KPMG to the Company that KPMG concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (2) any matter that was the subject of either a disagreement (within the meaning of Item 304(a)(1)(iv) of Regulation S-K and the related instructions under the Exchange Act) or a reportable event (within the meaning of Item 304(a)(1)(v) of Regulation S-K and the related instructions under the Exchange Act).

Trading Arrangements

None of the Company's directors or "officers," as defined in Rule 16a-1(f) of 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, 2026.

ITEM 6. EXHIBITS

10.1	Amendment No. 3 to the Credit Agreement dated as of August 5, 2026, among the Company, the lenders party thereto and Citibank, N.A., as administrative agent, which amends that certain Eighth Amended and Restated Credit Agreement, dated as of September 24, 2021, by and among the Company, as borrower, the lenders from time to time party thereto and Citibank, N.A., as administrative agent, is incorporated herein by reference to Exhibit 10.1 of the Company's Form 8-K filed on August 5, 2026.
10.2	Second Amendment to Credit Agreement dated as of August 5, 2026, among the Company, the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent, which amends that certain Credit Agreement, dated as of December 6, 2024, by and among the Company, as borrower, the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent, is incorporated herein by reference to Exhibit 10.2 of the Company's Form 8-K filed on August 5, 2026.
10.3	Term Loan Agreement dated as of September 18, 2026 among The AES Corporation as Borrower, the banks named therein as Banks, and BNP Paribas 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 (furnished within).
32.2	Section 1350 Certification of Stephen Coughlin (furnished within).
101	The AES Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, 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: November 3, 2026

By: /s/ STEPHEN COUGHLIN
Name: Stephen Coughlin
Title: *Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

By: /s/ AUBREY JARRED
Name: Aubrey Jarred
Title: *Vice President and Controller (Principal Accounting Officer)*