Generación Mediterránea S.A.

Consolidated Financial Statements

At December 31, 2021
presented in comparative format

(Stated in thousands of US dollars (USD))

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Contents

GLOSSARY OF TECHNICAL TERMS

The following are not technical definitions, but they are helpful for the reader's understanding of some terms used in the notes to the consolidated Financial Statements of the Group.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A.
AFIP	Federal Administration of Public Revenue
AJSA	Alba Jet S.A.
ASA	Albanesi S.A. (a company merged into GMSA)
AVRC	Alto Valle Río Colorado S.A.
BADCOR	Adjusted BADLAR rate
BADLAR	Average interest rate paid by financial institutions on time deposits for over one million pesos.
BCRA	Central Bank of Argentina
BDD	Bodega del Desierto S.A.
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (Wholesale Electricity Market Management Company)
CC	Combined cycle
IFRIC	International Financial Reporting Interpretations Committee
CNV	National Securities Commission
CTE	Central Térmica Ezeiza, located in Ezeiza, Buenos Aires
CTF	Central Térmica Frías, located in Frías, Santiago del Estero
CTI	Central Térmica Independencia, located in San Miguel de Tucumán, Tucumán
CTLB	Central Térmica La Banda, located in La Banda, Santiago del Estero
CTMM	Central Térmica Modesto Maranzana, located in Río IV, Córdoba
CTR	Central Térmica Roca S.A.
CTRi	Central Térmica Riojana, located in La Rioja, province of La Rioja
CVP	Variable Production Cost
Dam3	Cubic decameter Volume equivalent to 1,000 (one thousand) cubic meters
DH	Historical Availability
DIGO	Offered guaranteed Availability
Availability	Percentage of time in which the power plant or machinery, as applicable, is in operation (generating power) or available for power generation, but not called by CAMMESA
DMC	Minimum Availability Committed
DO	Target Availability
DR	Registered Availability
Grupo Albanesi	Generación Mediterránea S.A., its subsidiaries and other related companies
ENARSA	Energía Argentina S.A.
Energía Plus	Plan created under ES Resolution No. 1281/06
ENRE	National Electricity Regulatory Authority
EPEC	Empresa Provincial de Energía de Córdoba
FACPCE	Argentine Federation of Professional Councils in Economic Sciences
FONINVEMEM	Fund for investments required to increase the electric power supply in the WEM
GE	General Electric
GECEN	Generación Centro S.A. (a company merged into GMSA)
GLSA	Generación Litoral S.A.
GMSA	Generación Mediterránea S.A.
Large Users	WEM agents classified according to their consumption into: GUMAs, GUMEs, GUPAs and GUDIs
GROSA	Generación Rosario S.A.
GUDIs	Large Demand from Distributors' customers, with declared or demanded power of over 300 kW
GUMAs	Major Large Users
GUMEs	Minor Large Users

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GUPAs	Large Users - Individuals
GW	Gigawatt Unit of power equivalent to 1,000,000,000 watts
GWh	Gigawatt-hour Unit of energy equivalent to 1,000,000,000 watts hour
HRSG	Heat recovery steam generator
IASB	International Accounting Standards Board
IGJ	Legal Entities Regulator
CPI	Consumer Price Index
WPI	Wholesale Price Index
kV	Kilovolt Unit of electromotive force which is equal to 1,000 (one thousand) volts
kW	Kilowatt Unit of power equivalent to 1,000 watts
kWh	Kilowatt-hour Unit of energy equivalent to 1,000 watts hour
The Company/The Group	Generación Mediterránea S.A. and its subsidiaries
LGS	General Companies Law
LVFVD	Sales liquidations with maturity date to be defined
MAPRO	Major Scheduled Maintenance
MAT	Futures market
WEM	Wholesale Electric Market
MMm3	Million cubic meters
MVA	Mega-volt ampere, unit of energy equivalent to 1 volt x 1 ampere x 106
MW	Megawatt Unit of power equivalent to 1,000,000 watts
MWh	Megawatt hour Unit of energy equivalent to 1,000,000 watts hour
ARG GAAP	Argentine Generally Accepted Accounting Principles
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NFHCC	New Date Committed for Commercial Authorization
SDG	Sustainable Development Goals
NO	Negotiable Obligations
PAS	Arroyo Seco Project
GDP	Gross Domestic Product
PWPS	Pratt & Whitney Power System Inc
RECPAM	Gain/loss on purchasing power parity
Resolution No. 220/07	Regulatory framework for the sale of energy to CAMMESA through the "WEM Supply Contracts" under Energy Secretariat Resolution No. 220/07
GR	General Resolution
RGA	Rafael G. Albanesi S.A.
CSR	Corporate social responsibility
TP	Technical Pronouncements
SADI	Argentine Interconnection System
SACDE	Sociedad Argentina de Construcción y Desarrollo Estratégico S.A.
ES	Energy Secretariat
SEK	Swedish crowns
GSE	Government Secretariat of Energy
OHHS	Health, Safety and Hygiene at work
TRASNOA S.A.	Empresa de Transporte de Energía Eléctrica por Distribución Troncal del Noroeste Argentino S.A.
GU	Generating unit
CGU	Cash Generating Unit
USD	US dollars
UVA	Purchasing power unit

Generación Mediterránea

Annual Report for Fiscal Year 2021

Generación Mediterránea S.A.

Annual Report for Fiscal Year 2021

Contents

Annual Report for Fiscal Year 2021

To the Shareholders of GMSA,

In compliance with current legal and regulatory provisions, the Board of Directors submits for your consideration this Annual Report, the Summary of Activity, the Financial Statements, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements for the year ended December 31, 2021.

1. ACTIVITY OF THE COMPANY

GMSA's main line of business is the conventional thermal power generation. It has six thermal power plants operating throughout the whole country fed with natural gas as well as diesel as alternative fuel. They sell the energy generated in accordance with different regulatory frameworks. GMSA's nominal installed capacity is 900 MW.

GMSA was controlled by Albanesi S.A., an investing and financing company, which held 95% of its capital and votes. ASA was established in 1994. Through its subsidiaries and related entities, the Company has invested in the energy market, in the power generation and commercialization segment, its main line of business to date. As a result of the merger, GMSA absorbs ASA retrospectively as from January 1, 2021.

On December 21, 2020, the Board of Directors of the Company resolved to carry out a process of corporate reorganization between Generación Centro S.A. ("GECEN") and Albanesi S.A. ("ASA") whereby GECEN and ASA would be merged into GMSA (ASA and GECEN jointly referred to as the "Merged Companies") to achieve a consistent and coordinated performance of the business activities of the companies involved to their own benefit and to the benefit of their shareholders, third-party contractors, trading partners and, particularly, their investors and creditors. The merger into the Company will streamline costs, processes and resources, and the effective merger date is January 1, 2021. Subsequently, on March 19, 2021, a Preliminary Merger Agreement was signed whereby all assets, liabilities, shareholders' equity, including recordable assets, rights and obligations of the Merged Companies would be added to the Company's equity subject to the registration of the Final Merger Agreement with the Legal Entities Regulator (IGJ) and National Securities Commission (CNV) on the Effective Merger Date. It was further agreed that the Company would act on its own behalf in relation to all acts it performs for the administration of the Merged Companies' business activities and the Company would be responsible for all profits, losses and consequences of the acts performed during that period. Notwithstanding the foregoing, it was also agreed that all the acts performed by the Merging Company as from the Effective Merger Date as a result of the administration of the business activities to be merged shall be deemed to be carried out on behalf of the Merged Companies in case that the Final Merger Agreement cannot be registered with the pertinent Public Registries for any reason. In addition, it was resolved to convene extraordinary meetings of shareholders of the companies involved in the merger process to consider all documents relating to the merger for May 11, 2021. The meetings were held and adjourned to be able to publish the merger offering circular in compliance with CNV rules. Upon expiration of the adjournment period, on May 26, 2021 the extraordinary general meetings were held and the shareholders resolved to approve the merger, its documentation, the execution of the final merger agreement, the dissolution of ASA and GECEN and the consequent GMSA capital increase. On November 18, 2021, by means of Resolution No, RESFC-2021-21508-APN-DIR#CNV, the CNV approved the merger through absorption, with the registration with the Public Registry under the authority of the Legal Entities Regulator being pending at this date.

Grupo Albanesi, through GMSA and its related company AESA, is engaged in the generation and sale of electricity and has focused on the natural gas transportation and sale business through RGA.

In recent years, the main strategy of Grupo Albanesi has been focused on achieving vertical integration, drawing on its vast experience and reputation in the natural gas sale market (obtained through RGA), with the subsequent addition of the electric power generation business. This approach seeks to capitalize the value added from the purchase from large gas producers in all the basins in the country to its transformation and sale as electric power.

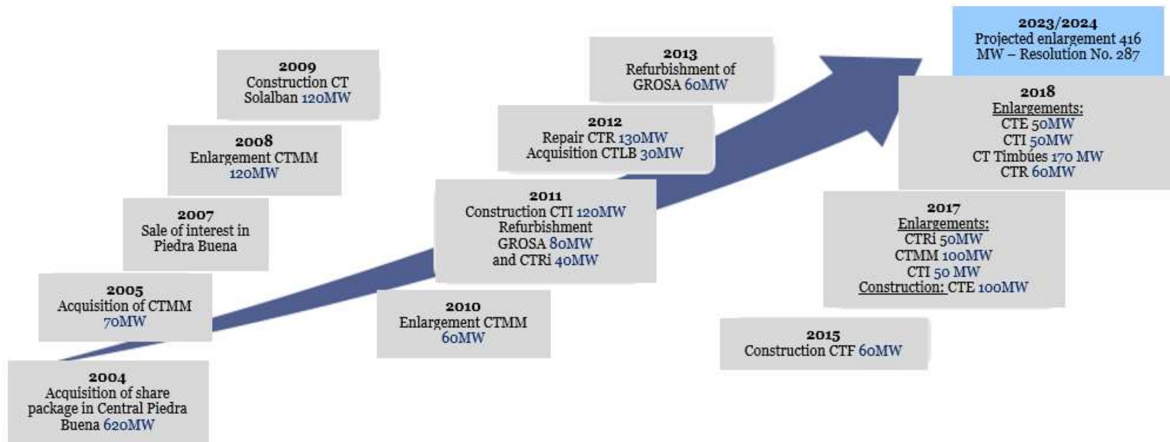
Below is a detail of the equity interest of GMSA in each company:

Companies	Country of creation	Main activity	% participation	
			12/31/2021	12/31/2020
CTR	Argentina	Electric power generation	75%	-
GLSA	Argentina	Electric power generation	95%	-
GROSA	Argentina	Electric power generation	95%	-
Solalban Energía S.A.	Argentina	Electric power generation	42%	-
CBEI LLC	United States	Investing company	100%	-

At the date of these separate Financial Statements, Grupo Albanesi had a total installed capacity of 1,520 MW, it being expanded with additional 416 MW with all the new projects awarded.

Power Plant	Company	Nominal installed capacity		Resolution	Location
Central Térmica Modesto Maranzana (CTMM)	GMSA	350	MW	ES Resolutions Nos. 220/07, 1281/06 Plus and ES Resolution No. 440/2021	Río Cuarto, Córdoba
Central Térmica Independencia (CTI)	GMSA	220	MW	ES Resolutions Nos. 220/07, 1281/06 Plus, EES Resolution No. 21/16 and ES Resolution No. 440/2021	San Miguel de Tucumán, Tucumán
Central Térmica Frías (CTF)	GMSA	60	MW	ES Resolutions Nos. 220/07 and 440/2021	Frías, Santiago del Estero
Central Térmica Riojana (CTRi)	GMSA	90	MW	ES Resolutions Nos. 220/07 and 440/2021	La Rioja, La Rioja
Central Térmica La Banda (CTLB)	GMSA	30	MW	ES Resolution No. 440/2021	La Banda, Santiago del Estero
Central Térmica Ezeiza (CTE)	GMSA	150	MW	EES Resolution No. 21/16	Ezeiza, Buenos Aires
Total nominal installed capacity (GMSA)		**900**	**MW**		
Central Térmica Roca (CTR)	CTR	190	MW	ES Resolution No. 220/07 and ES Resolution No. 440/2021	Gral. Roca, Río Negro
Central Térmica Sorrento	GROSA	140	MW	ES Resolution No. 440/2021	Rosario, Santa Fe
Solalban Energía S.A.		120	MW	Resolution No. 1281/06 Plus	Bahía Blanca, Buenos Aires
Total nominal installed capacity (Participation of GMSA)		**450**	**MW**		
Power Plants	AESA	170	MW	EES Resolution No. 21/16	Timbúes, Santa Fé
Total nominal installed capacity Grupo Albanesi		**1,520**	**MW**		

Grupo Albanesi entered the electricity market in 2004 with the purchase of the power plant Luis Piedra Buena S.A. In this way the development of the electricity market became one of the main purposes of the Group



Through EES Resolution No. 287 - E/2017 of May 10, 2017, the ES instructed CAMMESA to call for those interested parties to offer new thermal generation focused on closure of combined cycles and co-generation technology, with the commitment to install and start up new generation to meet the demand in the WEM.

GMSA participated in that call and was awarded two projects for closure of combined cycles through EES Resolution 926 – E/2017. GECEN participated in that call and was awarded a co-generation project through EES Resolution No. 820 – E/2017.

2. MACROECONOMIC CONTEXT

International context

According to the International Monetary Fund (IMF) World Economic Outlook report issued in October 2021, global growth is expected to reach a more abated rate in 2022, from 5.9% in 2021 to 4.4%.

For the world economy, the start of 2022 offers weaker than expected conditions. As the Omicron variant of COVID-19 spreads, most countries have relapsed into restrictions on freedom of movement.

The risks underlying global baseline projections show a downward trend. The occurrence of new variants of the COVID-19 virus could lengthen the pandemic and pose renewed economic issues. In addition, the disruption in supply chains, the volatility of electricity prices and specific salary pressures create strong uncertainty about the policies and inflation path. As rates under the monetary policy of advanced economies rise, new risks might arise for financial stability and for the capital flows, currencies and tax position of emerging and developing markets, especially if we consider that indebtedness levels have increased significantly over the last two years. Other global risks could materialize, given that geopolitical tensions are still sharp and current climate emergency carries a strong likelihood of great natural disasters.

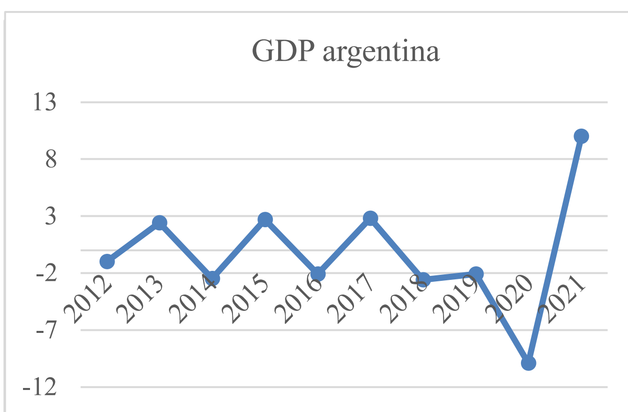
In view that the pandemic maintains its siege, emphasis on a worldwide health strategy is more prominent than ever. Global access to vaccines, detection testing and treatments is essential in averting the risk of new, dangerous variants of the virus. This requires higher production of supplies, better delivery systems within each country and a more equitable distribution around the world. In many countries, monetary policy will need to be tougher in order to curb inflation pressure, while their fiscal policy — with a more limited leeway than at other times during the pandemic — will have to prioritize health and social expenditure, with a focus on helping those most vulnerable. Within this context, international cooperation will be vital for preserving access to liquidity and accelerating orderly debt restructurings as needed. Further, it is imperative to invest in climate policies to ward off the risk of catastrophic climate change.

Regional context

Many Latin American countries, severely hit by the pandemic, faced a major slowdown. GDP recovery for 2021 is estimated at 6.8%, while a 2.4% recovery is projected in 2022 and 2.6% in 2023.

Argentina

The estimated recovery in Argentina for 2021 was around 10%, according to the IMF's World Economic Outlook report dated January 2022. The IMF projects a 3% growth in 2022 and 2.5% in 2023.



The cumulative economic activity for Argentina up to November 2021 – measured by the EMAE (Monthly Economic Activity Estimator) – showed a 10.3% increase with regard to the cumulative economic activity for the same period in 2020.

According to the Level of Activity Progress Report prepared by the INDEC, cumulative gross domestic product (GDP) for the third quarter of 2021 showed an increase of 11.9%, as compared to the same period of the previous year.

Seasonally adjusted GDP for the third quarter of 2021, compared to the second quarter of the same year, shows a variation of 4.1%, while the trend-cycle index records a positive variation of 1.2%.

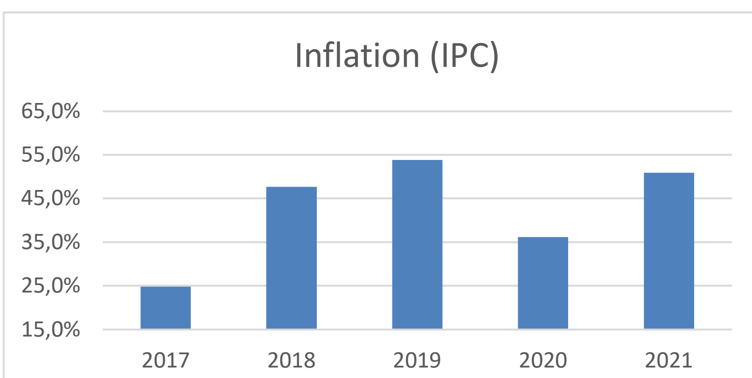
The macroeconomic evolution for the third quarter of 2021 resulted in a 14.5% variation in global supply vis-à-vis the same period of the previous year, measured at 2004 prices, as a result of an 11.9% increase in GDP and a 26.2% variation in real imports of goods and services.

The global demand showed a 21.2% increase in gross fixed capital formation, 12.1% growth in private consumption, an 11.5% increase in public consumption, and an 18.8% increment in real exports of goods and services.

In seasonally adjusted terms with respect to the second quarter of 2021, imports grew by 1.7%, private consumption by 2.8%, public consumption by 3.4%, gross fixed capital formation recorded a variation of -1.2%, while exports increased by 7.3%.

The industrial activity measured by the Manufacturing Industrial Production Index (Manufacturing IPI) increased by 10.1% in November 2021 compared to the same month in 2020. The cumulative for the period January-November 2021 shows an increase of 16.3% compared to the same period in 2020. In turn, the index for the seasonally adjusted series shows a positive variation of 4.8% as against the previous month, and the series trend-cycle index records a positive variation of 0.5% as against the previous month.

According to the Consumer Price Index (CPI), prices showed a cumulative increase of 50.9% in 2021 (INDEC), compared to 36.1% for 2020. Inflation rates for the last 5 years are shown below.



According to INDEC's report on Argentine foreign trade, in the twelve-month period of 2021, exports reached USD 77.934 billion and imports, USD 63.184 billion. International trade (exports plus imports) totaled USD 141.118 billion, the highest level since 2013 (USD 150.405 billion). Exports in 2021 recorded a 42.0% increase as compared to 2020, with their value only surpassed by the amounts for 2012 and 2011 in the historical series (USD 79.982 and USD 82.981 billion, respectively). This outcome was the result of a very dynamic performance in all segments. Imports experienced a year-on-year increase of 49.2%. The trade balance reached USD 14.750 billion (the second largest, following the balance for 2019), favored by beneficial trade conditions. In fact, while the prices of Argentine exports rose 25.8% and quantities increased only by 12.9%, imports performed in the reverse sense, with 14.7% increases in prices and 30.1% in quantities. As usual, Brazil, China and the United States were leaders among the principal business partners. Also, 2021 witnessed an outstanding performance of India, which ranked fourth thanks to a marked increase (71.5%) in purchases from Argentina, and of Chile, the country with which we recorded the highest surplus (USD 3.486 billion), with an increase of 48.3% compared to 2020.

The official foreign exchange rate (wholesale) at the closing of 2021 recorded ARS 102.72, which implies a 22% devaluation accumulated over 2021.

According to the monthly monetary report issued by the Central Bank of Argentina, the monetary base for December was ARS 3.394 trillion, which implies an average monthly nominal increase of 7.8%

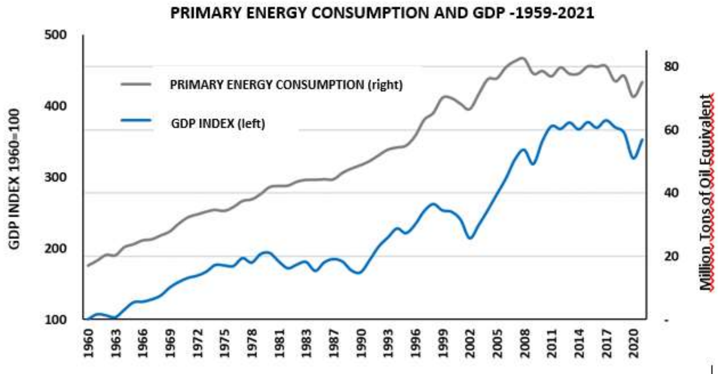
The Central Bank's International Reserves ended December with a balance of USD 39.582 billion, reflecting a decrease of USD 1.947 billion since the end of November. Most of the decrease recorded in December obeyed to the payment of principal to the IMF in the framework of the Stand-By Agreement, for approximately USD 1.850 billion. In this way, International Reserves accumulated an increase of USD 195 million in one year.

Structure of the energy sector

Energy demand and consumption in Argentina is positively related to Gross Domestic Product, which means that the greater the economic growth, the greater the consolidated demand for all energy products. The reverse is also verified with less intensity, as the decrease in economic activity is linked to a reduction in energy consumption of a lesser magnitude.

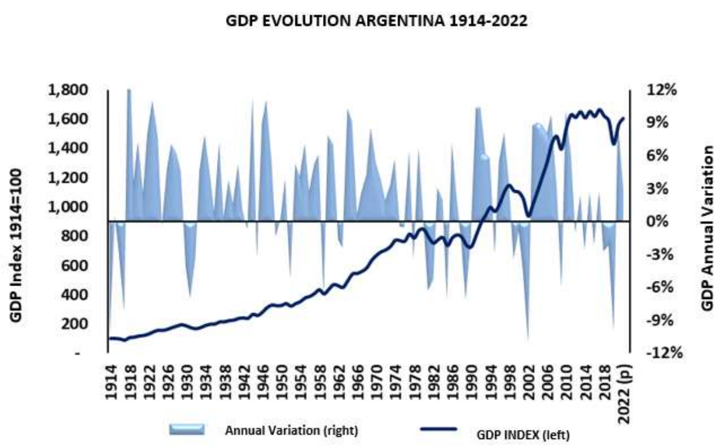
In the period from 1959 to 2021, energy consumption has shown a historical annual average growth of 2.5%1, with a normalized average of only 0.6% per year since the Great Crisis of 2002. The significant drop in energy consumption and GDP in 2020, -6.6% and -9.9% respectively, showed an important reversal in 2021, estimated at +6.6% and +9.0%. The relevance of this recovery is significant, especially seeing that it concentrates in this second half of 2021. However, energy consumption offers a poor performance over the last decade.

[1] Official data from the Energy Secretariat for the period 1959 to 2020 and preliminary estimate for 2021 prepared by G&G Energy Consultants.

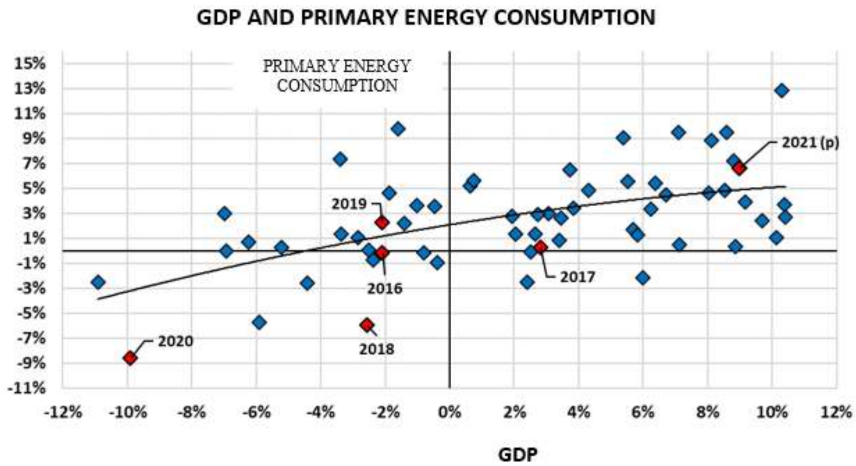


The economic recession in 2018 – a -2.6% contraction from the good economic level of 2017, which recorded +2.8% – and the summer months with lower temperatures than those of the previous year, had a minimal impact on the energy demand, with a reduction of 6.0% compared to 2017. In 2019, despite a new drop in GDP of -2.1% from 2018, there was a 2.2% increase in energy consumption compared to 2018, with the influence of the freeze on gas and electricity rates since the beginning of the year and on fuel prices since August 2019.

The consequences of the restrictive measures imposed since March 2020 to hold back the effects of the COVID-19 pandemic had an overwhelming impact on the Argentine economy. During 2020, the economic crisis derived from the social isolation measures resulted in a historic economic contraction of -9.9%. The reduction in energy consumption was historic as well, a contraction of -8.6% even with lower temperatures in winter, compared to 2019.



The economy is in recovery, with its annual growth estimated at +9.0% according to consultants specialized in economic analysis. The first estimates prepared by G&G Energy Consultants for energy consumption in 2021 exhibit a strong increase of +6.6%, with temperatures ranging within historic parameters in both summer and winter periods.



The decrease in primary energy consumption over the past years until the start of the pandemic in 2020, outstanding in the graphic above, represents the peak of the process of economic stagnation that is taking place since 2011. From 2016 to 2018, stagnation in energy consumption had the impact of the gas and electricity rate restoration process. This impact was surpassed by the historic economic crisis of 2020, which in a way evidences that the evolution of economy has a more direct impact on energy consumption. Therefore, we could expect energy rates to be restored when Argentina resumes its economic growth, since the policy of tariff adjustments does not necessarily have a decisive influence on economic development.

The growth in energy consumption during several years of the first decade of the 21st century resulted from high economic growth, which was driven mainly by the demand of energy products from the Residential and Commercial sectors, and to a lesser extent by the growth in Industrial sector consumption, as shown by the levels of gas, gasoline and, in particular, electricity consumption. The economic stagnation of the Argentine economy since 2011, with an alternation between positive and negative years at similar levels, has reduced energy consumption growth rates, which had shown favorable increases above the historical median between 2003 and 2011. The depressed rates of fuel, gas and electricity during those years have probably encouraged energy consumption in this period, although they have proven to be unsustainable for Argentine macroeconomy.

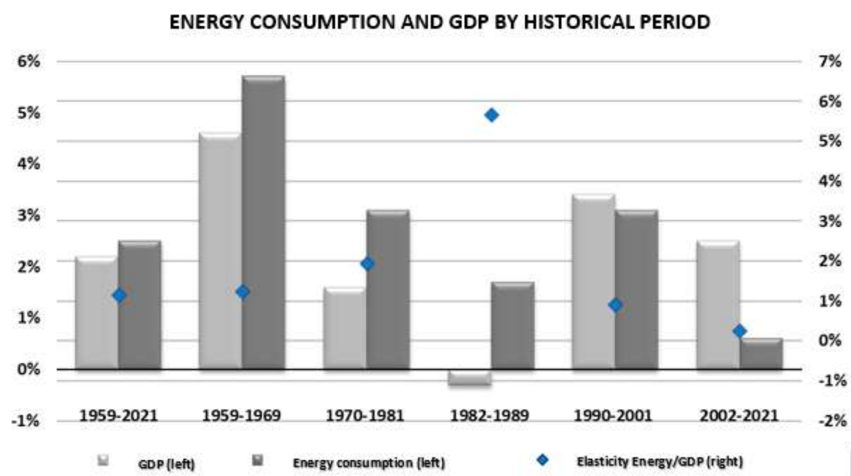
The elasticity of energy consumption in relation to GDP[2] in the last two large political-economic cycles — the 1990 decade and from 2000 to 2020 — has been lower than in previous decades. The restrictions on energy demand due to insufficient supply and the need to import energy to supplement domestic supply had an impact on the economy, and on the Industrial sector in particular.

Should a process of solid economic growth exist in the future, the need for energy supply will certainly be ever-increasing, greater than in the last twenty years.

[2] Data for the period 1982-1989 show apparently high elasticity because the instability and volatility of the GDP, which showed a negative average, distorting the calculation.

HISTORICAL-ECONOMIC PERIOD	ANNUAL GDP	ENERGY CONSUMPTION	ELASTICITY ENERGY/GDP
1959-2021	2.2%	2.5%	1.1
1959-1969	4.6%	5.7%	1.2
1970-1981	1.6%	3.1%	1.9
1982-1989	-0.3%	1.7%	5.7
1990-2001	3.4%	3.1%	0.9
2002-2021	2.5%	0.6%	0.2

The restrictions on the supply of energy products, such as natural gas in the last cycle of economic growth through to 2011, and the moderate growth in energy demand in broad terms[3] created difficulties in effective supply to demand. Prioritization of supply to gas and electricity consumers in the Residential-Commercial segment, along with a slight to modest industrial recovery, gave way to restrictions and a lesser growth of energy consumption by large consumers.



Argentine primary energy consumption is dependent on hydrocarbons, which accounted for 86.8% in 2016, 86.5% in 2017, 85.8% in 2018, 86.1% in 2019, and 85.4% in 2020.

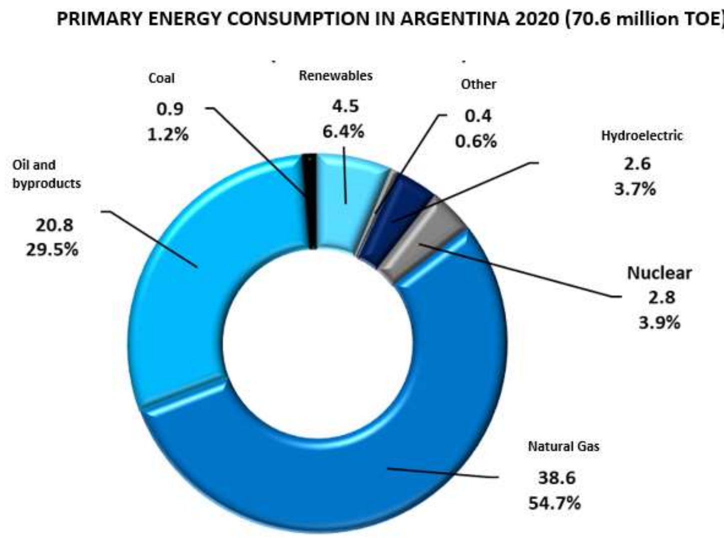
We do not estimate significant variations for 2021, probably at 86%, due to the reduction of hydroelectric power supply which was only partially offset by the increase in renewable sources of electricity supply[4].

This percentage of fossil-fuel sources has dropped slightly in the last years as a result of the obligation imposed on fuel supplying refineries to incorporate a proportion of biodiesel and bioethanol in their production of fossil fuels, such as diesel and gasoline, and also dozens of wind and solar generation plants, especially in 2019, 2020 and 2021. For 2022 and 2023,

[3]From the analysis of a specific sub-sector such as electricity, it may be observed that the demand growth rate is higher than the GDP growth rate.

[4] Latest official data for 2020. Estimate for 2021 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.

we expect this process of adding electricity plants from renewable sources to cease, so that the role of fossil hydrocarbons should increase slightly if energy consumption grows, as we consider will be the case.

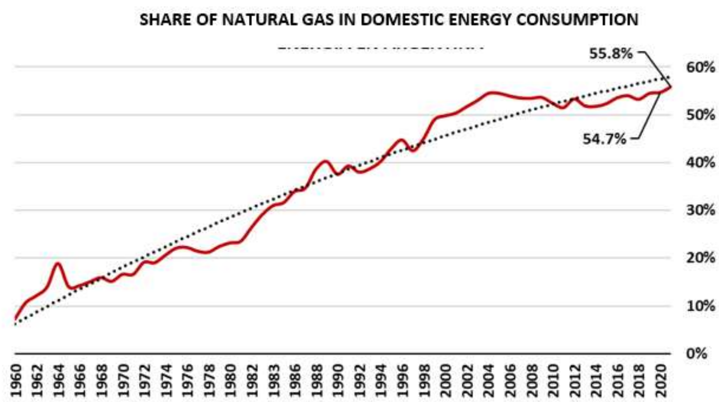


Few countries show this structure of heavy reliance on oil and natural gas byproducts, in coincidence with significant oil and gas reserves. Although Argentina does not have large conventional oil and natural gas reserves in relation to its domestic demand, it has relevant potential in terms of unconventional gas and oil resources. Due to the nature, features and costs of the investments required, there are difficulties in modifying the current energy primary consumption structure in the short term in favor of hydroelectric or renewable sources. Even so, different governments maintained ambitious self-set goals of increasing renewable sources in electric power supply, restrained since 2020 due to scarce financing and limitations to electricity transmission.

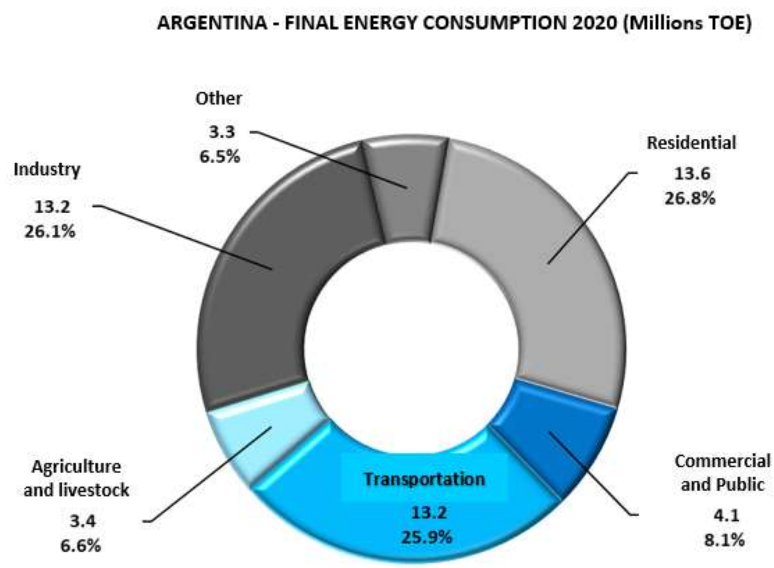
The high share of natural gas in primary energy consumption – 53.2% in 2018, 54.5% in 2019, 54.7% in 2020 and an estimated 55.8% in 2021 – fluctuates annually based on imports of natural gas from Bolivia and liquefied natural gas (LNG) from various sources, and on local production from different basins to meet the demand. Despite the increase in domestic production that was observed in the 2018 winter season and, particularly, in 2019, and the imports of gas from Bolivia and LNG, the potential demand of natural gas is partially unsatisfied in winter in the industrial segment and in the thermoelectric generation segment[5].

The 2020 winter season witnessed a situation of highest deficit in supply due to a significant reduction in local commercial production of gas, partially mitigated by the hearty recovery of the Neuquen basin in the winter of 2021.

[5] In the absence of restrictions on gas demand, the share of this product in the primary matrix would be even higher, around 60%.



Final energy consumption in Argentina – i.e., primary energy consumption net of losses in the system for production and transportation of primary products and of transformation into final energy products – is evenly distributed between the transport, industrial and residential/commercial segments. This distribution is similar to that in other developing countries with a vast territory and medium sized population.



The characteristics of the Argentine energy supply and demand are summarized below:

- An atypical breakdown featuring Oil and Gas as the predominant energy sources, typical only of large hydrocarbon exporters such as countries in the Middle East, Russia, African LNG exporters, or Venezuela.
- In addition, between 55% and 56% of internal primary energy consumption relies on natural gas with a relevant share in consumption, despite restrictions to discourage potential demand for this energy source in winter. Constraints on final supply of gas lead to its substitution through other fuels in electricity generation and some industries, and to direct restrictions on industrial activities in some industry sectors.
- This market penetration of gas in energy consumption is significant at a global scale, only exceeded by few countries with large surplus production of natural gas.

- Reduction of local energy supply of natural gas and oil in 2020 and early 2021, in agreement with the additional reduction in domestic demand after several years' stagnation. A strong reversal of this trend is observed since mid-2021, with the reversion of the offer of hydrocarbons in the Neuquen basin and extensive reduction in the other oil and gas producing basins in our country.
- The decline in investments, affected by the 2020 economic and health crisis, led to the implementation of an incentive plan for the production of gas in late 2020, making it possible to halt the drop in production and to enable saturation of the gas transportation capacity from the Neuquen basin.
- The reduced demand in 2020 — lower than the historical trend in the Industrial, Transport and Commercial segments — was followed by an important recovery in 2021, and by the end of the year, the figures were better than those for the last months of 2019, prior to the pandemic.
- The freeze on gas and electricity rates, declared by Emergency Decrees (DNU) dated December 2019, was extended over 2020 and had only one adjustment of 9% in the first half of 2021. With the economic recovery, coupled with the freeze on rates and fuel prices until January 2022, the increase in demand was repeated in the second half of 2021 and at the beginning of 2022.

SUPPLY OF ELECTRICITY AND DEMAND STRUCTURE

The electricity generation capacity in Argentina has evolved unevenly over the years, with periods of increased supply in response to the prevailing policies aimed at meeting electricity demand.

CAMMESA reports a nominal power of 42,989 MW installed and commercially authorized at the end of 2021, with a net increase of 2.5% in 2021, equivalent to 1,038 MW, after 5.7% in 2020 with respect to the end of 2019. This increase is lower than the 2,244 MW recorded in 2020 after the net rise of 1,166 MW or 3.0% in nominal availability[6] at the end of 2019.

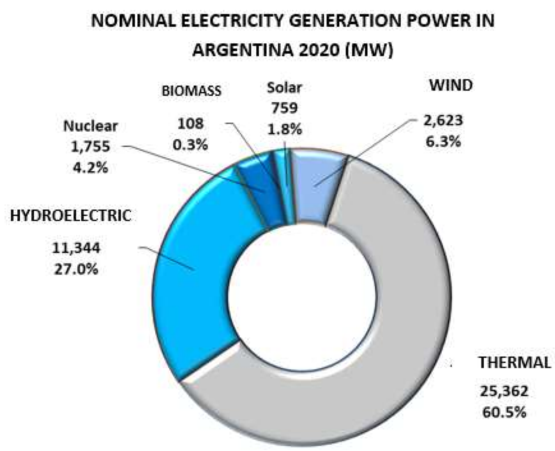
One important feature of the incorporations is that they correspond to new equipment, resulting in high effective availability; therefore, the available operating power estimated by G&G Energy Consultants in the 2021/2022 summer season was about 32,000 MW, including a rotating reserve in the order of 1,900 MW. Even so, the sudden increase of unavailability in December 2021 and January 2022 almost reached 8,000-9,000 MW on certain days, due to the reduced remuneration received by the units with no forward contracts. Several thermal units were under maintenance and with fuel shortage, in addition to limitations to technical availability of the nuclear fleet and less water availability (hydraulicity) at hydroelectric reservoirs due to severe drought[7]. G&G Energy Consultants estimates that under conditions of sufficient remuneration to the generation units without contracts, availability is close to 32,000 MW.

[6] 407 MW were incorporated in 2016, 2,179 MW in 2017, and 2,387 MW in 2018, according to data reported by CAMMESA at the end of 2020.

[7] The difference between nominal and effective power was due to restrictions on certain units caused by insufficient supply of fuel, difficulties in reaching the nominal yield, but mainly due to recurrent maintenance tasks or technical limitations in some generating units. It must also be considered that renewable units do not operate at their nominal power at all times but rather respond to specific parameters of radiation and wind speed at a point.

Unlike 2017 and 2018, when a significant number of small engine units[8] and GT units were incorporated in response to the contracts entered into under Resolution No. 21/2016, in 2019, closure of combined cycle or ST units in co-generation cycles, such as CT Renova's under Resolution No. 287/2017, started to be incorporated. In 2019, GT units of 159 MW only were incorporated compared with the 1,254 MW incorporated in 2018; in 2020, the number of GT units was reduced by 1,097 MW, mainly due to the closure of open cycles to combined cycles under Resolution No. 287/2017. In 2019, 210 MW were incorporated to the closure of combined cycles, compared to the 598 MW added in 2018; in 2020 the increase was substantial, with the addition of 1,875 MW in this power category.

In 2019 there was a substantial incorporation of 1,128 nominal MW from renewable sources — mainly wind generation — compared to 709 MW in 2018; in 2020, despite operating restrictions on building, other 1,407 MW were added from renewable sources, mostly wind. No nuclear power generation capacity was incorporated, and nominal capacity at hydroelectric power plants improved by 22 MW in 2019 and a similar amount in 2020, after the repowering of certain turbines. In 2020, some GT units were incorporated to combined cycles, renewable units were added and diesel units and engines were withdrawn.



The financial restrictions of the Government have an impact on the rate of incorporation of power plants such as hydroelectric or nuclear, as a result of the large investments required and the extended execution terms. The recurrent fiscal crises of the Government result in delays and/or suspension of these large projects. Thus, successive governments have opted to foster the incorporation of thermoelectric generating units requiring lower investments and shorter terms for implementation, even though they use natural gas and liquid fuels. As production of these fuels has had a predictable and growing development in Argentina – as it happened again in 2018 and 2019 due to higher investment in natural gas after the commercial development of tight and shale gas –, their supply has not necessarily implied a restriction in the past. However, this thermoelectric generation policy has encountered increasing restrictions relating to the supply of locally produced fossil fuels from 2004 to 2014, in particular natural gas.

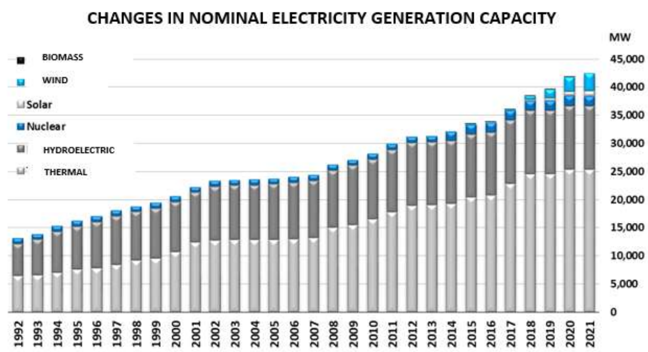
Between 2016 and 2019, the Government launched an aggressive program for hiring additional generating power, both from thermoelectric and renewable sources. The incorporation of supply was achieved through power availability and energy dispatch remuneration contracts in the case of thermal units, for terms of 10 and 15 years and with remuneration in US

[8] In 2018, 201 MW from this type of units were withdrawn In 2019, diesel engines of 155 MW and ST units of 198 MW were withdrawn.

dollars. Further units were incorporated by means of long-term (20 years) contracts with CAMMESA for the purchase of the available power, in the case of wind, solar and biomass generation units and small hydroelectric plants.

Nominal Electricity Generation Capacity

The nominal installed capacity is concentrated on thermoelectric generation, although its unavailability is relatively high in relation to other sources of generation, except for nuclear energy which exhibits recurring unavailability due to scheduled and untimely maintenance. An important number of thermoelectric power generating units show unavailability on a recurrent basis and are not reliable for dispatch, in particular during the winter season, when fuel restrictions cause a reduction in available effective power.



NOMINAL ELECTRICITY GENERATION CAPACITY (MW) - DECEMBER 2020												
REGION	ST	GT	CC	DI	THERMAL	NUCLEAR	HYDROELECTRIC	SOLAR	WIND	BIOGAS/ BIOMASS	TOTAL	%
CUYO	120	114	384	40	658	0	1.141	307			2.106	4.9%
COMAHUE	0	501	1.490	96	2.087	0	4.769		253	2	7.111	16.5%
NORTH-WESTERN	261	725	1.945	349	3.280	0	220	693	158	5	4.356	10.1%
CENTRAL		626	789	51	1.466	648	919	61	128	18	3.240	7.5%
GREATER BA-LITORAL-BA	3.870	3.693	8.594	848	17.005	1.107	945		1.177	44	20.278	47.2%
NORTH-EASTERN	0	12	0	305	317	0	2.745			71	3.113	7.3%
PATAGONIA	0	286	301	0	587	0	607		1.575		2.769	6.4%
MOBILE											0	0.0%
TOTAL	4.251	5.957	13.503	1.689	25.400	1.755	11.346	1.061	3.291	140	42.993	100.0%
THERMAL %	16.7%	23.5%	53.2%	6.6%	100.0%							
TOTAL %					59.1%	4.1%	26.4%	2.5%	7.7%	0.3%	100.0%	

G&G Energy Consultants estimates that by the end of 2021 and early 2022, available effective power -which is lower than declared nominal power for the reasons explained above- reached approximately 32,000 MW, including a rotating reserve of 1,900 MW, which could not be fully used during the heat wave recorded in January 2022 due to the alarming operating and technical unavailability resulting from a low remuneration to the generation units dispatching energy in the spot market.

The record of demand for power on a working day held on Monday, January 25, 2021, was surpassed with successive maximum records on December 29, 2021, but especially on days with maximum temperatures exceeding 41°C in CABA and even higher in Santa Fe during a heat wave in the central region of the country.

The latest maximum record was held on Friday, January 14, 2022 with an increase of 6.7% (4,108 MW) compared to January 25, 2021, reaching 28,231 MW with forced and scheduled restrictions hard to be estimated. On Saturday, January 15, 2022, also recording very high temperatures, the record of power consumption for a Saturday was broken with 26,719 MW and an extraordinary increase of 18.2% (4,108 MW) from that recorded in January 23, 2021.

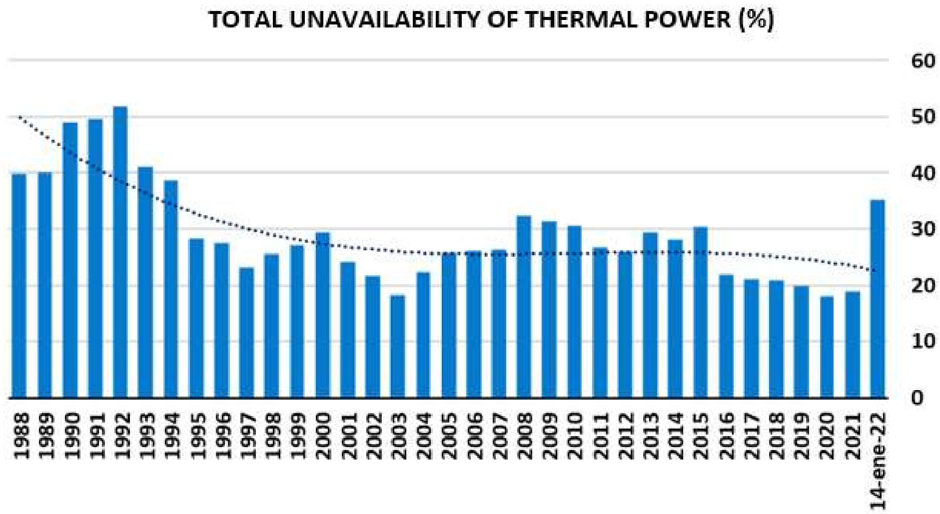
Daily power consumption records were exceeded during the heat wave. On Friday, January 14, 2022, the demand for energy on a business day was exceeded with 575.9 MWh, 5.8% higher than in January 2019. On Saturday, January 15 and Sunday, January 16, 2022, records for power demand for a weekend were surpassed with 559.0 MWh and 478.9 MWh, respectively.

RECENT CHANGES IN ELECTRICITY CONSUMPTION RECORDS						
DAY	PREVIOUS RECORDS		CURRENT RECORDS		VARIATION	MW
	POWER (MW)					
Saturday	Jan-23-21	22.611	Jan-25-22	26.719	18.2%	4.108
Sunday	Dec-27-15	21.973	Jun-27-11	23.301	6.0%	1.328
Working Day	Jan-25-21	26.450	Jan-14-22	28.231	6.7%	1.781
DAY	**ENERGY (GWh/d)**				**VARIATION**	**MW**
Saturday	Dec-30-17	478.4	Jan-15-22	559.0	16.8%	80.6
Sunday	Jan-24-21	457.8	Jan-16-22	478.9	4.6%	21.1
Working Day	Jan-29-19	544.4	Jan-14-22	575.9	5.8%	31.5

As mentioned, in January 2022 maximum records of electric power demand were beaten, although without excess of generation capacity unlike previous years, because there was extraordinary unavailability (8,191 MW of thermal generation units, plus 505 MW hydroelectric and 230 MW nuclear units). This unavailability prevented from maintaining the record for dispatch of the thermoelectric fleet of 17,274 MW, held on January 25, 2021, reaching 16,408 MW on January 14, 2022, with only 411 MW under remaining availability, which were not used to avoid unexpected interruptions.

The shortage of electric power generation reserves verified in winters and summers up to 2016 was solved with the incorporation of power. In the cold days of winter 2019 and 2020, it was evidenced that the incorporation of new electric power, which increased following the investment program in place since 2016, changed the situation with high available capacity only affected by fuel availability. However, insufficient power and energy remuneration to units that have no forward contracts, together with the completion of contracts under other modalities, is a key factor in the accumulation of unavailability of these units that hindered reliable supply in January 2022.

The status of thermoelectric unavailability, which had improved, was not maintained in January 2022, as those generators with units that have no forward contracts with CAMMESA could not afford necessary investments in maintenance -achieved until 2018/2019- when their remuneration started to decrease.



The increase in effective available power had improved considerably until 2021 with the incorporation of new power plants. In 2021, the incorporation of the cogeneration unit of Terminal 6 where Central Puerto S.A. participates stood out, as well as the stable operation of the Renova cogeneration unit in which Grupo Albanesi takes part. In 2022, the construction of the large combined cycle power plant Ensenada de Barragán owned by Pampa Energía-YPF continues, as well as that of power plant Brigadier Lopez owned by Central Puerto.

Grupo Albanesi companies made significant investments in various power plants and complied with the incorporation of power in general, over terms agreed with the new units incorporated. The last power plant involved in this investing process was the mentioned Renova cogeneration unit in 2021 (Central Térmica Cogeneración Timbúes).

The new generation capacity incorporated in 2019 corresponds in a minimum portion to the international public bidding called under SEE Resolution No. 21/2016 of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW. All awards under SEE Resolution No. 21 have been completed. Grupo Albanesi actively participated in the bidding process with the following power plants:

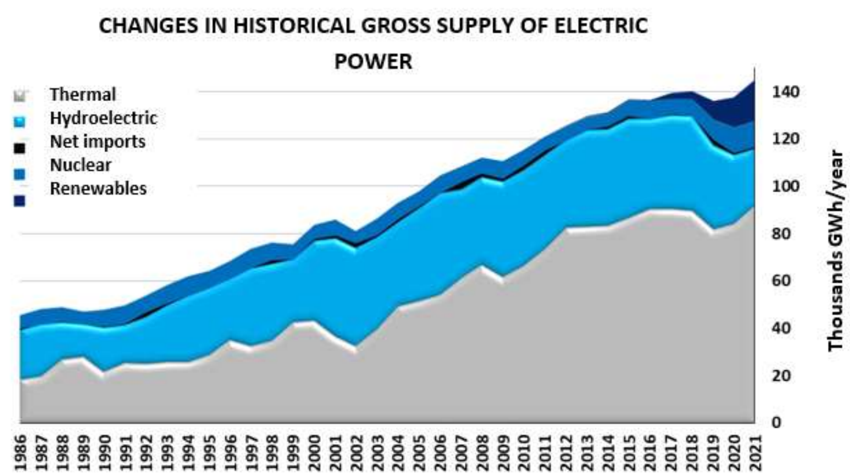
- CTE owned by GMSA received commercial authorization in September 2017, with two Siemens SGT800 turbines of 50 MW each, and a third turbine of 50 MW which was incorporated in 2018.
- CTI owned by GMSA received commercial authorization for a Siemens SGT800 turbine of an additional 50 MW in August 2017 and a second additional turbine of similar power in 2018.

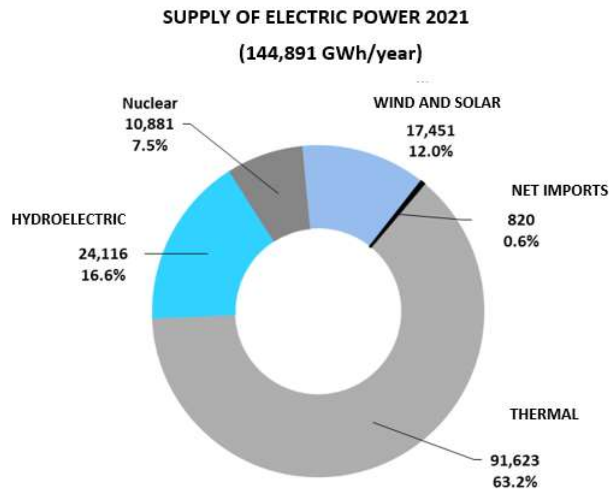
- CTRi owned by GMSA received commercial authorization for a new Siemens SGT800 turbine of 50 MW in May 2017, in addition to the existing 40 MW.
- CTMM owned by GMSA incorporated 100 MW of nominal power, in July 2017, adding to the existing 250 MW.
- The closure of combined cycle was implemented at the CTR, with the incorporation in 2018 of a 60 MW steam turbine to the existing 130 MW gas turbine.

In addition, various companies making up Grupo Albanesi were awarded forward contracts with CAMMESA for expanding their capacity in the coming years. Within the framework of the international public bidding for closure of combined cycle and co-generation projects called for under EES Resolution No. 287-E/2017 of the Energy Secretariat of the Ministry of Energy and Mining, Grupo Albanesi was awarded three projects to install 351 MW of new capacity with other units of different companies. Albanesi was able to have the Renova cogeneration unit in full operation in Santa Fe despite the interruption of financing in Argentina since the 2018-2019 crisis. Grupo Albanesi took part in the incorporation of generation capacity under EES Resolution No. 287E-/2017 with the following power plants:

- The cogeneration project of the Central Térmica Cogeneración Timbúes of 172 MW in the province of Santa Fe, operating since 2019 in association with Renova, producer of oil and soybean crushing, is in full operation capacity since 2021.
- Closure of cycle with additional 125 MW steam turbines in the CTMM in Córdoba, in the process of obtaining financing.
- Closure of cycle with 150 MW steam turbines in the CTE in Buenos Aires.

Gross Electricity Demand in the internal and external market – including losses in the transmission and distribution system, and the company’s own consumption at rotating generating units – has shown a significant growth in thermoelectric power supply in recent decades, accompanied by a mild increase in the hydroelectric power supply due to the incorporation of the last stage of the CH Yacyretá following the gradual increase of its generating quota as from 2006.





Between 2016 and 2020, the growth trend of electric power demand showed a slowdown, aggravated in 2019 partly by moderate winter temperatures. In 2020, significant exports to Brazil in the last months of the year enabled a slight upturn of 1.2% with respect to 2019, although domestic market demand was reduced. This long-term trend reflects moderation in electricity demand in periods of economic downturn, such as 2016, 2018, 2019 and especially 2020, with an impact of tariff adjustments implemented until February 2019 to partially improve electricity supply cost coverage. In 2020, the effect of the measures to control the COVID-19 pandemic led to a reduction in demand especially in the industrial and trade sectors.

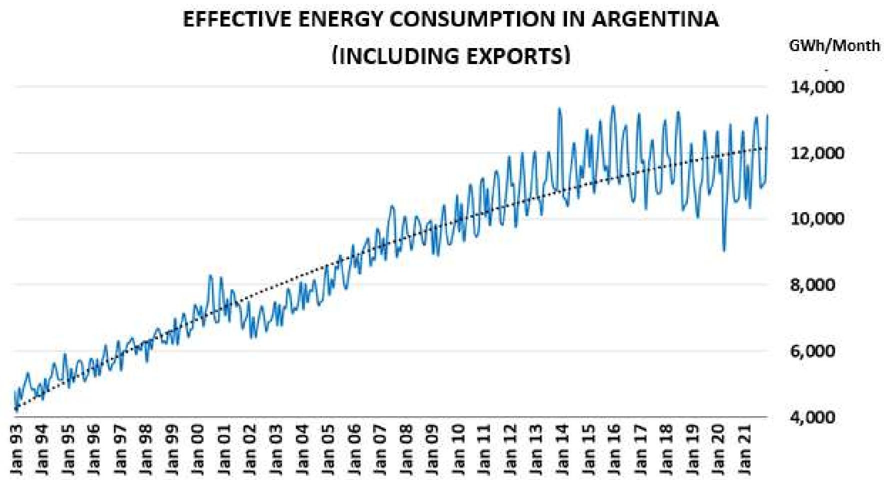
There was a reduction in internal gross electricity demand of -2.9% in 2019 and -1.0% in 2020. The economic reactivation in 2021 with the opening of activities led to a significant expansion in internal demand of +4.9%: If energy exports to Brazil are considered, the expansion in demand was, in the aggregate, +5.4% in 2021 after recording + 1.1% in 2020.

Demand of electric power

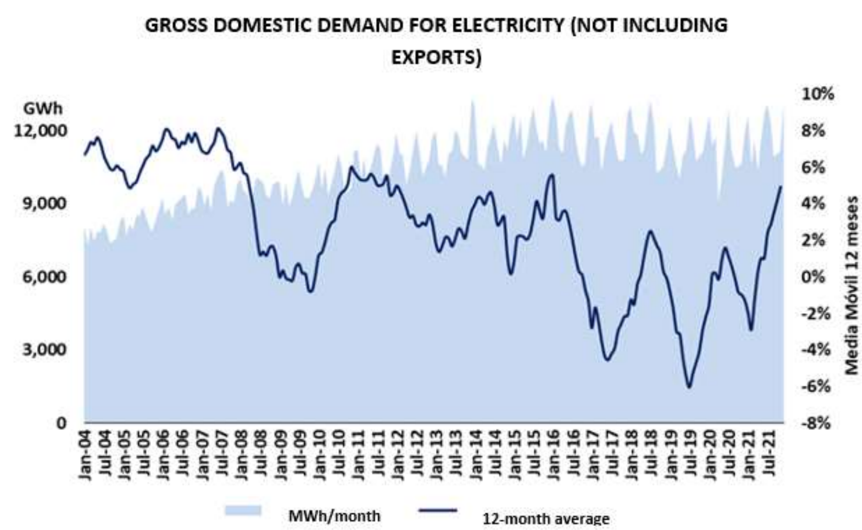
CAMMESA divides Argentina into regions with similar characteristics from the demand point of view, as well as on the basis of the socio-economic characteristics and the integration of each electricity subsystem.

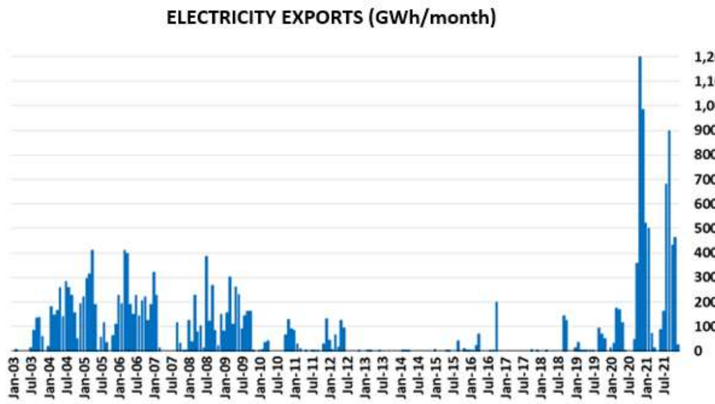
Demand is highly concentrated in the CABA-Greater Buenos Aires area-Litoral region, which accounts for 61.4% of the total electricity demand of the country in 2020; minor changes are estimated for 2021, possibly with a participation of 62% after activities are resumed, especially in Greater Buenos Aires. Growth rates in other regions, such as the Northwest, Comahue and Patagonia, are higher than in the rest of the country. However, the changes in the current structure will not be significant in the future; accordingly, investments in electricity supply will be concentrated in these regions.

Estimates by G&G Energy Consultants in 2021 suggest a strong reversal of internal gross demand at +4.9%, with rate freeze and economic reactivation. We believe that the growth rates of electricity internal demand will be similar to historical rates once the economy returns to a normal path after the striking, uncustomary variations of the last two years.

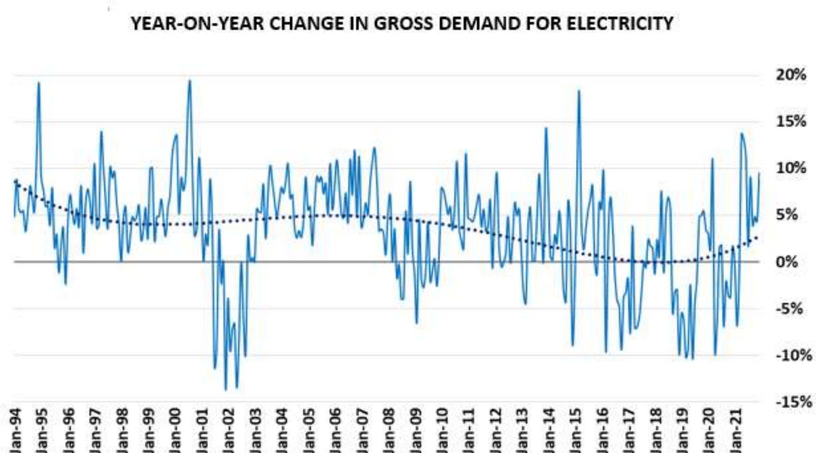


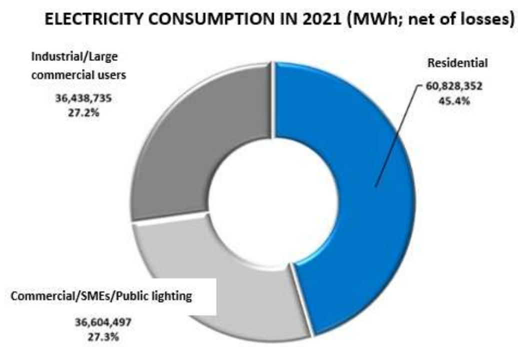
The development of the moving twelve-month average evidences a decrease in energy demand, with inactivity until mid-year 2019, subsequent budding recovery and renewed fall resulting from social isolation in 2020 and early 2021. The upward turn sustained over recent months will probably extend at least until the winter of 2022.





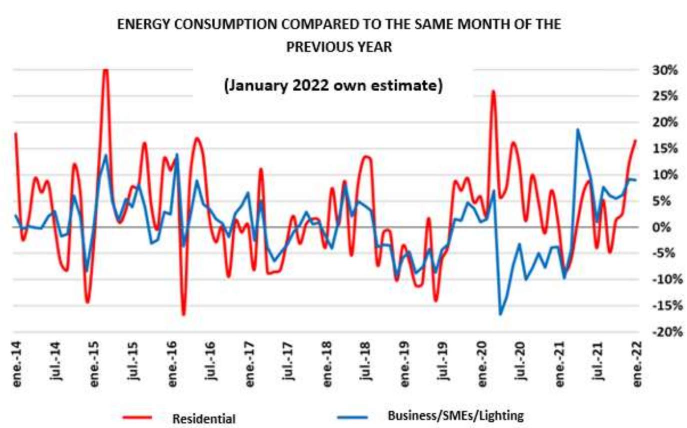
A direct inter-annual analysis, as opposed to the moving twelve-month average, which is useful to observe the changes in the trend, shows a growth rate from 5 to 10% in 2010 and beginning of 2011, with an abrupt slowdown including negative values in 2012 and beginning of 2013, with growth being stimulated after the 2012 winter. December 2013 and January 2014 showed spectacular residential and commercial demand due to the heat wave which affected the central area of Argentina during those periods, which in December 2014 was reverted with a sharp fall in demand when temperatures became normal.



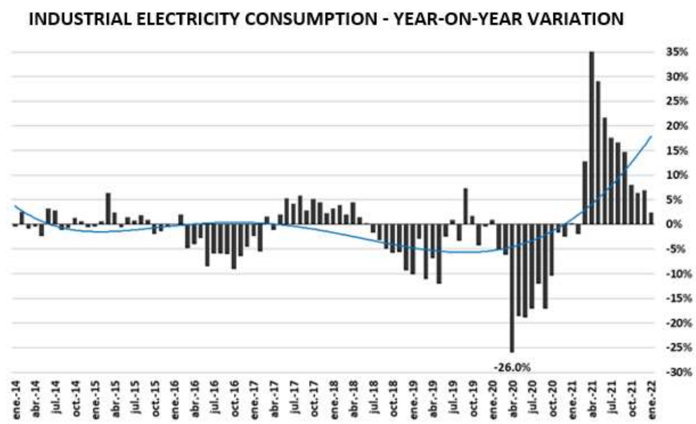


In 2019 there was a reduction of -2.9% in annual electricity demand. The residential electricity demand segment was reduced by -2.0% in 2019 following the 2.0% increase recorded in 2018 as a result of winter and summer temperatures. In 2017, electricity demand from this segment decreased by -2.0% as a result of tariff adjustments and moderate temperatures in summer and winter, after 3.0% in 2016 compared with 2015, higher than 2.1% recorded in the recessionary 2014 compared to 2013, but lower than 7.7% recorded in 2015. In 2020 a sharp increase of 8,1% was recorded, obeying to the rate freeze and social isolation, which implied more hours of consumption at homes. Our estimate in 2021 is that consumption in the residential segment increased +1.3% despite the lesser number of people staying at home, driven by economic reactivation and the rate freeze.

The commercial electricity demand segment grew 3.2% in 2016 compared with 2015, a growth higher than the 0.2% recorded in 2014, and lower than the 3.8% recorded in 2015. In 2017, this segment decreased by -0.4% and in 2018 a further -0.4%. In 2019, this trend increased to -3.2%. The electricity tariff adjustments implemented in February 2016, followed by adjustments to natural gas in April 2016, partly affect consumer demand. 2020 witnessed a tight contraction of -5.3%, due to the severe economic crisis suffered by these consumers, with a partial reversal of +4.4% in 2021.



The industrial activity stopped falling at the beginning of 2017, and the activity growth lasted until early 2018, when once again, a significant slowdown began, accelerated in the last few months of that year. In 2016, the Industrial segment had shown a -4.7% reduction in electricity demand after a modest +0.8% in 2015. In 2017, the industrial reactivation showed a 2.0% increase in electricity demand, while 2018 ended at –1.3%, with very negative year-on-year figures of -5.8% and -9.7% in November and December 2018. In 2019, the recessive trend grew until the first half of the year, with an annual contraction of -3.6% and a recovery in some months. In 2020 an intense contraction of -11,3% was recorded, due to the severe economic crisis, with a recovery since the end of that year if compared to the bad months of 2019. The reversal observed in 2021 was significant, +13.1%; thus, consumption in this segment is above that at the end of 2019.



3. HIGHLIGHTS FOR FISCAL YEAR 2021

3.1 Electric power

In the course of 2021, the demand of electric power was 3% higher than the demand recorded in 2020 and 5% lower than that of 2019. Industrial demand increased by 1.3% compared to the previous year, while residential demand grew by 3.6% as against the same period in 2020.

In terms of maximum power recorded, maximum consumption reached 27,088 MW on Wednesday, December 29 with a maximum temperature of 37.2° C.

CTMM

One of the main objectives of GMSA in 2021 for CTMM was to renew contracts with Large Users in the Forward Market. This was successfully achieved by reflecting in prices the real costs of fuel, operation and maintenance plus a reasonable margin. The power from TG03 and TG04 units has been fully contracted. The duration of these contracts is from 1 to 2 years.

In compliance with the WEM Supply Contract executed with CAMMESA as per ES Resolution No. 220/2007 for 45 MW of the TG05 unit, the availability targets stipulated in the contract were fulfilled, thus avoiding penalty charges due to significant unavailability events during the year. The contract expired on September 18, 2020; as a result, all the power will be remunerated under Resolution No. 440/2020, and it can also be sold in the Forward Market, in principle, up to 15 MW.

The combined cycle has complied with the power availability goals committed to with CAMMESA, maximizing the remuneration for power. The combined cycle availability was 100%.

The open cycle MMARTG03 and MMARTG04 units recorded average annual availability of 50%. The availability of MMARTG05 unit was 94% and of MMARTG06 and MMARTG07 units was 100%, resulting in an annual average of 85%. The electricity generation at the power plant reached 164,884 MWh during 2021, mostly concentrated in the TG03, 05 and 04 units supplying Large Users in the WEM.

CTI

In 2021, CTI units operated at a low dispatch level, meeting the availability targets committed in the Supply Agreement under Resolutions Nos. 220/2007 and 21/2006. Therefore, no penalties were imposed for significant unavailability during the year.

The WEM Supply Contract entered into with CAMMESA expired in mid-November 2021, under the framework of ES Resolution No. 220/2007 for 90 MW of TG01 and TG02; as a result, all the power will be remunerated under Resolution No. 440/2021, and it can also be sold in the Forward Market, in principle up to 15 MW.

The new units installed within the framework of Resolution 21/2016, GT03 and GT04, reached an annual availability average of 100%, and complied with the power agreed upon in the Contract for Wholesale Demand.

Lastly, the energy generated in 2021 by the four units was 72,772 MWh.

CTRi

In 2021, it had an average plant availability of 100% and the generated energy was 17,849 MWh, 95% of which corresponds to the unit TG24, authorized for operation in 2017.

CTLB

In 2021, the availability targets were met, achieving full remuneration for Fixed Cost power. The Plant had an average plant availability of 100%.

CTF

In 2021, CTF reached an average plant availability of 100%. The Power Plant recorded generated power amounting to 25,681 MWh.

CTE

Throughout 2021, the availability of the three gas turbines was of 99%, which easily allowed to fulfill the availability agreed upon in the Contracts for Demand signed within the framework of Resolution No. 21/2016.

Energy generated in 2021 amounted to 158,303 MWh.

3.2 Maintenance

CTMM

The objective of the maintenance tasks carried out during the year was to ensure the availability of the combined cycle units and open cycle units. The maintenance plan comprised all the units and ancillary equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at GU 01 and 02 of the Combined Cycle, GU 03, 04 and 05 – Siemens PWPS FT8 Turbines –, and GU 06 and 07 – Siemens SGT 800 Turbines –, as recommended in the manufacturer's manual as per hours run.

With PWPS, the maintenance agreements remained effective, and the major maintenance plan started on four PT and one GG units, performed at the PWPS workshops in USA.

In addition, the remote and local assistance agreements with Siemens Sweden and Argentina also remained effective.

CTI

The objective of the maintenance tasks carried out during the year was to ensure the availability of the generating units. The maintenance plan comprised all the units and ancillary equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at GU 01 and 02 – PWPS FT8 Turbines –, and GU 03, 04 and 05 – Siemens SGT 800 Turbines –, as recommended in the manufacturer's manual as per hours run.

In addition, the remote and local assistance agreements with Siemens Sweden and Argentina also remained effective.

CTRi

The objective of the maintenance tasks carried out during the year was to ensure the availability of generating units. The maintenance plan comprised the generating units as well as ancillary equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at the GU 21, 22 and 23, as recommended in the Manufacturer's manual as per hours run.

For the Siemens SGT 800 GU 24, the average maintenance recommended by the manufacturer was carried out, according to manuals.

In addition, the remote and local assistance agreements with Siemens Sweden and Argentina also remained effective.

CTLB

The objective of the maintenance tasks carried out during the year was to ensure the availability of the generating units.

The maintenance plan comprised the generating units and ancillary and building equipment.

The minor predictive and preventive maintenance tasks scheduled were carried out during the year at GU 21 and 22, as recommended in the manufacturer's manual and the good practices in the art.

CTE

The objective of the maintenance tasks carried out during the year was to ensure the availability of the generating units.

The maintenance plan comprised the generating units and ancillary and building equipment; Type “A” maintenance was conducted on gas turbines by Siemens Argentina personnel, with assistance from Siemens Sweden specialist.
In addition, the remote and local assistance agreements with Siemens Sweden and Argentina also remained effective.

3.3 Environmental management

Corporate Environmental Management System

The ISO 14001:2015 certification for the Environmental Management System of Grupo Albanesi is available based on implementation with a corporate scope, for the following companies: GROSA, CTR, AESA and GMSA, with their thermal power plants: CTMM, CTRi, CTI, CTLB, CTF, and CTE. Among these companies, it is important to mention:

a) GMSA, CTMM also have a Quality Management System certified under ISO standard 9001:2015 implemented in an integrated manner with its Environmental Management System.
b) GMSA, CTE obtained the ISO 45001:2018 certification on Occupational Safety and Health in December 2021.

This type of environmental management, specially notable for its corporate character, allows working in a unified and coordinated manner at all work sites, applying the same criteria for determining the environmental aspects of the activity, significant assessments and the operational controls adopted in response to those matters.

Supported by standardized documentation and implemented within a work framework based on joint and cooperative performance between the parties, sustained growth has been achieved over time, subject to regular performance reviews and ongoing improvement processes.

The main benefits of the above may be noted in aspects such as:

- Environmental awareness and the involvement of the personnel in the fulfillment of the objectives set.
- The priority given to preventive management actions.
- A history of absence of environmental incidents, resulting from a work culture rooted in deep ethical and professional values.
- Efficient performance in connection with the necessary corrective actions and the permanent eradication of root causes, safe contention of risks and achievement of new opportunities for improvement.
- Attention given in due time and manner to comply with legal requirements.
- Improved management of environmental issues relevant to the activity, with special attention to its life cycles and the interests related to environmental sustainability.
- Effectiveness, fluency and clearness of internal communications, for timely addressing the needs and challenges of management.
- Interest and attention paid to concerns and expectation of the community and other external stakeholders.
- Strict regularity in the follow-up and analysis of environmental parameters.
- Efforts expended, with meritorious results, to the preservation of order, hygiene and aesthetic care of natural spaces.

In October 2021 a new external audit process was conducted by the IRAM, which resulted in the renewal of the certifications on Management Systems (Quality at CTMM and Environment at Group level in the electricity generation area) for another three-year period.

3.4 Human Resources

This fiscal year pervaded by the pandemic posed a challenge for us to find the most possibly efficient way to adapt to the previously formulated plans for this sector.

The continuance of the restrictive measures enforced, as well as evidence of the effectiveness of an organization model with on-site presence of work teams at the Head Office on a rotating basis, provided the final drive to adopt a flexible work system; this was materialized after mid-year and now is fully implemented, with cooperation from all our staff and coordinated by the Company's Management.

This flexible-work organization, that can be accepted by employees on a voluntary basis, consists in a "hybrid 3 x 2" system, i.e. 3 days at the office and 2 days working from home.

This change, which we consider as pivotal in the history of our company, has triggered actions of various kinds for adapting our Benefit Plan and Training programs, among others, and also the infrastructure, with considerable changes as to layout, communications, ergonomics and working conditions.

Both for our working community and for the other business activities declared essential, the objective is always "Ensuring the Company's operating condition and preserving the health and well-being of our staff and their families".

Communications to personnel and HR information systems

All communication channels continue being used for announcing the measures implemented and raising awareness about care and prevention in connection with the pandemic and quarantine situation.

Available channels:

- Newsletter RH+
- Portal SAP Jam
- Email
- The Performance Management Program was conducted thoroughly on line, by means of the Success Factors platform.
- A tool was integrated into the Success Factors platform to enable follow-up of the COVID-19 situation and also that each employee can report the progress of their own vaccine plan.

Employment opportunities

The Group's employment level remained practically stable, with a decrease of only 2.48 % from the previous year.
Through our internal mobility program "MOBI", 8 positions were offered to cover internal rotations, and 21 persons from an external source were incorporated for replacements, 60 % of them at Operations and the remaining 40 % at the Head Office.

Staff turnover figures
7 vacancies were filled through internal searches. Turnover rate for 2021 was 4.3%.

Training

More than 20,000 hours were devoted to Training, distributed among soft disciplines aimed at senior and middle managers. Continuous education in languages, Compliance, Leadership Skills and the development of technical competencies, Occupational Health, Hygiene and Safety, technical skills and specialization to be in line with the changes in job positions, across all levels in the organization.

Well-being and motivation

Based on the constant goal of enhancing our "employee experience", we introduced several modifications to our Benefit Plan; one of the most outstanding is the incorporation of the Gympass platform at a nation-wide scale, to enable access to various well-being programs for employees and their families, with access to the program and gyms in most of the cities where the Group has operations.

By means of our Newsletter RH+, we continued developing contents oriented to achieving work-life balance in remote working.

- Articles on ergonomics, safety and working conditions
- Articles on healthy food
- Stress management

A luncheon benefit was added by means of the tool Restaurant Card, which enables access to a network of restaurants registered with this program in the proximity of the Head Office.

The staff following the flexible work system were provided a notebook for remote working, plus all the accessories needed to perform their tasks under safe ergonomic conditions and for protecting the assets (mouse pad, headset, wireless keyboard and backpack).

Individual lockers were implemented to keep personal belongings after using flexible work stations.

Infrastructure and connectivity for flexible work stations

In order to materialize a flexible work organization, the Technology area equipped all work stations with the connection elements necessary for each station — to be shared by several employees — to meet the required standards in terms of ergonomics, safety and communications.

An application for making reserves of flexible work stations was implemented for all the staff working at the Head Office.

Prevention and operations at every location with on-site activities

- Maintenance and continuous updating of the COVID-19 Protocol for both Operations and Head Office.

- Provision of personal protection elements
    - Face masks for all personnel.
    - Alcohol-based gel sanitizer and liquid alcohol for spraying on clothes.
    - Latex (disposable) gloves and dishwashing type ("Mapa") for cleaning and orderly personnel.

- Prevention, asepsis and sanitarian control
  - Digital thermometers for temperature control at a distance, at all locations.
  - Shoe sanitizing mats at the entrance of each floor, with an additional rug for drying.
  - Visual luminous detectors at the entrance of each restroom facility, to comply with prevention measures.
  - Elements for handling non-perishable food (e.g.: stainless steel tongs + disposable transparent 1.5-micron nylon gloves).

- Head Office
  - Cleaning and sanitization of carpets.
  - Room sanitization using quaternary ammonium spray.

These measures are all in progress and they are adjusted according to the dynamics of each site.

Sustainability/CSR

Social Balance

One year more, we have contributed on a continuing basis to the development of the communities in which we operate. We continue supporting these educational and social inclusion projects:

GENERACION MEDITERRANEA S.A. – Santiago del Estero
Grano de Mostaza Foundation

GENERACION MEDITERRANEA S.A. – La Rioja
Padre Praolini Foundation

GENERACION MEDITERRANEA S.A. – Río Cuarto – Córdoba
General Ignacio Foteringham School

Donation of computer material to educational institutions

Timbúes – Santa Fe
General Roca – Río Negro
San Miguel de Tucumán – Tucumán
Ezeiza – Buenos Aires
Frias – Santiago del Estero
Rio Cuarto – Córdoba

Corporate Volunteering Solidarity Projects

Initiatives developed by our middle-managers as projects within the program for soft skills training, counting with the Group's logistics support.

- Donation of non-perishable food and/or cleaning supplies to ONGs located in several towns identified by the volunteer teams.

Conin Center – Río Cuarto – Córdoba
Asociación Sumampeña – Frias and La Banda – Santiago del Estero
Proyectar Esperanza Foundation – General Roca – Río Negro
"Llegando a vos" Project – Ezeiza – Buenos Aires

Camino Foundation, jointly with Conin Foundation – Rosario – Santa Fe
Nuestro Hogar children's home – La Matanza – Buenos Aires

- Distribution of healthy meals through Banco de Alimentos

Rio Cuarto – Córdoba

- Donation of sports clothing to CSD y Cultural Santa Magdalena

Guernica – Buenos Aires

3.5 Systems and Communications

During 2021, the Systems and Communications areas continued to provide maintenance, development, implementation, innovation and solutions relating to applications, technology, telecommunications, information and process security, guaranteeing a suitable service level and covering the Company's business needs, even in the context of the quarantine due to the COVID-19 pandemic.

This area has policies and procedures in line with international standards which are constantly supervised to ensure compliance with the objectives of the sector, internal controls, as well as quality and ongoing improvement.

The projects and objectives achieved during 2021 are summarized below:

- Improvements and enlargement of the fire protection system at the corporate data center, to enhance its security.
- Optical-fiber connection system of the group generator at the corporate data center, enabling remote monitoring and alerts on functioning to have a proactive control on the equipment performance.
- Migration of the SAP servers to a new HP equipment, which implied both a technological enhancement and an improvement in security.
- Windows 10 licenses were renewed and extended.
- We purchased 25 notebooks for replacement of obsolete equipment and for the new assignees under the remote work modality.
- 22 PCs were upgraded, which remained available as they were replaced by the laptops and were sent to different power plants.
- 27-inch visual displays were installed in all work stations (150); also, periscopes with power outlets were installed to facilitate the new mobile-work system on each floor.
- 73 mobile phones of the fleet were upgraded and renewed.
- Commercial systems were expanded and improved, adding new functionalities for daily operation.
- New reports were developed, using new technologies (e.g., Power BI) or existing ones (Business Object).
- The process of calling for investment rounds was automated, with technology by Power Automate.
- SAP data extraction and usage was standardized (OCs, OIs, Payments, PM).
- Over 120 improvements were developed for management programs used daily.

The new Systems and Information Technology Management will continue in 2022, with the investment processes aimed at improving productivity and efficiency of existing processes, as well as adding innovative technologies, thus allowing to continue with the process to improve the actions focused on ensuring security, confidentiality, completeness and availability of the information.

Projects for 2022 include the following:

- Development of an application site for dynamic use of SAP. (Approval of expenses, releasing orders, etc.).
- Implementation of a corporate data warehouse, to integrate and combine data from different sources.
- Development of a platform for managing GAS contracts and customers.
- Upgrade of computers, notebooks and cell phones.
- Expansion and improvement of the commercial and energy billing systems.
- Implementation of a software for proactive monitoring of the equipment (cameras, servers, communication equipment, etc.).
- Expansion and improvement of the commercial and energy billing systems.
- Expansion of the CCTV system.

3.6 Integrity Program

On August 16, 2018, the Board of Directors approved the Integrity Program for the Company (the “Integrity Program” or “Program”), whereby the Code of Ethics and Conduct was strengthened and different policies were implemented, including an Anti-corruption Policy, a Policy on the Submission of Tenders and Bids and a Policy on Relationships with Government Officials. Likewise, a confidential Ethics Line was created for reports that can be anonymous and is available both for Albanesi employees and third parties. It is managed by the firm PricewaterhouseCoopers (“PwC”). The Code and the Ethics Line are available on Albanesi’s website (http://www.albanesi.com.ar/programa-integridad.php). The four channels available for reporting may be consulted on the following website: http://www.albanesi.com.ar/linea-etica.php

Additional policies were drafted later, such as the Policy on Donations, Scholarships and Sponsors, a Policy on Confidentiality and Use of Work Tools, and a Policy on Third-party Due Diligence, a complement to the tool for Supplier Integrity Risk Management (GRIP, for its Spanish acronym), developed with PwC’s assistance.

The Program includes three registers: (i) Gifts, (ii) Relationships with Government Officials and (iii) Conflicts of Interest, of mandatory use for our employees.

The Code mandates the creation of an Ethics Committee (the "Committee"), which is in charge of addressing all issues relating to any behavior reportedly against the Integrity Program. On September 9, 2020 the Company's Board of Directors approved the reform to the Regulations of the Ethics Committee, as well as the appointment of an Ethics and Compliance Officer and the renewal of the Committee members, who are in office for one year. At present, according to the appointments approved by the governing body on September 8, 2021, the Committee is composed of the Corporate Legal & Compliance Manager, the Corporate Internal Audit Manager and one Director from the Company, independent of the Group’s shareholders.

On May 3, 2021, the Board approved a Procedure for Conducting Inquiries to address the treatment of the reports received through the Line, assign responsibilities and provide safeguards to each of the persons involved in the procedure.

Further, the Company develops an ongoing Training Plan, consisting of classroom and virtual courses for all employees, directors and shareholders. It includes the implementation of short-form ads on specific matters, for instance during the current year, liaison with government officials and red flags within procurement and hiring processes.

3.7 Financial position

In the fiscal year 2021, GMSA was aimed at improving the financial profile, extending financing terms and reducing the indebtedness cost, thus ensuring the need for funds to invest in the enlargement of the capacity and the correct operation of the power plants.

At December 31, 2021, the bank and financial debt of the Company was broken down as follows:

	Borrower	Principal	Balances at December 31, 2021	Interest rate	Currency	Date of Issue	Maturity date
			(In thousands of USD)	(%)			
Loan agreement							
Cargill	GMSA	USD 2,525	2,660	LIBOR + 10%	USD	08/03/2020	09/06/2022
BLC	GMSA	USD 10,696	10,215	12% first installment, the remaining installments 12-month USD LIBOR + 11%	USD	06/26/2020	06/12/2023
JP Morgan	GMSA	USD 11,847	10,436	6-month LIBOR + 1%	USD	12/28/2020	11/15/2025
Eurobanco Loan	GMSA	USD 2,115	2,124	7.00%	USD	09/21/2020	07/27/2023
Subtotal			**25,435**				
Debt securities							
2023 International bonds	GMSA/CTR	USD 67,197	69,972	9.625%	USD	07/27/2016	07/27/2023
2027 International bonds (*)	GMSA/CTR	USD 317,592	307,622	9.625%	USD	12/01/2021	12/01/2027
Class II Negotiable Obligation co-issuance	GMSA/CTR	USD 60,000	60,869	15.00%	USD	08/05/2019	05/05/2023
Class IV Negotiable Obligation co-issuance	GMSA/CTR	USD 7,771	7,781	13% until the second date for payment of interest 10.5% until maturity date	USD	12/02/2020	04/11/2022
Class V Negotiable Obligation co-issuance	GMSA/CTR	USD 3,531	3,518	6.00%	USD	11/27/2020	11/27/2022
Class VII Negotiable Obligation co-issuance	GMSA/CTR	USD 3,044	3,011	6.00%	USD	03/11/2021	03/11/2023
Class VIII Negotiable Obligation co-issuance	GMSA/CTR	UVA 4,725	4,525	UVA + 4.60 %	ARS	03/11/2021	03/11/2023
Class IX Negotiable Obligation co-issuance (**)	GMSA/CTR	USD 3,861	3,948	12.50%	USD	04/09/2021	04/09/2024
Class XI Negotiable Obligation co-issuance	GMSA/CTR	USD 38,655	38,984	6.00%	USD	11/12/2021	11/12/2024
Class XII Negotiable Obligation co-issuance	GMSA/CTR	UVA 48,161	46,004	UVA + 4.6%	ARS	11/12/2021	11/12/2024
Class XIII Negotiable Obligations:	GMSA	USD 13,077	13,224	12.50%	USD	12/02/2020	02/16/2024
Class XV Negotiable Obligation	GMSA	UVA 36,621	35,352	UVA + 6.5%	ARS	07/16/2021	07/28/2026
Class XVI Negotiable Obligations:	GMSA	USD 98,773	100,775	7.75%	USD	07/16/2021	07/28/2029
Subtotal			**695,585**				
Other liabilities							
Banco Macro loan	GMSA	$96,400	960	BADLAR + 10%	ARS	08/03/2020	01/17/2022
Banco Chubut loan	GMSA	USD 510	511	10.00%	USD	07/26/2021	01/26/2022
Mortgage loan	GMSA	UVA 2,458	2,336	UVA + 5.5%	ARS	07/22/2021	07/25/2022
Banco Ciudad loan	GMSA	USD 4,300	4,302	SOFR + 7.00%	USD	12/28/2021	01/18/2024
Banco Chubut loan	GMSA	USD 809	814	9.00%	USD	09/07/2021	03/07/2022
BAPRO loan	CTR	$354,220	3,502	Adjusted Badlar	ARS	01/21/2020	06/04/2022
Banco Chubut loan	CTR	$62,781	627	Badlar + 5%	ARS	09/07/2021	09/07/2022
Banco Macro loan	CTR	$48,200	478	Badlar + 10%	ARS	08/03/2020	01/12/2022
Bond insurance	GMSA	$50,000	487	49.50%	ARS	12/17/2021	02/15/2022
Bond insurance	GMSA	$15,000	146	50.00%	ARS	12/22/2021	02/21/2022
Finance lease	GMSA/CTR/GROSA		2,007				
Subtotal			**16,170**				
Total financial debt			**737,190**				

(*) GMSA has ALBAAR27 (international bonds) for a nominal value of USD 7.8 million.
(**) GMSA has Class IX Negotiable Obligations co-issuance for a nominal value of USD 405 thousand

1. Brief description of the activities of the issuing company, including references to relevant situations subsequent to year end (in thousands of USD)

In accordance with the provisions of CNV General Resolution No. 368/01, as amended, we present below an analysis of the results of the operations of GMSA and its financial position, which must be read together with the accompanying Financial Statements.

	Fiscal year ended December 31:			
	2021	2020	Variation	Variation %
	GW			
Sales by type of market				
Sale of energy Res. No. 95, as amended, plus Spot	153	157	(4)	(3%)
Energía Plus sales	653	467	186	40%
Sale of energy Res. No. 220	1,272	123	1,149	934%
Sale of energy Res. No. 21	189	182	7	4%
	2,267	**929**	**1,338**	**144%**

Sales by type of market (in thousands of USD) are shown below:

	Fiscal year ended December 31:			
	2021	2020	Variation	Variation %
	(In thousands of USD)			
Sales by type of market				
Sale of energy Res. No. 95, as amended, plus spot	10,228	6,130	4,098	67%
Energía Plus sales	38,345	27,548	10,797	39%
Sale of electricity Resolution No. 220	99,826	65,742	34,084	52%
Sale of energy Res. No. 21	59,766	60,238	(472)	(1%)
Total	**208,165**	**159,658**	**48,507**	**30%**

Income/(loss) for the fiscal years ended December 31, 2021 and 2020 (in thousands of USD):

	Fiscal year ended December 31: 2021	2020	Variation	Variation %
Sales of energy	208,165	159,658	48,507	30%
Net sales	**208,165**	**159,658**	**48,507**	**30%**
Cost of purchase of electric energy	(32,137)	(8,158)	(23,979)	294%
Gas and diesel consumption at the plant	(1,855)	(13,578)	11,723	(86%)
Salaries and social security charges	(8,981)	(4,817)	(4,164)	86%
Defined benefit plan	(109)	(72)	(37)	51%
Maintenance services	(6,876)	(6,395)	(481)	8%
Depreciation of property, plant and equipment	(38,179)	(25,390)	(12,789)	50%
Insurance	(2,775)	(1,377)	(1,398)	102%
Sundry	(2,467)	(1,070)	(1,397)	131%
Cost of sales	**(93,379)**	**(60,857)**	**(32,522)**	**53%**
Gross income/(loss)	**114,786**	**98,801**	**15,985**	**16%**
Rates and taxes	(543)	(17)	(526)	3094%
Selling expenses	**(543)**	**(17)**	**(526)**	**3094%**
Salaries and social security charges	(1,013)	(707)	(306)	43%
Fees for professional services	(7,340)	(3,204)	(4,136)	129%
Directors' fees	(790)	-	(790)	100%
Travel and per diem	(420)	(9)	(411)	4567%
Rates and taxes	(355)	(33)	(322)	976%
Gifts	(42)	(453)	411	(91%)
Sundry	(711)	(266)	(445)	167%
Administrative expenses	**(10,671)**	**(4,672)**	**(5,999)**	**128%**
Other operating income	46	665	(619)	(93%)
Operating income/(loss)	**103,618**	**94,777**	**8,841**	**9%**
Commercial interest, net	2,565	(1,557)	4,122	(265%)
Interest on loans, net	(66,558)	(38,440)	(28,118)	73%
Bank expenses and commissions	(461)	(137)	(324)	236%
Exchange differences, net	(6,623)	(129,361)	122,738	(95%)
Impairment of assets	(1,953)	-	(1,953)	100%
Difference in UVA value	(12,432)	-	(12,432)	100%
Gain/(loss) on purchasing power parity	1,105	124,365	(123,260)	(99%)
Other financial results	(6,772)	(3,030)	(3,742)	123%
Financial results, net	**(91,129)**	**(48,160)**	**(42,969)**	**89%**
Income/(loss) from interest in associates	(477)	-	(477)	100%
Pre-tax profit/(loss)	**12,012**	**46,617**	**(34,605)**	**(74%)**
Income Tax	66,594	(23,866)	90,460	(379%)
Net income/(loss) for the year	**78,606**	**22,751**	**55,855**	**246%**
Other Comprehensive Income for the year				
Items that will not be reclassified under income:				
Defined benefit plan	(54)	28	(82)	(293%)
Revaluation of property, plant and equipment	-	(726)	726	(100%)
Impact on income tax - Benefit plan and Revaluation of property, plant and equipment	15	175	(160)	(91%)
Change in the income tax rate - Revaluation of property, plant and equipment	(14,933)	-	(14,933)	100%
These items will be reclassified under income/(loss):				
Translation differences of subsidiaries and associates	1,708	-	1,708	100%
Other comprehensive income/(loss) for the year	**(13,264)**	**(523)**	**(12,741)**	**2436%**
Total comprehensive income/(loss) for the year	**65,342**	**22,228**	**43,114**	**194%**

Sales:

Net sales for the year ended December 31, 2021 amounted to USD 208,165 thousand, compared with USD 159,658 thousand for fiscal year 2020, showing an increase of USD 48,507 thousand (30%).

During the fiscal year ended December 31, 2021, 2,267 GW of electricity were sold, thus accounting for a 144% increase compared with the 929 GW sold in 2020.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2021, as against the previous year:

(i) USD 10,228 thousand from sales of electricity under Resolution No. 95, as amended plus spot market, which accounted for an increase of 67% from the USD 6,130 thousand for fiscal year 2020. This is mainly because the current period includes sales of GMSA, CTR and GROSA due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only include sales of GMSA.

(ii) USD 38,345 thousand from sales under Energía Plus, which accounted for a 39% increase from the USD 27,548 thousand sold in fiscal year 2020. The GW of energy sold was higher for the fiscal year ended December 31, 2021 compared to fiscal year 2020.

(iii) USD 99,826 thousand from sales of electricity in the forward market to CAMMESA under Resolution No. 220/07, representing a 52% increase compared to the USD 65,742 thousand for 2020. Such variation is mainly due to the net effect between the increase in the dispatch of energy and the increase in the exchange rate. The current year includes sales of GMSA and CTR due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only include sales of GMSA.

(iv) USD 59,766 thousand from sales of electricity under Resolution No. 21, down 1% from the USD 60,238 thousand sold in fiscal year 2020. The GW of energy sold was higher for the fiscal year ended December 31, 2021 compared to fiscal year 2020.

Cost of sales:

The total cost of sales for the year ended December 31, 2021 reached USD 93,379 thousand, compared with USD 60,857 thousand for fiscal year 2020, reflecting an increase of USD 32,522 thousand (53%).

Below is a description of the main costs of sales of the Company, in thousands of pesos, and their behavior during the current year, compared with the previous fiscal year:

(i) USD 32,137 thousand for purchase of electricity, representing a 294% increase compared to USD 8,158 thousand recorded for fiscal year 2020, as a result of the higher sales of GW under Energía Plus.

(ii) USD 1,855 thousand for gas and diesel consumption at the plant, accounting for a decrease of 86% as against USD 13,578 thousand in fiscal year 2020. This is due to changes in the settlement of fuels by CAMMESA.

(iii) USD 6,876 thousand in maintenance services, representing an 8% increase compared with USD 6,395 thousand in fiscal year 2020. This variation is mainly due to changes in the conditions of maintenance contracts.

(iv) USD 38,179 thousand for depreciation of property, plant and equipment, up 50% from the USD 25,390 thousand in fiscal year 2020. This change is mainly due to the effect of depreciation arising from the technical revaluation in 2020. This item does not entail an outlay of cash.

Gross income/loss:

Gross income for the year ended December 31, 2021 was USD 114,786 thousand, compared with income of USD 98,801 thousand for fiscal year 2020, accounting for an increase of USD 15,985 thousand. This is mainly because the current period includes sales revenue and cost of sales of GMSA, CTR, GROSA and GLSA due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only show income/(loss) of GMSA.

Selling expenses:

Selling expenses for the year ended December 31, 2021 amounted to USD 543 thousand, compared with the USD 17 thousand for fiscal year 2020, accounting for an increase of USD 526 thousand. This is due to the change in the Turnover Tax rate levied on energy generation and the variation in sales and also because this year includes rates and taxes of GMSA, CTR and GROSA due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only show income/(loss) of GMSA.

Administrative expenses:

Administrative expenses for the year ended December 31, 2021 amounted to USD 10,671 thousand, compared with USD 4,672 thousand recorded in fiscal year 2020, accounting for an increase of USD 5,999 thousand (128%).

The main components of the Company's administrative expenses are listed below:

(i) USD 7,340 thousand for fees for professional services, representing a 129% increase from the USD 3,204 thousand for fiscal year 2020. This is mainly because the current period includes administrative services billed by RGA to GMSA and CTR due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only show income/(loss) of GMSA.

(ii) USD 790 thousand of directors' fees, which represented a 100% increase compared to fiscal year 2020. Corresponds to the provision of directors' fees of GMSA for fiscal year 2020.

Other operating income:

Other operating income for the fiscal year ended December 31, 2021 amounted to USD 46 thousand, showing a 93% decrease from the USD 665 thousand recorded in 2020.

Operating income/(loss):

Operating income for the year ended December 31, 2021 was USD 103,618 thousand, compared with income of USD 94,777 thousand for the year 2020, accounting for an increase of USD 8,841 thousand.

Financial results:

Financial results for the fiscal year ended December 31, 2021 amounted to a total loss of USD 91,129 thousand, compared with the loss of USD 48,160 thousand recorded in fiscal year 2020, which accounted for an increase of USD 42,969 thousand.

The most noticeable aspects of the variation are:

(i) USD 66,558 thousand loss for interest on loans, a 73% increase from the USD 38,440 thousand loss for fiscal year 2020. This is mainly because the current year includes interest on loans of GMSA and CTR due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only include income/(loss) of GMSA. This is also due to an increase in financial debt generated by investment projects.

(ii) USD 6,623 thousand loss due to net exchange differences, accounting for a decrease of USD 122,738 thousand compared with the USD 129,361 thousand loss recorded in fiscal year 2020. The variation is mainly because the Company has changed its functional currency from pesos to US dollars in 2021, which leads to an active position in pesos for the year ended December 31, 2021, which generates less exchange differential than the liability position in US dollars for the period ended at December 31, 2020. In addition, the current year includes exchange differences of GMSA, CTR and GROSA due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only include income/(loss) of GMSA.

(iii) USD 1,105 thousand gain for RECPAM, a decrease of USD 123,260 thousand compared to USD 124,365 thousand gain for fiscal year 2020. The variation is mainly due to the application of the US Dollar functional currency in GMSA and CTR. The variation is due to the effects of the restatement by the CPI, the inflation increase being 50.9% in 2021 compared to 36% for 2020. In addition, the current year includes RECPAM of GROSA y GLSA due to the merger through absorption of GMSA with ASA and GECEN and resulting consolidation, while the financial statements for comparative purposes only include income/(loss) of GMSA.

Income/(loss) before taxes:

The Company reported pre-tax profit of USD 12,012 thousand for the fiscal year ended December 31, 2021, which accounted for a USD 34,605 thousand decrease compared with the profit of USD 46,617 thousand recorded in fiscal year 2020.

The company recognized an income tax benefit of USD 66,594 thousand for the fiscal year ended December 31, 2021, representing a decrease of USD 90,460 thousand, as against an income tax expense of USD 23,866 thousand for fiscal year 2020. This variation is mainly explained because the impacts on the balances of net deferred assets and liabilities generated by the change in the rate have been recorded, based on the modifications introduced by Law No. 27630.

Net income/(loss):

For the year ended December 31, 2021, the Company recorded net income amounting to USD 78,606 thousand, accounting for an increase of USD 55,855 thousand considering the income of USD 22,751 thousand recorded in fiscal year 2020.

Comprehensive income/(loss):

Other comprehensive loss for the year ended December 31, 2021 amounted to USD 14,933 thousand, and includes the change in income tax on the revaluation of property, plant and equipment and translation differences, representing a 100% increase compared to fiscal year 2020, in which there was no other comprehensive income.

Total comprehensive income for the year amounted to USD 65,342 thousand, representing an increase of 194% compared with the comprehensive income of USD 22,228 thousand for fiscal year 2020.

2. Comparative balance sheet figures: (In thousands of USD)

	12/31/2021	12/31/2020
Non-current assets	931,777	739,907
Current assets	236,593	105,462
Total assets	**1,168,370**	**845,369**
Equity attributable to the owners	240,270	172,023
Equity of non-controlling interest	13,705	-
Total equity	**253,975**	**172,023**
Non-current liabilities	771,576	511,884
Current liabilities	142,819	161,462
Total liabilities	**914,395**	**673,346**
Total equity and liabilities	**1,168,370**	**845,369**

3. Comparative income statement figures: (in thousands of USD):

	12/31/2021	12/31/2020
Ordinary operating income	103,618	94,777
Financial results	(91,129)	(48,160)
Income/(loss) from interest in associates	(477)	-
Ordinary net income/(loss)	**12,012**	**46,617**
Income tax	66,594	(23,866)
Income from continuing operations	**78,606**	**22,751**
Income/loss for the year	**78,606**	**22,751**
Other comprehensive income/(loss)	(13,264)	(523)
Total comprehensive income/(loss)	**65,342**	**22,228**

4. Comparative cash flow figures: (in thousands of USD):

	12/31/2021	12/31/2020
Cash flows provided by operating activities	95,201	100,842
Cash flows (used in) investing activities	(32,504)	(41,582)
Cash flows (used in) financing activities	(69,265)	(46,896)
(Decrease)/increase in cash and cash equivalents	**(6,568)**	**12,364**

5. Ratios presented comparatively with the previous year:

	12/31/2021	12/31/2020
Liquidity (1)	1.66	0.65
Solvency (2)	0.26	0.26
Tied-up capital (3)	0.80	0.88
Return on equity (4)	0.37	0.26

(1) Current Assets / Current Liabilities

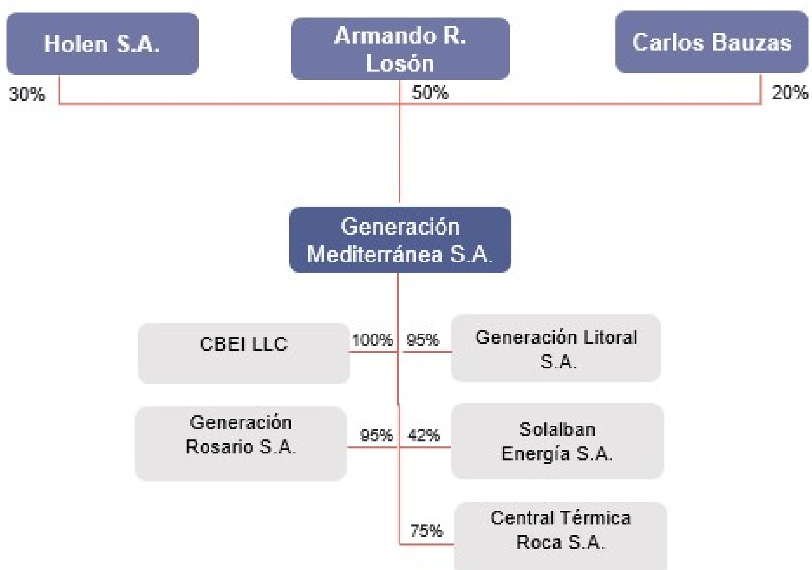
(2) Equity / Total Liabilities

(3) Non-current Assets / Total Assets

(4) Net income/(loss) for the year (excluding Other comprehensive income/(loss)) / Average total equity

4. CORPORATE STRUCTURE

The structure of the organization at December 31, 2021 is shown in the following table:



Holen S.A., Armando Losón and Carlos Bauzas hold the remaining 5% in GROSA and GLSA.

Share Capital

At December 31, 2021, the Company's capital was made up of 203,123,895 ordinary, non-endorsable, book-entry shares of $1 par value each, and entitled to 1 vote per share, distributed as follows:

- Armando Roberto Losón 50% (101,561,948 shares)
- Holen S.A. 30% (60,937,168 shares)
- Carlos Alfredo Bauzas 20% (40,624,779 shares)

Organization of the decision-making process

As indicated in the various sections of Annex IV, Heading IV, of the Rules of the CNV that are attached to this Annual Report relating to the degree of compliance with the Code of Corporate Governance, the Company's policies and strategies are defined by the Board of Directors to be executed by each of the sectors under the supervision of the corresponding Management divisions and, ultimately, of the Board of Directors.

Decisions that are considered significant and/or relevant in terms of their magnitude and/or amount involved relating to the administration of the Company's activities are made directly by the Board of Directors in a meeting specially convened for this purpose. When required in specific cases, the decision will be made by a specially convened extraordinary Shareholders' Meeting. All the decisions by the Shareholders' Meeting on the events that took place in 2020 have been taken unanimously, while those related to the Board have been taken holding the majority as set forth in the Bylaws.

Directors' fees

The decisions made by the Company relating to the fees of the members of the Board of Directors are in compliance with the limits and guidelines envisaged in Section 261 of Law No. 19550, and Articles 1 to 7 of Chapter III, Heading II, of the Rules of the National Securities Commission.

5. OUTLOOK FOR FISCAL YEAR 2022

5.1 Outlook for the Electricity Generation Market

Numerous power plants were incorporated as a result of the tenders for contracting new energy and power organized since 2016. The regulatory changes that took place since then, especially after the period of financial and economic instability commenced in April 2018, have given way to a complex situation in the electricity generation sector.

The change of government administration in December 2019 fueled the uncertainty in the electricity market, owing to a delay in making the necessary decisions to maintain adequate supply conditions; in 2021, the market resumed its growth pattern and 2022 started with prospects of acceleration, at least in the first half of the year as compared with the same months of 2021, marked by social isolation due to the COVID-19 pandemic.

The freezing of rates, prices and remunerations — which in practical terms extended from February 2019 with only one adjustment of 9% for end consumers — creates uncertainty, although recent announcements of understanding with the International Monetary Fund could indicate the beginning of a gradual rebuilding process for this sector.

We consider that investments will continue to decelerate in 2022; investment in new units will not be resumed in the short term, aside of those contracts pending fulfillment due to the financing difficulties affecting Argentina in general. In addition, and showing a shift in the trend, failure to grant reasonable adjustments on the remuneration to the units dispatching energy in the spot market results in a high degree of unavailability; this will privilege the dispatch from units in good condition and with adequate availability, within a context of recovery of the positive trend in electricity demand.

For this reason, the Energy Secretariat could finally decide to increase remunerations to electricity generators in the spot market and also to fulfill long-term contracts, to recover the availability achieved in the past for a large number of units that can be restored for the system.

Despite the persistent reduction in value of the Argentine peso, CAMMESA honored all its long-term contracts meeting the economic and financial conditions, and making the payments at the exchange rate for US dollars. Despite some delays in payments, CAMMESA recognized interest on late payment at the rates prevailing in the market. The fact of having fulfilled the contractual conditions and made the payments in accordance with prevailing regulations is a significant event in such complex years as 2019, 2020 and 2021.

The outlook for business operations and commercial dispatch is favorable for modern thermoelectrical generators located in regions with a high growth in demand, since their units will receive increasing dispatch requirements. The same will hold true for those power plants with no forward contracts but with their maintenance and availability preserved. Under the scenario expected for 2022, some units in various Grupo Albanesi power plants could require more dispatch with probably higher remunerations, to be decided at some point in the months to come.

The supply of hydroelectric power will not be greater in the next years, and this fact offers a prospect favorable to a higher dispatch from thermoelectric units. Having halted investment decisions for the entry of new generation units from renewable sources since 2018 also leads to a situation in which the expected growth in electricity demand will have to be satisfied by thermoelectric units. It is probable that a higher increase in the demand of electric power in the first half of 2022, upon expansion of the current level of economic activity, exerts pressure for higher thermoelectric dispatch in the years to follow.

After years of deterioration of the various Energy Sector variables, the attempt at normalization carried out from 2016 to 2019 put an end to instability in macroeconomic variables. The physical condition of electricity supply would be good if there were sufficient remunerations to maintain adequate availability in the units dispatching in the spot market, which were affected by Resolutions No. 1/2019, No. 31/2020, Note NO-2020-24910606-APN-SE#MDP and Resolution No. 440/2021. The correct maintenance of these units depends on decisions that should be revised by the Energy Secretariat.

The economic and health crisis of 2020 had an impact on the original intentions of Government of amending the financial deficit in the energy sector. The economic recovery at the end of 2021 and the need to adopt important decisions to avoid impeding this recovery process could be revived in the next months, should an understanding with the International Monetary Fund be reached.

5.2 Outlook for the Company

Electric power

Company's Management expects to continue operating and normally maintaining the various generating units to achieve high levels of availability in 2022. The fact of introducing more efficient group machines to the Electricity System would imply obtaining higher levels of dispatch, and thus, increasing the generation of electricity.

For the year 2022, an efficient operating management is expected of the Cogeneration Power Plant of the New Refinery of Talara, owned by Petroperú, located in the city of Talara, district of Pariñas, Perú. The main objective of the Company is to efficiently provide electric energy, steam and condensed steam to the Refinery operating and properly maintaining the cogeneration units.

Financial position

During the current year, the Company's objective is ensuring financing to make progress with the investment works described according to the budgeted schedules. Meanwhile, the financing structure will continue to be strengthened, ensuring the Company’s gradual debt reduction.

6. DISTRIBUTION OF INCOME/LOSS

In compliance with the prevailing legal provisions, the Board of Directors of the Company states that income for the year amounted to USD 78,606 thousand, thus recording unappropriated retained earnings for USD 68,488 thousand at December 31, 2021.

The Shareholders’ Meeting will discuss and decide on the final destination of such accumulated profits.

7. ACKNOWLEDGEMENTS

The Board of Directors wishes to thank all the employees of the Company for their work during the year under review, which has been essential to the achievement of the Company's technical and economic results. Additionally, it wishes to expressly acknowledge the contribution of its clients and suppliers, and of the banking entities and other collaborators, who have worked toward better management of the business throughout the year.

City of Buenos Aires, April 12, 2022

THE BOARD OF DIRECTORS

Generación Mediterránea S.A.

Composition of the Board of Directors and Syndics' Committee
at December 31, 2021

President
Armando Losón (Jr.)

1st Vice President
Guillermo Gonzalo Brun

2nd Vice President
Julián Pablo Sarti

Full Directors
María Eleonora Bauzas
Oscar Camilo De Luise
Ricardo Martín López
Osvaldo Enrique Alberto Cado

Alternate Directors
José Leonel Sarti
Juan Gregorio Daly
Juan Carlos Collin
Jorge Hilario Schneider
María Andrea Bauzas

Full Syndics
Enrique Omar Rucq
Marcelo Pablo Lerner
Francisco Agustín Landó

Alternate Syndics
Marcelo Claudio Barattieri
Marcelo Rafael Tavarone
Carlos Indalecio Vela

Generación Mediterránea S.A.

Consolidated Financial Statements

Company Name:	**Generación Mediterránea S.A.**
Legal address:	Av. L.N. Alem 855, 14th floor - City of Buenos Aires
Main business activity:	Generation and sale of electric energy Development of energy projects, execution of projects, advisory services, provision of services, management, administration and performance of works of any kind. Investments and financial operations of any kind, except those established by Law No. 21526
Tax Registration Number:	30-68243472-0

Dates of Registration with the Public Registry of Commerce:

Bylaws or incorporation agreement:	January 28, 1993
Latest amendment:	December 04, 2017
Registration with the Legal Entities Regulator under number:	644 of Book 112, Volume A of Corporations
Expiration date of Company By-laws:	January 28, 2092

Generación Mediterránea S.A.

Consolidated Statement of Financial Position
At December 31, 2021 and 2020
Stated in thousands of US dollars

	Notes	12/31/2021	12/31/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	919,245	678,274
Investments in associates	**8**	3,921	-
Investments in other companies		1	1
Deferred tax assets	**23**	-	-
Income tax credit balance, net		33	-
Other receivables	**10**	4,695	61,632
Financial assets at fair value through profit or loss	**12**	3,882	-
Total non-current assets		**931,777**	**739,907**
CURRENT ASSETS			
Inventories	**9**	3,741	2,740
Income tax credit balance, net		2	-
Other receivables	**10**	93,898	37,990
Trade receivables	**11**	37,373	42,481
Financial assets at fair value through profit or loss	**12**	84,086	-
Cash and cash equivalents	**13**	17,493	22,251
Total current assets		**236,593**	**105,462**
Total assets		**1,168,370**	**845,369**

The accompanying notes form an integral part of these consolidated Financial Statements.

Generación Mediterránea S.A.

Consolidated Statement of Financial Position (Cont'd)
At December 31, 2021 and 2020
Stated in thousands of US dollars

	Notes	12/31/2021	12/31/2020
EQUITY			
Share capital	**14**	2,414	1,642
Capital adjustment		20,051	20,051
Additional paid-in capital		19,809	19,809
Legal reserve		898	898
Optional reserve		30,883	14,955
Special Reserve GR No. 777/18		48,854	49,210
Technical revaluation reserve		49,192	47,576
Other comprehensive income/(loss)		(319)	(49)
Unappropriated retained earnings/(losses)		68,488	17,931
Translation reserve		-	-
Equity attributable to the owners		**240,270**	**172,023**
Non-controlling interest		**13,705**	**-**
Total Equity		**253,975**	**172,023**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**23**	108,430	117,643
Other liabilities	**17**	12	-
Defined benefit plan	**24**	909	481
Loans	**18**	645,476	362,134
Trade payables	**16**	16,749	31,626
Total non-current liabilities		**771,576**	**511,884**
CURRENT LIABILITIES			
Other liabilities	**17**	279	-
Social security liabilities	**21**	2,339	1,250
Defined benefit plans	**24**	148	8
Loans	**18**	91,714	97,849
Derivative instruments		492	303
Tax payables	**22**	2,377	4,438
Trade payables	**16**	45,470	57,614
Total current liabilities		**142,819**	**161,462**
Total liabilities		**914,395**	**673,346**
Total liabilities and equity		**1,168,370**	**845,369**

The accompanying notes form an integral part of these consolidated Financial Statements.

Generación Mediterránea S.A.

Consolidated Statement of Comprehensive Income
For the years ended December 31, 2021 and 2020
Stated in thousands of US dollars

	Notes	12/31/2021	12/31/2020
Sales revenue	**26**	208,165	159,658
Cost of sales	**27**	(93,379)	(60,857)
Gross income		**114,786**	**98,801**
Selling expenses	**28**	(543)	(17)
Administrative expenses	**29**	(10,671)	(4,672)
Other operating income		46	665
Operating income/(loss)		**103,618**	**94,777**
Financial income	**30**	9,130	19,267
Financial expenses	**30**	(73,584)	(59,401)
Other financial results	**30**	(26,675)	(8,026)
Financial results, net		**(91,129)**	**(48,160)**
Income/(loss) from interests in associates	**8**	(477)	-
Pre-tax profit/(loss)		**12,012**	**46,617**
Income tax	**23**	66,594	(23,866)
Income for the year		**78,606**	**22,751**
Other comprehensive income/(loss)			
These items will not be reclassified under income/(loss):			
Pension plan	**24**	(54)	28
Revaluation of property, plant and equipment	**7**	-	(726)
Impact on income tax - Benefit plan and Revaluation of property, plant and equipment	**23**	15	175
Change in the income tax rate - Revaluation of property, plant and equipment	**23**	(14,933)	-
These items will be reclassified under income/(loss):			
Translation differences of subsidiaries and associates		1,708	-
Other comprehensive income/(loss) for the year		**(13,264)**	**(523)**
Comprehensive income for the year		**65,342**	**22,228**

	Note	12/31/2021	12/31/2020
Income for the year attributable to:			
Owners of the company		74,355	22,751
Non-controlling interest		4,251	-
Comprehensive income for the year attributable to:			
Owners of the company		61,989	22,228
Non-controlling interest		3,353	-
Earnings per share attributable to the owners			
Basic and diluted earnings per share	**31**	0.37	0.16

The accompanying notes form an integral part of these consolidated Financial Statements.

Generación Mediterránea S.A.

Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020
Stated in thousands of US dollars

	Attributable to Shareholders												
	Shareholders' contributions			**Retained earnings**									
	Share capital (Note 14)	**Capital adjustment**	**Additional paid-in capital**	**Legal reserve**	**Optional reserve**	**Special Reserve GR No. 777/18**	**Technical revaluation reserve**	**Other comprehensive income/(loss)**	**Unappropriated retained earnings/(losses)**	**Translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
Balances at December 31, 2019	**1,642**	**20,051**	**19,809**	**898**	**14,955**	**52,050**	**50,898**	**(70)**	**(10,438)**	**-**	**149,795**	**-**	**149,795**
Other comprehensive income/(loss)	-	-	-	-	-	-	(544)	21	-	-	(523)	-	(523)
Reversal of technical revaluation reserve	-	-	-	-	-	(2,840)	(2,778)	-	5,618	-	-	-	-
Income for the year	-	-	-	-	-	-	-	-	22,751	-	22,751	-	22,751
Balances at December 31, 2020	**1,642**	**20,051**	**19,809**	**898**	**14,955**	**49,210**	**47,576**	**(49)**	**17,931**	**-**	**172,023**	**-**	**172,023**
Addition due to merger as from January 1, 2021 (Note 1)	772	-	-	-	-	10,457	12,509	(233)	(17,247)	-	6,258	10,352	16,610
Shareholders' Meeting dated June 1, 2021:													
- Setting up of optional reserve	-	-	-	-	15,928	-	-	-	(15,928)	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	(6,994)	(7,043)	(37)	1,708	-	(12,366)	(898)	(13,264)
Reversal of technical revaluation reserve	-	-	-	-	-	(3,819)	(3,850)	-	7,669	-	-	-	-
Income for the year	-	-	-	-	-	-	-	-	74,355	-	74,355	4,251	78,606
Balances at December 31, 2021	**2,414**	**20,051**	**19,809**	**898**	**30,883**	**48,854**	**49,192**	**(319)**	**68,488**	**-**	**240,270**	**13,705**	**253,975**

The accompanying notes form an integral part of these consolidated Financial Statements.

Generación Mediterránea S.A.

Consolidated Statement of Cash Flows
For the years ended December 31, 2021 and 2020
Stated in thousands of US dollars

	Notes	12/31/2021	12/31/2020
Cash flows provided by operating activities:			
Income for the year		78,606	22,751
Adjustments to arrive at net cash flows provided by operating activities:			
Income tax	23	(66,594)	23,866
Income/(loss) from interests in associates	8	477	-
Depreciation of property, plant and equipment	7 and 27	38,179	25,390
Present value of receivables and debts		720	620
Provision for Directors' fees	29	790	-
Income/(loss) from the sale of property, plant and equipment		-	(569)
Impairment of assets		1,953	-
Income/(loss) from changes in the fair value of financial instruments	30	(1,104)	93
Income/(loss) from repurchase of negotiable obligations	30	2,552	-
Interest and exchange differences and other		71,583	169,509
Gain/(loss) on purchasing power parity	30	(1,105)	(124,365)
Difference in UVA value	30	12,432	-
Other financial results		279	
Accrual of benefit plans	24	102	72
Changes in operating assets and liabilities:			
Decrease in trade receivables		20,068	4,454
(Increase)/Decrease in other receivables (1)		(6,009)	36,990
(Increase)/Decrease in inventories		(156)	1,173
(Decrease) in trade payables (2)		(52,449)	(47,698)
(Decrease) in defined benefit plans		(170)	-
(Decrease) in other liabilities		(919)	(8)
(Decrease) in social security liabilities and taxes		(4,034)	(11,436)
Net cash flows provided by operating activities		**95,201**	**100,842**
Cash flows from investing activities:			
Cash added due to merger		6,980	-
Acquisition of property, plant and equipment	7	(36,032)	(23,780)
Government securities		(46)	(22)
Collection from the sale of property, plant and equipment		-	645
Loans granted	32	(4,600)	169
Loans collected		1,194	(18,594)
Net cash flows (used in) investing activities		**(32,504)**	**(41,582)**
Cash flows from financing activities:			
Collection of financial instruments		(757)	(64)
Repurchase of negotiable obligations		(4,359)	-
Payment of loans	18	(127,767)	(56,744)
Lease payments	18	(1,187)	(2,976)
Payment of interest	18	(73,394)	(46,099)
Borrowings	18	138,199	58,987
Cash flows (used in) financing activities		**(69,265)**	**(46,896)**
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(6,568)**	**12,364**
Cash and cash equivalents at the beginning of the year	13	22,251	14,224
Financial results of cash and cash equivalents		1,891	84
Gain/loss on purchasing power parity of cash and cash equivalents		(81)	(4,421)
Cash and cash equivalents at year end	13	17,493	22,251
		(6,568)	**12,364**

The accompanying notes form an integral part of these consolidated Financial Statements.

(1) It includes advances to suppliers for the purchase of property, plant and equipment for USD 79,142 and USD 33,379 at December 31, 2021 and 2020, respectively.

(2) It includes commercial payments for works financing (see Note 36).

Generación Mediterránea S.A.

Consolidated Statement of Cash Flows (Cont'd)
For the years ended December 31, 2021 and 2020
Stated in thousands of US dollars

Material transactions not entailing changes in cash:

	Notes	12/31/2021	12/31/2020
Transfers to property, plant and equipment of assets for sale	7	35	76
Acquisition of property, plant and equipment financed by suppliers	7	(5,154)	(23,616)
Advances to suppliers applied to the acquisition of property, plant and equipment	7	(39)	-
Net (increase)/decrease in the revaluation of property, plant and equipment		-	544
Net benefit plans		35	(21)
Financial costs capitalized in property, plant and equipment	7	(6,394)	(20,795)
Issuance of negotiable obligations paid up in kind	18	391,205	23,195
Addition BLC Loan	18	-	13,264
Loans to Directors, repaid		(1,558)	-
Addition of Syndicated Loan	18	-	4,524
Issuance of Class XV and XVI Negotiable Obligations - Trust	18	127,934	-
Mutual funds - Trust	12	(75,568)	-
Interest on Mutual funds capitalized in property, plant and equipment - Trust	7	12,400	-
Acquisition of property, plant and equipment - Trust	7	(6,640)	-
Advances to suppliers - Trust		(45,447)	-
Interest and exchange difference capitalized in property, plant and equipment - Trust	7	(10,897)	-
Addition of balances due to merger by absorption			
Assets			
Property, plant and equipment		74,793	-
Other receivables		(41,065)	-
Investments in subsidiaries		37,220	-
Total assets		**70,948**	**-**
Liabilities			
Loans		(50,216)	-
Other liabilities		(50)	-
Tax payables		(13,113)	-
Salaries and social security liabilities		(32)	-
Trade payables		(1,401)	-
Total liabilities		**(64,812)**	**-**
Equity attributable to the owners		(6,258)	-
Cash added due to merger		122	-

The accompanying notes form an integral part of these consolidated Financial Statements.

NOTE 1: GENERAL INFORMATION

GMSA's main line of business is the conventional thermal power generation. It has six thermal power plants operating throughout the whole country fed with natural gas as well as diesel as alternative fuel. They sell the energy generated in accordance with different regulatory frameworks. GMSA's nominal installed capacity is 900 MW.

GMSA was controlled by Albanesi S.A., an investing and financing company, which held 95% of its capital and votes. ASA was established in 1994. Through its subsidiaries and related entities, the Company has invested in the energy market, in the power generation and commercialization segment, its main line of business to date. As a result of the merger, GMSA absorbs ASA retrospectively as from January 1, 2021.

On December 21, 2020, the Board of Directors of the Company resolved to carry out a process of corporate reorganization between Generación Centro S.A. ("GECE") and Albanesi S.A. ("ASA") whereby GECEN and ASA would be merged into GMSA (ASA and GECEN jointly referred to as the "Merged Companies") to achieve a consistent and coordinated performance of the business activities of the companies involved to their own benefit and to the benefit of their shareholders, third-party contractors, trading partners and, particularly, their investors and creditors. The merger into the Company will streamline costs, processes and resources, and the effective merger date is January 1, 2021. Subsequently, on March 19, 2021, a Preliminary Merger Agreement was signed whereby all assets, liabilities, shareholders' equity, including recordable assets, rights and obligations of the Merged Companies would be added to the Company's equity subject to the registration of the Final Merger Agreement with the Legal Entities Regulator (IGJ) and National Securities Commission (CNV) on the Effective Merger Date. It was further agreed that the Company would act on its own behalf in relation to all acts it performs for the administration of the Merged Companies' business activities and the Company would be responsible for all profits, losses and consequences of the acts performed during that period. Notwithstanding the foregoing, it was also agreed that all the acts performed by the Merging Company as from the Effective Merger Date as a result of the administration of the business activities to be merged shall be deemed to be carried out on behalf of the Merged Companies in case that the Final Merger Agreement cannot be registered with the pertinent Public Registries for any reason. In addition, it was resolved to convene an extraordinary meeting of shareholders of the companies involved in the merger to consider all documents relating to the merger for May 11, 2021. The meetings were held and adjourned to be able to publish the merger offering circular in compliance with CNV rules. On May 26, 2021, the adjournment period ended and the extraordinary general meetings were held at which the shareholders resolved to approve the merger, its documentation, the execution of the final merger agreement, the dissolution of ASA and GECEN and the consequent GMSA capital increase. On November 18, 2021 the CNV, by means of Resolution No. RESFC-2021-21508-APN-DIR#CNV, approved the process of merger through absorption, which to date is pending registration with the public registry under the Legal Entities Regulator.

NOTE 1: GENERAL INFORMATION (Cont'd)

Grupo Albanesi, through GMSA and its related company AESA, is engaged in the generation and sale of electricity and has focused on the natural gas transportation and sale business through RGA.

In recent years, the main strategy of Grupo Albanesi has been focused on achieving vertical integration, drawing on its vast experience and reputation in the natural gas sale market (obtained through RGA), with the subsequent addition of the electric power generation business. This approach seeks to capitalize the value added from the purchase from large gas producers in all the basins in the country to its transformation and sale as electric power.

Below is a detail of the equity interest of GMSA in each company, acquired as a result of the merger by absorption:

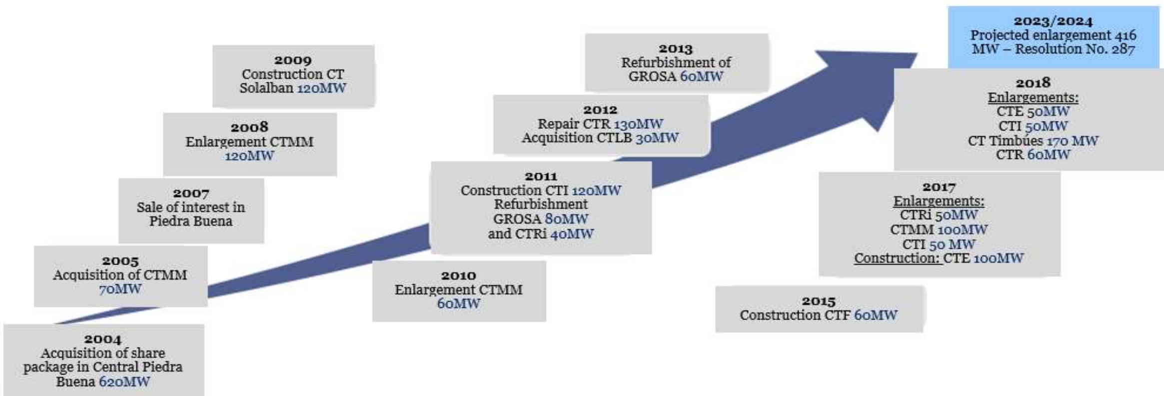
Companies	Country of incorporation	Main activity	% participation	
			12/31/2021	12/31/2020
CTR	Argentina	Electric power generation	75%	-
GLSA	Argentina	Electric power generation	95%	-
GROSA	Argentina	Electric power generation	95%	-
Solalban Energía S.A.	Argentina	Electric power generation	42%	-
CBEI LLC	United States	Investing company	100%	-

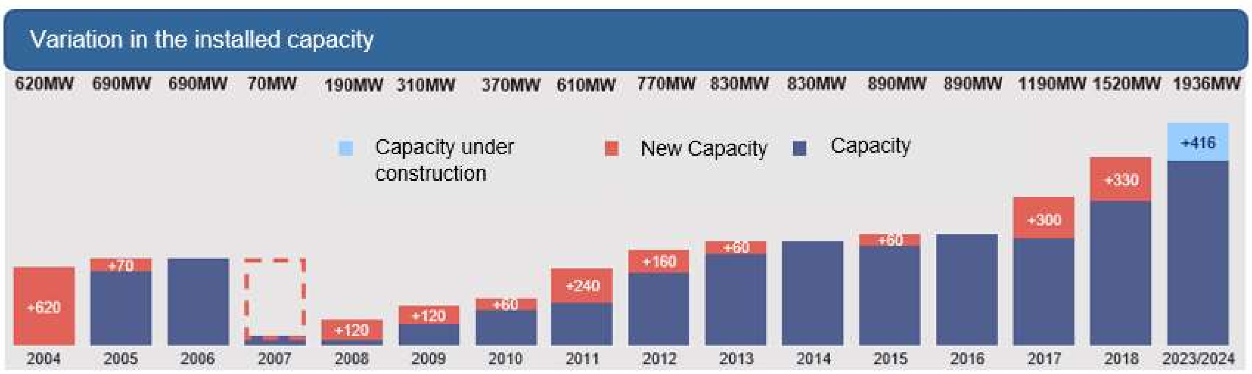
At the date of these consolidated Financial Statements, Grupo Albanesi had a total installed capacity of 1,520 MW, it being expanded with additional 416 MW with all the new projects awarded.

Power Plant	Company	Nominal installed capacity		Resolution	Location
Central Térmica Modesto Maranzana (CTMM)	GMSA	350	MW	ES Resolutions Nos. 220/07, 1281/06 Plus and ES Resolution No. 31/2020	Río Cuarto, Córdoba
Central Térmica Independencia (CTI)	GMSA	220	MW	ES Resolutions Nos. 220/07, 1281/06 Plus, EES Resolution No. 21/16 and ES Resolution No. 31/2020	San Miguel de Tucumán, Tucumán
Central Térmica Frías (CTF)	GMSA	60	MW	ES Resolutions Nos. 220/07 and 21/2020	Frías, Santiago del Estero
Central Térmica Riojana (CTRi)	GMSA	90	MW	ES Resolutions Nos. 220/07 and 21/2020	La Rioja, La Rioja
Central Térmica La Banda (CTLB)	GMSA	30	MW	ES Resolution No. 31/2020	La Banda, Santiago del Estero
Central Térmica Ezeiza (CTE)	GMSA	150	MW	EES Resolution No. 21/16	Ezeiza, Buenos Aires
Total nominal installed capacity (GMSA)		**900**	**MW**		
Central Térmica Roca (CTR)	CTR	190	MW	ES Resolutions Nos. 220/07 and 31/2020	Gral. Roca, Río Negro
Central Térmica Sorrento	GROSA	140	MW	ES Resolution No. 31/2020	Rosario, Santa Fe
Solalban Energía S.A.		120	MW	Resolution No. 1281/06 Plus	Bahía Blanca, Buenos Aires
Total nominal installed capacity (Participation of GMSA)		**450**	**MW**		
Power Plants	AESA	170	MW	EES Resolution No. 21/16	Timbúes, Santa Fé
Total nominal installed capacity Grupo Albanesi		**1520**	**MW**		

Grupo Albanesi entered the electricity market in 2004 with the purchase of the power plant Luis Piedra Buena S.A. In this way the development of the electricity market became one of the main purposes of the Group.

NOTE 1: GENERAL INFORMATION (Cont'd)





Through EES Resolution No. 287 - E/2017 of May 10, 2017, the ES instructed CAMMESA to call for those interested parties to offer new thermal generation focused on closure of combined cycles and co-generation technology, with the commitment to install and start up new generation to meet the demand in the WEM.

GMSA participated in that call and was awarded two projects for closure of combined cycles through EES Resolution No. 926 – E/2017. GECEN participated in that call and was awarded a co-generation project through EES Resolution No. 820 – E/2017.

Project for closure of cycle Ezeiza

One of the awarded projects was the closure of the combined cycle of CTE TG01, TG02 and TG03 units. The project related to this bidding process consists in i) the installation of a fourth Siemens SGT-800 gas turbine of 54 MW and ii) the conversion into combined cycle of the four gas turbines. For the conversion into combined cycle, a steam recovery boiler will be installed at the gas exhaust of each of the gas turbines, which will produce steam in two pressures to feed two steam turbines (2x1 configuration) that will deliver 44 MW each to the network. The project for the closure of CTE combined cycle will enable contributing a further 138 MW to SADI. Although the new gas turbine to be installed will consume additional fuel, the inclusion of two steam turbines will contribute a further 88 MW without additional fuel consumption, and the two full cycles will have a specific consumption of 1,590 Kcal/KWh.

NOTE 1: GENERAL INFORMATION (Cont'd)

Project for closure of cycle Ezeiza (Cont'd)

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under EES Resolution No. 287/2017 were authorized to extend the commercial authorization term.

On October 2, 2019, the Company used the option established in the Resolution to formally state a New Date Committed for Commercial Authorization (NFHCC) under the wholesale demand agreements entered into in accordance with EES Resolution No. 287/2017 belonging to CTE and CTMM, respectively. For this purpose, the Company has stated as NFHCC December 6, 2022, for both agreements.

On June 10, 2020, the Energy Secretariat by means of Note No. NO-2020-37458730-APN-SE#MDP temporarily suspended the computing of the period for the performance of the contracts under former EES Resolution No. 287/2017 as to the cases that did not obtain the commercial authorization at the time the pertinent Note was published. This suspension is based on the circumstances occurring as from the COVID-19 pandemic and social, preventive and mandatory isolation imposed by Emergency Decree (DNU) No. 297 dated March 19, 2020. The suspension of the term computing is effective for 180 days as from the date of publication of the Emergency Decree (DNU) No. 260 dated March 12, 2020.

On September 25, 2020, a Note was sent to CAMMESA accepting the terms indicated in Note NO-2020-60366379-APN-SSEE#MEC in which the suspension of the term computing mentioned in the above paragraph is extended until November 15, 2020.

On January 11, 2021, a Note was sent to CAMMESA accepting the terms indicated in Note NO-2020-88681913-APN-SE#MEC in which the suspension of the term computing is extended for 45 calendar days as from November 16, 2020.

On July 1, 2021, a contract was executed with Sociedad Argentina de Construcción y Desarrollo Estratégico S.A. for the project of the CTE Closure of Cycle. The project includes the review of engineering, management of project's supplies and procurement, execution of civil and electromechanical works to install the main generation equipment and associated systems. The Company will rely on its own organization system to control the construction, supplies, progress of works and their certification. The pricing method is mixed: unit prices for equipment supplies and civil works, fixed amount for the rest. Execution term is 28 months (See Note 38).

The contract includes a performance bond for 15% on the total contract amount, formalized as a bond insurance. The contract states daily progressive penalties in the case of noncompliance with the term, with a cap of up to 10% of the value and daily rewards for accelerating the dispatch date up to a limit of USD 2,000. It also includes a bonus for project completion of USD 1,500.

Contractual start date was July 16, 2021 and end date is November 8, 2023.

NOTE 1: GENERAL INFORMATION (Cont'd)

Project for closure of cycle Ezeiza (Cont'd)

On July 16, 2021, the Company issued Class XV and XVI Negotiable Obligations for a total amount equivalent to USD 130,000; the proceeds shall be allocated exclusively to investments necessary for the start-up of the CTE enlargement during 2023 (see Note 18.b.9).

On January 27, 2022, the Energy Secretariat through Resolution No. 39/2022, required generating agents that have executed Wholesale Demand Agreements (CdD) under the framework of ES Resolution No. 287/2017 and which have not obtained commercial authorization prior to the New Date Committed for Commercial Authorization (NFHCC) to set a New Committed Extended Date (NFCE) within a term of thirty calendar days from publication of this measure, which will be considered as the Committed Date for the purposes of the CdD.

The NFCE cannot exceed one thousand and eighty calendar days counted as from the NFHCC defined pursuant to ES Resolution No. 25/2019 considering the extensions granted due to COVID.

In addition, it was determined that projects whose owners have opted to set the NFCE shall be subject to the adjustment made to the Price for Power Availability, which decreases the greater the term selected up to a maximum of 1,080 days and a minimum of 17,444 USD/MW-month.

In case the full Commercial Authorization of Committed Machines be later than the NFCE, the penalties for noncompliance with Committed Date shall apply.

Finally, Resolution No 39/2022 establishes that owners of projects who were awarded bids and have no Commercial Authorization at the date of publication of this resolution may request before CAMMESA the termination of their CdD, subject to the payment of an amount equivalent to 17,500 USD/MW to be paid only once.

On March 2, 2022, the Company reported that the new committed extended date under the framework of Resolution No. 39/2022 for commercial authorization of the project shall be November 7, 2023.

Project for closure of cycle Río IV

The other of the projects is the closure of the combined cycle of the TG06 and TG07 units at CTMM, located in Río Cuarto, Province of Córdoba. The project consists in the installation of a new 54 MW Siemens SGT800 gas turbine (with a guaranteed power of 47.5 MW) and the conversion into combined cycle of the three gas turbines (3x1 configuration). For such conversion, a heat recovery steam generator that will generate steam at two pressures will be installed at the outflow of the gas turbines to feed a steam turbine SST-600 that will supply an additional 65 MW to the network, as well as the necessary infrastructure for its operation and maintenance. The project for the closure of CTMM combined cycle will enable contributing a further 112.5 MW to SADI. The addition of the new gas turbine will demand more fuel for the system. The addition of the steam turbine will contribute 65 MW, without additional consumption of fuel, with the complete cycle recording a specific consumption of 1,590 Kcal/KWh.

NOTE 1: GENERAL INFORMATION (Cont'd)

Co-generation Project Arroyo Seco

Regulatory aspects are identical to those described in the Ezeiza closure of cycle Project.

Under ES Resolution No. 287/2017, the Energy Secretariat requested offers to implement projects of electricity generation through the closure of open cycles and co-generation. Within this framework, GECEN (Company merged into GMSA) presented a co-generation project in Arroyo Seco, Province of Santa Fe, for 100 MW power.

The installation of three projects including the project presented by GECEN was awarded through ES Resolution No. 820/2017 by the Energy Secretariat. The selected projects comply with the criteria of installing efficient generation and/or improving the thermal units of the current power generation plants. This means an economic benefit for the electric system in all scenarios.

The project consists in the installation of two SGT800 Siemens gas turbines, each with a nominal capacity of 50 MW and two recovery boilers which will generate steam using exhaust fumes from the turbine. The Company will thus generate (i) electricity that will be sold under a contract signed with CAMMESA within the framework of a public bidding under EES Resolution No. 287/2017 and awarded under EES Resolution No. 820/2017 for a term of 15 years, and (ii) steam, to be supplied to LDC Argentina S.A. for its plant in Arroyo Seco, by means of a steam and electric power generation contract for an extendable term of 15 years.

On August 9, 2017, the contract for the purchase of the turbines with Siemens was entered into for SEK 270,216,600 million. The contract is for the purchase of two SGT800 Siemens Industrial Turbomachinery AB gas turbines, including whatever is necessary for their installation and start-up.

On January 12, 2018, a contract was signed with the supplier Vogt Power International Inc. for the provision of two recovery steam boilers for a total amount of USD 14,548,000. In turn, on March 26, 2018, a contract was signed with the supplier Siemens Ltda. for the purchase of a steam turbine for a total amount of USD 5,370,500. The contract comprises the purchase of an SST-300 steam turbine, including whatever is necessary for its installation and start-up.

GECEN and CAMMESA signed the Wholesale Demand contract on November 28, 2017.

On September 2, 2019, the SRRYME Resolution No. 25/2019 was published whereby the generating agents awarded projects under ESS Resolution No. 287/2017 were authorized to extend the commercial authorization term. The date scheduled by GECEN for commercial authorization is July 11, 2022.

On November 5, 2019, through the minutes of the Board of Directors' Meeting, it was decided to set aside the sale of the Company's assets in view of the NFHCC mentioned in the preceding paragraph, and, accordingly, to devote all necessary efforts to finance the thermal power co-generation project at Arroyo Seco.

NOTE 1: GENERAL INFORMATION (Cont'd)

Co-generation Project Arroyo Seco (Cont'd)

On June 10, 2020, the Energy Secretariat by means of Note No. NO-2020-37458730-APN-SE#MDP temporarily suspended the computing of the period for the performance of the contracts under former EES Resolution No. 287/2017 as to the cases that did not obtain the commercial authorization at the time the pertinent Note was published. This suspension is based on the circumstances occurring as from the COVID-19 pandemic and social, preventive and mandatory isolation imposed by Emergency Decree (DNU) No. 297 dated March 19, 2020. The suspension of the term computing is effective for 180 days as from the date of publication of the Emergency Decree (DNU) No. 260 dated March 12, 2020.

The progress on the project has been limited for prudence reasons until the financing ensuring the completion of the works required for the start of commercial operations is obtained, with only minor payments under the main equipment purchase contracts being made.

On January 27, 2022, the Energy Secretariat through Resolution No. 39/2022, required generating agents that have executed Wholesale Demand Agreements (CdD) under the framework of ES Resolution No. 287/2017 and which have not obtained commercial authorization prior to the New Date Committed for Commercial Authorization (NFHCC) to set a New Committed Extended Date (NFCE) within a term of thirty calendar days from publication of this measure, which will be considered as the Committed Date for the purposes of the CdD.

The NFCE cannot exceed one thousand and eighty calendar days counted as from the NFHCC defined pursuant to ES Resolution No. 25/2019 considering the extensions granted due to COVID.

In addition, it was determined that projects whose owners have opted to set the NFCE shall be subject to the adjustment made to the Price for Power Availability, which decreases the greater the term selected up to a maximum of 1,080 days and a minimum of 17,444 USD/MW-month.

In case the full Commercial Authorization of Committed Machines be later than the NFCE, the penalties for noncompliance with Committed Date shall apply.

Finally, Resolution No 39/2022 establishes that owners of projects who were awarded bids and have no Commercial Authorization at the date of publication of this resolution may request before CAMMESA the termination of their CdD, subject to the payment of an amount equivalent to 17,500 USD/MW to be paid only once.

On March 2, 2022, the Company reported that the new committed extended date under the framework of Resolution No. 39/2022 for commercial authorization of the project shall be April 25, 2024.

The environment

The ISO 14001:2015 certification for the Environmental Management System of Grupo Albanesi is available based on implementation with a corporate scope, for the following companies: GROSA, CTR, AESA and GMSA, with their thermal power plants: CTMM, CTRi, CTI, CTLB, CTF, and CTE. Among these companies, it is important to mention:

NOTE 1: GENERAL INFORMATION (Cont'd)

The environment (Cont'd)

a) CTMM also has a Quality Management System certified under ISO standard 9001:2015 implemented in an integrated manner with its Environmental Management System.

b) CTE obtained the ISO 45001:2018 certification on Occupational Safety and Health in December 2021.

This type of environmental management, specially notable for its corporate character, allows working in a unified and coordinated manner at all work sites, applying the same criteria for determining the environmental aspects of the activity, significant assessments and the operational controls adopted in response to those matters.

Supported by standardized documentation and implemented within a work framework based on joint and cooperative performance between the parties, sustained growth has been achieved over time, subject to regular performance reviews and ongoing improvement processes.

In October 2021 a new external audit process was conducted by the IRAM, which resulted in the renewal of the certifications on Management Systems (Quality at CTMM and Environment at Group level in the electricity generation area) for another three-year period.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION

The Group's revenue from electricity generation activity derives from sales to Large Users on the Forward Market, for surplus demand for energy (ES Resolution No. 1281/06); from sales to CAMMESA under ES Resolution No. 220/07, and sales under ES Resolutions No. 21/16 and ES Resolution No. 440/2021. In addition, the excess electricity generated under the modalities of ES Resolutions No. 1281/06 and 220/07 is sold on the Spot Market, in accordance with the regulations in force in the WEM administered by CAMMESA.

a) Energía Plus Regulations, ES Resolution No. 1281/06

This Resolution provides that the existing energy sold on the Spot Market has the following priorities:

(1) Demand lower than 300 KW;
(2) Demand over 300 KW, with contracts; and
(3) Demand over 300 KW, without contracts.

It also establishes certain restrictions on the sale of electric power and implements the “Energía Plus” service, which allows generating agents to offer the available additional generation. They must fulfill the following requirements: (i) they must be WEM agents whose generating units shall have been authorized for commercial operation after September 5, 2006; and (ii) they must have fuel supply and transportation contracts.

The regulation establishes that:

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

a) Energía Plus Regulations, ES Resolution No. 1281/06 (Cont'd)

• Large Users with demand over 300 KW ("GU300") will be authorized to enter into contract for their demand of electricity in the forward market with the generating agents existing in the WEM at the moment, only for the electricity consumption in 2005 ("Basic Demand").

• The electricity consumed by GU300 above their Basic Demand must be hired with new generation (Energía Plus) at a price agreed upon by the parties with the *Energía Plus* generating agent.

• New Agents entering the system must contract 50% of their total demand under the Energía Plus service, under the same conditions as described above and may opt to supply 100% of its demand under the *Energía Plus* service.

At the date of these consolidated Financial Statements, almost all the nominal power of 135 MW available is under contract. The duration of these contracts is from 1 to 2 years.

GMSA units under Forward Market Contracts are TG03, TG04, 15MW of TG05 of Central Térmica Modesto Maranzana, and 15MW of TG01 and TG02 of Central Térmica Independencia.

b) WEM Supply Contract (ES Resolution No. 220/07)

In January 2007, the ES issued Resolution No. 220, which authorized the execution of Supply Contracts between CAMMESA and the generating agents that would like to install new generation capacity and related energy. In this regard, the execution of Supply Contracts was foreseen as another way to generate incentives for the development of additional energy projects.

These Supply Contracts were entered into between generating agents and CAMMESA, with a duration of 10 years or a shorter term that may exceptionally be established. The valuable consideration for availability of generation and the related electricity was established in each contract based on the costs accepted by the ES. In addition, contracts also establish that the machines and power plants used to cover the Supply Contracts will generate energy as they are dispatched by CAMMESA and they will be remunerated for the power as long as the machines are available, irrespective of the associated electric power generation.

Sales under this modality are denominated in US dollars and are paid by CAMMESA and the generated surplus is sold to the Spot Market, pursuant to regulations in effect in the WEM administered by CAMMESA.

GMSA entered into various Wholesale Electric Market (WEM) supply contracts with CAMMESA: for CTMM it agreed a power of 45 MW for TG5, for a term of 10 years counted as from October 2010, and 89.9 MW for TG6 and 7 and a duration of 10 years counted as from July 2017; for CTI it agreed a power of 100 MW and a duration of 10 years counted as from November 2011; for CTF it agreed a power of 55.5 MW and a duration of 10 years counted as from December 2015, and for CTRi it agreed a power of 42 MW and a duration of 10 years counted as from May 2017.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

b) WEM Supply Contract (ES Resolution No. 220/07) (Cont'd)

In November 2021, the Wholesale Demand Agreement of the units TG01 and TG02 of CTI expired, and started to be governed by ES Resolution No. 440/2021.

Further, CTR and CAMMESA entered into a WEM supply contract for 116.7 MW, for a term of 10 years counted as from June 2012. On October 14, 2015, a new WEM supply contract for 53.59 MW was signed with CAMMESA for a term of 10 years counted as from the date of authorization for commercial operation of the agreed upon turbine. The latter contract will be supported by the conversion of the gas turbine into a combined cycle The TV01 contract began on August 4, 2018, starting from the conversion of the current gas turbine generator into a combined cycle. To this end, equipment was installed, so that the exhaust fume recovery of the existing gas turbine generates an amount of steam such that when expanded through a steam turbine, additional power of up to 60 MW may be generated.

The agreements set forth a remuneration made up of 5 components:

i) a fixed charge for hired power, affected by monthly average availability; the remunerated price is:

Power plants	Fixed charge for power hired	Hired power
	USD/MW-month	MW
CTI TG 1 and 2	USD 17,155	100
CTF	USD 19,272	55.5
CTMM TG 6 and 7	USD 15,930	89.9
CTRi TG 24	USD 16,790	42
CTR TG01	USD 12,540	116.7
CTR TV01	USD 31,916	53.59

ii) the fixed charge recognizes transportation costs plus other costs inherent to the generating agents;

iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant;

Power plants	Variable charge in USD/MWh	
	Gas	Diesel
CTI TG 1 and 2	USD 7.52	USD 7.97
CTF	USD 10.83	USD 11.63
CTMM TG 6 and 7	USD 8.00	USD 10.50
CTRi TG 24	USD 11.44	USD 15.34
CTR TG01	USD 10.28	USD 14.18
CTR TV01	USD 5.38	USD 5.38

iv) a variable charge for repayment of fuel costs, all of them at reference price; and

v) a discount for penalties. These penalties are applied to the hours in which 92% of the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

c) Sales under EES Resolution No. 21/2016

Through ES Resolution No. 21/2016 dated March 22, 2016 interested generating, co-generating and self-generating agents are called for to offer new thermal generation capacity and associated energy production, with the commitment to be available at WEM during the summer periods of (2016/2017 and 2017/2018) and for the winter season of 2017.

Through ES Note No. 161/2016 the Energy Secretariat made public the bidding process whereby 1000 MW of thermoelectric power was expected to be installed. Power to be installed should arise from new generation projects. Bids could not commit, at each connection point proposed, a generation capacity lower than 40 MW total and, in turn, the net power of each generating unit forming the offer for location may not be lower than 10 MW. Equipment committed in the offers should have dual capacity of fuel consumption to operate interchangeably and specific consumption should not exceed 2,500 kilocalories per kWh.

Finally, through ES Resolution No. 155/2016 the first projects awarded by ES Resolution No. 21/2016 were reported among which were CTE and the enlargement of CTI.

These Supply Contracts were entered into between generating agents and CAMMESA for a term of 10 years. The valuable consideration for availability of power and energy generated was established in each contract based on the bids made by the generators and awarded by the ES. Sales under this modality are denominated in US dollars and paid by CAMMESA.

The agreements set forth a remuneration made up of 5 components:

i) a fixed charge for hired power, affected by monthly average availability; the remunerated price is:

Power plants	Fixed charge for power hired	Hired power
	USD/MW-month	MW
CTE TG 2 and 3	USD 21,900	93
CTE TG 1	USD 20,440	46
CTI TG 3	USD 21,900	46
CTI TG 4	USD 20,440	46

ii) the fixed charge recognizes transportation costs plus other costs inherent to the generating agents;
iii) the variable charge associated with the energy effectively prescribed under the contract and which purpose is to remunerate the operation and maintenance of the Plant;

Power plants	Variable charge in USD/MWh	
	Gas	Diesel
CTE TG 1, 2 and 3	USD 8.50	USD 10.00
CTI TG 3 and 4	USD 8.50	USD 10.00

iv) a variable charge for repayment of fuel costs, all of them at reference price; and
v) a discount for penalties. These penalties are applied to the hours in which the agreed upon power has not been reached and are valued on a daily basis and according to the operating condition of the machine and the market situation.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

d) Sales under ES Resolution No. 440/2021

ES Resolution No. 440/2021 has amended ES Resolution No. 31/2020 and adjusted the remuneration for the generation not committed under any kind of contracts for transactions as from February 2021.

An important aspect of this resolution is the repeal of Section 2 of the ES Resolution ES No. 31/2020, whereby an adjustment mechanism was established to the remuneration rates based on the variations in the Consumer Price Index (60%) and Wholesale Price Index (40%).

The new remuneration rates are published and to become entitled to them, generators must send a note stating, to the satisfaction of CAMMESA, that they fully and unconditionally waive their right to prosecute any pending administrative or legal proceeding or claim against the National State, the Secretariat of Energy and/or CAMMESA and to file any administrative and/or legal proceeding or claim against the National State, the Secretariat of Energy and CAMMESA in relation to Section 2 of ES Resolution No. 31/2020 in the future. The term for filing such waiver was 30 calendar days after the publication of ES Resolution No. 440/2021. The Company filed its waiver on May 26,2021.

In EXHIBIT I, specific values are indicated to determine the remuneration of the thermal power generation in the WEM System in Tierra del Fuego.

Different values for the Remuneration of thermal power generation are indicated in EXHIBIT II.

Authorized generators are all those not having executed contracts in the Forward Market under any of its modalities (Resolutions Nos. 1281, 220, 21, and others).

Remuneration of the availability for power is subdivided into a minimum price associated with the Actual Power Availability (“DRP”, for its acronym in Spanish) and a price for the guaranteed power in compliance with the Offered Guaranteed Availability (DIGO).

Remuneration for power will be allocated depending on the use factor of the generation equipment.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

d) Sales under ES Resolution No. 440/2021 (Cont'd)

1. Power prices:

   a. Base Power (for those generators not guaranteeing any availability)

Technology/Scale	PrecBasePot [$/MW-month]
CC large P>150 MW	129,839
CC small P≤150 MW	144,738
TV large P>100 MW	185,180
TV small P≤100 MW	221,364
TG large P>50 MW	151,124
TG small P≤50 MW	195,822
Internal combustion engines >42 MW	221,364
CC small P≤15 MW	263,160
TV small P≤15 MW	402,480
TG small P≤15 MW	356,040
Internal combustion engines ≤42 MW	402,480

   b. DIGO Guaranteed Power

Period	PrecPotDIGO [$/MW-month]
Summer: December - January - February	464,400
Winter: June - July - August	464,400
Rest of the year: March - April - May - September - October - November	348,300

If: UF (Use factor=dispatch) < 30% ➔ REM TOTgm ($/month) = REM DIGO * 0,6.
If: 30 % ≤ UF < 70% ➔ REM TOTgm ($/month) = REM DIGO * (FU + 0,3)
If: UF ≥ 70% REM TOTgm ($/month) = REM DIGO

Power remuneration is defined as the sum of three components: Generated Power, Operating Reserve (associated with Spinning reserve per hour) and the power actually generated in the hours of the month.

NOTE 2: REGULATORY ASPECTS RELATING TO ELECTRICITY GENERATION (Cont'd)

d) Sales under ES Resolution No. 440/2021 (Cont'd)

2. Energy prices

a. Operation and maintenance

Technology/Scale	Natural gas $/MWh	Fuel Oil/ Gas Oil $/MWh
CC large P>150 MW	310	542
CC small P≤150 MW	310	542
TV large P>100 MW	310	542
TV small P≤100MW	310	542
TG large P>50 MW	310	542
TG small P≤50 MW	310	542
Internal combustion engines	310	542

For the hours the generating unit is dispatching due to forced output requirements to satisfy the demand for transport, voltage or safety controls, a remuneration shall be recognized for the generated energy when it is equal to 60% of net installed power generating capacity, regardless of the energy actually dispatched by the generating unit.

b. It will receive $108/Mwh for Operating Reserve.

From September 1, 2021 to February 28, 2022, the Energy Secretariat through Resolution No. 1037/2021 ordered, on an exceptional and temporary basis, the elimination of the Use Factor to calculate the Remuneration of the Power Availability for all thermal generators remunerated under Resolution No. 440/2021. Further, the same Resolution No. 1037 established the recognition of an additional amount of $1,000/MWh exported in the month in which it will be allocated pro rata to the monthly energy generated by each conventional and hydraulic thermal Generating Agent. Greater costs arising from the application of this instruction shall be deducted from the revenue from electricity exports.

NOTE 3: BASIS FOR PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS issued by the IASB and IFRIC Interpretations. All
IFRS effective at the date of preparation of these financial statements have been applied.

The presentation in the Consolidated Statement of Financial Position segregates current and non-current assets and liabilities. Current assets and liabilities are those which are expected to be recovered or settled within twelve months following the end of the reporting period. In addition, the Group reports on the cash flows from operating activities using the indirect method.

The fiscal year commences on January 1 and ends December 31 of each year. Economic and financial results are presented on the basis of the fiscal year.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

The preparation of these consolidated Financial Statements in accordance with IFRS requires making estimates and assessments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of issue of these consolidated financial statements, as well as the income and expenses recorded in the fiscal year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 6.

These consolidated Financial Statements are stated in thousands of US dollars without cents, as are notes, except for net earnings per share.

These consolidated Financial Statements were approved for issuance by the Company's Board of Directors on April 12, 2022.

Purpose of these consolidated Financial Statements

These Consolidated Financial Statements are presented in US dollars (USD), which is the Company's functional currency, and prepared mainly for the purpose of their use by non-Argentine holders of Company Negotiable Obligations and foreign financial entities.

Change in functional currency

As from April 1, 2021, the Company has changed its functional currency from Pesos to US dollars (USD), as a result of a change in the events and relevant conditions for its business operations. Therefore, since April 1, 2021, it has been recording its operations in US dollars, the new functional currency.

To adopt this modification, the Company has considered the following factors that have had an impact on the environment in which it operates and its selling prices:

(i) the consolidation of the remuneration system for energy generation activity, with prices set by the Argentine government directly in US dollars (a system which remained in force despite the national and international context of financial instability);

(ii) the increasing tendency to enter into contracts in US dollars, in line with the strategy of focusing investments and resources on expanding installed generation capacity.

(iii) the increasing tendency to obtain further financing in US dollars aimed at financing new projects for the closure of cycle and cogeneration awarded by EES Resolution No. 287 - E/2017.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Change in functional currency (Cont'd)

The effect of the change in functional currency was recorded prospectively as from April 1, 2021, in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates. For practical effects, to provide users with relevant, reliable, clear and comparable information, especially on the Company's financial returns and cash flows for fiscal year 2021, the change in functional currency was implemented on April 1, 2021, effective as from January 1, 2021. In view of the fact that the fluctuations in the US dollar and the inflation rate were similar in the first quarter (approximately 9% and 13%, respectively), this simplification has not produced any distortive effect on these consolidated Financial Statements.

Following the change in functional currency, all transactions in currencies other than the US dollar are considered "transactions in foreign currency".

Comparative information

Balances at December 31, 2020, disclosed for comparative purposes in these consolidated Financial Statements, arise from financial statements at those dates, stated in terms of the measuring unit current at December 31, 2020, in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. The change in functional currency has affected comparability with the comparative balances.

Certain reclassifications have been included in the financial statement figures presented for comparative purposes to conform them to the current year presentation. On March 19, 2021, the Preliminary Merger Agreement was signed whereby ASA and GECEN were merged into GMSA effective as from January 1, 2021. The increase in the variations is mainly due to this condition. The information is not comparative.

Inflation adjustment for tax purposes

To determine the net taxable income, an adjustment for inflation computed according to Sections 105 to 108 of Income Tax Law must be deducted from or added to the tax result of the fiscal period being calculated. This will be applicable in the fiscal year in which the variation percentage of the Consumer Price Index (CPI) accumulated over the 36 months prior to the year end is higher than 100%. These provisions are applicable for fiscal years commencing on or after January 1, 2018. For the first, second and third fiscal years following its effective date, it will be applicable when the index variation, calculated from the beginning to the end of each year, exceeds 55%, 30% and 15% in the first, second and third year of application, respectively. The inflation adjustment for the fiscal year being computed will have effect either as a negative or positive adjustment, as applicable; 1/6 will be allocated in this fiscal period and the remaining 5/6, in equal parts, in the immediately following fiscal years.

The Company estimated that, at December 31, 2021, the CPI variation will exceed the index mentioned in the paragraph above; accordingly, the Company included this adjustment in the determination of the taxable income for the current year.

NOTE 3: BASIS FOR PRESENTATION (Cont'd)

Going concern principle

As of the date of these consolidated Financial Statements, there are no uncertainties regarding events or conditions that may lead to doubts about the possibility that the Company will continue to operate normally as a going concern.

NOTE 4: ACCOUNTING POLICIES

The main accounting policies used in the preparation of these consolidated Financial Statements are explained below.

4.1 Changes in accounting policies

4.1.1 New accounting standards, amendments and interpretations issued by the International Accounting Standards Board (IASB) effective at December 31, 2021 adopted by the Group

The Company has applied the following standards and/or amendments for the first time as from January 1, 2021:

- Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Presentation, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, and IFRS 16 - Leases, amended in August 2020.

- IFRS 16 - Leases, (amended in March 2021).

The application of the detailed standards and/or amendments did not generate any impact on the results of the Company's operations or its financial position.

4.1.2 New accounting standards, modifications and interpretations issued by the IASB not yet effective and not early adopted by the Group

- IFRS 3 - Business Combinations, amended in May 2020. It introduces references to the definitions of assets and liabilities under the new conceptual framework as well as clarifications as to contingent assets and liabilities recognized separately from those recognized in a business combination. It applies to business combinations as from January 1, 2022. Earlier application is permitted.

- IAS 16 - Property, Plant and Equipment, amended in May 2020. It introduces amendments to the recognition of inventories, sales and costs of items incurred while an item of property, plant and equipment is restored to the site and under the necessary conditions to operate as expected. Amendments are applicable for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

- IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, amended in May 2020. Onerous contracts. It clarifies the scope of the cost of fulfilling a contract. Amendments are applicable for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

- Annual improvements to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture, and IFRS 16 - Leases: the amendments were issued in May 2020 and are effective for fiscal years beginning on or after January 1, 2022. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1.2 New accounting standards, modifications and interpretations issued by the IASB not yet effective and not early adopted by the Group (Cont'd)

- IAS 1 - Presentation of Financial Statements, amended in January 2020. It introduces changes in relation to the classification of liabilities as current and non-current. Amendments are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The application thereof will not generate any impact on the results of the Company's operations or its financial position.

- IAS 1 - Presentation of Financial Statements, amended in February 2021. It improves the presentation of accounting policies and helps users to distinguish between a change in accounting policy and a change in accounting estimate. Amendments are applicable for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The application thereof will not generate any impact on the results of the Company's operations or its financial position.

- IAS 12 - Income Taxes, amended in May 2021. It requires companies to recognize deferred taxes on those transactions which, at initial recognition, give rise to equal temporary taxable and deductible differences. Amendments are applicable for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The application thereof will not generate any impact on the results of the Company's operations or its financial position.

- IFRS 17 - Insurance Contracts, amended in June 2020. It replaces IFRS 4, introduced as a provisional standard in 2004 to account for insurance contracts using the national accounting standards, and resulting in multiple application approaches. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and is applicable for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted if both IFRS 15 and IFRS 9 have also been applied. The Company estimates that the application thereof will not have a significant impact on the results of operations or the financial position of the Company.

4.1.3 Change in functional currency

Until December 31, 2020, the Company applied IAS 29 - Financial Reporting in Hyperinflationary Economies, which required that the financial statements of an entity whose functional currency was that of a hyperinflationary economy be restated for the changes in a general price index and stated in terms of the measuring unit current at the end of the reporting year. The adjustment for inflation was calculated by a conversion factor derived from the Argentine price indexes published by the National Institute of Statistics and Census (INDEC). The applicable price index for the comparative results for the year ended December 31, 2020 had been converted at the exchange rate prevailing at December 31, 2020. As explained in Note 3, Management reviewed the Company's currency and concluded that the currency that most faithfully represents the economic effects of the entity is the US dollar. Accordingly, as from January 1, 2021, its functional currency was changed from local currency to US dollars, with IAS 29 being no longer applicable. This change does not affect the balances at December 31, 2020 or the results or cash flows for the year then ended.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.2 Consolidation

The financial statements include the Company's and its subsidiaries' financial statements. Subsidiaries are all entities over which the Company exerts control, generally accompanied by an interest of more than 50% of available voting rights. The Company controls an entity when the entity is exposed or has the right to variable returns for its involvement in the entity and has the ability to affect those returns by exercising its power over the entity. In determining whether the Company controls an entity, the existence and the effect of possible exercisable or convertible voting rights are considered.

The Company also evaluates the existence of control when it does not hold more than 50% of the voting rights but it may direct the operating and financial policies through a factual control. Factual control may exist in circumstances where the relative size of the group's voting rights in relation to the number and dispersion of the other shareholders gives the Group the power to direct the operating and financial policies, etc. Subsidiaries are consolidated as from the date when control is transferred to the Group and are excluded when such control ceases.

The main consolidation adjustments are as follows:

i. Elimination of reciprocal balances for asset and liability accounts between the Group companies, such that the financial statements only disclose the balances held with third parties and uncontrolled related parties;
ii. Elimination of intercompany transactions, such that the financial statements only disclose those transactions carried out with third parties and uncontrolled related parties;
iii. Elimination of the equity interests and results for each fiscal year of the subsidiaries as a whole.

The accounting policies of the subsidiaries have been amended, where applicable, to ensure consistency with the accounting policies adopted by the Company.

GMSA performs its business activities through several subsidiaries. Unless otherwise provided, the subsidiaries detailed below have a share capital made up of ordinary shares only, which are directly in the possession of the Group, and the proportion of shares held is equal to the Group's voting rights. The country of incorporation or registration is also their principal place of business. Below is a detail of subsidiaries.

Companies	Country of incorporation	Main activity	% participation	
			12/31/2021	12/31/2020
CTR	Argentina	Electric power generation	75%	-
GLSA	Argentina	Electric power generation	95%	-
GROSA	Argentina	Electric power generation	95%	-
Solalban Energía S.A.	Argentina	Electric power generation	42%	-
CBEI LLC	United States	Investing company	100%	-

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.3 Revenue recognition

a) Sale of energy

Revenue from contracts with CAMMESA (ES Resolution No. 220/07, EES Resolution No. 21/16)

The Company recognizes revenue from supply contracts with CAMMESA for:

i) power availability, if any, on a monthly basis, provided that the different power plants are available for generation, and
ii) energy generated when there is an effective delivery of energy, based on the price set in each contract.

Revenue is not adjusted due to the effects of financing components as sales are performed in an average term of 45 days, which is in line with market practice.

Revenue from Forward Market Contracts

The Company recognized revenue from the sale of *Energía Plus* with the effective delivery of energy at the price set in each contract.

Revenue is not adjusted due to the effects of financing components as sales are performed in an average term of 30 days, which is in line with market practice.

Revenue from the sale of energy in the Spot Market

The Company recognizes revenue from:

i) power availability, if any, on a monthly basis, provided that the different power plants are available for generation,
ii) power generated in the hours of maximum technical requirement in the month, and
iii) generated and operated energy when there is effective delivery of energy, based on the applicable price according to the technology of each power plant, and from the application of the coefficient derived from the average use factor of the latest 12-month period on the power remuneration indicated in the resolution.

Revenue is not adjusted due to the effects of financing components as sales are performed in an average term of 45 days, which is in line with market practice.

b) Sale of services

Sale of services is recognized in the year they are rendered, based on the degree of completion.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.3 Revenue recognition (Cont'd)

c) Other revenue - Interest income

Interest income is recognized applying the effective interest rate method. This income is registered on a temporary basis, considering outstanding principal and the effective tax rate.

Such income is recognized when it is likely that the entity will receive the economic benefits associated with the transaction and the transaction amount can be measured reliably.

4.4 Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

The information included in the consolidated Financial Statements is recorded in US dollars, which is the Company's functional currency, i.e. the currency of the primary economic environment in which the entity operates.

b) Foreign currency balances and transactions

Transactions in foreign currency are translated into the functional currency at the selling exchange rate prevailing at the transaction date or valuation date, when the pertinent items are remeasured. Exchange gains and losses from the settlement of monetary items and from the translation of monetary items at year end using the closing exchange rate are recognized under Financial results, in the Statement of Comprehensive Income, except for the amounts that are capitalized.

c) Translation to Group companies presentation currency

The Company applies the consolidation method in stages, consequently, the Financial Statements of businesses abroad or in a currency other than the Company's functional currency are translated firstly into the Company's functional currency and afterwards into the presentation currency.

The results and financial position of the Company, its subsidiaries and associates with the US dollar as functional currency are translated to presentation currency at the end of each year, as follows:

- assets and liabilities are translated at the closing exchange rates;
- results are translated at the exchange rates of the transactions;
- translation gain/(loss) from functional currency to presentation currency are recorded under Other comprehensive income/(loss).

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4 Effects of the foreign exchange rate fluctuations (Cont'd)

c) Translation to Group companies presentation currency (Cont'd)

The results and financial position of subsidiaries and associates with the peso as functional currency, corresponding to a hyperinflationary economy, are translated to presentation currency using the exchange rate prevailing at closing. The results from applying the IAS 29 adjustment mechanism corresponding to hyperinflationary economies, to the initial equity measured at functional currency are recorded under Other comprehensive income/(loss).

d) Classification of Other comprehensive income within the Company's equity

The Company classifies and directly accumulates the translation differences (at the beginning and for the year) in the Retained earnings/accumulated losses account, within equity of the Company and its subsidiaries, joint ventures and associates with the US dollar as functional currency.

The Company classifies and directly accumulates the results from applying the IAS 29 adjustment mechanism to initial retained earnings/accumulated losses measured at functional currency in the Retained earnings/accumulated losses account, while the rest are disclosed as a component segregated from equity and are accumulated under Other comprehensive income/(loss) until the venture abroad is disposed of, according to IAS 21.

As a result of applying this policy, the translation from functional currency to a different presentation currency does not modify the way in which the underlying items are measured; thus, the amounts of both income/loss and capital are maintained in the functional currency in which they are generated.

4.5 Property, plant and equipment

In general, property, plant and equipment, excluding land, buildings, facilities, and machinery and turbines are recognized at cost net of accumulated depreciation and/or accumulated impairment losses, if any.

Depreciation of property, plant and equipment begins when available for use. Repair and maintenance expenses of property, plant and equipment are recognized in the Statement of Comprehensive Income during the financial year in which they are incurred.

Works in progress are valued based on the degree of progress. Works in progress are stated at cost less impairment losses, if any. Depreciation of these assets begins when it is available for use.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.5 Property, plant and equipment (Cont'd)

The Company measures buildings, facilities, machinery and turbines at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation, if any. Land is measured at fair value and is not depreciated. Revaluations are made frequently enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

On December 31, 2021, the Group has not revalued land, buildings, facilities, and machinery, for there have not been important changes in the fair values of those assets caused by macroeconomic fluctuations.

To determine the fair value, the Group uses the income approach which consists of valuation techniques that convert future amounts (e.g. cash flows or income and expenses) into a single present value (i.e., discounted). Fair value measurement is determined based on the value indicated by current market expectations of those future amounts. The Group considers that the income approach more reliably reflects the true value of these assets.

The appraiser used a valuation method based on a discounted cash flow model, in view of the absence of comparable market information due to the nature of those assets, that is, a combination of Level 3 inputs has been used.

The participation of external appraisers is decided by the Board of Directors. The criteria for the selection of appraisers include attributes, such as market knowledge, reputation, independence and whether they meet professional standards.

Fair value was determined using the income approach, which reflects current market expectations of those future amounts. This means that the revalued amounts are based on present value techniques which convert future income amounts into a single present value, that is, discounted.

In measuring the facilities and machinery according to the fair value revaluation model, the present value technique was used, as this technique better allows to capture attributes of the use of the asset and the existing synergies with the rest of the Group's assets and liabilities.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

NOTE 4: ACCOUNTING POLICIES (Cont’d)

4.5 Property, plant and equipment (Cont'd)

At the time of sale of the revalued assets, any revaluation surplus related to this asset is transferred to retained earnings. However, a portion of the revaluation reserve will be transferred to retained earnings as the asset is used by the company. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset’s original cost.

According to IAS 23 Borrowing Costs, financial costs must be capitalized in the cost of an asset when it is in the process of production, construction, assembly or finishing, and those processes are not interrupted due to their long-term nature; the term for production, construction, assembly or finishing does not exceed the period technically required; the activities needed for the asset to be ready for its intended use or sale are not substantially complete; and the asset is not in condition to be used in the production of other assets or placed into service, according to the purpose of its production, construction, assembly or finishing. The financial costs capitalized in the carrying value of property, plant and equipment amounted to USD 6,394 and USD 20.795 in the year ended December 31, 2021 and 2020, respectively. The average capitalization rate used for fiscal year 2021 and 2020 was 19.90% and 32.31%, respectively.

Subsequently to initial recognition, costs are included in the carrying amount of that asset or recognized as a separate asset, as applicable, only when it is probable that the future economic benefits associated to those assets will flow to the Company and their cost can be determined reliably. In the case of replacements, the carrying amounts of the replaced part is derecognized from accounting. Other repair and maintenance costs are recognized as an expense in the fiscal year in which they are incurred.

If all types of property, plant and equipment had been measured using the cost model, the carrying amounts would have been the following:

	12/31/2021	12/31/2020
Cost	956,429	681,317
Accumulated depreciation	(158,562)	(102,240)
Residual value	**797,867**	**579,077**

4.6 Investments in associates and other companies

Investments in associates

Associates are all entities over which GMSA has a significant influence but not exerts control, generally represented by a 20-50% holding of the voting rights of the entity. Investments in associates are accounted for using the equity value method. According to this method, the investment is initially recognized at cost, and the carrying value increases or decreases to recognize the investor's interest on the income/loss of the associate after the acquisition date.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.6 Investments in associates and other companies (Cont'd)

Investments in other companies

All the investments in equity instruments are measured at fair value through profit or loss. The fair value of the unlisted ordinary shares of TJSM and TMB was estimated using a model of discounted cash flows.

4.7 Impairment of non-financial assets

For assets subject to depreciation, an impairment test is performed whenever facts or circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount in which the carrying amount of the asset exceeds its recoverable amount. The value in use is the total amount of the net discounted cash flows expected to be derived from the use of the assets and from their eventual disposal. To this purpose, the assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset are considered, among other elements. The recoverable amount of an asset is the higher of the fair value less costs to sell or value in use. To assess impairment losses, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units).

The possible reversal of impairment losses of non-financial assets is reviewed at every date that financial information is presented.

At December 31, 2021, the Group has concluded that the carrying amount of land, buildings, facilities, machinery and turbines does not exceed their recoverable value, except for the case of GROSA which based on the estimates performed, the value of property, plant and equipment exceeds their value to the business estimated at year end and, therefore, the Company recorded an impairment of USD 1,953.

4.8 Financial assets

4.8.1 Classification

The Group classifies its financial assets in the following categories: assets subsequently measured at fair value and assets measured at amortized cost. This classification depends on whether the financial asset is an investment in a debt or equity instrument. For the asset to be measured at amortized cost, the two conditions described below must be fulfilled. The remaining financial assets are measured at fair value. IFRS 9 - Financial Instruments, requires that all the investments in equity instruments are measured at fair value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8 Financial assets (Cont'd)

4.8.1 Classification (Cont'd)

a) Financial assets at amortized cost

Financial assets are measured at amortized cost if the following conditions are met:

- the business model of the Company is aimed at keeping the assets to obtain contractual cash flows;
- contractual conditions give rise on specified dates to cash flows that are only payments of the principal and interest on the outstanding principal amount.

b) Financial assets at fair value

If any of the conditions above is not fulfilled, financial assets are measured at fair value through profit or loss.

All the investments in equity instruments are measured at fair value. The Company may irrevocably opt at initial recognition of investments not held for trading to disclose the changes in fair value under other comprehensive income. The Company has decided to recognize the changes in fair value in income.

4.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, when the Company undertakes to purchase or sell the asset. Financial assets are de-recognized when the rights to receive cash flows from investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets are initially recognized at fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs directly attributable to the purchase of those financial assets.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.8 Financial assets (Cont'd)

4.8.3 Impairment of financial assets

Financial assets at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets may have suffered impairment losses. A financial asset or a group of financial assets is impaired, and an impairment loss is incurred if, and only if, there is objective evidence of the impairment of value as a result of one or more events that have occurred after the initial recognition of the asset, and such an event (or events) causing the loss has (have) an impact on the estimated future cash flows from the financial asset or group of financial assets, which may be reliably estimated.

The Group uses the following criteria for determining whether there is objective evidence of an impairment loss:

- significant financial difficulties of the debtor;
- breach of contractual clauses, such as late payment of interest or principal;
- and probability that the debtor will enter into bankruptcy or other financial reorganization.

The amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the original effective interest rate. The carrying amount of the asset is reduced and the amount of the impairment loss is recognized in the statement of comprehensive income. If the financial asset bears a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate under the contract. As a useful measure, the Group may calculate the value of impairment based on the fair value of the financial asset using an observable market price.

If in future fiscal years the amount of the impairment loss declines and that decline may be objectively associated with an event subsequent to the recognition of impairment (such as the improvement in a debtor's credit rating), the reversal of the impairment loss previously recorded is recognized in the statement of comprehensive income.

4.8.4 Offsetting of financial instruments

Financial assets and liabilities are offset, and presented net on the statement of financial position, when there is a legally enforceable right to offset the recognized amounts, and an intention to settle the net amount, or to simultaneously realize the asset and settle the liability.

4.9 Inventories

Inventories are valued at the lower of acquisition cost or net realizable value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.9 Inventories (Cont'd)

Since inventories of the Group are not for sale, their value is calculated based on the purchase price, import duties (if any) and other taxes (non-refundable taxes by the tax authorities), transportation, storage and other costs directly attributable to the purchase of those assets. Cost is determined applying the weighted average cost method.

The Group classified inventories into current and non-current depending on their final allocation and the term during which they are expected to be used, whether for maintenance or improvement of present assets. The non-current portion of materials and spare parts is disclosed under Property, plant and equipment. The value of inventories as a whole does not exceed their recoverable value at the end of each fiscal year.

4.10 Trade and other receivables

Trade receivables are amounts due from customers for business sales made by the Company in the ordinary course of business. If collection is expected within one year or less, receivables are classified under current assets. Otherwise, they are classified as non-current assets.

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method and, where appropriate, adjusted at the time value of money.

The Group sets up bad debt allowances when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables, based on an individual analysis of historical performance of accounts receivable to assess the recoverability of the credit portfolio.

To measure expected credit losses, credits have been grouped by segment and, based on shared credit risk characteristics and the number of days past due.

Expected losses at January 1, 2021 were determined based on the following ratios calculated for the numbers of days past due:

RATIO PCE	No vencido	30 días	60 días	90 días	120 días	150 días	180 días	+180 días
CAMMESA	-	-	-	-	-	-	-	-
Interco	-	-	-	-	-	-	-	-
Otros deudores	-	-	-	-	-	-	-	19%

Trade receivables are written off when there is no reasonable expectation of their recovery. The Company understands that the following are signs of non-compliance: i) reorganization proceedings, bankruptcy or commencement of litigation, ii) insolvency that implies a high degree of impossibility of collection and iii) balances in arrears for more than 180 business days from the first expiration date of the invoice.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.10 Trade and other receivables (Cont'd)

In addition, and in the event of similar and/or exception situations, the Company's management may redefine the amounts for setting up provisions to support and justify the criteria adopted.

For the application of the expected loss model as regards trade receivables, no impairment allowance adjustment has been made at January 1, 2021 as against the allowance recorded at December 31, 2020. Further, in the year 2021, no impairment allowance has been set up.

At December 31, 2021, the Company has set up a provision of USD 27 for trade receivables and of USD 18 for other receivables.

4.11 Advances to suppliers

The Group has adopted as accounting policy to disclose advances to suppliers under other current receivables, until the assets are received.

At December 31, 2021, the Company recorded an advance to suppliers balance of USD 79,142.

4.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits in banks and other short-term highly liquid investments originally falling due within three months or less and subject to low material risk of changes in value. Bank overdrafts, if any, are disclosed under cash and cash equivalents in the cash flow statement since they are part of the Group's cash management.

4.13 Trade and other payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payments fall due within one year or less. Otherwise, they are classified as non-current liabilities.

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost applying the effective interest rate method.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.14 Borrowings

Loans are initially recognized at fair value, less direct transaction costs incurred. They are subsequently measured at amortized cost, and any difference between the funds received (net of transaction costs) and the amount payable at due date is recognized in the statement of income over the term of the loan, applying the effective interest rate method. The Group analyzes loan renegotiation terms to determine if as a result of the quantitative and qualitative changes to their conditions, they should be considered as amended or settled.

4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. those that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets until the moment they are ready for their use or sale.

Other borrowing costs are recognized as expenses in the fiscal year in which they are incurred.

4.16 Derivative instruments

Derivative instruments are initially recognized at fair value on the date when the contract is executed. Subsequent to initial recognition, they are again measured at fair value.

The method for recognizing the resulting loss or profit depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item it is covering. The Group has executed derivative contracts in foreign currency to hedge the next installment payments falling due in connection with principal and interest on its loans in US dollars and reduce the exchange rate risk. However, the Group has not applied hedge accounting; therefore, the changes in its value are recognized in profit or loss, in the caption Changes of fair value of financial instruments, under Other financial results.

Fair values of derivative instruments that are traded in active markets are recorded according to quoted market prices. Fair values of derivative instruments that are not traded in active markets are determined by using valuation techniques. The Group applies critical judgment to select the most appropriate methods and to determine assumptions that are based mainly on the market conditions existing at the end of each year.

At December 31, 2021, GMSA has hedge contracts for USD 12,000 to hedge the payment of Class II and Class IV Negotiable Obligations Co-issuance, the payment of the 2023 and 2027 International bonds and the payment of the BLC loan in the months of January and February 2022.

At December 31, 2021, CTR executed NDF forward purchase contracts of US dollars against Argentine pesos through Banco ICBC, for a nominal value of USD 1 million, at an average exchange rate of 108.2 pesos per US dollar, expiring in July 2022.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.17 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or implicit, as a result of past events; a resource outflow will likely be necessary to settle that obligation; and the amount of the obligation can be measured reliably.

The amount recorded as provisions was the best estimate of the resource outflow necessary to settle the present obligation, at the end of the reporting year, considering the pertinent risks and uncertainties and the opinion of the Group's legal counsel. When a provision is measured using the estimated cash outflow for settling the present obligation, the amount recorded represents the present value of that cash flow.

4.18 Income Tax and Minimum Notional Income Tax

a) Current and deferred income taxes

The Income Tax charge for the year comprises current tax and deferred tax. Income Tax is recognized in income.

The current income tax expense is calculated as established by the tax laws enacted or to be enacted at the closing balance sheet date. Management regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation and, if necessary, sets out provisions based on the amounts payable to the tax authorities.

Deferred tax is recognized according to the liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, no deferred tax liability is recognized if the differences arise from the initial recognition of goodwill, or from the initial recognition of assets and liabilities in a transaction (different from a business combination) that did not affect accounting income nor tax income at the moment of being performed.

Deferred tax assets are recognized only to the extent that it is likely that the Company has future tax income against which to offset the temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset recognized amounts and if deferred tax assets and liabilities derive from income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred income tax assets and liabilities have not been discounted and are stated at nominal value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.18 Income Tax and Minimum Notional Income Tax (Cont'd)

a) Current and deferred Income Tax (Cont'd)

IFRIC 23 - Uncertainty over Income Tax Treatments:

IFRIC 23 issued in 2017 clarifies how accounting recognition and measurement requirements under IAS 12 are applied when there is uncertainty over Income Tax treatments.

For this purpose, an entity must assess whether a tax authority will accept an uncertain tax treatment used, or proposed to be used, or planned to be used in its income tax filings.

If the entity concludes that it is probable that a tax authority will accept an uncertain tax treatment, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If the entity concludes that such acceptance is not probable, the entity should reflect the effect of uncertainty in determining its taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

An entity will make judgments and estimates consistent with current Income Tax and deferred tax.

An entity has to reassess its judgments and estimates if facts and circumstances change or as a result of new information affecting the judgment or estimate.

At December 31, 2021, the Company has applied this interpretation to record the current and deferred income tax, in relation to the recognition of the tax-purpose inflation adjustment over cumulative tax loss carry-forwards (Note 23).

b) Minimum Notional Income Tax

Although minimum notional income tax was repealed, the Group has recognized as a credit the tax paid in prior years, considering that it will be offset against future taxable profits.

Minimum Notional Income Tax assets and liabilities have not been discounted and are stated at nominal value.

4.19 Balances with related parties

Payables and receivables with related parties have been valued based on the terms agreed upon between the parties.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.20 Leases

The Group adopted IFRS 16 Leases and applied the following options established by the standard:

- For leases classified as financial due to the application of IAS 17 and IFRIC 4, carrying amounts were computed for assets for rights of use and lease liabilities prior to the initial application of IFRS 16, as provided for by item 11 of the Appendix C of the standard. Those values are disclosed under Property, plant and equipment and Loans.
- Finance charges generated for lease liabilities are disclosed under Interest on loans in Note 30.
- The rest of lease commitments identified are related to contracts ending within 12 months as from adoption and which continue to be recognized on a straight-line basis by the Company.

Consequently, the Group did not change the accounting for assets recorded for operating and finance leases as a result of the adoption of IFRS 16.

4.21 Defined benefit plan

GMSA, CTR and GROSA grant defined benefit plans. Usually, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, generally dependent on one or more factors such as age, years of service and compensation.

The liability recorded in the statement of financial position in relation to defined benefit plans is the present value of the obligation from defined benefit plans at the closing date. The obligation from defined benefit plans is calculated annually by independent actuaries in accordance with the projected unit credit method. The present value of the obligation from defined benefit plans is determined by discounting the future cash outflows estimated using actuarial assumptions based on the demographic and financial variables that have an influence in determining the amount of those benefits.

Actuarial gains and losses arising from adjustments due to the experience and changes of actuarial assumptions are recognized in Other comprehensive income in the year when they occur. The costs for past services are immediately recognized in the income statement.

4.22 Equity accounts

Movements in this item have been accounted for in accordance with the pertinent decisions of shareholders' meetings and legal or regulatory provisions.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.22 Equity accounts (Cont'd)

a) Share Capital

Share capital represents the capital issued, composed of the contributions that were committed and/or made by the shareholders and represented by shares that comprise outstanding shares at nominal value. Ordinary shares are classified under equity.

b) Legal reserve

Pursuant to General Companies Law No. 19550, 5% of the profit reported in the Statement of Comprehensive Income for the year, prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the capital stock.

c) Optional reserve

Corresponds to the allocation decided by the Company's Shareholders' Meeting whereby a specific amount is applied to meet the needs for funds required by the projects and situations relating to the Company policy.

d) Technical revaluation reserve

Corresponds to the technical revaluation reserve of the subsidiary companies and associates according to the percentage of interest, as a result of applying the revaluation model for property, plant and equipment.

e) Other comprehensive income/(loss)

Corresponds to actuarial gains and losses from the calculation of liabilities for defined benefit plans and their tax effects.

f) Unappropriated retained earnings (accumulated losses)

Retained earnings comprise accumulated profits or losses without a specific appropriation; positive earnings can be distributable by the decision of the Shareholders' Meeting, as long as they are not subject to legal restrictions. These earnings/(losses) comprise prior year earnings that were not distributed and prior year adjustments derived from application of the accounting standards.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.22 Equity accounts (Cont'd)

f) Unappropriated retained earnings (accumulated losses) (Cont'd)

In case of existence of unappropriated losses to be absorbed at the end of the year under consideration by the shareholders' meeting, the following order for appropriation of balances must be followed:

(i) Retained earnings
- Optional reserves
- Reserves provided for by Company bylaws
- Legal reserve

(ii) Capital contributions
(iii) Additional paid-in capital
(iv) Other equity instruments (if feasible from the legal and corporate point of view)
(v) Capital Adjustment

g) Distribution of dividends

The distribution of dividends among the shareholders of the Company is recognized as a liability in the Financial Statements for the year in which dividends are approved by the meeting of shareholders.

h) Special Reserve GR No. 777/18

Following the mechanism established in GR No. 777/2018 of the CNV, in the transition year in which the inflation adjustment is disclosed, the Company has set up a special reserve for an amount equivalent to the revaluation balance determined by its nominal value transferred in accounting to unappropriated retained earnings. This special reserve may be reversed following the mechanism provided for by applicable accounting standards. The reserve will be set up ad referendum of the next Annual Ordinary Shareholders' Meeting.

i) Translation reserve

It includes the results from the translation of foreign currency transactions and translation differences which are not directly classified or accumulated in other unappropriated retained earnings (accumulated losses) as indicated in the policy described in Note 3.

NOTE 5: FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

Financial risk management is encompassed within the global policies of the Group, which are focused on the uncertainty of the financial markets and are aimed at minimizing the potential adverse effects on its financial yield. Financial risks are the risks associated with financial instruments to which the Group is exposed during or at the end of each fiscal year. Financial risks comprise market risk (including the foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

This section includes a description of the main financial risks and uncertainties that could have a material adverse effect on the Group's strategy, performance, results of operations and financial condition.

Financial risk management is controlled by the Finance Division of the Group, which identifies, assesses and covers the financial risks. The financial risk management policies and systems are reviewed regularly to reflect the changes in the market conditions and in the Group's business activities.

a) Market risk

Foreign exchange risk

Most of the sales made by the Group are denominated in US dollars, due to the fact that they are performed under Resolutions No. 1281/06 (*Energía Plus*), No. 220/07, and No. 21/16. Furthermore the financial debt is mainly denominated in that currency and financial debt is allocated to the investment in the cycle closure projects stated in US dollars, which means that the business has a genuine hedge against exchange rate fluctuations. However, the Group constantly monitors the exchange rate fluctuations of the main world currencies to define foreign exchange strategies.

Price risk

Group revenues rely, to a lesser extent, on sales made under Resolution No. 440/21. This resolution adapts certain remuneration criteria to economic conditions which are reasonable, foreseeable and efficient, through medium-term commitments. The Group may suffer the impact of any material amendment or repeal of any terms of the Resolution and such repeal or amendment may cause a minor adverse effect on its business, financial position and results of operations.

If for any reason not attributable to the Group, it were no longer eligible to participate in the Energía Plus Program (ES Resolution No. 1281/06), Resolution No. 220/07 and/or ES Resolution No. 21/16, or if these resolutions were repealed or substantially amended, and the Group were obliged to sell all the power generated in the Spot Market or the sales price were limited, the results of the Group could be badly affected.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

Price risk (Cont'd)

Additionally, the Group's investments in listed capital instruments are susceptible to the market price risk deriving from the uncertainties on the future value of these instruments. Considering the minor importance of investments in equity instruments vis-à-vis the net position of assets/liabilities, the Group is not significantly exposed to risks relating to price instruments.

In addition, the Group is not exposed to the raw materials price risk.

Interest rate risk

Interest rate risk arises from the Group's debt at floating rate. Indebtedness at floating rate exposes the Group to interest rate risk on their cash flows. At December 31, 2021, a small portion of the loans in effect had been taken out at floating rates, mainly BADLAR (plus an applicable margin).

The Group analyzes its exposure to interest rate risk in a dynamic manner. Hypothetical situations are simulated considering the positions relating to refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Group estimates the impact on profit or loss of a definite variation in interest rates. Simulation is only made in relation to obligations representing the main positions that accrue interest.

The following table shows the Group's loans broken down by interest rate:

	12/31/2021	12/31/2020
Fixed rate:	703,371	430,847
	703,371	**430,847**
Floating rate:	33,819	29,136
	33,819	**29,136**
	737,190	**459,983**

Based on simulations run with all the other variables kept constant, an increase/(decrease) of 1% in the variable interest rates would (decrease)/increase the profit or loss for the year as follows:

	12/31/2021	12/31/2020
Floating rate:	338	291
Impact on the profit/(loss) for the year	**338**	**291**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and from the exposure to credit of customers, including the outstanding balances of accounts receivable and arranged transactions.

Our credit analysis division assesses privately-held corporate customers' payment ability, taking as a basis their financial statements, financial position, market reports, historical behavior towards the Company and other financial creditworthiness factors. Credit limits are set on the basis of the indicators described above, and are regularly monitored by the respective area.

The electricity generators with sales to the spot market, per ES Resolution No. 440/21, which replaced ES Resolution No. 19/17, and generators with contracts under Resolutions Nos. 220/07 and ES No. 21/16 receive through CAMMESA the payments for making available the power and energy supplied to the system.

In 2021, CAMMESA paid its past due obligations, recognizing interest and exchange difference as agreed in the pertinent contracts.

c) Liquidity risk

The Management of the Group monitors the updated projections on liquidity requirements to ensure that the Group has enough cash to cover the operational needs while maintaining an adequate level of credit facilities available. In this way, the Group is expected to meet its commitments required as a result of the financial debt arising from any credit facility. The projections take into account payment plans of the Company's debts, compliance with external regulatory requirements and legal requirements.

Temporary cash surpluses are prudently managed until they are used for debt servicing purposes and investment in enlargement projects currently in progress. The Group has worked in the medium and long term financing structure, having, in addition, available credit lines and loans to guarantee compliance with commitments.

The following table shows an analysis of the Group's financial liabilities classified according to the due dates, considering the remaining period from the respective balance sheet date to their contractual due date. The amounts shown in the table are the non-discounted contractual cash flows.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

c) Liquidity risk (Cont'd)

At December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	After 2 years	Total
Trade and other payables	30,099	15,650	16,751	10	62,510
Loans	63,542	111,171	243,578	803,826	1,222,117
Finance leases	222	860	444	481	2,007
Total	**93,863**	**127,681**	**260,773**	**804,317**	**1,286,634**

At December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	After 2 years	Total
Trade and other payables	48,497	9,117	20,348	11,278	89,240
Loans	44,952	103,441	103,300	343,147	594,840
Finance leases	105	315	664	-	1,084
Total	**93,554**	**112,873**	**124,312**	**354,425**	**685,164**

5.2 Management of capital risk

The objectives of the Group when it administers capital are to secure the correct operation of the Group, to encourage its growth, to meet the financial commitments taken on and produce yields to its shareholders, keeping an optimum capital structure.

Consistently with the industry, the Group monitors its capital based on the Consolidated Debt to Adjusted EBITDA ratio. This ratio is calculated dividing the net loans by EBITDA. Net borrowings correspond to total borrowings (including current and non-current borrowings) less cash and cash equivalents. Adjusted EBITDA is defined as operating income less operating expenses (including selling and administrative expenses, provided that they are included under operating expenses) plus amortization, depreciation and any other non-cash expenses (provided that they are included under operating expenses).

In the year ended December 31, 2021, the Group incurred long-term indebtedness mainly through the issue of Class XV and Class XVI Negotiable Obligations for an amount of UVA 36,621 thousand and USD 98,773, respectively.

This issue has allowed improvements in the indebtedness profile, by extending the due dates. Consolidated debt to adjusted EBITDA ratio at December 31, 2021 was as follows:

	In thousands of USD **12/31/2021**
Total loans	737,190
Less: cash and cash equivalents	(17,493)
Net debt	719,697
EBITDA (*)	141,797
Net debt / EBITDA	**5.08**

(*) Amount not covered in the Audit Report.

<u>NOTE 6:</u> CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates made and accounting judgments applied are continually evaluated and are based on past experience and other factors that are believed to be reasonable under the circumstances.

The preparation of the financial statements require that the Group makes estimates and carries out evaluations relating to the future. Actual future results may differ from those estimates and assessments made at the date these consolidated Financial Statements were prepared. The estimates that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next fiscal year are detailed below:

a) Impairment of assets

Long-lived assets are tested for impairment at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Electricity production plants of GMSA's subsidiaries or associates constitute a cash generating unit, already representing the lowest level of separation of assets that generate independent cash flows.

Assets that are subject to amortization are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

In evaluating whether there is any indication that the cash generating unit could be affected, internal and external sources of information are analyzed. Specific events and circumstances are considered, which in general include the discount rate used in the projections of cash flows of each of the CGU and the business condition in terms of market and economic factors, such as the cost of raw materials, the regulatory framework of the energy industry, projected capital expenditure and the evolution of energy demand. An impairment loss is recognized when the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs to sell and value in use. Any impairment loss will be distributed (to reduce the carrying value of the assets of the CGU) as follows:

a) First, to reduce the carrying amount of goodwill allocated to the cash generating unit, and
b) then, reduce the carrying amounts of the other assets of the unit (or group of units) pro rata on the basis of the carrying amount of each asset of the unit (or group of units). The carrying amount of an asset should not be reduced below the highest of its fair value less costs of sales and its value in use, or zero.
c) The amount of the impairment loss that cannot be otherwise allocated to the asset shall be allocated pro rata to the other assets of the CGU.

Judgment is required from Management at the time of estimating the future cash flows. Actual cash flows and values may significantly vary from expected future cash flows and the related values obtained through discount techniques.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

b) Current and deferred income taxes

The Group recognizes income taxes applying the deferred tax method. Consequently, the deferred tax assets and liabilities are recognized according to the future tax consequences attributable to the differences between the carrying amount of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are valued at the approved tax rates that should theoretically be applied on the taxable income in the years in which the temporary differences are expected to be settled. A high degree of judgment is required to determine the provision for income tax since Management regularly assesses the positions on the tax returns regarding situations where the applicable tax regulation is subject to interpretation and, if necessary, sets out provisions based on the amounts payable to the tax authorities. When the final outcome of these matters is different from the initially recognized amounts, such differences will have an impact on income tax and deferred taxes in the fiscal year in which they are determined.

There are many transactions and calculations according to which the latest tax determination is uncertain. The Company early recognizes tax liabilities based on the estimates as to whether additional taxes must be paid in the future. When the final tax result differs from the amounts initially recognized, any such differences will have an impact on the current and deferred income tax assets and liabilities in the year in which such determination was made.

Deferred tax assets are reviewed at every reporting date and reduced according to the probability that a sufficient tax base might be available to allow recovering these assets in whole or in part. Deferred assets and liabilities are not discounted. When assessing the realizability of deferred tax assets, Management considers it probable that some, or all, deferred tax assets are not realizable.

Whether deferred tax assets are realizable depends on the generation of future taxable income for the periods in which these temporary differences are deductible. In making this assessment, Management takes into account the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies.

c) Allowances and provisions

Provisions cover contingencies arising in the ordinary course of business and other sundry risks that could create obligations for the Group. In estimating the amounts and probabilities of occurrence, the opinion of the Group's legal advisors has been considered.

At the date of issuance of these consolidated Financial Statements, the Management of the Group understands that there are no elements which may determine the existence of other contingencies that could materialize and have a negative impact on these consolidated Financial Statements.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

d) Allowance for bad debts

The allowance for bad debts has been set up based on a historical analysis of accounts receivable to assess the recoverability of the credit portfolio.

The allowance for bad debts amounted to USD 27 at December 31, 2021 and 2020, respectively.

For more information on the balance of the allowance for bad debts, see Note 11 to these consolidated financial statements.

e) Defined benefit plans

GMSA, CTR and GROSA determine the liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned, considering all the rights accrued by the beneficiaries until year end, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Company is the Projected Benefit Unit method.

f) Fair value of property, plant and equipment

The Group has opted to value land, real property, facilities, machinery and turbines at fair value applying discounted cash flows or comparable techniques.

The fair value calculated by means of the discounted cash flow was used to value facilities, machinery and turbines. This cash flow was prepared on the basis of estimates with an approach to consider different scenarios according to their probability of occurrence.

The following variables have been taken into account in relation to the estimates made: (i) exchange rate fluctuations; (ii) availability and dispatch of turbines associated with demand projections according to vegetative growth; (iii) operating and maintenance cost; (iv) number of employees; (v) discount rate used, among others. Each of these scenarios contemplate different assumptions regarding the critical variables used.

The discounted cash flows at December 31, 2021 consider two scenarios (pessimistic and base scenarios) with different probabilities of occurrence. The two scenarios arise from current rate schedules and are combined with different turbine dispatch alternatives.

The criteria considered in each scenario are the following:

1. Base scenario: in this case the Group considers a historical average availability and an expected dispatch according to projections of the demand for energy with a vegetative growth. Probability of occurrence: 70%.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

f) Fair value of property, plant and equipment (Cont'd)

2. Pessimistic scenario: in this case the Group considers a historical average availability and a dispatch of a lower demand for energy than expected, as well as a lesser adjustment index of remuneration that impact on cash flows. Probability of occurrence: 30%.

In all scenarios a discount rate in dollars of approximately 10.89% was used, which contemplates the future scenarios.

The percentages of probability of occurrence assigned are mainly based on the occurrence of different past events (experience).

Actual results may differ from estimates, so the projected cash flows may be badly affected if one of the above-mentioned factors change in the near future.

The Group cannot assure that the future behavior of those variables will be in line with projections, and differences might arise between the estimated cash flows and the ones really obtained.

The fair value determination of property, plant and equipment is significantly affected by the dollar exchange rate. This situation, valuation processes and results are discussed and approved by the Board of the Companies at least once a year.

However, if the discounted cash flow differs by 10% from Management estimates, the Group will need:

- To increase the fair value of land, buildings, facilities, and machinery by USD 57,475, if it were favorable; or
- To reduce the fair value of land, buildings, facilities, and machinery by USD 57,475, if it were not favorable.

At December 31, 2021, the Company performed an analysis of the variables that are considered for the calculation of the recoverable value of property, plant and equipment and concluded that there were no significant changes in such variables.

<u>NOTE 7:</u> PROPERTY, PLANT AND EQUIPMENT

Captions	ORIGINAL VALUE							DEPRECIATION					NET VALUE	
	Value at beginning of the year	Addition due to merger/consolidation	Increases (1)	Decreases /transfers	Revaluation of original values (2)	(Impairment)	Value at the end of year	Accumulated at beginning of year	Addition due to merger/con solidation	For the year	Revaluation of accumulated depreciation (2)	Accumulated at year end	12/31/2021	12/31/2020
Land	15,072	516	-	-	-	-	15,588	-	-	-	-	-	15,588	15,072
Buildings	22,279	7,760	185	-	-	-	30,224	-	-	931	-	931	29,293	22,279
Facilities	64,954	22,433	1,155	-	-	-	88,542	-	-	6,819	-	6,819	81,723	64,954
Machinery and turbines	363,071	113,642	313	-	-	-	477,026	-	-	28,878	-	28,878	448,148	363,071
Computer and office equipment	1,066	228	490	-	-	(5)	1,779	810	178	207	-	1,195	584	256
Vehicles	557	124	-	-	-	(1)	680	385	111	76	-	572	108	172
Tools	-	1,117	17	-	-	(68)	1,066	-	647	75	-	722	344	-
Furniture and fixtures	-	76	-	-	-	(5)	71	-	74	-	-	74	(3)	-
Works in progress	207,416	74,617	49,441	-	-	-	331,474	-	-	-	-	-	331,474	207,416
Civil constructions on third party property	-	3,026	-	-	-	(181)	2,845	-	2,468	79	-	2,547	298	-
Facilities on third party property	-	17,385	386	-	-	(1,072)	16,699	-	14,626	433	-	15,059	1,640	-
Machinery and turbines on third party property	-	(189)	8	-	-	(621)	(802)	-	(3,013)	404	-	(2,609)	1,807	-
Right-of-use third party property	-	1,587	446	-	-	-	2,033	-	-	277	-	277	1,756	-
Spare parts and materials	5,054	1,151	315	(35)	-	-	6,485	-	-	-	-	-	6,485	5,054
Total at 12/31/2021	**679,469**	**243,473**	**52,756**	**(35)**	**-**	**(1,953)**	**973,710**	**1,195**	**15,091**	**38,179**	**-**	**54,465**	**919,245**	**-**
Total at 12/31/2020	**637,278**	**-**	**68,191**	**(76)**	**(25,924)**	**-**	**679,469**	**1,003**	**-**	**25,390**	**(25,198)**	**1,195**	**-**	**678,274**

(1) It includes the acquisition of assets of the project for the start-up and enlargement of the electricity generation plant.
(2) At December 31, 2020, it corresponds to the revaluation for USD 726, offset by the accumulated depreciation at the time of revaluation for USD 25,198.

NOTE 8: INFORMATION ON SUBSIDIARIES AND ASSOCIATES

a) Information on subsidiaries

The Group carries its business through various operating subsidiaries. See composition of the Economic Group, equity interest percentages, materiality criteria and other relevant information on the Group subsidiaries in Note 4.2.

GROSA

On April 27, 2011 the Ordinary Shareholders' Meeting of Central Térmica Sorrento S.A. unanimously approved the lease contract with GROSA; the purpose of the agreement is to rent both the building and the assets added to the Power Plant, including the generator, equipment and other available property, plant and equipment and spare parts. The contract was effectively valid as from November 15, 2010 (with a 9-month grace period) and has a set term of 10 years, with a renewal option for 7 additional years. The first fee installment was invoiced on August 1, 2011.

In December 2020, GROSA decided to exercise the option to extend the term of the lease contract, it being executed on February 10, 2021. Therefore, the useful life of property, plant and equipment has been adjusted at year end.

Additionally, the parties agreed that GROSA should make payments on behalf of Central Térmica Sorrento S.A. in connection with expenses and taxes arising prior to November 1, 2010, for up to ARG $ 4,000,000, accruing compensatory interest at an annual nominal rate of 18%. The repayment of these concepts (debt plus compensatory interest) by Central Térmica Sorrento S.A. shall be made in 42 monthly and consecutive installments. Finally, and in view of the lease contract mentioned above, the parties agreed offsetting the reciprocal balances.

At the date of issuance of these consolidated financial statements, the first 35 installments of the above mentioned agreement are effectively offset, with balances corresponding to the fixed installments invoiced by Central Térmica Sorrento S.A. from August 2011 to June 2014 inclusive, with a remaining balance of ARG $ 715,565 to be offset. If the last fixed installment of the lease agreement corresponding to July 2014 and the variable installments of the periods between August 2014 and January 2015 had been invoiced, the balances to be offset for these concepts would have been partially decreased.

On December 23, 2015 the reorganization proceeding of Central Térmica Sorrento S.A. was initiated. This situation does not affect the lease agreement mentioned above or the electric power generation business.

On November 10, 2016, a mediation hearing was closed without reaching an agreement in connection with the eviction of the property under a lease agreement mentioned in the preceding paragraph. GROSA estimates that it is highly unlikely that the eviction will take place as Central Térmica Sorrento S.A. has no right to be granted this order.

NOTE 8: INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)

a) Information on subsidiaries (Cont'd)

In the case "Central Térmica Sorrento S.A. c/ Generación Rosario S.A. s/Medidas Precautorias" ("Central Térmica Sorrento S.A. v. Generación Rosario S.A. on precautionary measures), an attachment was levied on the funds that CAMMESA should settle with Generación Rosario S.A. for ARG $ 13,817 thousand, plus interest for ARG $ 6,900 thousand, which was recorded by CAMMESA in the settlement dated December 12, 2017. In reply to this resolution, on April 17, 2018 the attachment decreed against GROSA was replaced with a bond insurance policy. The sums subject to the court-ordered attachment were returned to the Company on June 28, 2018.

Furthermore, payment of monthly rentals through judicial consignment was requested in re. "Generación Rosario S.A. c/ Central Térmica Sorrento s/ Consignación" ("Generación Rosario S.A. v. Central Térmica Sorrento on Consignment").

Extension of the lease contract with GROSA In December 2020, GROSA decided to exercise the option to extend the term of the lease contract, it being executed on February 10, 2021. Therefore, the useful life of property, plant and equipment has been adjusted at the end of fiscal year 2020.

b) Financial information of subsidiaries with significant non-controlling interest

Non-controlling interest in subsidiaries is not significant for the Group.

At December 31, 2021 and 2020, the Group's associate is Solalban Energía S.A.

In 2008, ASA, with a 42% interest, together with Solvay Indupa S.A.I.C. created Solalban Energía S.A. aimed at building a power plant with a generation capacity of 165 MW located in the petrochemical area of the city of Bahia Blanca, Province of Buenos Aires. On January 1, 2021, GMSA absorbed ASA.

Changes in the investments in GMSA's associates for the year ended December 31, 2021 and 2020 are as follows:

	12/31/2021	**12/31/2020**
At beginning of year	**-**	**-**
Addition due to merger/consolidation	4,398	-
Income/(loss) from interests in associates	(477)	-
Year end	**3,921**	**-**

NOTE 8: INFORMATION ON SUBSIDIARIES AND ASSOCIATES (Cont'd)

b) Financial information of subsidiaries with significant non-controlling interest (Cont'd)

Below is a breakdown of the investments and the value of interests held by the Company in the associate at December 31, 2021 and 2020, as well as the Company's share of profits in the associate for the year ended on December 31, 2021 and 2020:

Name of issuing entity	Main activity	% share interest		Equity value		Share of profit of the Company in income/(loss)	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Associates							
Solalban Energía S.A.	Electricity	42%	0%	3,921	-	(477)	-
				3,921	-	**(477)**	-

Summarized statement of financial position:

	12/31/2021
Total non-current assets	9,522
Total current assets	10,878
Total assets	**20,400**
Total equity	**9,335**
Total non-current liabilities	1,886
Total current liabilities	9,178
Total liabilities	**11,064**
Total liabilities and equity	**20,399**

Summarized statement of income and statement of comprehensive income:

	12/31/2021
Sales revenue	54,024
Income/(loss) for the year	(1,135)
Total comprehensive income/(loss) for the year	**(1,135)**

Statement of Cash Flows:

	12/31/2021
Net cash flows (used in) operating activities	(228)
Net cash flows (used in) investing activities	(665)
(Decrease) in cash for the year	**(893)**

The information above shows the balances recorded in the financial statements of the associate (not the share of the Group in those amounts) adjusted by differences in accounting policies for valuation of property, plant and equipment under the revaluation model.

NOTE 9: INVENTORIES

	12/31/2021	12/31/2020
Current		
Supplies and materials	3,741	2,740
	3,741	**2,740**

NOTE 10: OTHER RECEIVABLES

	Note	12/31/2021	12/31/2020
Non-current			
Value added tax		58	-
Minimum Notional Income Tax		954	746
Income Tax credits		43	23
Tax Law No. 25413		3,460	1,733
Sub-total tax credits		**4,515**	**2,502**
Related companies	**32**	177	59,130
Other credits with C.T. Sorrento		21	-
Credit provision	**20**	(18)	-
		4,695	**61,632**
Current			
Value added tax		4,000	-
Turnover tax credit balance		344	190
Other tax credits		103	41
Sub-total tax credits		**4,447**	**231**
Advances to suppliers		79,142	33,379
Insurance to be accrued		2,239	1,658
Related companies	**32**	635	1,383
Loans to Directors/Shareholders	**32**	7,308	782
Sundry		127	557
		93,898	**37,990**

NOTE 11: TRADE RECEIVABLES

	12/31/2021	12/31/2020
Current		
Trade receivables	21,307	28,824
Sales not yet billed	16,093	13,689
Allowance for bad debts	(27)	(32)
	37,373	**42,481**

The movements of the provision for trade and other receivables are as follows:

	For trade receivables
Balance at December 31, 2020	**32**
Increases due to merger/consolidation	1
Gain/(loss) exchange differences	(6)
Balances at December 31, 2021	**27**

NOTE 12: OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	12/31/2021	12/31/2020
Non-current			
Mutual funds	**18.b.9**	3,882	-
		3,882	**-**

		12/31/2021	12/31/2020
Current			
Mutual funds	**18.b.9**	84,086	-
		84,086	**-**

NOTE 13: CASH AND CASH EQUIVALENTS

	12/31/2021	12/31/2020
Cash	7	5
Checks to be deposited	10	356
Banks	6,647	6,926
Mutual funds	10,829	14,964
Cash and cash equivalents	**17,493**	**22,251**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include:

	12/31/2021	12/31/2020
Cash and cash equivalents	17,493	22,251
Cash and cash equivalents	**17,493**	**22,251**

NOTE 14: CAPITAL STATUS

Subscribed, paid-in and registered capital at December 31, 2021 amounts to USD 1,642. Once the merger is approved, the Company's subscribed and paid-in capital will amount to USD 2,414, which is pending registration.

NOTE 15: DISTRIBUTION OF PROFITS

Dividends

A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2020 will be subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2021 will be subject to tax at a rate of 13%.

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will continue to be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

On June 16, 2021, the National Executive Branch enacted Law No. 27630 whereby a tax rate of 7% was set for tax on dividends. This amendment is applicable for annual reporting periods beginning on or after January 1, 2021.

Pursuant to General Companies Law No. 19550, 5% of the profit reported in the Statement of Comprehensive Income for the year, net of prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the capital stock.

Due to the issuance of the International bonds, the co-issuers must comply with ratios on a consolidated basis to be allowed to distribute dividends.

NOTE 16: TRADE PAYABLES

	Note	12/31/2021	12/31/2020
Non-current			
Suppliers		16,749	31,626
		16,749	**31,626**
Current			
Suppliers		39,856	36,927
Advances from customers		12	-
Provisions for invoices to be received		3,645	3,056
Related companies	**32**	1,957	17,631
		45,470	**57,614**

NOTE 17: OTHER LIABILITIES

	Note	12/31/2021	12/31/2020
Non-current			
Other income to be accrued		12	-
		12	**-**
Current			
Related companies	**32**	1	-
Directors' fees	**32**	275	-
Other income to be accrued		3	-
		279	**-**

Other long-term receivables are measured at present value applying a market rate. The amount thus obtained does not differ from its fair value.

NOTE 18: LOANS

	Note	12/31/2021	12/31/2020
Non-current			
International bonds		359,698	266,048
Negotiable Obligations		266,405	87,095
Foreign loan debt		15,580	8,570
Other bank debts		2,868	-
Finance lease debt		925	421
		645,476	**362,134**
Current			
International bond		17,896	10,881
Negotiable Obligations		51,586	48,061
Foreign loan debt		9,855	9,676
Syndicated Loan		-	2,113
Other bank debts		10,662	6,570
Related companies	**32**	-	19,885
Finance lease debt		1,082	663
Bond insurance		633	-
		91,714	**97,849**

NOTE 18: LOANS (Cont'd)

At December 31, 2021, the total financial debt amounts to USD 737,190. The following table shows the total debt at that date.

	Borrower	Principal	Balances at December 31, 2021	Interest rate	Currency	Date of Issue	Maturity date
			(In thousands of USD)	(%)			
Loan agreement							
Cargill	GMSA	USD 2,525	2,660	LIBOR + 10%	USD	08/03/2020	09/06/2022
BLC	GMSA	USD 10,696	10,215	12% first installment, the remaining installments 12-month USD LIBOR + 11%	USD	06/26/2020	06/12/2023
JP Morgan	GMSA	USD 11,847	10,436	6-month LIBOR + 1%	USD	12/28/2020	11/15/2025
Eurobanco Loan	GMSA	USD 2,115	2,124	7.00%	USD	09/21/2020	07/27/2023
Subtotal			**25,435**				
Debt securities							
2023 International bonds	GMSA/CTR	USD 67,197	69,972	9.625%	USD	07/27/2016	07/27/2023
2027 International bonds (*)	GMSA/CTR	USD 317,592	307,622	9.625%	USD	12/01/2021	12/01/2027
Class II Negotiable Obligation co-issuance	GMSA/CTR	USD 60,000	60,869	15.00%	USD	08/05/2019	05/05/2023
Class IV Negotiable Obligation co-issuance	GMSA/CTR	USD 7,771	7,781	13% until the second date for payment of interest 10.5% until maturity date	USD	12/02/2020	04/11/2022
Class V Negotiable Obligation co-issuance	GMSA/CTR	USD 3,531	3,518	6.00%	USD	11/27/2020	11/27/2022
Class VII Negotiable Obligation co-issuance	GMSA/CTR	USD 3,044	3,011	6.00%	USD	03/11/2021	03/11/2023
Class VIII Negotiable Obligation co-issuance	GMSA/CTR	UVA 4,725	4,525	UVA + 4.60 %	ARS	03/11/2021	03/11/2023
Class IX Negotiable Obligation co-issuance (**)	GMSA/CTR	USD 3,861	3,948	12.50%	USD	04/09/2021	04/09/2024
Class XI Negotiable Obligation co-issuance	GMSA/CTR	USD 38,655	38,984	6.00%	USD	11/12/2021	11/12/2024
Class XII Negotiable Obligation co-issuance	GMSA/CTR	UVA 48,161	46,004	UVA + 4.6%	ARS	11/12/2021	11/12/2024
Class XIII Negotiable Obligations	GMSA	USD 13,077	13,224	12.50%	USD	12/02/2020	02/16/2024
Class XV Negotiable Obligations:	GMSA	UVA 36,621	35,352	UVA + 6.5%	ARS	07/16/2021	07/28/2026
Class XVI Negotiable Obligations:	GMSA	USD 98,773	100,775	7.75%	USD	07/16/2021	07/28/2029
Subtotal			**695,585**				
Other liabilities							
Banco Macro loan	GMSA	$96,400	960	BADLAR + 10%	ARS	08/03/2020	01/17/2022
Banco Chubut loan	GMSA	USD 510	511	10.00%	USD	07/26/2021	01/26/2022
Mortgage loan	GMSA	UVA 2,458	2,336	UVA + 5.5%	ARS	07/22/2021	07/25/2022
Banco Ciudad loan	GMSA	USD 4,300	4,302	SOFR + 7.00%	USD	12/28/2021	01/18/2024
Banco Chubut loan	GMSA	USD 809	814	9.00%	USD	09/07/2021	03/07/2022
BAPRO Loan	CTR	$354,220	3,502	Adjusted Badlar	ARS	01/21/2020	06/04/2022
Banco Chubut loan	CTR	$62,781	627	Badlar + 5%	ARS	09/07/2021	09/07/2022
Banco Macro loan	CTR	$48,200	478	Badlar + 10%	ARS	08/03/2020	01/12/2022
Bond insurance	GMSA	$50,000	487	49.50%	ARS	12/17/2021	02/15/2022
Bond insurance	GMSA	$15,000	146	50.00%	ARS	12/22/2021	02/21/2022
Finance lease	GMSA/CTR/GROSA		2,007				
Subtotal			**16,170**				
Total financial debt			**737,190**				

(*) GMSA has ALBAAR27 (international bonds) for a nominal value of USD 7.8 million.
(**) GMSA has Class IX Negotiable Obligations co-issuance for a nominal value of USD 405 thousand.

NOTE 18: LOANS (Cont'd)

The due dates of Group loans and their exposure to interest rates are as follows:

	12/31/2021	12/31/2020
Fixed rate		
Less than 1 year	74,228	77,703
Between 1 and 2 years	138,890	45,675
Between 2 and 3 years	170,300	303,101
After 3 years	319,953	4,368
	703,371	**430,847**
Floating rate		
Less than 1 year	17,486	20,146
Between 1 and 2 years	10,600	3,591
Between 2 and 3 years	3,173	5,399
After 3 years	2,560	-
	33,819	**29,136**
	737,190	**459,983**

The fair value of Company's international bonds at December 31, 2021 and 2020 amounts to approximately USD 313,168 and USD 167,248, respectively. This value was calculated based on the estimated market price of the Company's international bonds at the end of each year. The applicable fair value category would be Level 1.

The other floating rate loans are measured at fair value. Given the proximity of their issuance, fixed-rate loans do not differ significantly from their fair value.

Fair values are based on the present value of the contractual cash flows, using a discount rate derived from observable market prices of other similar debt instruments plus the corresponding credit risk.

As a result of the issue of International Bonds, the Company has undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospectus. At the date of these consolidated financial statements, the Company is in compliance with all commitments undertaken.

Group loans are denominated in the following currencies:

	12/31/2021	12/31/2020
Argentine pesos	95,788	29,705
US dollars	641,402	430,278
	737,190	**459,983**

NOTE 18: LOANS (Cont'd)

Changes in Group's loans during the year was the following:

	12/31/2021	12/31/2020
Loans at beginning of year	**459,983**	**433,379**
Loans received	657,338	99,970
Loans paid	(520,673)	(83,840)
Accrued interest	81,518	54,618
Interest paid	(73,500)	(48,886)
Leases paid	(1,187)	(812)
Exchange difference	(8,830)	137,402
Difference in UVA value	18,019	-
Addition due to merger/consolidation	142,255	-
Capitalized expenses	(17,937)	2,120
Gain/(loss) on purchasing power parity	204	(133,968)
Loans at year end	**737,190**	**459,983**

a) Issuance of international bonds

On July 7, 2016, under CNV Resolution No. 18110, GMSA, Generación Frías S.A. and CTR obtained authorization for the co-issuance in the domestic and international markets of simple guaranteed unsubordinated negotiable obligations, not convertible for shares. On July 27, 2016, Negotiable Obligations were issued for USD 250 million, maturing in 7 years.

This issuance allowed financing investments under the Company's expansion plans, as a result of the award by the ES of Wholesale Demand Contracts through Resolution No. 115/2016 dated June 14, 2016, and also the Group's projects under development, which in the aggregate represent works for installing 460 nominal MW. It has also improved the Group's financial profile with the early repayment of existing loans, obtaining a term for financing in accordance with the projects and also a considerable decrease in financing costs, which implies financial efficiency and release of guarantees.

On November 8, 2017, under RESFC-2017-19033-APN-DIR#CNV Resolution, GMSA and CTR obtained authorization from the CNV for the International Bond reopening. On December 5, 2017, Negotiable Obligations were issued for USD 86 million, with a nominal value of USD 336 million. The negotiable obligations have the same conditions as the originally issued ones.

a.1) 2023 International bond

Principal: Nominal value: USD 336,000; amount assigned to GMSA: USD 266,000 (considering the effect of merger Generación Frías S.A.) and the amount assigned to CTR: USD 70,000.

Interest: Fixed rate of 9.625%

<u>NOTE 18:</u> LOANS (Cont'd)

a) Issuance of international bonds (Cont'd)

a.1) International Bond 2023 (Cont'd):

Amortization term and method: Interest on the International Bond will be paid semi-annually in arrears, on the following dates: January 27 and July 27 of each year, commencing on January 27, 2017 to maturity.

Principal on the Negotiable Obligations shall be amortized in a lump sum payment at maturity, that is, on July 27, 2023.

As a result of the issue of International Obligations, the Group has undertaken standard commitments for this type of issue, whose specific conditions are detailed in the pertinent public prospectus. At the date of these consolidated financial statements, the Group is in compliance with all commitments undertaken.

On October 22, 2021, the holders of the International Bond were informed that GMSA and CTR (as co-issuers) offer the subscription of Class X Negotiable Obligations, stated and payable in US dollars, at a fixed interest rate of 9.625%, maturing in 2027.

At November 26, 2021, expiration date of the swap offer, valid offers had been filed by holders of the International bonds for a nominal value of USD 212,802 from USD 266,000 (80%).

Principal balance due on the International Bond at December 31, 2021 amounts to USD 67,197.

a.2) 2027 International bond (Class X Negotiable Obligation Co-issuance)

On 22 October 2021, the holders of the International Bond and the creditors of Existing Loans (Credit Suisse AG London Branch) were informed that GMSA and CTR (as co-issuers) offer the subscription of Class X Negotiable Obligations, stated and payable in US dollars, at a fixed interest rate of 9.625%, maturing in 2027.

At November 26, 2021, expiration date of the swap offer, valid offers were filed by holders of the International bonds for a nominal value of USD 268,803 from USD 336,000 (80%) and by creditors of Existing Loans (Credit Suisse AG London Branch) for a principal amount of USD 51,217 from the USD 51,217 (100%).

With this outcome and the swap ratio offered to holders of the International bond which will file their advanced offer, the total amount issued on December 1, 2021 was USD 325,395.

Together with the swap offers filed, the necessary consents were obtained to amend, subject to the Meeting of Holders to be held on November 30, certain commitments and clauses of the Trust Agreement of the 2023 International bond.

The underwriters and Agent for the Request for Consent are Citigroup Global Markets INC, J.P. Morgan Securities LLC and UBS Securities LLC.

NOTE 18: LOANS (Cont'd)

a) Issuance of international bonds (Cont'd)

a.2) 2027 International bond (Class X Negotiable Obligation Co-issuance) (Cont'd)

The Meeting of Holders was held on November 30, 2021, and concluded the swap of the instruments mentioned and amended certain commitments and clauses of the Trust Agreement of the 2023 International Bond.

On December 1, 2021, GMSA and CTR co-issued Class X Negotiable Obligations under the following conditions:

Principal: nominal value: USD 325,395; amount assigned to GMSA: USD 268,275 and amount assigned to CTR: USD 57,120.

Interest: 9.625% annual nominal rate, payable monthly in arrears on February 1, 2022 and June 1, 2022 and subsequently they will be payable on a half-year basis as follows: December 1, 2022; June 1, 2023; December 1, 2023; June 1, 2024; December 1 2024; June 1, 2025; December 1, 2025; June 1, 2026; December 1, 2026, June 1, 2027 and December 1, 2027.

Payment term and method: The principal of the new Negotiable Obligations shall be payable in 12 installments on the following dates: 2% on February 1, 2022; 3.50% on December 1, 2022; 3.50% on June 1, 2023; 7.00% on December 1, 2023; 10.00% on June 1, 2024; 10.00% on December 1, 2024; 10.00% on June 1, 2025; 10.00% on December 1, 2025; 10.00% on June 1, 2026; 10.00% on December 1, 2026; 10.00% on June 1, 2027; 14.00% on December 1, 2027.

Payment: the Negotiable Obligation was paid with the swap of international bond issued in 2016 and Credit Suisse AG London Branch loan.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 325,395. GMSA has 2027 International bonds for a nominal value of USD 7,803.

b) Negotiable obligations

On October 17, 2012, GMSA obtained, under Resolution No. 16942 of the CNV, authorization for: (i) the incorporation of GMSA into the public offering system; and (ii) creation of a global program to issue simple negotiable obligations (non-convertible into shares) for a total nominal value outstanding of USD 100,000 or its equivalent in other currencies, in one or more classes or series. This 5 year-program expired on October 17, 2017.

On August 08, 2014, CTR obtained, under Resolution No. 17413 of the CNV, authorization for: (i) the incorporation of CTR into the public offering system; and (ii) creation of a global program to issue simple negotiable obligations (non-convertible into shares) for a total nominal value outstanding of USD 50,000 or its equivalent in other currencies, in one or more classes or series. This 5 year-program expired on August 08, 2019.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

Further, on May 10, 2017, GMSA obtained, under Resolution No. 18649 of the CNV, authorization for the creation of a global program to issue simple negotiable obligations (not convertible into shares) for a total nominal value outstanding of USD 100,000 or its equivalent in other currencies, in one or more classes or series.

In line with the preceding paragraph, on September 26, 2017, GMSA and CTR obtained under RESFC-2017-18947-APN-DIR#CNV Resolution authorization from the CNV for the creation of a program for the co-issuance in the local market of simple negotiable obligations, not convertible into shares, for a total nominal value outstanding of USD 100 million or its equivalent in other currencies.

Under Resolution No. RESFC-2019-20111-APN-DIR#CNV dated March 8, 2019, GMSA and CTR obtained authorization from the CNV to increase the International Bond co-issuance program by an amount of up to USD 300,000.

Co-Issuers GMSA and CTR on August 7, 2020, through the Extraordinary General Shareholders' Meetings of GMSA and CTR approved once more the extension of the global program for the issue of negotiable obligations in the amount of USD 400,000, that is, from USD 300,000 up to USD 700,000, or its equivalent in other currencies. Further, Albanesi S.A. was added as guarantor for the Program.

The increase in the program to USD 700,000 was approved by the CNV through Resolution No. DI-2020-43-APN-GE#CNV dated September 10, 2020.

Further, on August 28, 2020, CTR obtained, through CNV Resolution No. 20771, the authorization for the creation of a global program to issue simple negotiable obligations (not convertible into shares) for a total nominal value outstanding of USD 100,000 or its equivalent in other currencies, in one or more classes or series.

On June 17, 2021, through the Extraordinary General Shareholders' Meeting of GMSA, they approved the extension of the global program for the issue of negotiable obligations in the amount of USD 150,000, that is, from USD 100,000 up to USD 250,000, or its equivalent in other currencies.

The increase in the program to USD 250,000 was approved by the CNV through Resolution No. RE-2021-60316670-APN-GE#CNV dated July 6, 2021.

At December 31, 2021 there are outstanding Class XIII, XV and XVI Negotiable Obligations (issued by GMSA) and Class II, IV, V, VII, VIII, IX, XI and XII Negotiable Obligations Co-issuance (issued by GMSA and CTR), for the amounts and under the following conditions. In addition, in the current year, Class VIII, X and XI Negotiable Obligations (issued by GMSA), Class III Negotiable Obligation Co-issuance (GMSA-CTR); Class IV Negotiable Obligation (issued by CTR) and Class III Negotiable Obligation (issued by ASA) were redeemed.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.1) GMSA and CTR Class II Negotiable Obligations co-issuance:

Co-issuance of Class II negotiable obligations took place on August 5, 2019 and were fully subscribed in cash.

On November 18, 2020, the co-issuers of the Class II negotiable obligations requested consent from each and all holders to, among other things, change the payment schedule and reduce payments of principal maturing over the next 24 months. On December 4, co-issuers announced that they had obtained consent from 100% of holders, with the amendment being subject to fulfillment of certain conditions precedent. On December 17, those conditions precedent were fulfilled, and the amendments became effective. At the same time, the amendment fulfilled the requirements of Communication "A" 7106 of the Central Bank.

Principal: total nominal value: USD 80,000; amount assigned to GMSA: USD 72,000 and amount assigned to CTR: USD 8,000.

Interest: 15% annual nominal rate, payable quarterly as from November 5, 2019 to maturity.

Maturity date: May 5, 2023.

Payment method: Principal on Negotiable Obligations shall be paid in nine (9) quarterly consecutive installments, each of them for an amount equal to the original percentage of the principal established below: May 5, 2021: 7.00%; August 5, 2021: 9.00%; November 5, 2021: 9.00%; February 5, 2022: 6.50%; May 5, 2022: 6.50%; August 5, 2022: 8.50%; November 5, 2022: 10.00%; February 5, 2023: 10.00%; maturity date: 33.50%.

The proceeds from the issuance of Class II Negotiable Obligations were chiefly allocated to the refinancing of liabilities and investment in fixed assets and, to a lesser extent, to working capital.

Class II Negotiable Obligations are secured by pledges on operating turbines, a mortgage on CTI, a reserve account funded by two periods' interest and the assignment of collection rights over contracts with CAMMESA under ES Resolutions Nos. No. 220/07 and ES Resolution No. 21/17.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 60,000.

b.2) Class IV Negotiable Obligations (GMSA and CTR co-issuance):

On December 2, 2020, GMSA and CTR issued Class IV Negotiable Obligations, fully paid by the swap of the Class III Negotiable Obligations under the following conditions:

Principal: nominal value: USD 16,354; amount assigned to GMSA: USD 10,903 and amount assigned to CTR: USD 5,451.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.2) Class IV Negotiable Obligations (GMSA and CTR co-issuance): (Cont'd)

Interest: Class IV Negotiable Obligations shall accrue interest at a fixed nominal annual interest rate of: (a) 13%, payable as from the issue and settlement date until the second interest payment date (exclusive) (Class IV); and (b) 10.5% from the second interest payment date (inclusive) (Class IV) until the maturity date (exclusive) (Class IV). Interest payment shall be made on the following dates: January 11, 2021, April 12, 2021, May 11, 2021, June 11, 2021, July 12, 2021, August 11, 2021, September 13, 2021, October 11, 2021, November 11, 2021, December 13, 2021, January 11, 2022, February 11, 2022, March 11, 2022 and April 11, 2022.

Payment term and method: Amortization: Class IV Negotiable Obligations shall be amortized in 13 (thirteen) consecutive monthly installments, in accordance with the following schedule of 13 installments: April 11, 2021: 4.75%; May 11, 2021: 4.75%; June 11, 2021: 4.75%; July 11, 2021: 4.75%; August 11, 2021: 4.75%; September 11, 2021 4.75%; October 11, 2021: 8%; November 11, 2021: 8%; December 13, 2021: 8%; January 11, 2022: 8%; February 11, 2022: 8%; March 11, 2022: 8%; April 11, 2022: 23.50%. The issue allowed the swap of 69.39% of the amount timely issued under Class III Negotiable Obligations, improving the financial debt maturities profile of the Company.

Principal balance due on this Negotiable Obligation at December 31, 2021 amounts to USD 7,771.

b.3) Class V Negotiable Obligations (GMSA and CTR co-issuance):

On November 27, 2020, GMSA issued together with CTR Class V Negotiable Obligations fully paid in cash under the following conditions:

Principal: nominal value: USD 14,369.

Interest: 6% annual nominal rate, payable quarterly to maturity, on November 27, 2022.

Payment term and method: Amortization: Principal on the negotiable obligations shall be amortized in full at maturity.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 3,531.

b.4) Class VII Negotiable Obligations (GMSA and CTR co-issuance):

On March 11, 2021, GMSA together with CTR issued Class VII and VIII Negotiable Obligations under the conditions described below:

Principal: total nominal value: USD 7,708; amount assigned to GMSA: USD 7,363; amount assigned to CTR: USD 345.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.4) Class VII Negotiable Obligations (GMSA and CTR co-issuance): (Cont'd)

Interest: 6.0% annual nominal rate, payable quarterly to maturity, on March 11, 2023.

Payment term and method: Amortization: Principal on the Negotiable Obligations shall be amortized in 4 (four) consecutive installments equivalent to: 10% for the first installment, 15% for the second installment, 15% for the third installment and 60% for the fourth and last installment, of the nominal value of Class VII Negotiable Obligations, on the following dates: June 11, 2022, September 11, 2022, September 11, 2022 and on the maturity date.

Payment: the Negotiable Obligations were paid up in pesos at the initial exchange rate and in kind under the swap of ASA Class III Negotiable Obligations, CTR Class IV Negotiable Obligations, GMSA Class VIII Negotiable Obligations and GMSA Class XI Negotiable Obligations.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 3,044.

b.5) Class VIII Negotiable Obligations (GMSA and CTR co-issuance):

Principal: total nominal value: UVA 41,936 thousand; amount assigned to GMSA: UVA 41,023 thousand; and amount assigned to CTR: UVA 913 thousand.

Interest: 4.6% annual nominal rate, payable quarterly to maturity, on March 11, 2023.

Payment term and method: Amortization: Principal on the Negotiable Obligations shall be amortized in 4 (four) consecutive installments equivalent to: 10% for the first installment, 15% for the second installment, 15% for the third installment and 60% for the fourth and last installment, of the nominal value of Class VIII Negotiable Obligations, on the following dates: June 11, 2022, September 11, 2022, September 11, 2022 and on the maturity date.

Payment: the Negotiable Obligations were paid up in pesos at initial UVA value and in kind under the swap of ASA Class III Negotiable Obligations, CTR Class IV Negotiable Obligations, GMSA Class VIII Negotiable Obligations and GMSA Class XI Negotiable Obligations.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to UVA 4,725 thousand.

b.6) Class IX Negotiable Obligations (GMSA-CTR co-issuance):

On April 9, 2021, GMSA and CTR co-issued Class IX Negotiable Obligations under the following conditions:

Principal: nominal value: USD 4,266; amount assigned to GMSA: USD 2,844; amount assigned to CTR: USD 1,422.

Interest: 12.5% annual nominal rate, payable quarterly to maturity, on April 9, 2024.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.6) GMSA and CTR Class IX Negotiable Obligations co-issuance: (Cont'd)

Payment term and method: Amortization: Principal on the Negotiable Obligations shall be amortized in three consecutive installments, equivalent to 33% for the first installment; 33% for the second installment and 34% for the third and last installment, of the nominal value of Class IX Negotiable Obligations, on the following dates: April 9, 2022, April 9, 2023 and on the maturity date.

Payment: the Negotiable Obligations were paid up in kind through the swap of Class III Negotiable Obligations GMSA and CTR Co-issuance.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 3,861. GMSA has Class IX Negotiable Obligations for a nominal value of USD 405.

b.7) Class XI and Class XII Negotiable Obligations (GMSA and CTR co-issuance):

On November 12, 2021, the Company, together with CTR, issued Class XI and XII Negotiable Obligations under the conditions described below:

b.7.1) Class XI Negotiable Obligations (GMSA-CTR co-issuance):

Principal: nominal value: USD 38,655 (US dollar-linked); amount assigned to GMSA: USD 38,420; amount assigned to CTR: USD 235.

Interest: 6.0% annual nominal rate, payable quarterly to maturity, on November 12, 2024.

Payment term and method: Class XI Negotiable Obligations shall be amortized in four consecutive installments, each for an amount equivalent to 25% of the nominal value of Class XI Negotiable Obligations, on the following dates: February 12, 2024, May 12, 2024, August 12, 2024 and November 12, 2024.

Payment: the Negotiable Obligations were paid up in pesos at the initial exchange rate and in kind under the swap of Class V, Class VII and Class VIII Negotiable Obligations GMSA-CTR co-issuance.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 38,655.

b.7.2) Class XII Negotiable Obligations (GMSA and CTR co-issuance):

Principal: nominal value: UVA 48,161 thousand; amount assigned to GMSA: UVA 47,360 thousand; and amount assigned to CTR: UVA 801 thousand

Interest: 4.6% annual nominal rate, payable quarterly to maturity, on November 12, 2024.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.7) Class XI and Class XII Negotiable Obligations (GMSA and CTR co-issuance): (Cont'd)

b.7.2) Class XII Negotiable Obligations (GMSA and CTR co-issuance): (Cont'd)

Payment term and method: Class XII Negotiable Obligations shall be amortized in four consecutive installments, each for an amount equivalent to 25% of the nominal value of Class XI Negotiable Obligations, on the following dates: February 12, 2024, May 12, 2024, August 12, 2024 and November 12, 2024.

Payment: the Negotiable Obligations were paid up in pesos at the initial exchange rate and in kind under the swap of Class VIII Negotiable Obligations GMSA-CTR co-issuance.

Principal balance due on this Negotiable Obligation at December 31, 2021 amounts to UVA 48,161 thousand.

b.8) Class XIII Negotiable Obligations (GMSA):

On December 2, 2020, GMSA issued Class XIII Negotiable Obligations fully paid by the swap of Class X Negotiable Obligations under the following conditions:

Principal: nominal value: USD 13,077.

Interest: 12.5% annual nominal rate Interest on Class XIII Negotiable obligations shall be paid in arrears. Payment of quarterly interest in the following dates: February 16, 2021, May 16, 2021, August 16, 2021, November 16, 2021, February 16, 2022, May 16, 2022, August 16, 2022, November 16, 2022, February 16, 2023, May 16, 2023, August 16, 2023, November 16, 2023 and February 16, 2024.

Payment term and method: Amortization: The principal of the Negotiable Obligations shall be amortized in three installments, the first one on February 16, 2021 for 33.33% principal, the second on February 16, 2022 for 33.33% principal, and the third on February 16, 2024 for 33.34% principal, which agrees with their maturity.

The issue allowed the swap of 66.37% of the principal issued under Class X Negotiable Obligations, improving the financial debt maturities profile of the Company.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 13,077.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.9) Class XV and Class XVI Negotiable Obligations: (GMSA)

To finance the closure of cycle of Central Térmica Ezeiza, the Company requested consent from investors under the International bond 144 A Reg-S (ALBAAR 23) and under Class II Negotiable Obligation co-issued on August 5, 2019.

Amendments were requested to consent the taking out of indebtedness and provision of certain guarantees.

Consent was received from 89.72% of the holders of the International bond 144 A Reg-S and 98.75% of the holders of Class II Negotiable Obligation co-issued.

On July 16, 2021, the Company issued Class XV and XVI Negotiable Obligations for a total joint amount of USD 130,000 (or equivalent amount) to finance the closure of cycle of Central Térmica Ezeiza under the conditions set out below:

b.9.1) Class XV Negotiable Obligations (GMSA):

Principal: nominal value: UVA 36,621 thousand equivalent to USD 31,227.

Interest: 6.5% annual nominal rate. Interest shall be paid (i) on a six-month basis until the date when 24 months from the Issue Date have elapsed; (ii) 31 months from the Issue Date and (iii) on a monthly basis, as from the month 32 with an option to capitalize interest until month 31, in each case, on the day 28 of each calendar month or, if other than a business day, the payment date will be the immediately following business day. That is, on January 28, 2022; July 28, 2022; January 28, 2023; July 28, 2023; February 28, 2024; March 28, 2024; April 28, 2024; May 28, 2024; June 28, 2024; July 28, 2024; August 28, 2024; September 28, 2024; October 28, 2024; November 28, 2024; December 28, 2024; January 28, 2025; February 28, 2025; March 28, 2025; April 28, 2025; May 28, 2025; June 28, 2025; July 28, 2025; August 28, 2025; September 28, 2025; October 28, 2025; November 28, 2025; December 28, 2025; January 28, 2026; February 28, 2026; March 28, 2026; April 28, 2026; May 28, 2026; June 28, 2026; July 28, 2026.

Payment term and method: Amortization: Principal on the negotiable obligations shall be amortized in 29 consecutive installments payable on a monthly basis as from March 2024. Amortization dates for Class XV Negotiable Obligations shall be: March 28, 2024; April 28, 2024; May 28, 2024; June 28, 2024; July 28, 2024; August 28, 2024; September 28, 2024; October 28, 2024; November 28, 2024; December 28, 2024; January 28, 2025; February 28, 2025; March 28, 2025; April 28, 2025; May 28, 2025; June 28, 2025; July 28, 2025; August 28, 2025; September 28, 2025; October 28, 2025; November 28, 2025; December 28, 2025; January 28, 2026; February 28, 2026; March 28, 2026; April 28, 2026; May 28, 2026; June 28, 2026; July 28, 2026.

Payment: the negotiable obligation was paid in pesos at initial UVA value.

<u>NOTE 18:</u> LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.9) Class XV and Class XVI Negotiable Obligations (GMSA) (Cont'd)

b.9.1) Class XV Negotiable Obligations (GMSA): (Cont'd)

Principal balance due on that Negotiable Obligation at December 31, 2021 amounts to UVA 36.621 thousand.

b.9.2) Class XVI Negotiable Obligations (GMSA):

Principal: nominal value: USD 98,773.

Interest: 7.75% annual nominal rate. Interest shall be paid (i) on a six-month basis until the date when 24 months from the Issue Date have elapsed; (ii) 31 months from the Issue Date and (iii) on a monthly basis, as from the month 32 with an option to capitalize interest until month 31, in each case, on the day 28 of each calendar month or, if other than a business day, the payment date will be the immediately following business day. That is, January 28, 2022; July 28, 2022; January 28, 2023; July 28, 2023; February 28, 2024; March 28, 2024; April 28, 2024; May 28, 2024; June 28, 2024; July 28, 2024; August 28, 2024; September 28, 2024; October 28, 2024; November 28, 2024; December 28, 2024; January 28, 2025; February 28, 2025; March 28, 2025; April 28, 2025; May 28, 2025; June 28, 2025; July 28, 2025; August 28, 2025, September 28, 2025; October 28, 2025; November 28, 2025; December 28, 2025; January 28, 2026; February 28, 2026; March 28, 2026; April 28, 2026; May 28, 2026; June 28, 2026; July 28, 2026; August 28, 2026, September 28, 2026; October 28, 2026; November 28, 2026; December 28, 2026; January 28, 2027; February 28, 2027; March 28, 2027; April 28, 2027; May 28, 2027; June 28, 2027; July 28, 2027; August 28, 2027; September 28, 2027; October 28, 2027; November 28, 2027; December 28, 2027; January 28, 2028; February 28, 2028; March 28, 2028; April 28, 2028; May 28, 2028; June 28, 2028; July 28, 2028; August 28, 2028; September 28, 2028; October 28, 2028; November 28, 2028; December 28, 2028; January 28, 2029; February 28, 2029; March 28, 2029; April 28, 2029; May 28, 2029; June 28, 2029; July 28, 2029.

NOTE 18: **LOANS (Cont'd)**

b) Negotiable obligations (Cont'd)

b.9) Class XV and Class XVI Negotiable Obligations (GMSA) (Cont’d)

b.9.2) Class XVI Negotiable Obligations (GMSA): (Cont’d)

Payment term and method: Amortization: Principal on the negotiable obligations shall be amortized in 48 consecutive installments payable on a monthly basis as from August 2025. The amortization dates for Class XVI Negotiable Obligation shall be: August 28, 2025, September 28, 2025; October 28, 2025; November 28, 2025; December 28, 2025; January 28, 2026; February 28, 2026; March 28, 2026; April 28, 2026; May 28, 2026; June 28, 2026; July 28, 2026; August 28, 2026, September 28, 2026; October 28, 2026; November 28, 2026; December 28, 2026; January 28, 2027; February 28, 2027; March 28, 2027; April 28, 2027; May 28, 2027; June 28, 2027; July 28, 2027; August 28, 2027; September 28, 2027; October 28, 2027; November 28, 2027; December 28, 2027; January 28, 2028; February 28, 2028; March 28, 2028; April 28, 2028; May 28, 2028; June 28, 2028; July 28, 2028; August 28, 2028; September 28, 2028; October 28, 2028; November 28, 2028; December 28, 2028; January 28, 2029; February 28, 2029; March 28, 2029; April 28, 2029; May 28, 2029; June 28, 2029; July 28, 2029.

Payment: the negotiable obligation was paid in pesos at initial exchange rate.

Principal balance due on those Negotiable Obligations at December 31, 2021 amounts to USD 98,773.

The financing obtained is a limited recourse loan. It is guaranteed by the project’s main equipment and a PPA contract under Resolution No. 287/17. The conditions are described below:

Guarantee trust to secure payment obligations

On July 8, 2021, the Company, as trustor, and Banco de Servicios y Transacciones S.A., as trustee, entered into an agreement for the assignment in trust and guarantee trust in favor of Trustee of all GMSA's collection rights, to the benefit of the holders of negotiable obligations, to secure (i) compliance in a timely and proper manner as a method of payment of each and every obligation relating to and/or otherwise associated with the negotiable obligations (including, without limitation, the payment of principal, compensatory interest, penalty interest, cost, expenses and other charges and payment commitments of any nature), including the amounts that may become due and payable by reason of events of acceleration of maturities, and (ii) the application to the Project of the proceeds from the placement of the negotiable obligations.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.9) Class XV and Class XVI Negotiable Obligations (GMSA) (Cont'd)

Guarantee trust to secure payment obligations (Cont'd)

The Company assigned under guarantee in favor of Trustee the trust ownership of all GMSA's rights to be collected, received or accrued, as applicable: **(A)** all sums of money owed to GMSA under the Project Supply Contract, as well as those deriving from any renewal and/or amendment and/or addition and/or replacement (in whole or in part) to that Contract and/or new Project Supply Contract to be entered into with CAMMESA, provided, however, that until an event of default occurs, GMSA and the Trustee will instruct CAMMESA to transfer regarding each (monthly) invoice under the Project Supply Contract (i) a monthly amount ranging between USD 3.063 and USD 3.580 which shall be determined in a manner that defrays the projected principal and interest payments on the negotiable obligations, considering the negotiable obligation issue amount, the interest rate on the negotiable obligations and related expenses to a Trust Account, and (ii) the outstanding payment of each invoice to a margin account under guarantee; **(B)** all sums of money owed to GMSA under, in relation to, or associated with, the EPC Contract and the EPC Guarantee (once it has been provided), as well as any other GMSA's rights as beneficiary of any payment and any of the representations and warranties or indemnities thereunder; **(C)** all sums of money owed to GMSA under, in relation to, or associated with, the equipment purchase contracts, and GMSA's rights as beneficiary of any payment and any of the representations and warranties or indemnities set forth; **(D)** all sums of money owed to GMSA under, in relation to, or associated with the long-term service agreements, as well as GMSA's rights as beneficiary of any payment and any of the representations and warranties or indemnities set forth; **(E)** all sums of money owed to GMSA under, in relation to, or associated with any technical assistance contract for the operation of the closed cycle to be entered into by GMSA, as well as GMSA's rights as beneficiary of any payment and any of the representations and warranties or indemnities eventually set forth in that contract; **(F)** the percentage of the collection rights corresponding to the CTE under the insurance policies and of the funds payable thereunder in relation to the Project or any payment in case of an insurance claim. The collection rights arising under the insurance policies for the project equipment shall be governed by the provisions of the pledge on the project equipment and the creditors' agreement; **(G)** all proceeds from the placement of the negotiable obligations, which will be deposited into the construction account and disbursed only by following the disbursement procedure; **(H)** all funds deposited under guarantee into the trust accounts and the margin account at any time; **(I)** any payment for condemnation of the assets under Guarantee or for any of the agreements under which assigned rights exist; **(J)** any payment for the sale of assets actually received by GMSA under a sale of assets under guarantee or any of the agreements under which assigned rights exist; and **(K)** any payment in case of payment or termination of the Project documents.

GMSA has also taken out a bond insurance policy and designated the Trustee as beneficiary of that insurance. The funds eventually receivable by the Trustee under the bond insurance policy shall be considered part of the trust assets, guarantee and payment.

<u>NOTE 18:</u> LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.9) Class XV and Class XVI Negotiable Obligations (GMSA) (Cont'd)

Guarantee trust to secure payment obligations (Cont'd)

The funds shall be disbursed following the disbursement procedure only. The Trustee shall apply the funds available in the account to the payments of the construction costs that will be determined and reported by the Trustor to the Trustee and approved by the independent engineer at each request for construction funds.

Each request for funds for the construction of the Project shall be signed by a Trustor's authorized person and the independent engineer and shall be accompanied by the respective invoice (or debit note) and, in the case of construction costs relating to the EPC Contract, the pertinent certificate shall be attached for the works approved by the independent engineer, also expressly identifying the bank account to which payment must be made and indicating whether any withholding applies in respect of taxes, rates, contributions and/or other charges.

The guarantee trust to secure payment obligations (and their condition as beneficiaries thereunder) is considered accepted by the holders of the negotiable obligations upon payment of the amount to be paid up of the negotiable obligations awarded to them.

The funds available at the Trust may be invested in mutual funds and the Company has disclosed in its financial statements those investment under current and non-current investments based on the estimated cash flow from the capex expected by the Company for use of those funds. The funds are restricted funds administered by the trust; therefore, they were not considered cash and cash equivalents in the Company's financial statements.

b.10) Class III Negotiable Obligations (ASA)

On June 15, 2017, ASA issued Class III Negotiable Obligations under the conditions described below:

Principal: Nominal value: $255,826

Interest: Private Banks BADLAR rate plus a 4.25% margin.

Amortization term and method: interest on Class III Negotiable Obligations will be paid on a quarterly basis, in arrears, on the following dates: September 15, 2017; December 15, 2017; March 15, 2018; June 15, 2018; September 15, 2018; December 15, 2018; March 15, 2019; June 15, 2019; September 15, 2019; December 15, 2019; March 15, 2020; June 15, 2020; September 15, 2020; December 15, 2020; March 15, 2021, and June 15, 2021; if other than a business day, or if such day does not exist, the interest payment date will be the immediately following business day.

NOTE 18: LOANS (Cont'd)

b) Negotiable obligations (Cont'd)

b.10) Class III Negotiable Obligations (ASA) (Cont'd)

Principal on the Class III Negotiable Obligations will be paid in three (3) consecutive installments, on a quarterly basis, the first two equivalent to 30% of the nominal value of the Negotiable Obligations and the last one to 40%, on the dates on which 42, 45 and 48 months shall have elapsed from the date of issuance; i.e., on December 7, 2020, March 15, 2021 and June 15, 2021; if other than a business day, or if such day does not exist, the payment date will be the immediately following business day.

The issuance of Class III Negotiable Obligations was fully paid up with in-kind contributions as follows: a partial payment of Class I Negotiable Obligations for $52,519 thousand and of Class II Negotiable Obligations for $203,306 thousand.

At the closing date of these consolidated Financial Statements the amount issued has been fully paid.

c) Loan JPMorgan Chase Bank, N.A.

On July 6, 2020, a loan was signed with JPMorgan Chase Bank, N.A for USD 14,808.

The loan is secured by the Export-Import Bank of the United States.

The allocation of funds is the financing of 85% of the service agreement signed with PWPS for the maintenance and upgrade of certain turbines in the plant Modesto Maranzana, located in Río Cuarto. Disbursements under the loan shall be made in stages associated to milestones for the compliance with the service to be provided by PWPS in their workshops in United States of America.

The loan will accrue interest at a rate of 1% plus 6-month LIBOR. Interest are payable on a half-year basis. The loan will be amortized in 10 half-yearly installments, with the first one falling due on May 20, 2021 and the last one on November 20, 2025.

On December 22, 2020, the first disbursement was made for USD 3,048.

A second disbursement was made on February 26, 2021 for USD 3,048, while a third disbursement was made on March 23, 2021 for USD 2,616.

On April 5, 2021 the last disbursement was made for USD 6,096.

At December 31, 2021, the principal balance due under the loan amounts to USD 11,847.

NOTE 18: LOANS (Cont'd)

d) BLC Loan

Principal: USD 13,037

Interest: 12% for the period from 12/17/2020 to 12/13/2021 and 12-month LIBOR + 11% with a floor of 12% from 02/14/2021 to 06/12/2023.

Payment term and method: Amortization: Principal will be amortized in 9 installments, with the first one falling due on June 13, 2021 and the last one on June 12, 2023.

On December 17, those conditions precedent were fulfilled, and the amendments to BLC loan became effective. It amended the payment schedule and the maturity date, with the aim of reducing payments of principal maturing over the next 24 months. At the same time, the amendment fulfilled the requirements of Communication "A" 7106 of the Central Bank.

Principal balance due at December 31, 2021 amounts to USD 10,696.

At December 31, 2021, the Company has complied with the loan-related covenants.

e) GECEN - Credit Suisse AG London Branch loan

On April 4, 2018, the Board of Directors resolved to approve the request for a loan for (i) the early repayment of UBS AG Stamford Branch loan (jointly with its amendments, the "Existing Loan"), requested by Albanesi Energía S.A.; (ii) the construction, implementation and operation of a power plant of approximately 133 MW in Arroyo Seco, Province of Santa Fe, which comprises the acquisition by GECEN of, among other assets, two Siemens gas turbines of approximately 54 MW and all related ancillary systems and equipment, two boilers for recovery of residual heat and a steam turbine of approximately 25 MW and all related ancillary systems and equipment; and (iii) the construction, implementation and operation of the Albanesi Energía S.A. 170 MW project in the Timbúes region, Province of Santa Fe to be repaid in advance in accordance with item (i) above.

To that end, on April 23, 2018, GECEN together with AESA, as borrowers, Credit Suisse AG, London Branch, as administrative agent, Credit Suisse Securities (USA) LLC and UBS Securities LLC, as joint lead arrangers, UBS AG Stamford Branch, Banco Hipotecario S.A., BACS Banco de Crédito y Securitización S.A., Banco de Inversión y Comercio Exterior S.A. and Credit Suisse AG Cayman Islands Branch entered into a loan agreement for up to three hundred and ninety five million United States dollars (USD 395,000).

Principal was expected to be disbursed in two tranches: Tranche A and Tranche B and repaid over a term of up to 5 (five) years (Tranche A) and up to 6 (six) years (Tranche B). Principal would accrue compensatory interest as set forth in the Agreement.

On April 25, 2018, the amount of USD 65,000 was disbursed under Tranche B of the loan.

NOTE 18: LOANS (Cont'd)

e) GECEN - Credit Suisse AG London Branch loan (Cont'd)

In view of the macroeconomic context prevailing since May 2018, on October 16, 2018, GECEN decided, with the consent of creditors, to repay Tranche A of the loan agreement, with the Tranche B effectively disbursed on April 25 for USD 65,000 still pending repayment.

On March 7, 2019 a Forbearance agreement was entered into with the creditors of Tranche B in relation to the loan agreement to set a framework for the repayment of the outstanding balance of USD 52,982.

From this agreement, several complementary agreements arose, which were amended on a timely basis. The last amendment was executed on December 3, 2020 whereby the payment schedule and the due dates of the loan were changed to reduce payments of principal over the next 24 months, subject to fulfillment of certain conditions precedent. On December 17, 2020, those conditions precedent were fulfilled, and the amendments became effective. At the same time, the amendment fulfilled the requirements of Communication "A" 7106 of the Central Bank.

Principal balance at the date of presentation of these consolidated Financial Statements totaled USD 51,217.

Amounts owed shall be paid as follows:

i) USD 24,383 payable in six quarterly installments, the first one falling due on March 20, 2022 and the last one on June 20, 2023, at an annual rate of 7.75%. This agreement was executed by GECEN and secured by ASA.
ii) USD 26,834 payable in six quarterly installments, the first one falling due on March 20, 2022 and the last one on June 20, 2023, at an annual rate of 13.09%. This agreement was executed by GECEN and secured by ASA and GMSA.

The three tranches of debt originally taken out by GECEN have been transferred to GMSA due to the merger which is effective as from January 1, 2021.

On December 1, 2021, 100% of the loan's balance was subscribed to be swapped for the new international bond maturing in 2027.

f) Cargill Loan

On April 13, 2021, the balance of USD 5,000 of the loan with Cargill was refinanced.

The loan will be amortized in 17 monthly installments of USD 275 and a final installment of USD 325 dated September 2022.

Principal balance due at December 31, 2021 amounts to USD 2,525.

NOTE 18: LOANS (Cont'd)

g) BCRA Communications

Communication "A" 7044

On June 18, 2020, Communication "A" 7044 of the BCRA established that financial institutions must add unpaid installments corresponding to maturities falling due between April 1, 2020 -including past due installments at March 31, 2020 and September 30, 2020- to the month following the end of the loan term, considering the accrued compensatory interest.

Communication "A" 7106

On September 15, 2020, the BCRA issued Communication "A" 7106 which stated in item 7 that debtors having scheduled payments of principal falling due between October 15, 2020 and June 30, 2021 for the following transactions:

(i) Financial debts abroad with the non-financial private sector with a creditor that is not a related party of debtor;
(ii) Financial debts abroad for entities' own transactions and/or;
(iii) Issuance of publicly traded debt securities in Argentina stated in foreign currency of private sector clients or of the own entities, must submit to the BCRA a detail of the refinancing plan based on the following criteria:

a) the net amount for which access to the exchange market is given in the original terms is not to exceed forty percent (40%) of the principal amount due; and
b) the rest of the principal has been, at least, refinanced with a new external indebtedness with an average life of two (2) years.

Item 7 of Communication "A" 7106 further establishes that new financial debts abroad granted by other creditors and settled in the exchange market by client will be admitted in addition to the refinancing granted by the original creditor. In the case of issuance of publicly traded debt securities in Argentina in foreign currency, new issuances will be admitted when the conditions of item 3.6.4 of the Foreign Trade and Exchange regulations are met.

Lastly, the regulation states that the refinancing plan must be submitted to the BCRA before September 30, 2020 for those maturities until December 31, 2020. In turn, for maturities between January 1, 2021 and June 30, 2021, the refinancing plans must be submitted thirty (30) calendar days before the maturity of the principal under refinancing.

The foregoing is not applicable in the following cases: (i) debts with international organizations or their associated agencies or secured by them, (ii) debts granted to the debtor by official credit agencies or secured by them and (iii) when the amount for which the exchange market would be accessed to pay the principal of those debts would not exceed the equivalent to USD 1,000,000 (one million US dollars) per calendar month.

Principal amortizations of the UBS AG Stamford Branch loan falling due in December 2020 and March 2021 are within the period defined by Communication "A" 7106. On April 14, 2021 the Company executed the amendment to the loan mentioned above under the terms explained in Note 16 d), having complied with current regulations.

<u>NOTE 18:</u> LOANS (Cont'd)

g) BCRA Communications(Cont'd)

Communication "A" 7230

On February 25, 2021, the BCRA released Communication "A" 7230 whereby:

(i) It extended the obligation to refinance and submit refinancing plans to access the exchange market to pay principal on financial debt in foreign currency as laid down in Communication "A" 7106, for those recording principal amounts maturing between April 1, 2021 and December 31, 2021; and

(ii) It relaxed the requirements established by Communication 7106 which shall be taken into account for refinancing, increasing from USD 1,000 to USD 2,000 maturities that are to be rescheduled per calendar month.

In this line, Communication 7230 also states that the refinancing plan shall be submitted to the BCRA before March 15, 2021 for principal amounts maturing between April 1, 2021 and April 15, 2021, while in the other cases, it shall be submitted at least 30 calendar days prior to the maturity of principal to be refinanced.

The following are not subject to this norm:

- Maturities of indebtedness as from January 1, 2020, provided the funds have been brought in and traded through the MULC.
- Maturities in 2020 rescheduled, in accordance with the provisions of Communication 7106.

Principal amortizations of the UBS AG Stamford Branch loan falling due in June, September and December 2021 are within the period defined by Communication "A" 7230. On April 14, 2021 the Company executed the amendment to the loan mentioned above under the terms explained in Note 16 d), having complied with current regulations.

Communication "A" 7416

On December 9, 2021, Communication "A" 7416 of the BCRA extended the obligation to refinance and submit refinancing plans to access the exchange market to pay principal on financial debt in foreign currency as laid down in item 3.17 of the Foreign Trade and Exchange regulations (Communication "A" 7308), for those recording principal amounts maturing between January 1, 2022 and June 30, 2022.

In this line, Communication "A" 7416 also states that the refinancing plan shall be submitted to the BCRA before December 27, 2021 for principal amounts maturing between January 1, 2021 and January 26, 2022, while in the other cases, it shall be submitted at least 30 calendar days prior to the maturity of principal to be refinanced.

The following are not subject to this norm:

- Maturities of indebtedness as from January 1, 2020, provided that the funds have been brought into Argentina and traded on the MULC.
- Maturities of indebtedness as from January 1, 2020 that comprise refinancing of principal maturities subsequent to that date, to the extent this refinancing has enabled to reach the parameters defined in item 3.17.3 of the Foreign Trade and Exchange regulations.
- The remaining portion of refinanced maturities, to the extent this refinancing has enabled to reach the parameters defined in item 3.17.3 of the Foreign Trade and Exchange regulations.

NOTE 19: LEASES

This note provides information on leases in which the Group acts as lessor.

Amounts recognized in the statement of Financial Position:

	12/31/2021	12/31/2020
Right of use of assets		
Original values		
Machinery	21,073	22,409
Vehicles	9	117
Right of use	1,368	-
Accumulated depreciation	(850)	(50)
	21,600	22,476
Lease liabilities		
Current	1,082	663
Non-current	925	421

Changes in Group finance leases were as follows:

	12/31/2021	12/31/2020
Financial lease at the beginning	1,084	1,664
Addition due to merger/consolidation	1,404	-
Payments made for the year	(874)	(623)
Interest paid	(291)	(189)
Accrued interest and exchange difference	168	649
Gain/(loss) on purchasing power parity	516	(417)
Financial lease at the year-end	**2,007**	**1,084**

NOTE 20: ALLOWANCES AND PROVISIONS

Provisions cover contingencies arising in the ordinary course of business and other sundry risks that could create obligations for the Company. In estimating the amounts and probabilities of occurrence, the opinion of the Company's legal advisors has been considered. They include the activity of the provision for trade and other receivables disclosed in the pertinent captions.

	For trade receivables	For other receivables
Balance at December 31, 2020	**32**	**-**
Increases due to merger/consolidation	1	27
Gain/(loss) exchange rate	(6)	-
Gain/(loss) on purchasing power parity	-	(9)
Balances at December 31, 2021	**27**	**18**

At December 31, 2021, the provision for contingencies has been paid.

NOTE 21: SOCIAL SECURITY LIABILITIES

	12/31/2021	12/31/2020
Current		
Salaries payable	4	34
Social security liabilities payable	1,662	986
Provision for vacation pay and Christmas bonus	462	230
Bonus accrual	211	-
	2,339	**1,250**

NOTE 22: TAX PAYABLES

	12/31/2021	12/31/2020
Current		
Withholdings to be deposited	624	616
Payment-in-installment plan	1,556	2,650
National Fund of Electric Energy	94	49
Value added tax payable	-	1,108
Turnover tax payable	79	-
Other	24	15
	2,377	**4,438**

NOTE 23: INCOME TAX

Deferred assets and liabilities are offset when: a) there is a legally enforceable right to offset tax assets with tax liabilities; and b) the deferred tax charges are related to the same tax authority. The following amounts, determined after offsetting, are disclosed in the Statement of Financial Position.

	12/31/2021	12/31/2020
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	-	-
	-	**-**
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(108,430)	(117,643)
	(108,430)	**(117,643)**
Deferred tax (liabilities), net	**(108,430)**	**(117,643)**

NOTE 23: INCOME TAX (Cont'd)

The gross transactions recorded in the deferred tax account are as follows:

	12/31/2021	12/31/2020
Balance at the beginning of year	(117,643)	(93,952)
Addition due to merger/consolidation	(42,463)	-
Charge to Income Statement	66,594	(23,866)
Charge to other comprehensive income/(loss)	(14,918)	175
Balance at year end	**(108,430)**	**(117,643)**

The activity in deferred tax assets and liabilities, without considering the offsetting of balances that correspond to the same tax jurisdiction, has been as follows:

Items	Balances at December 31, 2020	Addition due to merger/consolidation	Charge to income statement	Charge to other comprehensive income/(loss)	Balances at December 31, 2021
			USD		
Deferred tax - Assets (Liabilities)					
Property, plant and equipment	(124,604)	(45,067)	9,387	(14,934)	(175,218)
Investments	(24)	(5)	(4,018)	-	(4,047)
Trade receivables	-	20	(1)	-	19
Other receivables	2,722	(5)	(5,495)	-	(2,778)
Loans	(220)	(244)	(2,477)	-	(2,941)
Inventories	(1,065)	-	988	-	(77)
Provisions	225	51	294	16	586
Inflation adjustment	(40,015)	(16,754)	6,224	-	(50,545)
Subtotal	**(162,981)**	**(62,004)**	**4,902**	**(14,918)**	**(235,001)**
Deferred tax losses	45,338	19,541	61,692	-	126,571
Subtotal	**45,338**	**19,541**	**61,692**	**-**	**126,571**
Total	**(117,643)**	**(42,463)**	**66,594**	**(14,918)**	**(108,430)**

Tax Reform and Law on Social Solidarity and Productive Reactivation

On December 29, 2017, the National Executive Branch enacted Law No. 27430 on Income Tax. This law has introduced several changes to the Income Tax treatment, whose key components are the following:

Income Tax rate: The Income Tax rates for Argentine companies will be reduced gradually from 35% to 30% for fiscal years beginning on or after January 1, 2018 until December 31, 2019, and to 25% for fiscal years beginning on or after January 1, 2020, inclusive.

Tax on dividends: A tax is levied on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, according to the following rates: (i) dividends deriving from profits generated during fiscal years beginning on or after January 1, 2018 until December 31, 2019 will be subject to tax at a rate of 7%, and; (ii) dividends deriving from profits obtained during fiscal years beginning on or after January 1, 2020 will be subject to tax at a rate of 13%.

NOTE 23: INCOME TAX (Cont'd)

Tax Reform and Law on Social Solidarity and Productive Reactivation (Cont'd)

Dividends on profits obtained until the fiscal year prior to the fiscal year beginning on or after January 1, 2018 will continue to be subject to withholdings, for all beneficiaries, at a rate of 35% of the amount exceeding retained earnings to be distributed free of tax (transition period of equalization tax).

Pursuant to General Companies Law No. 19550, 5% of the profit reported in the Statement of Comprehensive Income for the year, net of prior year adjustments, transfers of other comprehensive income to unappropriated retained earnings and prior year accumulated losses, is to be allocated to the legal reserve, until it reaches 20% of the capital stock.

Index-adjustments to deductions: Acquisitions or investments made in fiscal years beginning on or after January 1, 2018, will be adjusted on the basis of the percentage variations in the General Consumer Price Index (CPI) provided by the National Institute of Statistics and Census, this will increase the deductible depreciation and its computable cost in case of sale.

On December 27, 2019, the National Executive Branch enacted Law No. 27541 on Social Solidarity and Productive Reactivation. As for Income tax applicable to companies, the following amendments introduced by the law are highlighted:

- It maintains the tax rate at 30% for 2020 (this rate should have been reduced to 25% in accordance with the 2017 Tax Reform).
- Inflation adjustment for tax purposes: The allocation of the tax-purpose inflation adjustment for the first and second year commenced as from January 1, 2019 must be allocated in equal parts during 6 fiscal years.
- Personal assets tax, shares and equity interests: Tax rate rises from 0.25% to 0.50%.

On June 16, 2021, the National Executive Branch enacted Law No. 27630. Detailed below are the amendments introduced by the law:

- Income Tax rate: the fixed rate for companies has been eliminated and a new progressive rate structure has been established for Income Tax, with three segments according to the range of cumulative taxable net income. The new rates are the following: 25% for cumulative taxable net income ranging between $0 and $5 million; 30% for the second segment, between $5 million and $50 million; and 35% for taxable income in excess of $50 million. It is also established that the fixed amounts in the tax brackets shall be adjusted by applying the CPI for fiscal years beginning on or after January 1, 2022.

- Tax on dividends: the 7% rate shall apply.

Amendments are applicable for annual reporting periods beginning on or after January 1, 2021.

<u>NOTE 23:</u> INCOME TAX (Cont'd)

The reconciliation between the income tax charged to income to that resulting from the application of the tax rate in force in Argentina to the pre-tax profit for the years ended on December 31, 2021 and 2020 is the following:

	12/31/2021	12/31/2020
Pre-tax profit/(loss)	12,012	46,617
Current tax rate	35%	30%
Income/(loss) at the tax rate	**(4,204)**	**(13,985)**
Permanent differences	(1,387)	(400)
Difference between the income tax provision for the prior year and the tax returns	61	-
Income/(loss) from interests in associates	(167)	-
Change in the income tax rate (a)	(40,703)	6,032
Variation in tax losses	(50)	-
Expiration of tax losses	-	(626)
Accounting inflation adjustment	(300)	13,011
Inflation adjustment for tax purposes and restatement of tax losses	86,107	(27,898)
Effects of exchange and translation differences of property, plant and equipment	27,237	-
	66,594	**(23,866)**

	12/31/2021	12/31/2020
Deferred tax	66,533	(23,866)
Variation between the income tax provision and the tax returns	61	-
Income tax	**66,594**	**(23,866)**

(a) Corresponds to the effect of the application of the changes in income tax rates on deferred tax assets and liabilities, in line with the tax reform detailed above, based on the expected year of realization. The impact of the change in the rate was recognized in income for the year, except in the case of the adjustment to deferred liabilities generated from application of the revaluation model for certain types of property, plant and equipment, as it is related to items previously recognized in other comprehensive income. This impact has been disclosed in the Statement of Other Comprehensive Income.

The deferred tax assets due to tax losses are recognized insofar as the realization of the corresponding fiscal benefit through future taxable income is probable.

Income tax losses arising from GMSA and CTR are valued at the rate prevailing in the year in which they are expected to be used, considering their index-adjustment in line with the tax-purpose inflation adjustment procedures mentioned in Note 3. Based on the guidelines of IFRIC 23 - Uncertainty over Income Tax Treatments, and in accordance with the opinion of the legal and tax advisors, the Company has restated for inflation the tax losses using the Wholesale Price Index, pursuant to Section 19 of the Income Tax Law. The Company recognizes the deferred tax assets only if there are sufficient future taxable profits against which the tax losses may be offset.

NOTE 23: INCOME TAX (Cont'd)

At December 31, 2021, accumulated tax losses amount to USD 361,631 and pursuant to the tax laws in force, they can be offset against tax profits from future fiscal years according to the following breakdown:

Year	Amount in USD	Year of expiration
Tax loss for the year 2017	1	2022
Tax loss for the year 2018	172,289	2023
Tax loss for the year 2019	125,177	2024
Tax loss for the year 2020	62,003	2025
Tax loss for the year 2021	2,180	2026
Total accumulated tax losses at December 31, 2021	**361,650**	
Unrecognized tax losses	(19)	
Recorded tax losses	**361,631**	

NOTE 24: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to employees of CTR, GMSA and GROSA is included below. These benefits are:

- A bonus for all the employees retiring under the differential regime of Decree No. 937/74, when reaching 55 years of age and 30 years of service, consisting in 10 salaries, augmented by 2% per each year of service exceeding the first 5 years.
- A bonus for service length, consisting in paying one salary after 20 years of employment (17 years, for women) plus another one every 5 years up to 35 years' service (32 years, for women) and two more salaries upon reaching 40 years of service (37 years, for women).

The liabilities related to accumulated bonuses for service length and to the employee benefits plans mentioned above were determined considering all the rights accrued by the beneficiaries until closing date of the year ended December 31, 2021, based on an actuarial study performed by an independent professional at that date. The actuarial method applied by the Group is the Projected Benefit Unit method.

The amounts and conditions vary according to the collective bargaining agreement.

	12/31/2021	12/31/2020
Defined benefit plan		
Non-current	909	481
Current	148	8
Total	**1,057**	**489**

NOTE 24: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

Changes in the Company's obligations for benefits at December 31, 2021 and 2020 are as follows:

	12/31/2021	12/31/2020
Present value of the obligations for benefits	1,057	489
Obligations for benefits at year end	**1,057**	**489**

The actuarial assumptions used were:

	12/31/2021	12/31/2020
Interest rate	5.5%	5.5%
Salary growth rate	1%	1%
Inflation	45%	45%

At December 31, 2021 and 2020, CTR, GMSA and GROSA do not have assets related to pension plans.

The charge recognized in the statement of comprehensive income is as follows:

	12/31/2021	12/31/2020
Cost of current services	102	72
Interest charges	367	182
Actuarial (gain)/loss through Other comprehensive income	54	(28)
Total cost	**523**	**226**

Changes in the obligation for defined benefit plans are as follows:

	12/31/2021	12/31/2020
Balances at beginning of year	489	449
Addition due to merger/consolidation	342	-
Cost of current services	102	72
Interest charges	367	182
Actuarial (gain)/loss through Other comprehensive income	54	(28)
Payments of benefits	(170)	(31)
Gain/(loss) on purchasing power parity	(127)	(155)
Closing balances	**1,057**	**489**

Estimates based on actuarial techniques involve the use of statistical tools, such as the demographic tables used in the actuarial valuation of the Group active personnel. To determine mortality for the Group active personnel, the mortality table "RP 2000" has been used. In general, a mortality table shows, for each age group, the probability that a person in that age group will die before reaching a predetermined age. Mortality tables are elaborated separately for men and women, given that both have substantially different mortality rates.

To estimate total and permanent disability due to any cause, the table "Pension Disability Table 1985" has been used.

NOTE 24: DEFINED BENEFIT PLANS - LABOR COMMITMENTS WITH STAFF (Cont'd)

To estimate the probability that the Group active personnel will leave the job or stay, the table "ESA 77" has been used.

The liabilities related to the above-mentioned benefits were determined considering all the rights accrued by the beneficiaries of the plans until closing date of the year ended December 31, 2021.

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

The following tables show the financial assets and financial liabilities per category of financial instruments and reconciliation with the line exposed in the Statement of Financial Position, as applicable. As the captions Trade and other receivables and Trade and other payables contain both financial instruments and financial assets or liabilities, such as advances, receivables and tax debts), the reconciliation is shown in Non-financial assets and Non-financial liabilities.

Financial assets and liabilities at December 31, 2021 and 2020 were as follows:

At December 31, 2021	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and others	47,862	-	88,104	135,966
Financial assets at fair value through profit or loss	-	87,968	-	87,968
Cash and cash equivalents	6,664	10,829	-	17,493
Non-financial assets	-	1	926,942	926,943
Total	**54,526**	**98,798**	**1,015,046**	**1,168,370**
Liabilities				
Trade and other payables	62,510	-	-	62,510
Derivative instruments	-	492	-	492
Loans (finance leases excluded)	735,183	-	-	735,183
Finance leases	2,007	-	-	2,007
Non-financial liabilities	-	-	114,203	114,203
Total	**799,700**	**492**	**114,203**	**914,395**

At December 31, 2020	Financial assets/liabilities at amortized cost	Financial assets/liabilities at fair value through profit or loss	Non-financial assets/ liabilities	Total
Assets				
Trade receivables, other receivables and others	103,776	1	38,327	142,104
Cash and cash equivalents	7,287	14,964	-	22,251
Non-financial assets	-	-	681,014	681,014
Total	**111,063**	**14,965**	**719,341**	**845,369**
Liabilities				
Trade and other payables	89,240	-	-	89,240
Derivative instruments	-	303	-	303
Loans (finance leases excluded)	458,899	-	-	458,899
Finance leases	1,084	-	-	1,084
Non-financial liabilities	-	-	123,820	123,820
Total	**549,223**	**303**	**123,820**	**673,346**

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

The categories of financial instruments were determined based on IFRS 9.

Below are presented the revenues, expenses, profits and losses arising from each financial instrument category.

At December 31, 2021	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Assets/Liabilities at fair value	Total
Interest earned	9,130	-	-	-	9,130
Interest paid	-	(73,123)	-	-	(73,123)
Changes in the fair value of financial instruments	-	-	-	1,104	1,104
Income/(loss) from repurchase of negotiable obligations	-	(2,552)	-	-	(2,552)
Exchange differences, net	74,413	(81,036)	-	-	(6,623)
Impairment of assets	-	-	(1,953)	-	(1,953)
Other financial costs	-	(18,217)	1,105	-	(17,112)
Total	**83,543**	**(174,928)**	**(848)**	**1,104**	**(91,129)**

At December 31, 2020	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial instruments	Assets/Liabilities at fair value	Total
Interest earned	19,267	-	-	-	19,267
Interest paid	-	(59,264)	-	-	(59,264)
Changes in the fair value of financial instruments	-	-	-	(93)	(93)
Exchange differences, net	30,314	(159,675)	-	-	(129,361)
Other financial costs	-	(3,074)	124,365	-	121,291
Total	**49,581**	**(222,013)**	**124,365**	**(93)**	**(48,160)**

Determination of fair value

GMSA classifies fair value measurements of financial instruments using a three-level hierarchy, which gives priority to the inputs used in making such measurements. Fair value hierarchies:

- Level 1: Inputs such as (unadjusted) quoted prices in active markets for identical assets or liabilities;

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. deriving from prices).

- Level 3: Inputs on the assets or liabilities not based on observable market inputs (i.e. unobservable inputs).

These charts show financial assets and liabilities of the Group measured at fair value at December 31, 2021 and 2020 and their allocation to the different hierarchy levels:

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

At December 31, 2021	Level 1	Level 3	Total
Assets			
Cash and cash equivalents			
Mutual funds	10,829	-	10,829
Financial assets at fair value through profit or loss			
Mutual funds	87,968	-	87,968
Investment in shares	-	1	1
Property, plant and equipment at fair value	-	574,752	574,752
Total	**98,797**	**574,753**	**673,550**
Liabilities			
Derivative instruments			
Derivative instruments	(492)	-	(492)
Total	**(492)**	**-**	**(492)**

At December 31, 2020	Level 1	Level 3	Total
Assets			
Cash and cash equivalents			
Mutual funds	14,964	-	14,964
Investment in shares	-	1	1
Property, plant and equipment at fair value	-	465,376	465,376
Total	**14,964**	**465,377**	**480,341**
Liabilities			
Derivative instruments			
Derivative instruments	(303)	-	(303)
Total	**(303)**	**-**	**(303)**

There were no reclassifications of financial instruments among the different levels.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the Statement of Financial Position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. No financial instruments should be included in Level 2. If one or more of the significant inputs is not based on observable market inputs (i.e. unobservable inputs), the instrument is included in level 3. These instruments are included in Level 3. This is the case of the revaluation of certain categories of property, plant and equipment.

Specific valuation techniques used to determine the fair value of property, plant and equipment include:

NOTE 25: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

a) The fair values of real properties and land have been adjusted by a method using coefficients that comprise changes in the purchasing power of the currency to conform a fair value at December 31, 2021.
b) The fair values of Facilities and Machinery and turbines have been calculated by means of the discounted cash flows (see Note 4).

The fair value determination of property, plant and equipment is significantly affected by the dollar exchange rate. This situation, valuation processes and results are discussed and approved by the Board of the Companies at least once a year.

NOTE 26: SALES REVENUE

	12/31/2021	12/31/2020
Sale of energy Res. No. 95, as amended, plus spot	10,228	6,130
Energía Plus sales	38,345	27,548
Sale of electricity Res. No. 220	99,826	65,742
Sale of electricity Res. No. 21	59,766	60,238
	208,165	**159,658**

NOTE 27: COST OF SALES

	12/31/2021	12/31/2020
Cost of purchase of electric energy	(32,137)	(8,158)
Cost of gas and diesel consumption at the plant	(1,855)	(13,578)
Salaries and social security charges	(8,981)	(4,817)
Defined benefit plans	(109)	(72)
Other employee benefits	(152)	(190)
Fees for professional services	(68)	(161)
Depreciation of property, plant and equipment	(38,179)	(25,390)
Insurance	(2,775)	(1,377)
Maintenance	(6,876)	(6,395)
Electricity, gas, telephone and postage	(313)	(271)
Rates and taxes	(696)	(384)
Travel and per diem	(19)	(3)
Security guard and cleaning	(898)	-
Miscellaneous expenses	(321)	(61)
	(93,379)	**(60,857)**

NOTE 28: SELLING EXPENSES

	12/31/2021	12/31/2020
Rates and taxes	(543)	(17)
	(543)	**(17)**

NOTE 29: ADMINISTRATIVE EXPENSES

	12/31/2021	12/31/2020
Salaries and social security charges	(1,013)	(707)
Leases	(367)	(126)
Fees for professional services	(7,340)	(3,204)
Insurance	(3)	-
Directors' fees	(790)	-
Electricity, gas, telephone and postage	(105)	(97)
Rates and taxes	(355)	(33)
Travel and per diem	(420)	(9)
Gifts	(42)	(453)
Miscellaneous expenses	(236)	(43)
	(10,671)	**(4,672)**

NOTE 30: FINANCIAL RESULTS

	12/31/2021	12/31/2020
Financial income		
Interest on loans granted	1,366	13,211
Commercial interest	7,764	6,056
Total financial income	**9,130**	**19,267**
Financial expenses		
Interest on loans	(67,924)	(51,651)
Commercial and other interest	(5,199)	(7,613)
Bank expenses and commissions	(461)	(137)
Total financial expenses	**(73,584)**	**(59,401)**
Other financial results		
Exchange differences, net	(6,623)	(129,361)
Changes in the fair value of financial instruments	1,104	(93)
Income/(loss) from repurchase of negotiable obligations	(2,552)	-
Impairment of assets	(1,953)	-
Difference in UVA value	(12,432)	-
Gain/(loss) on purchasing power parity	1,105	124,365
Other financial results	(5,324)	(2,937)
Total other financial results	**(26,675)**	**(8,026)**
Total financial results, net	**(91,129)**	**(48,160)**

NOTE 31: EARNINGS/(LOSSES) PER SHARE

Basic

Basic earnings/(losses) per share are calculated by dividing the income attributable to the holders of the Company's equity instruments by the weighted average number of ordinary shares outstanding during the fiscal year.

	12/31/2021	12/31/2020
Income/(Loss) for the year attributable to the owners	74,355	22,751
Weighted average of outstanding ordinary shares	203,124	138,172
Basic and diluted earnings per share	**0.37**	**0.16**

There are no differences between the calculation of the basic earnings/(losses) per share and the diluted earnings/(losses) per share.

NOTE 32: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Transactions with related parties and associates

		12/31/2021	12/31/2020
		USD	
		Income/(Loss)	
Purchase of electric energy and gas			
RGA [3]	Related company	(8,619)	(18,077)
Solalban Energía S.A.	Associate	(119)	(653)
Purchase of wines			
BDD	Related company	(89)	(7)
Purchase of flights			
AJSA	Related company	(984)	(519)
Sale of energy			
RGA	Related company	-	196
Solalban Energía S.A.	Associate	80	353
Leases and services agreements			
RGA	Related company	(10,938)	(5,886)
Recovery of expenses			
RGA	Related company	(101)	44
AESA	Related company	588	507
AJSA	Related company	4	-
CTR [2]	Subsidiary	-	488
GROSA [2]	Subsidiary	-	171
Gas pipeline works and closure of cycle			
RGA	Related company	(1,303)	(12)
Work management service			
RGA	Related company	(3,008)	(2,252)
Interest generated due to loans received			
CTR [2]	Subsidiary	-	(4,160)
Interest generated due to loans granted			
Directors/Shareholders	Related parties	1,266	173
ASA [1]	Related company	-	12,999
GROSA [2]	Subsidiary	-	39
Centennial S.A.	Related company	48	-
Commercial interest			
RGA	Related company	(9)	(5,237)
Guarantees provided/received			
ASA [1]	Related company	-	(54)
RGA	Related company	-	27
AJSA	Related company	3	-
Exchange difference			
RGA	Related company	370	(1,971)

(1) Company merged into GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, parent company of GMSA.

(2) Subsidiaries of GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, related companies of GMSA.

(3) They correspond to gas purchases, which are partly assigned to CAMMESA within the framework of the Natural Gas Dispatch Procedure for power generation.

NOTE 32: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

b) Remuneration of key managerial staff

The senior management includes directors (executive and non-executive). Their remunerations for the years ended on December 31, 2021 and 2020 amounted to USD 854 and USD 467, respectively.

	12/31/2021	12/31/2020
	USD	
	Income/(Loss)	
Salaries	(854)	(567)
	(854)	**(567)**

c) Balances at the date of the consolidated Financial Statements

Captions	Type	USD 12/31/2021	12/31/2020
NON-CURRENT ASSETS			
Other receivables			
ASA [(1)]	Related company	-	9,130
TEFU S.A.	Related company	177	-
		177	**59,130**
CURRENT ASSETS			
Other receivables			
Centennial S.A.	Related company	635	-
AESA	Related company	-	585
CTR [(2)]	Subsidiary	-	585
GROSA [(2)]	Subsidiary	-	213
Loans to Directors/Shareholders	Related parties	7,308	782
		7,943	**2,165**
CURRENT LIABILITIES			
Trade payables			
Solalban Energía S.A.	Associate	5	32
AJSA	Related company	520	-
RGA	Related company	1,432	17,599
		1,957	**17,631**
Other liabilities			
BDD	Related company	1	-
Directors' fees	Related parties	275	-
		276	**-**
Loans			
CTR [(2)]	Subsidiary	-	19,885
		-	**19,885**

(1) Company merged into GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, parent company of GMSA.

(2) Subsidiaries of GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, related companies of GMSA.

NOTE 32: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

d) Loans granted to and received from related parties

	12/31/2021	12/31/2020
Loans to ASA (1)		
Balance at the beginning of year	59,130	44,017
Addition due to merger	(59,130)	-
Loans granted	-	18,269
Accrued interest	-	12,999
Gain/(loss) on purchasing power parity	-	(16,154)
Balance at year end	**-**	**59,131**

	12/31/2021	12/31/2020
Loans to GROSA (2)		
Balance at the beginning of year	-	177
Loans collected	-	(127)
Accrued interest	-	39
Interest collected		(41)
Gain/(loss) on purchasing power parity	-	(48)
Balance at year end	**-**	**-**

	12/31/2021	12/31/2020
Loans to Centennial S.A.		
Balance at the beginning of year	**-**	**-**
Loans granted	605	-
Accrued interest	48	-
Exchange difference	(18)	-
Balance at year end	**635**	**-**

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At December 31, 2021			
Centennial S.A.	587	35%	Maturity date: 1 year
Total in pesos	**587**		

	12/31/2021	12/31/2020
Loans received from CTR (2)		
Balance at the beginning of year	(19,885)	(5,002)
Loans added due to merger but eliminated from consolidation	19,885	-
Loans received	-	(23,518)
Loans paid	-	7,493
Accrued interest	-	(4,160)
Interest paid	-	1,217
Gain/(loss) on purchasing power parity	-	4,085
Balance at year end	**-**	**(19,885)**

(1) Company merged into GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, parent company of GMSA.

(2) Subsidiaries of GMSA as from January 1, 2021, as a result of the merger by absorption of GMSA with ASA and GECEN. At December 31, 2020, related companies of GMSA.

NOTE 32: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

d) Loans granted to and received from related parties (Cont'd)

	12/31/2021	12/31/2020
Loans to Directors/Shareholders		
Balance at the beginning of year	782	480
Loans added due to merger/consolidation	5,432	-
Loans granted	3,995	325
Loans forgiven	(248)	-
Loans repaid	(2,752)	-
Accrued interest	1,292	173
Exchange difference	(1,134)	-
Gain/(loss) on purchasing power parity	(59)	(196)
Balance at year end	**7,308**	**782**

The loans are governed by the following terms and conditions:

Entity	Amount	Interest rate	Conditions
At December 31, 2021			
Directors/Shareholders	687	Badlar + 3%	Maturity date: 1 year
Directors/Shareholders	5,213	25%	Maturity date: 1 year
Total in pesos	**5,900**		

Receivables from related parties arise mainly from transactions of services provided and fall due in the month following the transaction date. No provisions have been recorded for these receivables from related parties in any of the fiscal years covered by these consolidated Financial Statements. Trade payables with related parties arise mainly from transactions of purchases of gas and fall due in the month following the transaction date. Transactions with related parties are performed under similar conditions to those carried out with independent parties.

NOTE 33: WORKING CAPITAL

At December 31, 2021, the Company reports a surplus of USD 93,774 in its working capital (calculated as current assets less current liabilities), which means a decrease in deficit by USD 149,774, compared to the deficit in working capital at December 31, 2020 (USD 56,000). The Company has restructured its short-term liabilities, thus reducing the deficit in its working capital.

EBITDA(*) at December 31, 2021 amounted to USD 141,797, in line with projections, which shows compliance with the objectives and efficiency of the transactions carried out by the Group.

(*) Amount not covered by the Audit Report. It was determined based on the guidelines of the international bonds.

NOTE 34: SEGMENT REPORTING

The information on exploitation segments is presented in accordance with the internal information furnished to the chief operating decision maker (CODM). The Board of Directors of the Company has been identified as the highest authority in decision-making, responsible for allocating resources and assessing the performance of the operating segments.

The management has determined the operating segment based on reports reviewed by the Board of Directors and used for strategic decision making.

The Board of Directors considers the business as a single segment: the electricity segment. It comprises the generation and sale of electricity and the development of energy projects, execution of projects, advisory, service delivery, management and execution of works of any nature.

The information used by the Board of Directors for decision-making is based primarily on operating indicators of the business.

NOTE 35: OTHER COMMITMENTS

A. GMSA

Some of the contractual obligations relating to the supply of electric energy to large customers of the MAT at December 31, 2021 and periods in which those obligations must be fulfilled are detailed below. These commitments are originated in supply contracts (energy and power) entered into between the Company and large users on the Forward Market in accordance with regulations set forth by the Energy Secretariat under Resolution No. 1281/06 (Energía Plus). They are contracts denominated in United States dollars, entered into with private customers.

Sale commitments(1)	Total	Up to 1 year	From 1 to 3 years
Electric energy and power - Plus	4,096,901	3,916,695	180,206

(1) Commitments are denominated in thousands of pesos and have been valued considering estimated market prices, based on the particular conditions of each contract. They reflect the valuation of the contracts with private customers in force at December 31, 2021, under ES Resolution No. 1281/06.

B. GROSA

On April 27, 2011 the Ordinary Shareholders' Meeting of Central Térmica Sorrento S.A. unanimously approved a lease contract with GROSA; the purpose of the agreement is to rent both the building and the assets added to the Power Plant, including the generator, equipment and other available property, plant and equipment and spare parts. The contract was effectively valid as from November 15, 2010 (with a 9-month grace period) and has a set term of 10 years, with a renewal option for 7 additional years. The first fee installment was invoiced on August 1, 2011.

On December 23, 2015 the reorganization proceeding of Central Térmica Sorrento S.A. was initiated. This situation does not affect the lease agreement mentioned above or the electric power generation business.

NOTE 35: OTHER COMMITMENTS (Cont'd)

B. GROSA (Cont'd)

On November 10, 2016, a mediation hearing was closed without reaching an agreement in connection with the eviction of the property under a lease agreement mentioned in the preceding paragraph. GROSA estimates that it is highly unlikely that the eviction will take place as Central Térmica Sorrento S.A. has no right to be granted this order.

In the case "Central Térmica Sorrento S.A. c/ Generación Rosario S.A. s/Medidas Precautorias" (Central Térmica Sorrento S.A. v. Generación Rosario S.A. on precautionary measures), an attachment was levied on the funds that CAMMESA should settle with Generación Rosario S.A. for ARG $ 13,817 thousand, plus interest for ARG $ 6,900 thousand, which was recorded by CAMMESA in the settlement dated December 12, 2017. In reply to this resolution, on April 17, 2018 the attachment decreed against GROSA was replaced with a bond insurance policy. The sums subject to the court-ordered attachment were returned to the Company on June 28, 2018.

Furthermore, payment of monthly rentals through judicial consignment was requested in re. "Generación Rosario S.A. c/ Central Térmica Sorrento s/ Consignación" ("Generación Rosario S.A. v. Central Térmica Sorrento on Consignment").

Extension of the lease contract with GROSA In December 2020, GROSA decided to exercise the option to extend the term of the lease contract, it being executed on February 10, 2021. Therefore, the useful life of property, plant and equipment has been adjusted at the end of fiscal year 2020.

NOTE 36: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY

BLC Asset Solutions B.V.

On February 21, 2018, GMSA signed an agreement with BLC Asset Solutions B.V. (BLC) for the purchase of equipment to be installed at the electric power generation plants located in Río Cuarto, Province of Córdoba, and in Ezeiza, Province of Buenos Aires, for expansion through cycle closures at the two power plants. The purchase agreement sets forth financing by BLC for USD 61.200, according to the irrevocable commitment signed on July 22, 2019. At the date of signing these Financial Statements, machinery amounting to USD 41.2 million was received.

In the agreement with GMSA, BLC expresses its will to amend the documents so as to reschedule the payments related to the Contracts for the Purchase of Equipment. Under such commitment, an additional year was added for the payment of the mentioned equipment, with the expiration date being March 2023, which significantly reduces the payments for 2020.

On June 26, 2020, GMSA and BLC through an amendment to the documents, agreed a new payment schedule for the Contracts for the Purchase of Equipment. In view of the agreement, the first payment was rescheduled from June 2020 to June 2021, with the final maturity remaining unchanged in March 2023.

NOTE 36: EXECUTION OF CONTRACTS TO PURCHASE MACHINERY (Cont’d)

BLC Asset Solutions B.V. (Cont’d)

As a result of Communication “A” 7106 dated September 15, 2020 issued by the Central Bank of Argentina, GMSA and BLC agreed to execute an amendment to reschedule debt payments. On December 17, 2020, BLC and GMSA executed an amendment whereby the payment schedule was changed, with quarterly amortizations, with the next payment of principal maturing in June 2021. Further, a new extension of the term was agreed to pay for the above-mentioned equipment, with the final maturity date being June 2023, thus significantly reducing payments throughout 2021.

Pratt & Whitney Power System Inc.

Generación Frías S.A. signed an agreement with PWPS for the purchase of the FT4000™ SwiftPac® 60 turbine, including whatever is necessary for its installation and start-up. The purchase agreement sets out 4-year financing for USD 12 million by PWPS, upon provisional acceptance by Generación Frías S.A.

At December 31, 2021, the above-mentioned debt has been repaid.

NOTE 37: LONG-TERM MAINTENANCE CONTRACT – CTMM, CTI, CTF, CTE, CTRi AND CTR POWER PLANTS

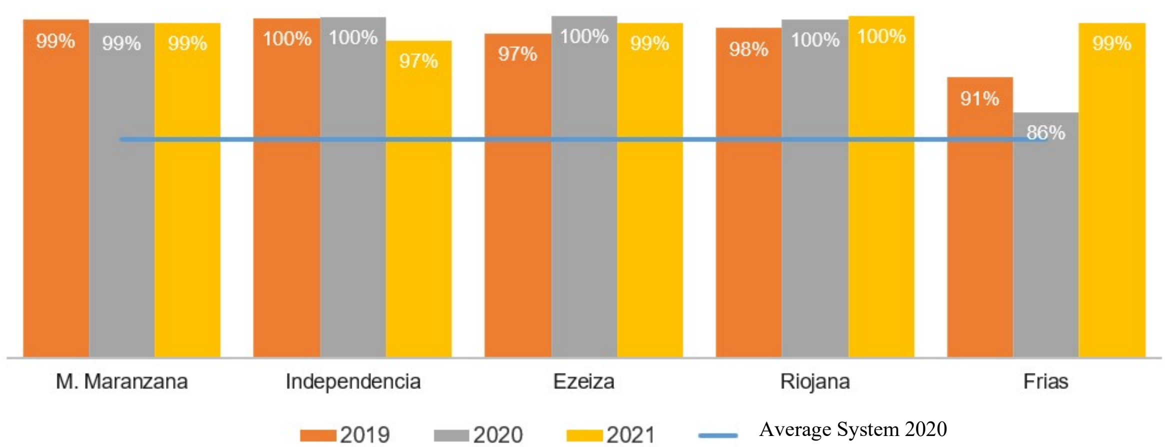
GMSA and PWPS entered into a global service agreement (Long Term Service Agreement), for the power plant CTF, which remains in effect. As set forth in the agreement, PWPS must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the efficient performance of the turbines, 24-hour assistance from the engineering department in the USA, original spare parts in a timely manner and repairs for planned and corrective maintenance. GMSA entered into an equipment lease agreement whereby PWPS must make available to GMSA under EXW conditions replacement equipment (Gas Generator/Power Turbine) within 72 hours, in case of unplanned placing of equipment out of service. PWPS thus guarantees to the Power Plant availability of not less than ninety five percent (95%) per contractual year. Also, the Power Plant has its own repair shop with tools and stocks of spare parts to perform on-site repairs without having to send the equipment to the workshop in the USA. The gas turbine equipment can be sent by plane, thus reducing the transportation time.

GMSA and PWPS Argentina entered into a service agreement for the power plant CTF, which remains in effect and whereby PWPS Argentina commits permanent on-site technical assistance as well as the provision of a remote monitoring system to follow-up the operation of turbines and 24-hour assistance.

NOTE 37: LONG-TERM MAINTENANCE CONTRACT – CTMM, CTI, CTF, CTE, CTRi AND CTR POWER PLANTS (Cont'd)

In addition, GMSA signed with Siemens S.A. and Siemens Energy AB a global service and spare part agreement for the power plants CTRi, CTMM, CTI and CTE, which remains in effect. As set forth in the agreements, Siemens must provide on-site technical assistance on a permanent basis, a remote monitoring system to follow up on the performance of the turbines, 24-hour assistance from the engineering department, original spare parts in a timely manner and repairs for planned and corrective maintenance, as needed. Thus, an average availability of no less than ninety six percent (96%) is guaranteed to the above mentioned power plants for each biannual measurement period. In addition, the power plants have their own repair shop with tools and spare parts in stock to make on-site repairs. Compliance with the energy sale agreement with CAMMESA under Resolution No. 220/07 (for power plants CTRi and CTMM) and Resolution No. 21/16 (for power plants CTI and CTE) is thus guaranteed.

Availability per Power Plant (%)



The high availability percentages shown in the graphic above ensure to a great extent the estimated operating income/(loss) of the business and the compliance with the goals established by the Board.

At the end of 2019, CTR signed an addendum to the contract in effect with GE International INC and GE Energy Parts International LLC, whereby the Long-term service agreement (LTSA) is changed to an inspection, major and essential repairs and maintenance contract. The aim of the addendum is to adapt contracts in effect -but signed several years ago- to new market offerings appearing year after year, as a result of a greater globalization in the implementation of new manufacturing processes and development of new materials. Gas turbines manufactured and commissioned ten years ago benefit the most from these new opportunities.

NOTE 37: LONG-TERM MAINTENANCE CONTRACT – CTMM, CTI, CTF, CTE, CTRi AND CTR POWER PLANTS (Cont'd)

This change of type of contract is neither contrary to availability of power generation turbines nor jeopardizes them, as it does not alter the client -service provider relationship. In addition, it allows the company to have its own staff structure, which is highly qualified and with knowledge and skills to operate and maintain the Power Plant at availability values higher than the industry's average, and provides a stock of spare parts and consumables according to needs, as well as a modern workshop, fully equipped with specialized tools for these tasks, ensuring compliance with the agreement for the sale of energy with CAMMESA, under Resolution No. 220/07.

NOTE 38: ENGINEERING, PROCUREMENT AND MANAGEMENT (EPC) CONTRACT

On July 1, 2021, GMSA executed the EPC contract with Sociedad Argentina de Construcción y Desarrollo Estratégico S.A. (SACDE) to perform works, provide services and obtain the necessary equipment supplies for the CTE enlargement project including the installation of a fourth TG04 gas turbine and the closure of cycle and start-up of the combined cycle of CTE by means of the addition of two steam turbines TV01 and TV02 with an incremental net installed capacity of 138 MW and associated systems.

SACDE will carry out civil and electromechanical works with the scope stated in the EPC contract and its main obligations include: (i) completing the works in a maximum term of 845 calendar days counted as from the Works Execution Date (without prejudice to possible extensions that might apply); (ii) making adjustments, repairs and replacements necessary to fulfill its obligations; and (iii) informing, on a weekly and monthly basis, about the progress of works and any other relevant detail in accordance with the construction planning prior to approval of work certificates by GMSA.

The EPC contract shall be payable in Argentine Pesos at Banco Nación selling exchange rate prevailing on the day before effective payment. Notwithstanding the above, the price of the EPC contract is stated in US dollars, Euros and Pesos reasonably in accordance with the cost structure applied to the Project, plus an equitable review on the portion in Argentine Pesos. The contract became effective within five (5) business days from obtaining necessary financing to complete the works and is subject to SACDE's submitting the invoice and guarantee for the advance payment so that GMSA pays the financial advance payment. Sums paid on account of financial advance payment shall be reimbursed through a 15% (fifteen percent) discount on the value of the monthly certificates subsequent to the financial advance payment, until GMSA is fully reimbursed the advance payment made.

Upon finishing all works to be performed and committed to by SACDE for the completion of the Project, in due time and manner, pursuant to the EPC contract and having satisfactorily conducted the testing on ancillary services (BOP) and, among other issues, having reached mechanical completion and start-up of all Project's systems and equipment, SACDE may require the provisional delivery of the works. Once the 12-month period has elapsed counted as from the provisional delivery, period in which SACDE shall grant a technical guarantee for the Project and works performed, provided all rectifications and/or adjustments have been made relating to the technical guarantee, GMSA shall proceed to the final delivery of the works and all guarantees of the equipment shall be delivered to GMSA.

NOTE 39: STORAGE OF DOCUMENTATION

On August 14, 2014, the CNV adopted General Resolution No. 629 introducing amendments to its regulations on storage and preservation of corporate books, accounting records and business documents. The Company keeps and preserves its corporate books, accounting records and relevant business documents at its principal place of business located at Av. L.N. Alem 855, Floor 14, City of Buenos Aires.

Furthermore, it is informed that the Company has sent its working papers and non-sensitive information for fiscal years not yet statute-barred to its storage services supplier:

Entity responsible for warehousing of information - Domicile

Bank S.A. - Colectora Oeste Panamericana and 28 Street, Garín
Bank S.A. - Colectora Oeste Panamericana km 31,7, Gral. Pacheco
Bank S.A. - Carlos Pellegrini 1201, Dock Sud

A detail of the documentation sent for preservation is available at the registered office of that entity, as well as the documentation referred to by article 5, clause a.3), Section I of Chapter V, Title II, of the REGULATIONS (N.T. 2013 as amended).

NOTE 40: ADVANCE LOSS OF PROFIT INSURANCE COVERAGE

All-risk insurance policy with coverage for loss of profit

The Company has taken out all-risk insurance coverage for all the risks of loss or physical damage, whether it is accidental or unforeseeable, including machinery failures and loss of profit as a result, up to 12 months, directly and totally attributable to any cause. This policy has the aim of covering the losses caused by the interruption of the activities as a result of the accident, both as regards the profit that is no longer obtained and the expenses the Company continues to bear despite its inactivity, such that the insured may be in the same financial situation as if the accident had not occurred.

This insurance covers all physical assets of any type and description, not expressly excluded from the text of the policy, belonging to the insured or in his/her care, custody or control, for which the insured has assumed a responsibility for insuring against any damage, or for which the insured may acquire an insurable interest.

On October 30, 2021, the all-risk insurance policy of all generators of Grupo Albanesi was renewed for a further 12 months through first-class insurers, as listed below: Starr Insurance Companies, Nación Seguros, Federación Patronal, Chubb, Sancor and Provincia Seguros.

<u>NOTE 40:</u> ADVANCE LOSS OF PROFIT INSURANCE COVERAGE (Cont'd)

Contractors' all-risk and assembly insurance

Works for installation or enlargement of the capacity developed by the Company are insured by a Contractors' all-risk and assembly insurance, which covers all accidental or unforeseeable damages occurred during the execution of a civil work, including damages caused by acts of God, provided that they are not expressly excluded from the policy.

The policy includes delay in start-up (DSU) or advance loss of profit (ALOP) insurance of up to 12 months, providing coverage for the expected commercial profit margin for sales of energy and power, discounting the variable costs during the period of repair or replacement of the damaged equipment.

Once all pieces of equipment are in operation, the new assets will be covered by the All-risk insurance that Grupo Albanesi has taken out, and which covers all power plants in operation.

<u>NOTE 41:</u> SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS

On September 30, 2016, GMSA –as seller– and CAMMESA –as buyer–, on behalf of the WEM, entered into the Supply Contracts for the available power and energy supplied by CTE and CTI. July 1, 2017 was the Agreed upon Date set for the commercial operation of the two power plants.

The commercial operation for CTE and CTI were granted on September 29 and August 10, 2017, respectively.

On June 28, 2017 GMSA made a filing before CAMMESA and the ES, to inform them that CTE and CTI had suffered certain facts that could be considered as a force majeure event or an act of God, which in turn adversely affected the possibility of obtaining the authorization for commercial operation by the Agreed upon Date set on the Supply Contract. In this regard, GMSA explained, argued, and produced the pertinent evidence supporting the existence of certain factors, not attributable to GMSA, which implied that the authorization for commercial operation was not obtained at the Agreed upon Date as set forth in the Supply Contract.

Under Resolution No. 264/2018 dated June 6, 2018, the Energy Ministry established that the penalties shall be discounted from the sum receivable by the penalized Generating Agent in 12 equal and consecutive monthly installments, and that the Generating Agent may opt to discount the penalty amount in up to 48 equal and consecutive installments, applying to the balance an effective annual rate of 1.7% in US dollars, and the number of installments shall not exceed the contract term.

Without prejudice to the above, CAMMESA has rejected GMSA's arguments and has set the penalties in the amounts of USD 12,580 for CTE and USD 3,950 for CTI.

The balance of these penalties at December 31, 2021, net of the present value, equivalent to USD 2,347, is disclosed under trade payables.

NOTE 41: SUPPLY CONTRACT WITH CAMMESA: AGREED UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS (Cont'd)

In view of the foregoing, on July 10 and July 23, 2018 GMSA made the pertinent presentations to CAMMESA making use of the option to discount the penalty amount in up to 48 monthly and consecutive installments, applying to the balance the effective annual rate of 1.7% in US dollars; the number of installments should not exceed the contract term and the first installment payable shall be discounted as from the July 2018 transaction, maturing in September 2018.

NOTE 42: ECONOMIC CONTEXT IN WHICH THE GROUP OPERATES

The Group has been operating in a complex economic environment whose main variables have been affected by a strong volatility, both nationally and internationally.

2021 was a year marked by recovery of the economic activity, after the GDP contraction by 9.9% experienced by Argentine economy in 2020. A rebound in economic activity was foreseeable, after being practically blocked for several consecutive months as a result of the sanitary restrictions relating to the COVID-19 pandemic; even so, the improvement in international prices of Argentine exportable products, the approval and massive application of vaccines — especially in the second half of 2021 — which gave way to less strict health measures, and the extraordinary inflow of funds as a stimulus measure by the IMF to help countries address the effects of COVID-19, produced a greater recovery than was expected at the beginning of the year. It is estimated that GDP grew by 10% in 2021.

However, various factors caused recovery to be uneven among all sectors, with some segments still unable to reach the levels of 2018, when recession began.

In addition, by mid-year uncertainty over the congressional elections to be held in September and November came about, generating an increase in demand for foreign currency by individuals and businesses. This led the BCRA to tighten controls on access to the foreign exchange market; as a consequence, the different alternative rates of exchange reached values up to 100% higher than the official rate. A combination of money issuance, global inflation, inertia and expectation resulted in 2021 ending with the second highest record of year-on-year price increase since 1991 — 50.9% year-on-year variation in the CPI at December 2021.

In the first quarter of 2022, Argentina must find a solution to its indebtedness with the IMF. By the end of January an understanding was reached between our country and that Organization, whereby fiscal and monetary targets would have been agreed in exchange for a refinancing of debt maturities.

The main indicators in our country are as follows:

- The increase in GDP year-on-year expected for 2021 is around 10%.
- Year-on-year inflation for December 2021 with respect to December 2020 recorded 50.9% (CPI).
- Between December 30, 2020 and December 30, 2021, the peso depreciated 20.7% relative to the US dollar, according to the Banco de la Nación Argentina exchange rate.
- The monetary authority imposed tighter foreign exchange restrictions, which have also affected the value of the foreign currency in existing alternative markets for certain exchange transactions that are restricted in the official market.

NOTE 42: ECONOMIC CONTEXT IN WHICH THE GROUP OPERATES (Cont'd)

With these measures, which aim at restricting access to the exchange market to curb the demand for US dollars, prior authorization from the Central Bank of Argentina is required for certain transactions (save for the exceptions specifically stated in the regulations); the following being applicable to the Group:

- Payment of financial loans granted by non-residents: companies that have scheduled payments of principal falling due between October 15, 2020 and June 30, 2022 must submit a refinancing plan of at least 60% of the principal amount due, with a new external indebtedness with an average life of two years, allowing them to access the foreign exchange market only to pay 40% of the principal amount due.
- Payment for the issuance as from 09/01/2019 of publicly traded debt securities issued in Argentina and denominated in foreign currency.
- Payment of debts in foreign currency between residents.
- Payment abroad for certain imports (e.g., advance or sight payments if the importer has no quota available).
- Payment for imports of services to foreign related companies.
- Formation of external assets

Additionally, the currency system had already determined that funds obtained from the following transactions and items have to be brought in and traded in the local exchange market:

- Exports of goods.
- Collections of pre-export financing, advances and post-export financing of goods.
- Exports of services.
- Sale of nonproduced non-financial assets.
- Sale of external assets.

These foreign exchange restrictions, or those to be issued in the future, might affect the Company's ability to access the Single Free Foreign Exchange Market (*Mercado Único y Libre de Cambios*, MULC) for the purchase of the necessary foreign currency to meet its financial obligations.

In addition, the Government announced a series of measures in October 2020 to contribute to the development of exportable assets and to boost the domestic market and the construction industry.

This context of volatility and uncertainty persisted at the date of issue of these consolidated Financial Statements. However, all issuances performed over the last 12 months in the capital markets as well as renegotiations with local banks have been successful and it is expected that they continue so in the next fiscal year; this context might limit access to the debt market and could create difficulties in the renegotiation of existing liabilities.

Company Management permanently monitors the performance of variables affecting its business, to define the course of action and identify the potential impact on its economic and financial position. The Company's consolidated Financial Statements must be read in light of these circumstances.

NOTE 43: SUBSEQUENT EVENTS

a) Award of Talara Refinery Modernization Project

On January 12, 2022, GMSA was awarded, under the framework of the Abbreviated Bidding Process, the "Talara Refinery Modernization Project - Process for engaging the operating management service of auxiliary unit packages of Talara Refinery (Package 4)" called for by Petróleos del Perú S.A.

The purpose of the bidding process was to engage a specialized legal entity to undertake the operating management of Package 4 of Talara Refinery Auxiliary Units, located in the City of Talara, District of Pariñas, Perú. Package 4 consists of the following components:

- Electric cogeneration units (GE), 100MW.
- Water distribution unit for Boilers (steam generation system).
- Condensed treatment unit (RCO).
- Electrical Stations (GE2, GE1).

In this way, the engagement includes the beneficial interest of GMSA over the assets that form part of Package 4, an electricity supply contract to Petroperú, steam and water for boilers, and operation and maintenance of substations GE2 and GE1 for a term of 20 years counted as from the "operating stage".

b) Class XIII Negotiable Obligations

On January 10, 2022, GMSA and CTR co-issued Class XIII Negotiable Obligations under the following conditions:

Principal: nominal value: USD 14,065; amount assigned to GMSA: USD 12,672; amount assigned to CTR: USD 1,393.

Interest: 7.5% annual nominal rate, payable half-yearly to maturity, on January 10, 2024.

Payment term and method: Amortization: Principal on the Negotiable Obligations shall be fully amortized in a lump sum payment at maturity, that is, on January 10, 2024.

Independent auditor's report

To the Shareholders, President and Directors of
Generación Mediterránea S.A.

Opinion

We have audited the consolidated financial statements of Generación Mediterránea S.A. and its subsidiaries (the Company) which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Argentina. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matters	Audit response
Financial position and going concern assessment	
The Company has prepared its consolidated financial statements based on the going concern assumption, as mentioned in Note 3 to the Consolidated Financial Statements at December 31, 2021. As mentioned in Note 33, during the previous fiscal year, the Company presented a working capital deficit. To reverse this situation, the Company's Management and shareholders have developed a refinancing plan for short-term financial liabilities. In Note 42, the Company states that debt issuances carried out in the capital market as well as renegotiations with local banks in the last 12 months have been successful. Management expects the same behavior for the next accounting period. However, the current context of the Argentine economy could limit access to the debt market and, in turn, create difficulties in the renegotiation of existing liabilities. The Company's ability to continue as a going concern depends on management's ability to maintain liquidity to comply with deadlines of existing obligations with its creditors. Management carried out a sensitivity analysis on its cash flow forecast using alternative financing scenarios and rate patterns. Management's assessment of the going concern is based on cash flow projections and business plans, each of which depends on significant management judgment and may be influenced by management bias. The situation described above, the way in which the Company's business will develop and how it will obtain the necessary resources for its normal operation in an uncertain context, have led us to consider this matter as a key issue in our audit.	The audit procedures that we have carried out to validate the correct application of the going concern principle included, among others: • carry out inquiries to the key members of Management and Board of Directors, to understand the process of assessing the principle of a going concern; • verify the mathematical precision of Management's cash flow projections and validate the initial cash position; • gather evidence on Management's underlying cash flow projections for the Company by validating data with other external and internal sources as necessary, including recent dispatch volumes, prices as per current resolutions, and comparing cost assumptions with historical and actual ones and assessing the realistic likelihood of achieving cost reductions; • carry out an independent sensitivity analysis to assess the impact of changes in the key premises underlying cash flow forecasts. These could be a change in the prices set up in the current resolutions or a lower-than-expected operating performance; • carry out an acid test of liquidity verifying the Company's ability to comply with existing deadlines within one year with no debts restructured at the date of issuance of the financial statements; • consider the financial situation of the Company's main clients, the impact of a potential delay in their payments and its correlation on the Company's cash flows; • assess the disclosures included in the consolidated financial statements.

Key audit matters	Audit response
Fair value of property, plant and equipment	
As described in Notes 4, 6 and 7 to the Consolidated Financial Statements as of December 31, 2021, the balance of property, plant and equipment is $919,245 thousand. The Company has chosen to value land, buildings, facilities, machinery and turbines at fair value, with discounted cash flow techniques and market comparables. The fair value calculated through discounted cash flow was used to value the facilities, machinery, and turbines. At December 31, 2021, the carrying amount of Property, plant and equipment does not differ significantly from their fair value; thus, no revaluation or impairment was registered. The fair value was determined by using the income approach method based on projected cash flows for each of the thermal power plants based on their useful life, in which different scenarios were weighted according to their probability of occurrence. In addition to the deadlines determined, the projections of future cash flow determined on the basis of macroeconomic assumptions (inflation and exchange rates), price projections based on current resolutions and projections of dispatch volumes based on knowledge of the market by the Company were extrapolated. These recoverable amounts are based on assumptions related to the market outlook and the regulatory environment, of which any modification could have a material impact on the amount of impairment losses to be recognized. We consider that the measurement of the fair value of property, plant and equipment is a key audit matter, due to its materiality in the Company's Consolidated Financial Statements and because it requires the application of critical judgments and significant estimates by Management on key variables used in the evaluation of cash flows, as well as by the unpredictability of the future evolution of these estimates and the fact that future significant changes in key premises may have a significant impact on the consolidated financial statements.	Audit procedures performed in this key matter included, among others: • evaluate the preparation and supervision process carried out by management for calculations of the fair value of property, plant and equipment; • examine the key data and premises used to determine the fair value of property, plant and equipment. In particular: ✓ validate with external sources the premises on trends in inflation exchange rates; ✓ for the operational and regulatory assumptions used to prepare future cash flows, evaluate the consistency of the operating conditions of each thermal power plant and its performance based on historical data, as well as the applicable regulations to date; ✓ examine the method for determining the discount rate and the consistency with the underlying market assumptions, checking that the value is within a reasonable range based on the comparables in the sector and the Company's particular risk; • evaluate the sensitivity of measurements to changes in certain assumptions; • confirm the mathematical accuracy of calculations and the adequate use of the model prepared by Management; • assess the disclosures included in the consolidated financial statements. In addition, the audit effort involved the use of professionals with specialized skills and knowledge to assist us in evaluating the model and certain important assumptions, including the discount rate.

Other information

The other information comprises the Annual report. Board of Directors is responsible for the other information.

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

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

Other Matter – Restriction on use and distribution

As described in Note 3, these consolidated financial statements have been prepared to provide information to specific users. This report is intended solely for the information and use of the Board of Directors of the Company and the Company's foreign lenders and should not be used by or distribute to other parties.

Responsibilities of Board of Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Autonomous City of Buenos Aires, April 12, 2022.

PRICE WATERHOUSE & CO.S.R.L.
Raúl Leonardo Viglione
Partner