Albanesi Energía S.A.

FINANCIAL STATEMENTS

At December 31, 2021
presented in comparative format

(In thousands of US dollars (USD))

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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 Financial Statements of the Company.

Terms	Definitions
/day	Per day
AESA	Albanesi Energía S.A. / the Company
AFIP	Federal Administration of Public Revenue
AJSA	Alba Jet S.A.
ASA	Albanesi S.A.
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	Albanesi 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.
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.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Terms	Definitions
GUDIs	Large Demand from Distributors’ customers, with declared or demanded power of over 300 kW
GUMAs	Major Large Users
GUMEs	Minor Large Users
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
LGS	General Companies Law
LVFVD	Sale 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 10^6
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
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
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 Dollar
UVA	Unit of purchasing power

ALBANESI ENERGÍA S.A.

Annual Report for Fiscal Year 2021

Albanesi Energía S.A.

Annual Report for Fiscal Year 2021

Contents

<u>**Annual Report for Fiscal Year 2021**</u>

To the Shareholders of AESA,

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

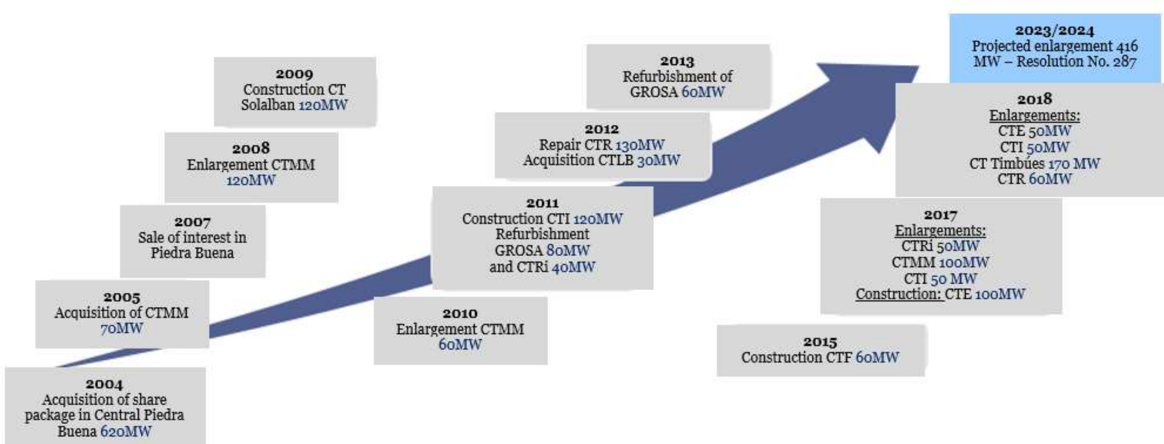
AESA's main line of business is the generation and sale of electric energy and steam through a co-generation system. Nominal installed capacity is 170 MW under EES Resolution No. 21/16.

On February 24, 2018 the Timbúes Cogeneration Thermal Power Plant was authorized for commercial operation in the WEM up to 172 MW of power and on February 11, 2019 it was authorized for steam generation and delivery (see Note 30).

The Company is located in Timbúes, Province of Santa Fe.

At the date of these 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.

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 segment became one of the main purposes of the Group.



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.

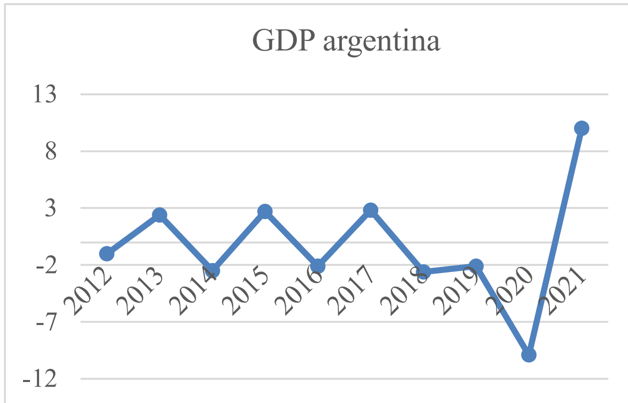
In view that the pandemic maintains its siege, emphasis on a worldwide health strategy is more prominent than ever. Global access to vaccines, detection testing and treatments is essential in averting the risk of new, dangerous variants of the virus. This requires higher production of supplies, better 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%.

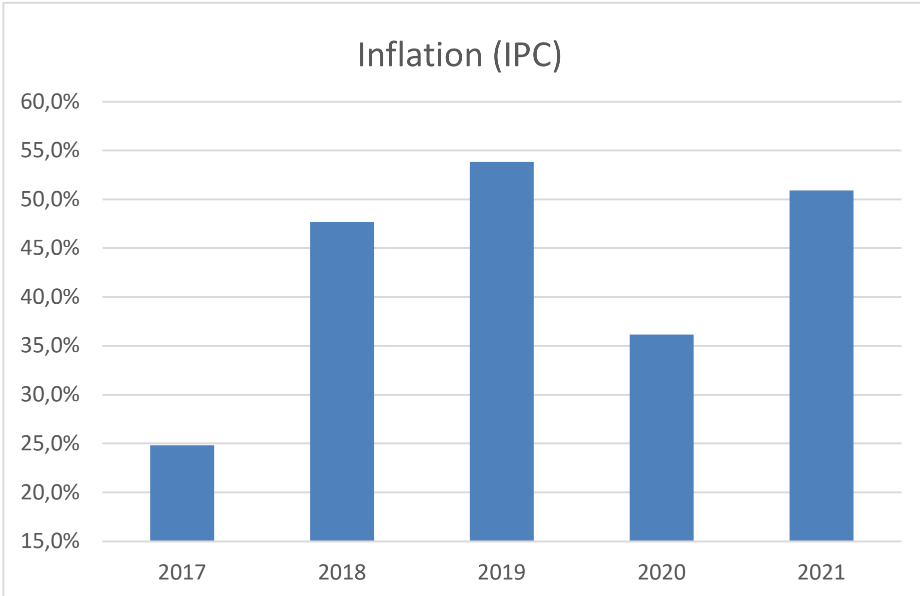
The macroeconomic evolution for the third quarter of 2021 resulted in a 14.5% variation in global supply vis-à-vis the same period of the previous year, measured at 2004 prices, as a result of an 11.9% increase in GDP and a 26.2% variation in real imports of goods and services.

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.

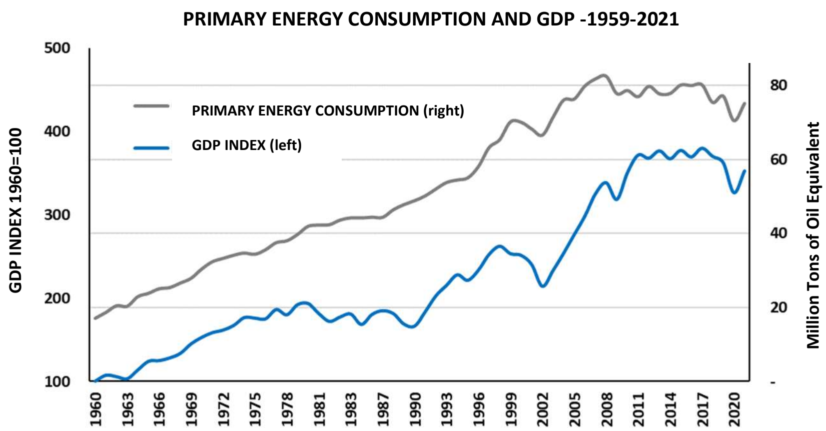
According to the monthly monetary report issued by the Central Bank of Argentina, the monetary base for December was ARS 3.394 trillion, which implies an average monthly nominal increase of 7.8%

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.

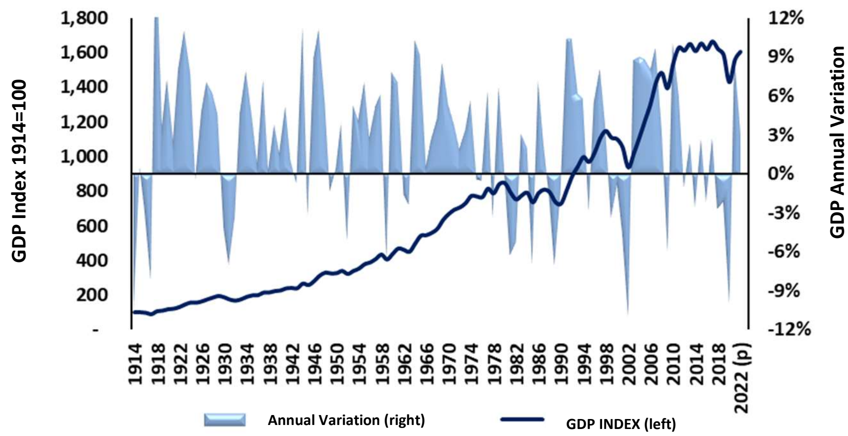


The economic recession in 2018 – a -2.6% contraction from the good economic level of 2017, which recorded +2.8% – and the summer months with lower temperatures than those of the previous year, had a minimal impact on the energy demand, with a reduction of 6.0% compared to 2017. In 2019, despite a new 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.

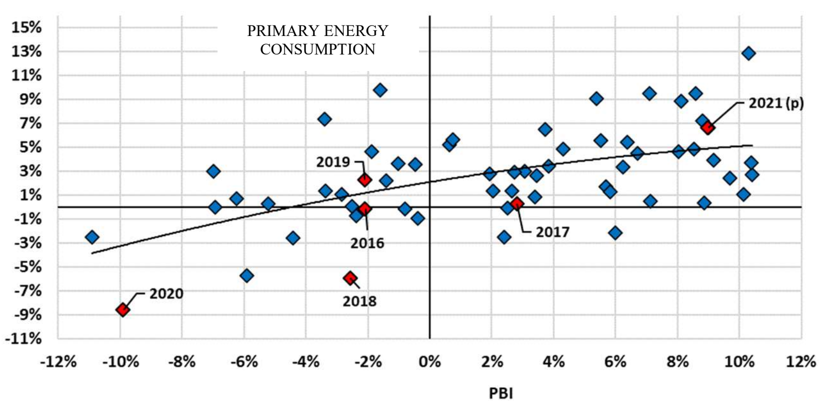
[1] Official data from the Energy Secretariat for the period 1959 to 2020 and preliminary estimate for 2021 prepared by G&G Energy Consultants.

GDP EVOLUTION ARGENTINA 1914-2022



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.

GDP AND PRIMARY ENERGY CONSUMPTION



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.

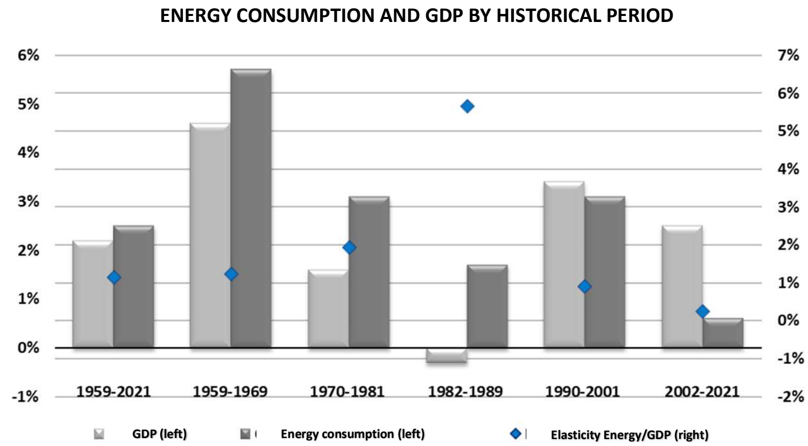
Should a process of solid economic growth exist in the future, the need for energy supply will certainly be ever-increasing, greater than in the last twenty years.

HISTORICAL-ECONOMIC-PERIOD	ANNUAL GDP	ELECTRICITY 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.

[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.

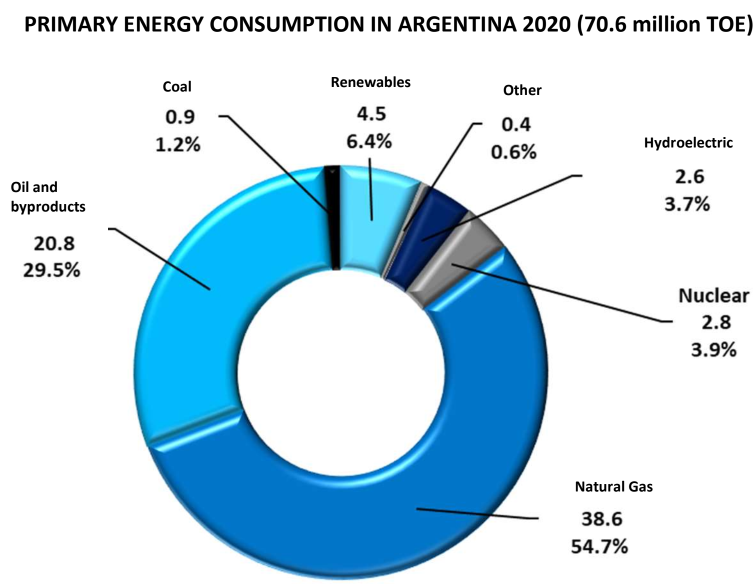
[3] From the analysis of a specific sub-sector such as electricity, it may be observed that the demand growth rate is higher than the GDP growth rate.



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, 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.



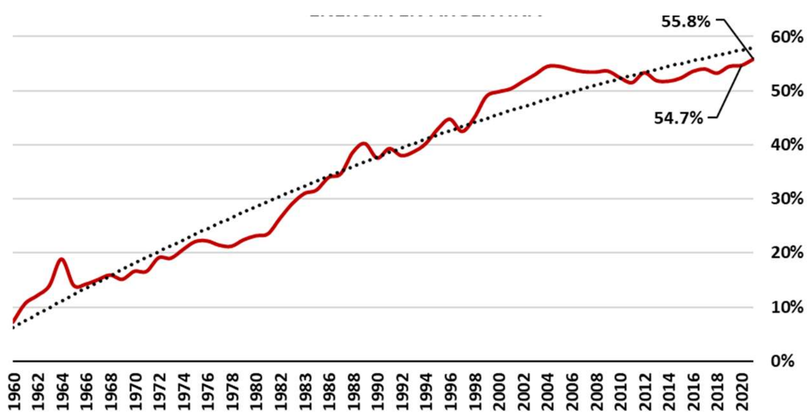
[4] Latest official data for 2020. Estimate for 2021 by G&G Energy Consultants, expressed in million Tons of Oil Equivalent (TOE) for Primary Energy Consumption.

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 Neuquén basin in the winter of 2021.

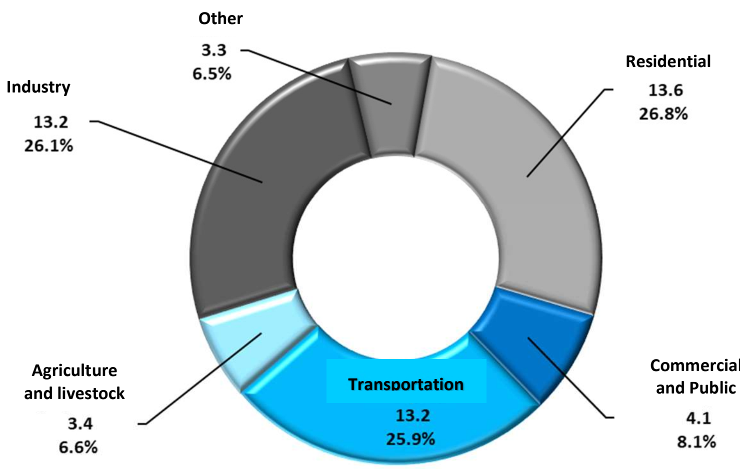
SHARE OF NATURAL GAS IN DOMESTIC ENERGY CONSUMPTION



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.

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

ARGENTINA - FINAL ENERGY CONSUMPTION 2020 (Millions TOE)



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.

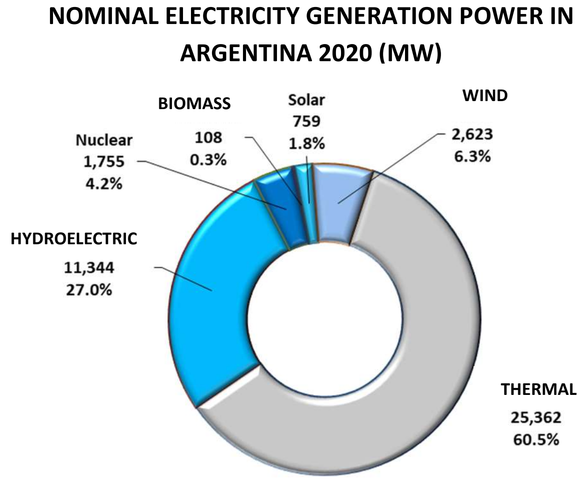
Unlike 2017 and 2018, when a significant number of small engine units[8] and GT units were incorporated in response to the contracts entered into under Resolution No. 21/2016, in 2019, closure of combined cycle or ST units in co-generation cycles, such as CT Renova's under Resolution No. 287/2017, started 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.

[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.

[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.



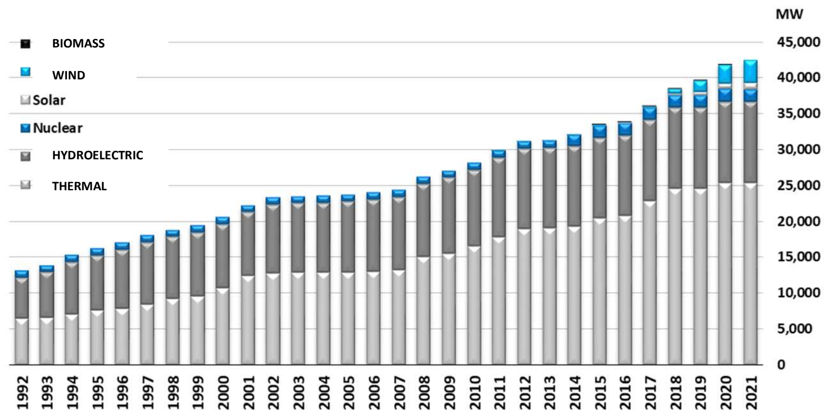
The financial restrictions of the Government have an impact on the rate of incorporation of power plants such as hydroelectric or nuclear, as a result of the large investments required and the extended execution terms. The recurrent fiscal crises of the Government result in delays and/or suspension of 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 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.

CHANGES IN NOMINAL ELECTRICITY GENERATION CAPACITY



NOMINAL ELECTRICITY GENERATION CAPACITY (MW) - DECEMBER 2021												
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	*3*	*626*	*789*	*51*	**1,466**	**648**	**998**	**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**	**0.0%**
TOTAL	**4,251**	**5,957**	**13,503**	**1.693**	**25,400**	**1,755**	**11,346**	**1,061**	**3,291**	**140**	**42,993**	**100.0%**
THERMAL %	*16.7%*	*23.5%*	*53.2%*	*6.7%*	**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.

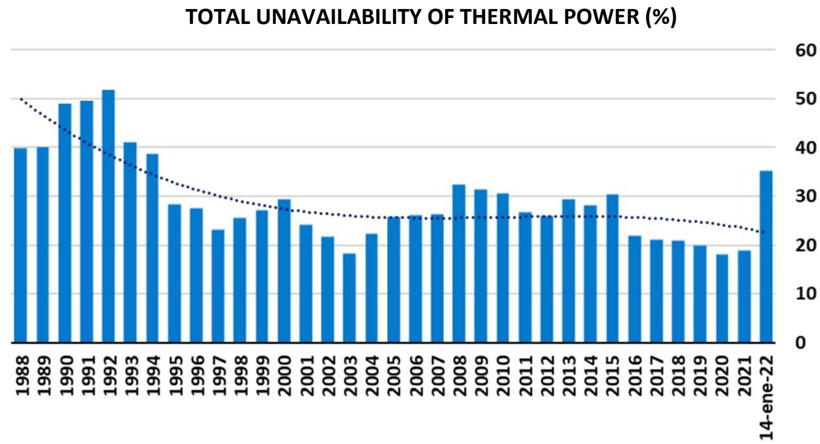
Daily power consumption records were exceeded during the heat wave. On Friday, January 14, 2022, the demand for energy on a business day was exceeded with 575.9 MWh, 5.8% higher than in January 2019. On Saturday; January 15 and Sunday, January 16, 2022, records for power demand for a weekend were surpassed 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	23-Jan-21	22,611	15-Jan-22	26,719	18.2%	4,108
Sunday	27-Dec-15	21,973	27-Jun-21	23,301	6.0%	1,328
Working Day	25-Jan-21	26,450	14-Jan-22	28,231	6.7%	1,781
DAY	**ENERGY (GWh/d)**				**VARIATION**	**GWh**
Saturday	30-Dec-17	478.4	15-Jan-22	559.0	16.8%	80.6
Sunday	24-Jan-21	457.8	16-Jan-22	478.9	4.6%	21.1
Working Day	29-Jan-19	544.4	14-Jan-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 EES Resolution No. 21/2016 of the Energy Secretariat of the Ministry of Energy and Mining, in which Grupo Albanesi was the awardee of bids for 420 MW. All awards under EES Resolution No. 21 have been completed. Grupo Albanesi actively participated in the bidding process with the following power plants:

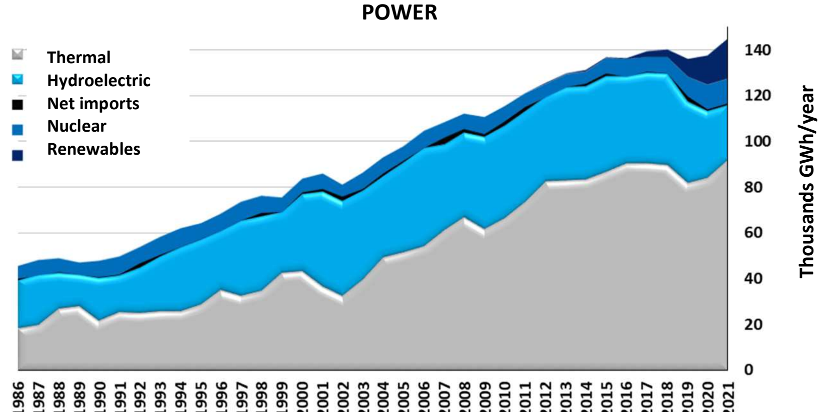
- CTE owned by GMSA received commercial authorization in September 2017, with two Siemens SGT800 turbines of 50 MW each, and a third turbine of 50 MW which was incorporated in 2018.
- CTI owned by GMSA received commercial authorization for a Siemens SGT800 turbine of an additional 50 MW in August 2017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

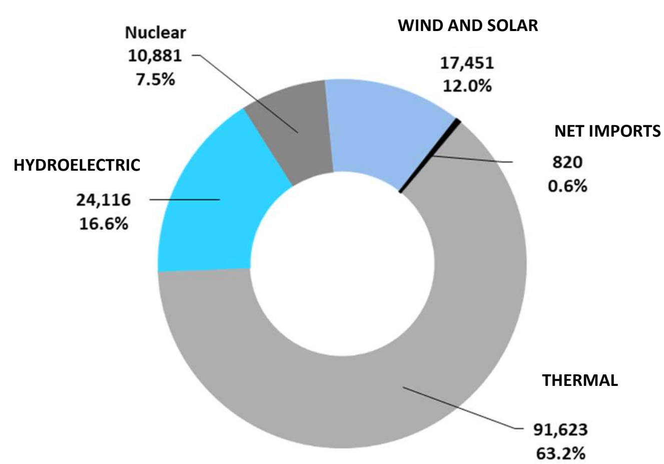
Gross Electricity Demand in the internal and external market – including losses in the transmission and distribution system, and the company's own consumption at rotating generating units – has shown a significant growth in thermoelectric power supply in recent decades, accompanied by a mild increase 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.

CHANGES IN HISTORICAL GROSS SUPPLY OF ELECTRIC POWER



SUPPLY OF ELECTRIC POWER 2021 (GWh/year)

(144,891 GWh/year)



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.

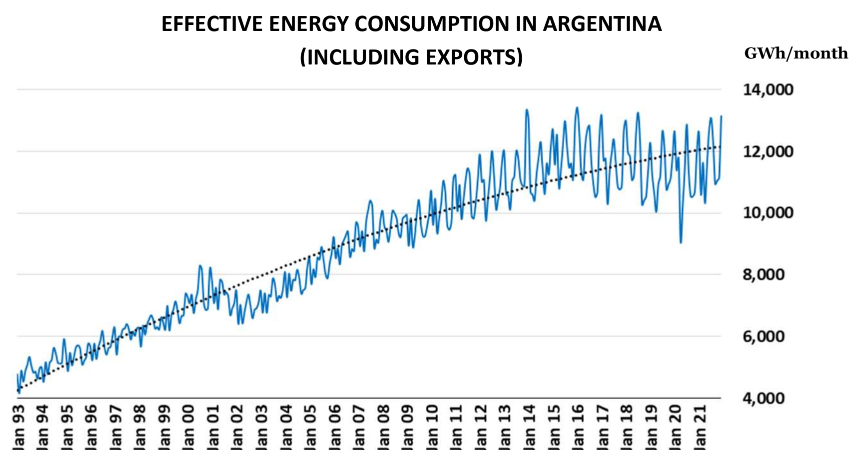
There was a reduction in internal gross electricity demand of -2.9% in 2019 and -1.0% in 2020. The economic reactivation in 2021 with the opening of activities led to a significant expansion in internal demand of +4.9%: If energy exports to Brazil are considered, the expansion in demand was, in the aggregate,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

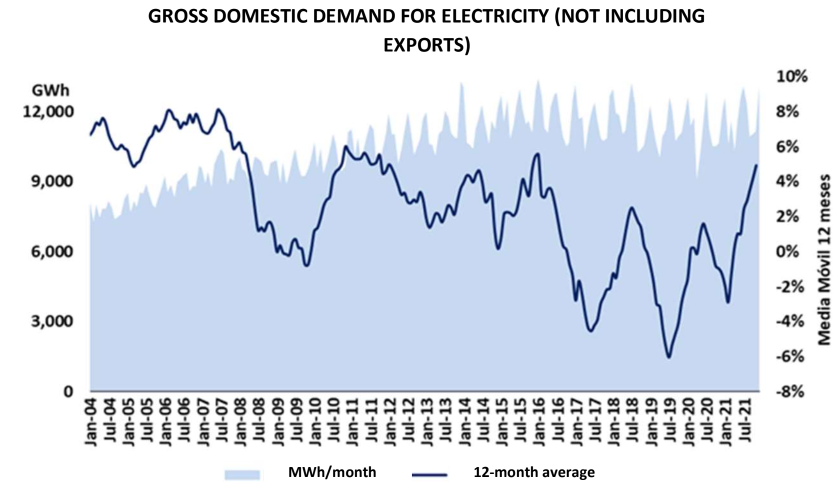
Demand is highly concentrated in the CABA-Greater Buenos Aires area-Litoral region, which accounts for 61.4% of the total electricity demand of the country in 2020; minor changes are estimated for 2021, possibly with a participation of 62% after activities are resumed, especially in Greater Buenos Aires. 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.

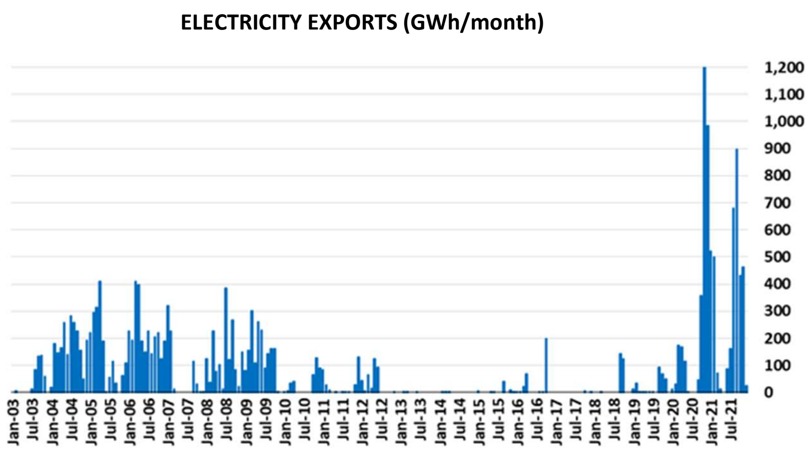
Estimates by G&G Energy Consultants in 2021 suggest a strong reversal of internal gross demand at +4.9%, with rate freeze and economic reactivation. We believe that the growth rates of electricity internal demand will be similar to historical rates once the economy returns to a normal path after the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

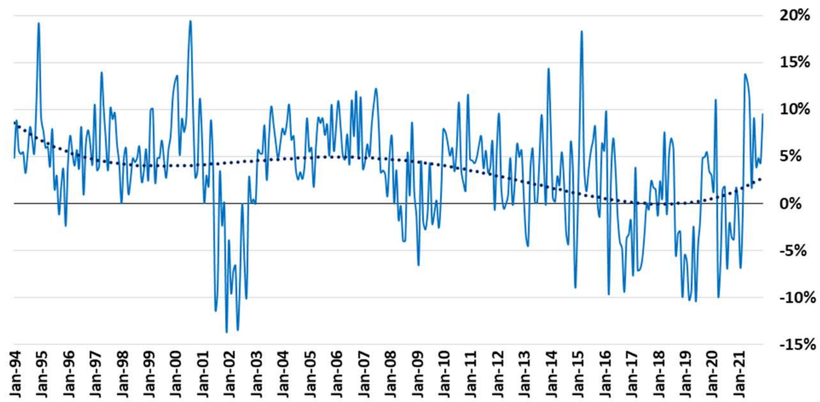
The upward turn sustained over recent months will probably extend at least until the winter of 2022.



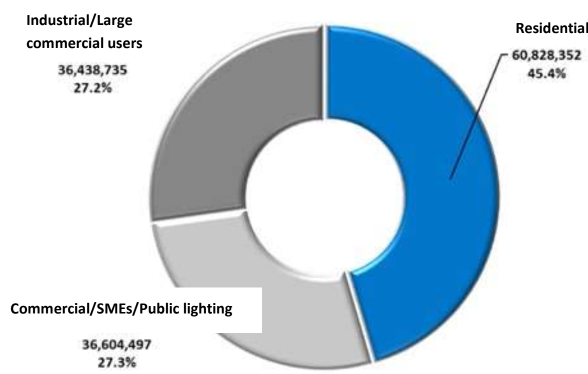


A direct inter-annual analysis, as opposed to the moving twelve-month average, which is useful to observe the changes in the trend, shows a growth rate from 5 to 10% in 2010 and beginning of 2011, with an abrupt slowdown including negative values in 2012 and beginning of 2013, with growth being stimulated 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.

YEAR-ON-YEAR CHANGE IN GROSS DEMAND FOR ELECTRICITY



ELECTRICITY CONSUMPTION IN 2021 (MWh; net of losses)

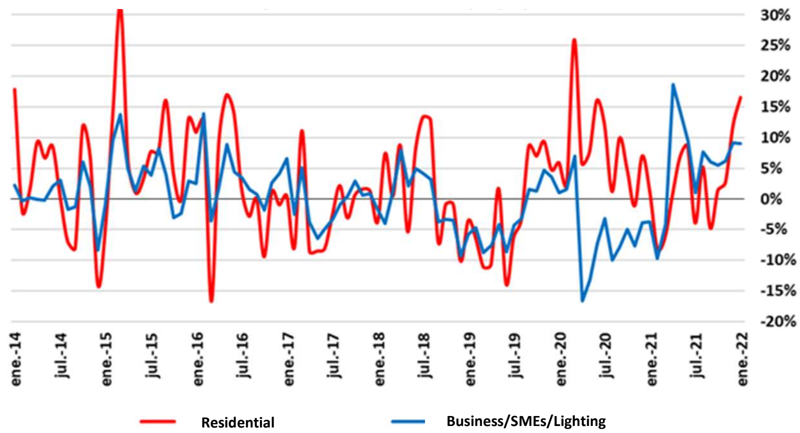


In 2019 there was a reduction of -2.9% in annual electricity demand. The residential electricity demand segment was reduced by -2.0% in 2019 following the 2.0% increase recorded in 2018 as a result of winter and summer temperatures. In 2017, electricity demand from this segment decreased by -2.0% as 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.

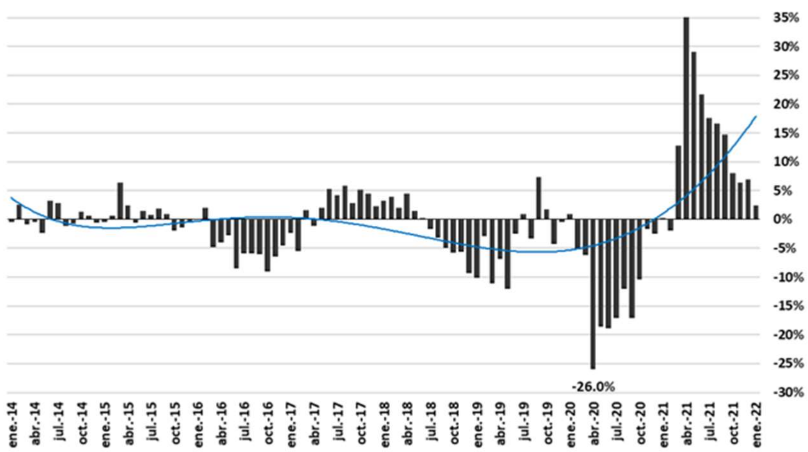
ENERGY CONSUMPTION COMPARED TO THE SAME MONTH OF THE PREVIOUS YEAR

(January 2022 own estimate)



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.

INDUSTRIAL ELECTRICITY CONSUMPTION - YEAR-ON-YEAR VARIATION



3. HIGHLIGHTS FOR FISCAL YEAR 2021

3.1 Electric power and operation

In the course of 2021, the demand of electric power increased by 5.07% as compared to the prior year. The most considerable increment was recorded in the second and third quarters of 2021, with 10.61% and 8.61%, respectively. The increase in industrial demand in the second and third quarters of 2021 reached 23.39% and 12.24%, respectively. Residential demand increased by 6.32% in 2021.

The Company has developed a cogeneration project located in the town of Timbúes, province of Santa Fe. The project consists in the installation of one STG5-2000E Siemens gas turbine, with a nominal capacity of 170 MW and a recovery boiler 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 awarded under Resolution No. 21/2016, and (ii) steam, supplied to Renova S.A. by means of a contract executed on January 12, 2017 to be used directly in its production process.

On February 24, 2018, the Timbúes Cogeneration Thermal Power Plant was authorized for commercial operation in the WEM up to 172 MW of power.

In 2021, the plant's average availability was 95% and generated power reached 1,027,889 MWh.

3.2 Maintenance

The objective of the maintenance tasks carried out during the year was to maintain the availability of the generating units. The maintenance plan comprised the generating units, HRSG, and also ancillary equipment.

For Generating Unit 01 Siemens 2000E, medium-term maintenance was performed as recommended by the manufacturer upon reaching 8300 equivalent hours, so-called A-type inspection.

For the HRSG, preventive maintenance tasks were conducted as recommended by the manufacturer.

In addition, the remote and local assistance agreements with Siemens USA and Argentina also remained effective, with the local technician being present at the Plant.

The supply of spare parts and consumables purchased together with Generating Unit Siemens 2000E was completed.

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. This Line is managed by 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 some of the companies, 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

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

USD						
	Principal	Balance at December 31, 2021	Interest rate	Currency	Date of Issue	Maturity date
		(USD)	(%)			
Debt securities						
Class I Negotiable Obligations	USD 5,937	5,996	6.00%	USD	May 6, 2021	November 7, 2023
Class II Negotiable Obligations	UVA 35,321	33,431	5.99%	ARS	May 6, 2021	November 7, 2023
Class III Negotiable Obligations	USD 24,104	23,783	4.90%	USD	December 14, 2021	September 14, 2024
Subtotal		**63,210**				
Loan agreement						
UBS Loan	USD 127,909	126,268	14.10%	USD	February 3, 2017	December 30, 2023
Subtotal		**126,268**				
Other liabilities						
Related parties (Note 27)	USD 20,000	34,312	17.00%	USD	July 21, 2017	Subordinated to UBS Loan
Related parties (Note 27)	USD 4,701	7,805	19.00%	USD	August 17, 2018	Subordinated to UBS Loan
Finance lease		226				
Subtotal		**42,343**				
Total financial debt		**231,821**				

1. **Analysis of the results of operation** (in thousands of US dollars)

A breakdown of sales is disclosed below, in physical units:

	Fiscal year ended December 31:			
	2021	**2020**	**Variation**	**Variation %**
	MWh			
Sales by type of market				
Sale of energy Res. No. 21	1,027,889	1,085,954	(58,065)	(5%)
	1,027,889	**1,085,954**	**(58,065)**	**(5%)**

The sales by type of market (in thousands of US dollars) are shown below:

	Fiscal year ended December 31:			
	2021	**2020**	**Variation**	**Variation %**
	(in thousands of US dollars)			
Sales by type of market				
Sale of steam	18,140	13,626	4,514	33%
Sale of energy Res. No. 21	53,390	51,914	1,476	3%
	71,530	**65,540**	**5,990**	**9%**

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

	Fiscal year ended December 31:			
	2021	**2020**	**Variation**	**Variation %**
Sales	71,530	65,540	5,990	9%
Net sales	**71,530**	**65,540**	**5,990**	**9%**
Purchase of electric energy	(760)	(673)	(87)	13%
Gas and diesel consumption at the plant	(12,997)	(10,202)	(2,795)	27%
Salaries, social security liabilities and employee benefits	(1,565)	(1,315)	(250)	19%
Defined benefit plans	(20)	(23)	3	(13%)
Maintenance services	(3,612)	(3,593)	(19)	1%
Depreciation of property, plant and equipment	(11,772)	(12,023)	251	(2%)
Security guard and janitor	(206)	(193)	(13)	7%
Insurance	(550)	(379)	(171)	45%
Taxes, rates and contributions	(75)	(103)	28	(27%)
Other	(203)	(217)	14	(6%)
Cost of sales	**(31,760)**	**(28,721)**	**(3,039)**	**11%**
Gross income	**39,770**	**36,819**	**2,951**	**8%**
Taxes, rates and contributions	(951)	(735)	(216)	29%
Selling expenses	**(951)**	**(735)**	**(216)**	**29%**
Salaries, social security liabilities and employee benefits	(241)	(238)	(3)	1%
Fees and compensation for services	(1,411)	(1,414)	3	(0%)
Leases	(40)	(22)	(18)	82%
Per diem, travel and representation expenses	(1)	(2)	1	(50%)
Office expenses	(9)	-	(9)	100%
Sundry	(12)	(19)	7	(37%)
Administrative expenses	**(1,714)**	**(1,695)**	**(19)**	**1%**
Other operating income/expenses	2	-	2	100%
Operating income/(loss)	**37,107**	**34,389**	**2,718**	**8%**
Gain/(loss) on purchasing power parity	-	67,295	(67,295)	(100%)
Commercial interest	913	1,377	(464)	(34%)
Interest on loans	(31,968)	(32,986)	1,018	(3%)
Bank expenses and commissions	(89)	(42)	(47)	112%
Income/(loss) from repurchase of negotiable obligations	(24)	-	(24)	100%
Exchange difference, net	(2,302)	(76,793)	74,491	(97%)
Changes in the fair value of financial instruments	1,635	776	859	111%
Difference in UVA value	(9,478)	-	(9,478)	100%
Other financial results	(5,842)	(5,699)	(143)	3%
Financial and holding results, net	**(47,155)**	**(46,072)**	**(1,083)**	**2%**
Pre-tax profit/(loss)	**(10,048)**	**(11,683)**	**1,635**	**(14%)**
Income Tax	48,911	(5,045)	53,956	(1069%)
Income/(loss) for the year	**38,863**	**(16,728)**	**55,591**	**(332%)**

Other comprehensive income/(loss) for the year				
These items will not be reclassified under income/(loss):				
Change of income tax rate - Revaluation of property, plant and equipment	(7,871)	-	(7,871)	100%
Benefit plan	5	2	3	150%
Revaluation of property, plant and equipment	-	7,245	(7,245)	(100%)
Impact on Income Tax	(2)	(1,812)	1,810	(100%)
Other comprehensive income/(loss) for the year	**(7,868)**	**5,435**	**(13,303)**	**(245%)**
Total comprehensive income/(loss) for the year	**30,995**	**(11,293)**	**42,288**	**(374%)**

Sales:

Net sales for the year ended December 31, 2021 amounted to USD 71,530 thousand, as against the USD 65,540 thousand for fiscal year 2020, showing an increase of USD 5,990 thousand (9%).

During the fiscal year ended December 31, 2021, the dispatch of energy was 1,027,889 MWh, accounting for a decrease of 5% against the 1,085,954 MWh for fiscal year 2020.

Below is a description of the Company's main revenues, and their variation during the year ended December 31, 2021, as against fiscal year 2020:

(i) USD 53,390 thousand from energy and power sales on the forward market to CAMMESA under Resolution No. 21, representing a 3% increase as against the USD 51,914 thousand for fiscal year 2020. This obeys to the variation in the exchange rate.

(ii) USD 18,140 thousand steam sales under the contract for steam supply to Renova SA, representing a 33% increase as against the USD 13,626 thousand for fiscal year 2020. This variation is mostly explained by the changes in the price of steam.

Cost of sales:

Total cost of sales for the year ended December 31, 2021 reached USD 31,760 thousand, as against the USD 28,271 thousand for fiscal year 2020, representing an increase of USD 3,039 thousand (11%).

The Company's main cost of sales for the fiscal year ended December 31, 2021 are depreciation of property, plant and equipment, gas and diesel consumption, maintenance services, and salaries, social security liabilities and employee benefits.

Administrative expenses:

Total administrative expenses for the fiscal year ended December 31, 2021 amounted to USD 1,714 thousand, showing an increase of USD 19 thousand from the USD 1,695 thousand recorded in 2020.

Operating income/(loss):

Operating income/(loss) for the year ended December 31, 2021 amounted to USD 37,107 thousand, compared with the USD 34,389 thousand recorded in fiscal year 2020, accounting for an increase of USD 2,718 thousand.

Financial and holding results, net:

Financial and holding results for the fiscal year ended December 31, 2021 amounted to a total loss of USD 47,155 thousand compared with the loss of USD 46,072 thousand recorded in fiscal year 2020, which accounted for a decrease of 2%. This variation is primarily due to the effect of the inflation adjustment, the change in functional currency and the variation in interest on loans.

The most noticeable aspects of the variation are:

(i) USD 31,968 thousand loss due to interest on loans, accounting for a decrease of 3% compared with the USD 32,986 thousand loss recorded in fiscal year 2020.

(ii) USD 2,302 thousand loss due to net exchange differences, accounting for a decrease of 97% compared with the USD 76,793 thousand loss recorded in fiscal year 2020. This variation is mainly because in 2021 the Company changed its functional currency from Argentine pesos to US dollars. This leads to an asset 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.

(iii) USD 67,295 thousand variation due to RECPAM, which represents a decrease of 100%. The variation is due to the change in functional currency applied by the company.

Net income/(loss):

For the fiscal year ended December 31, 2021, the Company reports a pre-tax loss for USD 10,048 thousand, compared to a loss of USD 11,683 thousand for fiscal year 2020.

The Company recognized an Income Tax benefit of USD 48,911 thousand for the fiscal year ended December 31, 2021, as against the income tax expense of USD 5,045 thousand for fiscal year 2020. This variation is mainly explained by the recognition of the inflation adjustment for tax purposes on accumulated tax losses. This variation is also offset because the impacts generated by the change in the rate have been recorded, based on the amendments introduced by Law No. 27630, on the balances of net deferred assets and liabilities.

The net income/(loss) for the fiscal year ended December 31, 2021 was income for USD 38,863 thousand, compared to the loss for USD 16,728 thousand for fiscal year 2020.

Comprehensive income/(loss) for the year:

Total comprehensive income for the year amounted to USD 30,992 thousand, representing an increase of 374% compared with the comprehensive loss of USD 11,293 thousand for fiscal year 2020.

2. Comparative balance sheet figures (in thousands of US dollars)

	12/31/2021	12/31/2020
Non-current assets	250,950	247,442
Current assets	24,824	22,310
Total assets	**275,774**	**269,752**
Equity	32,422	(6,591)
Total equity	**32,422**	**(6,591)**
Non-current liabilities	201,489	77,504
Current liabilities	41,863	198,839
Total liabilities	**243,352**	**276,343**
Total Liabilities and Equity	**275,774**	**269,752**

3. Comparative income statement figures (in thousands of US dollars)

	12/31/2021	12/31/2020
Ordinary operating income	37,107	34,389
Financial and holding results	(47,155)	(46,072)
Net ordinary income	**(10,048)**	**(11,683)**
Income Tax	48,911	(5,045)
Net income/(loss)	**38,863**	**(16,728)**
Other comprehensive income/(loss)	(7,868)	5,435
Total comprehensive income/(loss)	**30,995**	**(11,293)**

4. Comparative cash flow figures (in thousands of US dollars)

	12/31/2021	12/31/2020
Cash provided by operating activities	30,572	32,811
Cash (used in) investing activities	(5,905)	(902)
Cash (used in)/provided by financing activities	(22,113)	(33,480)
Increase/(Decrease) in cash and cash equivalents	**2,554**	**(1,571)**

5. Comparative ratios:

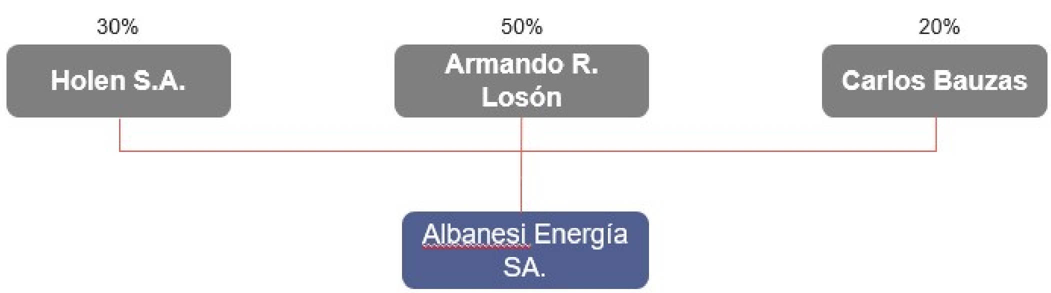
	12/31/2021	12/31/2020
Liquidity (1)	0.59	0.11
Solvency (2)	0.13	(0.02)
Tied-up capital (3)	0.91	0.92
Indebtedness (4)	4.74	4.86
Interest coverage (5)	1.53	1.41
Return on equity (6)	3.01	17.71

(1) Current Assets / Current Liabilities
(2) Equity / Total Liabilities
(3) Non-current Assets / Total Assets
(4) Financial debt / annual EBITDA (*)
(5) Annual EBITDA (*) / accrued annual financial interest (*)
(6) Net income/(loss) for the period (without OCI) / Total average Equity

(*) Amount not covered in the Audit Report.

4. CORPORATE STRUCTURE

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



Share Capital

At December 31, 2021, the Company's capital was made up of 747,850,000 ordinary, non-endorsable, registered shares of $1 par value each, and entitled to 1 vote per share.

		Approved by		
Principal	**Amount In thousands of USD**	**Date**	**Body**	**Date of registration with the Public Registry of Commerce**
Total at December 31, 2015	5	February 15, 2012	Bylaws	February 23, 2012
Capital increase	949	December 16, 2016	Extraordinary Shareholders' Meeting	January 12, 2017
Capital reduction	148	April 19, 2018	Ordinary and Extraordinary Shareholders' Meeting	September 10, 2019
Capital increase	8,018	January 6, 2021	Extraordinary Shareholders' Meeting	Pending
Total	**8,824**			

The Extraordinary Shareholders' Meeting held on January 6, 2021 unanimously approved a capital increase through cash contributions for USD 5,011 thousand ($425,000 thousand) and decided to capitalize shareholders' current receivables for USD 3,006 thousand ($255,000 thousand). Consequently, at September 30, 2021, the Company's capital amounts to USD 8,824 thousand ($747,850 thousand) and is made up of 747,850,000 shares, entitled to 1 vote per share. In view of such capitalization, Section 4 of the Company's bylaws was amended, but said amendment is still pending registration with the Legal Entities Regulator at the date of these condensed interim Financial Statements.

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. 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 <u>Outlook for the Company</u>

Electric power

The Company's objective for fiscal year 2022 is to maintain the availability of the generating unit and the supply of steam enabled at maximum levels to comply with the Contract for Wholesale Demand.

Financial position

In the course of the current fiscal year, the Company will keep up with the high operating standards hitherto displayed by the power plant, ensuring a stable cash flow, and will seek refinancing of the current debt for the purpose of gradually getting out of debt.

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 38,863 thousand, thus recording accumulated profits for USD 34,703 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 customers 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, March 31, 2022

THE BOARD OF DIRECTORS

Albanesi Energía 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

Alternate Directors
José Leonel Sarti
Juan Gregorio Daly
Osvaldo Enrique Alberto Cado
María Andrea Bauzas

Full Syndics
Enrique Omar Rucq
Francisco Agustín Landó
Marcelo Claudio Barattieri

Alternate Syndics
Carlos Indalecio Vela
Julieta De Ruggiero
Marcelo Rafael Tavarone

Legal Information

Company Name:	Albanesi Energía S.A.
Legal domicile:	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 and performance of works of any kind. Investments and financial operations of any kind, except those established by Law No. 21526
Tax Registration Number:	30-71225509-5

Dates of registration with the Public Registry of Commerce

Bylaws or incorporation agreement:	February 23, 2012
Latest amendment:	September 10, 2019
Registration with the Legal Entities Regulator under number:	2675, Book: 58, volume: - Companies by Shares
Expiration of Bylaws or Incorporation Agreement:	February 23, 2111

Albanesi Energía S.A.

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

	Note	12/31/2021	12/31/2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	240,977	246,817
Deferred tax assets, net	**20**	8,928	-
Other receivables	**9**	1,045	625
Total non-current assets		**250,950**	**247,442**
CURRENT ASSETS			
Inventories		481	366
Other receivables	**9**	4,212	7,655
Trade receivables	**10**	10,683	9,614
Cash and cash equivalents	**11**	9,448	4,675
Total current assets		**24,824**	**22,310**
Total assets		**275,774**	**269,752**
EQUITY			
Share Capital	**12**	8,824	806
Capital Adjustment		2,305	2,305
Technical revaluation reserve		55,994	67,145
Other comprehensive income/(loss)		2	(1)
Unappropriated retained earnings/(losses)		(34,703)	(76,846)
TOTAL EQUITY		**32,422**	**(6,591)**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net	**20**	-	32,110
Defined benefit plan	**14**	101	70
Loans	**16**	199,392	41,025
Trade payables	**15**	1,996	4,299
Total non-current liabilities		**201,489**	**77,504**
CURRENT LIABILITIES			
Tax payables	**19**	4,437	7,570
Salaries and social security liabilities	**18**	282	188
Defined benefit plan	**14**	1	-
Loans	**16**	32,429	184,354
Trade payables	**15**	4,714	6,727
Total current liabilities		**41,863**	**198,839**
Total liabilities		**243,352**	**276,343**
Total liabilities and equity		**275,774**	**269,752**

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

Albanesi Energía S.A.

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

	Note	12/31/2021	12/31/2020
Sales revenue	**21**	71,530	65,540
Cost of sales	**22**	(31,760)	(28,721)
Gross income		**39,770**	**36,819**
Selling expenses	**23**	(951)	(735)
Administrative expenses	**24**	(1,714)	(1,695)
Other income		2	-
Operating income/(loss)		**37,107**	**34,389**
Financial income	**25**	1,776	2,387
Financial expenses	**25**	(32,920)	(34,038)
Other financial results	**25**	(16,011)	(14,421)
Financial results, net		**(47,155)**	**(46,072)**
Pre-tax profit/(loss)		**(10,048)**	**(11,683)**
Income Tax	**20**	48,911	(5,045)
Income/(Loss) for the year		**38,863**	**(16,728)**
Other comprehensive income/(loss)			
These items will not be reclassified under income/(loss):			
Change in the Income Tax rate - Revaluation of property, plant and equipment	**20**	(7,871)	-
Defined benefit plan	**14**	5	2
Revaluation of property, plant and equipment	**7**	-	7,245
Impact on income tax	**20**	(2)	(1,812)
Other comprehensive income/(loss) for the year		**(7,868)**	**5,435**
Total comprehensive income/(loss) for the year		**30,995**	**(11,293)**
Earnings/(losses) per share			
Basic and diluted earnings/(losses) per share	**26**	4.4598	(20.7543)

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

Albanesi Energía S.A.

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

	Share capital (Note 12)	Capital Adjustment	Technical revaluation reserve	Other comprehensive income/(loss)	Unappropriated retained earnings/(losses)	Total equity
Balances at December 31, 2019	**806**	**2,305**	**64,872**	**(3)**	**(63,278)**	**4,702**
Other comprehensive income/(loss) for the year	-	-	5,433	2	-	5,435
Reversal of technical revaluation reserve	-	-	(3,160)	-	3,160	-
Comprehensive loss for the year	-	-	-	-	(16,728)	(16,728)
Balances at December 31, 2020	**806**	**2,305**	**67,145**	**(1)**	**(76,846)**	**(6,591)**
Capital increase as per Minutes of Shareholders' Meeting held on January 6, 2021	8,018	-	-	-	-	8,018
Other comprehensive income/(loss) for the year	-	-	(7,871)	3	-	(7,868)
Reversal of technical revaluation reserve	-	-	(3,280)	-	3,280	-
Comprehensive income for the year	-	-	-	-	38,863	38,863
Balances at December 31, 2021	**8,824**	**2,305**	**55,994**	**2**	**(34,703)**	**32,422**

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

Albanesi Energía S.A.

Statement of Cash Flows
For the fiscal 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/(loss) for the year		38,863	(16,728)
Adjustments to arrive at net cash flows provided by operating activities:			
Income Tax		(48,911)	5,045
Depreciation of property, plant and equipment	7 and 22	11,772	12,023
Provision for defined benefit plans	14 and 22	20	23
Present value		541	947
Exchange difference, net	25	2,302	76,793
Gain/(loss) on purchasing power parity	25	-	(67,295)
Accrued interest, net	25	31,055	31,609
Income/(loss) from repurchase of negotiable obligations	25	24	-
Difference in UVA value	25	9,478	-
Other financial results		33	3,795
Income/(loss) from changes in the fair value of financial instruments	25	(1,635)	(776)
Changes in operating assets and liabilities:			
(Increase)/decrease in trade receivables		(27)	17,442
(Increase) in other receivables		(2,312)	(4,882)
(Increase) in inventories		(115)	(168)
(Decrease) in trade payables		(6,823)	(27,570)
Increase/(decrease) in salaries and social security liabilities		128	(73)
(Decrease)/increase in tax payables		(3,821)	2,626
Net cash flows provided by operating activities		**30,572**	**32,811**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(5,905)	(776)
Income/(loss) from financial instruments		-	(126)
Net cash flows (used in) investing activities		**(5,905)**	**(902)**
Cash flows from financing activities			
Borrowings	16	71,875	2,260
Payment of interest	16	(32,842)	(20,671)
Leases paid	16	(390)	(300)
Payment of principal	16	(57,336)	(14,769)
Repurchase of negotiable obligations		(6,664)	-
Capital contributions		5,018	-
Payment of financial instruments		(1,774)	-
Net cash flows (used in) financing activities		**(22,113)**	**(33,480)**
Net increase/(decrease) in cash		**2,554**	**(1,571)**
Cash and cash equivalents at the beginning of year	11	4,675	3,580
Financial results of cash and cash equivalents		2,219	1,069
Cash RECPAM		-	1,597
Cash and cash equivalents at year end	11	9,448	4,675
		2,554	**(1,571)**

Albanesi Energía S.A.

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

		12/31/2021	12/31/2020
Significant transactions not entailing changes in cash:			
Acquisition of property, plant and equipment not yet paid	**7**	(17)	(40)
Capital increase resulting from assignment of debt	**12 and 16**	(3,000)	-
Advances to suppliers applied to the acquisition of property, plant and equipment	**7**	(10)	(25)
Increase in technical revaluation		-	(5,433)
Benefit plan, net		(3)	(2)

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

NOTE 1: GENERAL INFORMATION

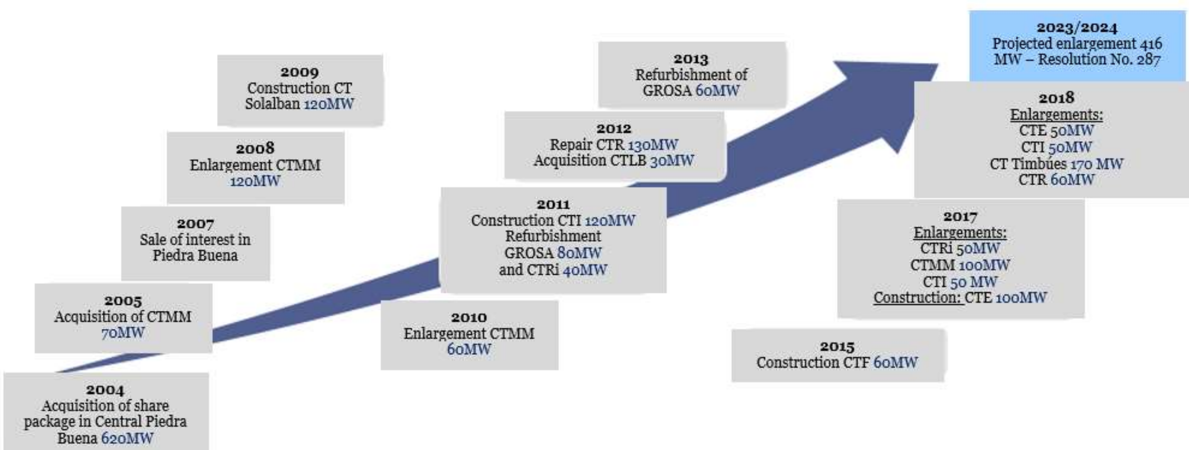
AESA's main line of business is the generation and sale of electric energy and steam through a co-generation system. Nominal installed capacity is 170 MW under EES Resolution No. 21/16.

On February 24, 2018, the Timbúes Cogeneration Thermal Power Plant was authorized for commercial operation in the WEM up to 172 MW of power and on February 11, 2019 it was authorized for steam generation and delivery (see Note 30).

The Company is located in Timbúes, Province of Santa Fe.

At the date of these 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.

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 segment became one of the main purposes of the Group.



NOTE 2: REGULATORY ASPECTS RELATING TO THE COMPANY'S POWER GENERATION ACTIVITIES

Sales under EES Resolution No. 21/2016

EES Resolution No. 21 dated March 22, 2016 called for bids for new thermal generation capacity and associated energy production by generating, co-generating and self-generating agents, with a commitment to be available in the WEM during the summer periods of (2016/2017 and 2017/2018) and for the 2017 winter season.

Through EES 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 EES Resolution No. 155/2016 the first projects awarded by EES Resolution No. 21/2016 were reported, among which was Central Térmica Cogeneración Timbúes (Cogeneración Timbúes Thermal Power Plant).

The Supply Contract was entered into between AESA and CAMMESA for ten 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
C.T. RENOVA Open cycle	USD 18,250	165
C.T. RENOVA Cogeneration cycle	USD 23,000	

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
C.T. RENOVA	USD 8.00	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 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 3: BASIS FOR PRESENTATION

These 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 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 Company reports on the cash flows from operating activities using the indirect method.

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

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

The preparation of these 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 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 Financial Statements were approved for issuance by the Company's Board of Directors on March 31, 2022.

Purpose of these Financial Statements

These 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, 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 the 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.

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 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 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.

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 for the fiscal period being calculated. This will apply in the fiscal year in which a variation percentage of the Consumer Price Index (CPI) accumulated over the 36 months prior to the year-end exceeds 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 under calculation will have effect either as a negative or positive adjustment; one sixth will be allocated in the relevant fiscal period and the remaining five sixths, 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.

Going concern

As of the date of these 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 Financial Statements are explained below. These accounting policies have been applied consistently for all the fiscal years presented, unless otherwise indicated.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies

4.1.1 New accounting standards, amendments and interpretations issued by IASB

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, 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, amendments and interpretations not yet effective and not early adopted by the Company

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 annual periods 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.

- IAS 1 - Presentation of Financial Statements, amended in January 2020. It includes amendments relating to the classification of liabilities as current or 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 have a significant impact on the results of operations or the financial position of the Company.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.1 Changes in accounting policies (Cont'd)

4.1.2 New accounting standards, amendments and interpretations not yet effective and not early adopted by the Company (Cont'd)

- 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 have a significant impact on the results of operations or the financial position of the Company.

- IAS 12 Income Tax, 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 have a significant impact on the results of operations or the financial position of the Company.

- 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.

4.2 Revenue recognition

a) Sale of energy

The Company recognizes revenue from supply contracts with CAMMESA for:

i) power availability, if any, on a monthly basis, to the extent that the power plant is available for generation, and

NOTE 4: **ACCOUNTING POLICIES (Cont'd)**

4.2 Revenue recognition (Cont'd)

a) Sale of energy (Cont'd)

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.

The Company recognizes revenue from the sale of steam on an accrual basis, comprising the steam generated.

b) 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.

4.3 Effects of the foreign exchange rate fluctuations

a) Functional and presentation currency

The information included in the 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, and is presented in pesos, legal currency in Argentina, pursuant to the CNV requirements.

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 the Company's presentation currency

The Company's results and financial position 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)

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

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.

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.

4.4 Property, plant and equipment

In general, property, plant and equipment, excluding land, buildings, facilities, and machinery 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 income statement during the financial year in which they are incurred.

The Company measures facilities, machinery and buildings 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.

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

The Company uses the "income approach" to determine the fair value of facilities and machinery. The income approach 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 Company 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.

External appraisers participate in the appraisal of those assets. 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment (Cont'd)

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.

At the time of sale of the revalued assets, any revaluation surplus related to this asset is transferred to retained earnings. However, some of the surplus may 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.

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 land, building, facilities, and machinery had been measured using the cost model, the carrying amounts would have been the following:

	12/31/2021	12/31/2020
Cost	162,085	160,948
Accumulated depreciation	(29,081)	(17,308)
Residual value	**133,004**	**143,640**

In accordance with the technical evaluation made by expert appraisers of property, plant and equipment, reclassifications have been made within the class of elements to disclose them adequately.

4.5 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 recoverable amount of an asset is the higher of the fair value less costs to sell or value in use. 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. To assess impairment losses, assets are grouped at the lowest level for which cash flows can be identified separately (cash-generating units).

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.5 Impairment of non-financial assets (Cont'd)

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 Company considered that the carrying amount of land, buildings, facilities, and machinery does not exceed their recoverable value.

4.6 Financial assets

4.6.1 Classification

The Company 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.

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.

4.6.2 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)

4.6 Financial assets (Cont'd)

4.6.3 Impairment of financial assets

Financial assets at amortized cost

The Company 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 Company 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 Company 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.

4.7 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.

4.8 Advances to suppliers

The Company 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 248.

4.9 Inventories

Materials and spare parts are valued at the lower of acquisition cost or net realizable value.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.9 Inventories (Cont'd)

Since materials and spare parts 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 price method.

The Company classified materials and spare parts 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.

4.9 Trade and other receivables

Trade receivables are amounts due from customers for sale of energy and steam 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 recognized at fair value and subsequently at amortized cost, using the effective interest rate method and, where appropriate, adjusted at the time value of money.

The Company sets up bad debt allowances when there is objective evidence that it 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 December 31, 2021 were determined based on the following ratios calculated for the numbers of days past due:

RATIO PCE	NOT YET DUE	30 days	60 days	90 days	120 days	150 days	180 days	+180 days
CAMMESA	-	-	-	-	-	-	-	-
INTERCO	-	-	-	-	-	-	-	-
OTHER DEBTORS	-	-	-	-	-	-	-	-

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

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.10 Trade and other receivables (Cont'd)

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.

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.

4.11 Leases

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

- For leases classified as finance leases due to the application of IAS 17 and IFRIC 4, carrying amounts of assets for rights of use and lease liabilities were computed 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 Loan interest in Note 17.

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

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 Company'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 valued at amortized cost applying the effective interest rate method.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.14 Loans

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 Company 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 period in which they are incurred.

4.16 Income tax and minimum notional income tax

a) Current and deferred Income Taxes

The Income Tax charge for the year comprises deferred tax. Income Tax is recognized in income/loss.

Deferred tax is recognized, according to the liability method, on the basis of the temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts shown 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 the Company has a legally enforceable right to offset recognized amounts and if deferred tax assets and liabilities derive from Income Tax levied by the same tax authority on either the same taxable entity or different taxable entities with intention to settle the tax assets and liabilities on a net basis.

Current and deferred Income Tax assets and liabilities have not been discounted and are stated at nominal value.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation issued in June 2017 clarifies how the recognition and measurement requirements of IAS 12 are applied where there is uncertainty over Income Tax treatments.

To that end, an entity must evaluate whether an uncertain tax treatment used, proposed or expected to be used in its Income Tax return will be accepted by the tax authority.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

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

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

IFRIC 23 Uncertainty over Income Tax Treatments (Cont'd)

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for Income Taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its Income Tax accounting for the taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates.

IFRIC 23 requires consistent judgments and estimates to be applied to current and deferred taxes.

An entity will reassess the judgments or estimates required by this interpretation whenever facts and circumstances change or when there is new information that affects those judgments.

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 20).

b) Minimum Notional Income Tax

Although minimum notional income tax was repealed, the Company 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.

4.17 Balances with related parties

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

4.18 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 Company 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. However, the Company 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 Company 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.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.18 Derivative instruments

At December 31, 2021, the economic impact of NDF and ROFEX shows a net loss in the amount of USD 1,774, which is shown under Other financial results from the Statement of Comprehensive Income.

4.19 Defined benefit plan

The Company offers 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 current value of the defined benefit obligation 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.

4.20 Equity accounts

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

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) Irrevocable contributions

Irrevocable contributions approved by the competent body have been paid in and arise from a written agreement between the parties, which state the term of permanence and conditions for conversion into shares; as a result, they were considered as part of equity.

c) Technical revaluation reserve

Corresponds to the technical revaluation reserve as a result of applying the revaluation model for property, plant and equipment.

d) Other comprehensive income/(loss)

It includes income/(loss) generated, plus actuarial gains and losses corresponding to defined benefit plans and their related tax effects.

NOTE 4: ACCOUNTING POLICIES (Cont'd)

4.20 Equity accounts (Cont'd)

e) Unappropriated retained earnings/(losses)

Unappropriated 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 comprise prior year earnings that were not distributed and prior year adjustments derived from application of the accounting standards.

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

f) 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.

g) 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 Company, 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 Company 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.

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

Financial risk management is controlled by the Finance Division of the Company, 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 Company's business activities.

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

a) Market risk

Price risk

The price for the Company's sales revenues under Resolution No. 21/16 is expressly stipulated in US dollars in the contract in force signed with CAMMESA, the duration of which is 10 years.

The price for the Company's steam sales is stipulated in the contract in force signed with RENOVA (see Note 30), the duration of which is 15 years as from the start of steam generation.

If Resolution No. 21/16 was repealed or substantially amended in such a way that the Company is obliged to sell the power generated in the Spot Market, the income/loss of AESA might depend on the price of electricity in the Spot Market. Likewise, the Company's results could also be badly affected if the National Government or CAMMESA limited the price receivable under Resolution No. 21/16. If these situations occur, there might be an adverse impact on the Company's business, financial condition and results of operations.

Interest rate risk

Interest rate risk arises from the Company's debt at floating rate. Indebtedness at floating rate exposes the Company 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.

The Company 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 Company 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 Company's financial debts broken down by interest rate:

	12/31/2021	**12/31/2020**
Fixed rate:	231,594	40,818
Floating rate:	227	184,561
	231,821	**225,379**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Financial risk factors (Cont'd)

a) Market risks (Cont'd)

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

	12/31/2021	12/31/2020
Floating rate:	2	1,846
Increase in loss for the year	**2**	**1,846**

b) Credit risks

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

As for the commercial analysis of RENOVA, 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 and with contracts under Resolution No. 21/16 collect through CAMMESA the payments for making available the power and energy supplied to the system.

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

c) Liquidity risk

The following table shows an analysis of the Company'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.

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	2,104	2,610	-	1,996	6,710
Finance leases	57	170	-	-	227
Loans	14,881	48,141	194,833	67,967	325,822
Total	**17,042**	**50,921**	**194,833**	**69,963**	**332,759**

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	6,140	587	2,303	1,996	11,026
Finance leases	102	305	207	-	614
Loans	54,226	163,938	70,044	21,351	309,559
Total	**60,468**	**164,830**	**72,554**	**23,347**	**321,199**

NOTE 5: FINANCIAL RISK MANAGEMENT (Cont'd)

5.1 Management of capital risk

Consistently with the industry, the Company monitors its capital based on the Principal Debt to Adjusted EBITDA ratio. This ratio is calculated dividing the loan principal by Adjusted EBITDA. Adjusted EBITDA represents the earnings before net financial results, income tax, and depreciation and amortization.

To maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to its shareholders, refund capital to the shareholders, issue new shares or sell assets to reduce its debt.

Principal Debt to Adjusted EBITDA ratio at December 31, 2021 was as follows:

	In thousands of USD **12/31/2021**
Principal debt	191,706
EBITDA (*)	48,879
Net debt/ EBITDA	**3.922**

(*) Amount not covered by the Audit Report.

NOTE 6: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the Company Management to make estimates and assessments concerning the future, apply critical judgments and establish premises that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses.

These estimates and judgments are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual future results may differ from those estimates and assessments made at the date these 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).

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

a) Impairment of financial assets (Cont'd)

The electricity production plant of the Company constitutes 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 amount 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 amount of the assets of the CGU) as follows:

- First, reduce the carrying amount of goodwill allocated to the cash generating unit, and

- 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 disposal, its value in use, or zero.

- The amount of the impairment loss that would otherwise have been 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.

b) Current and deferred income tax / Minimum notional income tax

The Company 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.

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

b) Current and deferred income tax / minimum notional income tax (Cont'd)

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 Company. In estimating the amounts and probabilities of occurrence, the opinion of the Company's legal advisors has been considered.

At the date of issue of these financial statements, the Company Management understands that there are no elements which may determine the existence of contingencies that could materialize and have a negative impact on these financial statements.

d) Defined benefit plans

The Company determines 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 period 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.

e) Fair value of property, plant and equipment

The Company has opted to value land, buildings, facilities, and machinery at fair value applying discounted cash flows or market comparables techniques.

The fair value calculated by means of the discounted cash flow was used to value facilities and machinery. 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.

<u>NOTE 6:</u> CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

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

The criteria considered in each scenario are the following:

1. Base scenario: in this case the Company considers a historical average availability and an expected dispatch according to projections of the demand for energy with a vegetative growth. Probability of occurrence: 80%.

2. Pessimistic scenario: in this case the Company considers a historical average availability and a dispatch of less than expected of the demand for energy. Probability of occurrence: 20%.

In all scenarios a discount rate in US 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 could differ from the estimates, so the projected cash flows might be badly affected if any of the above-mentioned factors changes in the near future.

The Company 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 US 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 Company will need:

- To increase the fair value of land, buildings, facilities, and machinery by USD 235 million, if it were favorable; or

- To reduce the fair value of land, buildings, facilities, and machinery by USD 235 million, 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.

f) 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.

At December 31, 2021 and December 31, 2020, there were no allowances for bad debts.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Type of asset	Original values: At beginning of year	Original values: Increases	Original values: Transfers/Withdrawals	Original values: Technical revaluation (2)	Original values: At year end	Depreciation: Accumulated at beginning of year	Depreciation: For the year (1)	Depreciation: Technical revaluation (2)	Depreciation: Accumulated at year end	Net amount at year end: At 12/31/2021	Net amount at year end: At 12/31/2020
Land	250	-	-	-	250	-	-	-	-	250	250
Buildings	16,501	-	-	-	16,501	-	350	-	350	16,151	16,501
Facilities	35,480	519	-	-	35,999	-	1,814	-	1,814	34,185	35,480
Machinery	193,291	569	-	-	193,860	-	9,482	-	9,482	184,378	193,291
Computer and office equipment	334	49	-	-	383	166	114	-	280	103	168
Furniture and fixtures	58	-	-	-	58	10	6	-	16	42	48
Vehicles	25	-	-	-	25	19	6	-	25	-	6
Spare parts and materials	1,073	4,795	-	-	5,868	-	-	-	-	5,868	1,073
Total at 12/31/2021	**247,012**	**5,932**	**-**	**-**	**252,944**	**195**	**11,772**	**-**	**11,967**	**240,977**	**-**
Total at 12/31/2020	**250,866**	**906**	**(65)**	**(4,695)**	**247,012**	**112**	**12,023**	**(11,940)**	**195**	**-**	**246,817**

(1) Depreciation charges for the year ended December 31, 2021 and 2020 were allocated to the cost of sales

(2) It corresponds to an increase of USD 7,245 resulting from a revaluation at December 31, 2020, net of accumulated depreciation for USD 11,940 at the date of revaluation.

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

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 and other receivables	13,613	-	2,327	15,940
Other financial assets at fair value through profit or loss	-	-	-	-
Cash and cash equivalents	4,143	5,305	-	9,448
Non-financial assets	-	-	250,386	250,386
Total	**17,756**	**5,305**	**252,713**	**275,774**
Liabilities				
Trade payables	6,710	-	-	6,710
Loans (finance leases excluded)	231,595	-	-	231,595
Finance leases	226	-	-	226
Non-financial liabilities	-	-	4,821	4,821
Total	**238,531**	**-**	**4,821**	**243,352**

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 and other receivables	16,047	-	1,847	17,894
Other financial assets at fair value through profit or loss	-	-	-	-
Cash and cash equivalents	72	4,603	-	4,675
Non-financial assets	-	-	247,183	247,183
Total	**16,119**	**4,603**	**249,030**	**269,752**
Liabilities				
Trade payables	11,026	-	-	11,026
Loans (finance leases excluded)	224,766	-	-	224,766
Finance leases	613	-	-	613
Non-financial liabilities	-	-	39,938	39,938
Total	**236,405**	**-**	**39,938**	**276,343**

The categories of financial instruments were determined based on IFRS 9.

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

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 assets at fair value through profit or loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	1,776	-	-	-	1,776
Interest paid	-	-	(32,831)	-	(32,831)
Repurchase of negotiable obligations	(24)	-		-	(24)
Exchange difference, net	(4,136)	-	1,834	-	(2,302)
Other financial results	-	1,635	(15,409)	-	(13,774)
Total	**(2,384)**	**1,635**	**(46,406)**	-	**(47,155)**

At December 31, 2020	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Non-financial instruments	Total
Interest earned	2,387	-	-	-	2,387
Interest paid	-	-	(33,996)	-	(33,996)
Exchange difference, net	5,952	-	(82,745)	-	(76,793)
RECPAM	-	-	-	67,295	67,295
Other financial results	-	776	(5,741)	-	(4,965)
Total	**8,339**	**776**	**(122,482)**	**67,295**	**(46,072)**

Determination of fair value

The Company 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). No financial instrument should be included in Level 2.

- Level 3: Inputs on the assets or liabilities not based on observable market inputs (i.e. unobservable inputs).

NOTE 8: FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES (Cont'd)

Determination of fair value (Cont'd)

The following table shows the Company's financial assets measured at fair value at December 31, 2021 and 2020. The Company does not have financial liabilities measured at fair value at those dates.

At December 31, 2021	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit or loss			
Mutual funds	5,305	-	5,305
Property, plant and equipment	-	234,964	234,964
Total	**5,305**	**234,964**	**240,269**

At December 31, 2020	Level 1	Level 3	Total
Assets			
Other financial assets at fair value through profit or loss			
Mutual funds	4,604	-	4,604
Property, plant and equipment	-	245,522	245,522
Total	**4,604**	**245,522**	**250,126**

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:

a) As for Land and Buildings, they 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" were calculated by means of the discounted cash flows (See Note 6.e).

NOTE 9: OTHER RECEIVABLES

	Note	12/31/2021	12/31/2020
Non-current			
Minimum notional income tax credit		19	23
Tax Law No. 25413		1,026	602
		1,045	**625**
Current			
Value added tax		-	705
Turnover tax withholdings and credit balance		-	42
Social security withholdings		33	3
Sundry tax credits		-	-
Sub-total tax credits		33	750
Balance with related parties	**27**	2,930	6,433
Insurance to be accrued		473	409
Advances to suppliers		248	63
Guarantees		525	-
Sundry		3	-
		4,212	**7,655**

The carrying amount of other current receivables approximates fair value due to their short-term maturity.

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 10: TRADE RECEIVABLES

	12/31/2021	12/31/2020
Trade receivables - energy	4,942	6,026
Trade receivables- steam	94	98
Energy sold to be billed	4,734	3,415
Steam sold to be billed	913	75
	10,683	**9,614**

NOTE 11: CASH AND CASH EQUIVALENTS

	12/31/2021	12/31/2020
Cash	1	1
Banks	420	70
Mutual funds	5,305	4,604
Short-term investments	3,722	-
	9,448	**4,675**

NOTE 12: CAPITAL STATUS

Capital status at December 31, 2021 is detailed below:

Principal	Amount In thousands of USD	Approved by		Date of registration with the Public Registry of Commerce
		Date	Body	
Total at December 31, 2015	5	02/15/2012	Bylaws	02/23/2012
Capital increase	949	12/16/2016	Extraordinary Shareholders' Meeting	01/12/2017
Capital reduction	148	04/19/2018	Ordinary and Extraordinary Shareholders' Meeting	09/10/2019
Capital increase	8,018	01/06/2021	Extraordinary Shareholders' Meeting	Pending
Total	**8,824**			

The Extraordinary Shareholders' Meeting held on January 6, 2021 unanimously approved a capital increase through cash contributions for USD 5,011 ($425,000 thousand) and decided to capitalize shareholders' current receivables for USD 3,006 ($255,000 thousand). Consequently, at September 30, 2021, the Company's capital amounts to USD 8,824 ($747,850 thousand) and is made up of 747,850,000 shares, entitled to 1 vote per share. In view of such capitalization, Section 4 of the Company's bylaws was amended, but said amendment is still pending registration with the Legal Entities Regulator at the date of these condensed interim Financial Statements.

In compliance with the prevailing legal provisions, the Board of Directors of the Company informs that income of USD 38,863 has been recorded for the year.

NOTE 13: 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, 2021 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 conditions of the Loan with UBS AG Stamford Branch, the Company must comply with some ratios to distribute dividends.

NOTE 14: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH PERSONNEL

A detailed description of the estimated cost and liability for benefits after retirement granted to employees of the Company 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 Company is the Projected Benefit Unit method.

The amounts and conditions vary according to the collective bargaining agreement.

	12/31/2021	12/31/2020
Non-current	101	70
Current	1	-
Total	**102**	**70**

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	102	70
Obligations for benefits at year end	**102**	**70**

The actuarial assumptions used were:

	12/31/2021	12/31/2020
Obligations for benefits at year end	5.5%	5.5%
Salary growth rate	1%	1%
Inflation	45%	45%

At December 31, 2021, the Company does not have assets related to pension plans.

NOTE 14: DEFINED BENEFIT PLAN - LABOR COMMITMENTS WITH STAFF (Cont'd)

The charge recognized in the statement of comprehensive income is as follows:

	12/31/2021	12/31/2020
Cost of current services	20	23
Interest charges	33	20
Actuarial gain/(loss) through Other comprehensive income	(5)	(2)
Total cost	**48**	**41**

Changes in the obligation for defined benefit plans are as follows:

	12/31/2021	12/31/2020
Balance at beginning of year	70	48
Cost of current services	20	23
Interest charges	33	20
Actuarial gain/(loss) through Other comprehensive income	(5)	(2)
Exchange difference	(16)	-
Gain/(loss) on purchasing power parity	-	(19)
Balance at year end	**102**	**70**

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.

To estimate the probability that the Group active personnel will leave the job or stay, the table "AESA 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 15: TRADE PAYABLES

	Note	12/31/2021	12/31/2020
Non-current			
Suppliers		-	2,303
Balance with related parties	**27**	1,996	1,996
		1,996	**4,299**
Current			
Suppliers		2,702	5,473
Balance with related parties	**27**	883	587
Provision for maintenance contract		540	472
Suppliers - purchases not yet billed		589	195
		4,714	**6,727**

The carrying amount of current trade payables approximates fair value due to their short-term maturity.

NOTE 16: LOANS

Non-current	Note	12/31/2021	12/31/2020
Related companies	**27**	42,117	40,818
UBS Loan		100,129	-
Negotiable Obligations		57,146	-
Finance lease debts		-	207
		199,392	**41,025**
Current			
UBS Loan		26,139	177,728
Negotiable Obligations		6,064	-
Bank loans		-	6,220
Finance lease debts		226	406
		32,429	**184,354**

NOTE 16: LOANS (Cont'd)

At December 31, 2021, the financial debt totals USD 231,821 thousands. Our total debt at that date is disclosed in the table below.

	Principal	Balances at December 31, 2021	Interest rate	Currency	Date of Issue	Maturity date
		(USD)	(%)			
Debt securities						
Class I Negotiable Obligations	USD 5,937	5,996	6.00%	USD	May 6, 2021	November 7, 2023
Class II Negotiable Obligations	UVA 35,321	33,431	5.99%	ARS	May 6, 2021	November 7, 2023
Class III Negotiable Obligations	USD 24,104	23,783	4.90%	USD	December 14, 2021	September 14, 2024
Subtotal		**63,210**				
Loan agreement						
UBS Loan	USD 127,909	126,268	14.10%	USD	February 3, 2017	December 30, 2023
Subtotal		**126,268**				
Other liabilities						
Related parties (Note 27)	USD 20,000	34,312	17.00%	USD	July 21, 2017	Subordinated to UBS Loan
Related parties (Note 27)	USD 4,701	7,805	19.00%	USD	August 17, 2018	Subordinated to UBS Loan
Finance lease		226				
Subtotal		**42,343**				
Total financial debt		**231,821**				

a) Communication "A" 7044

On June 18, 2020, Communication "A" 7044 of the BCRA established that financial institutions must add unpaid installments maturing 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.

b) Communication "A" 7106

On September 15, 2020, the BCRA issued Communication "A" 7106 which states 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 foreign exchange market is allowed within the original time frames shall not 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.

NOTE 16: LOANS (Cont'd)

b) Communication "A" 7106 (Cont'd)

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 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.

Amortization of principal on the Loan from UBS AG Stamford Branch maturing in December 2020 and March 2021 fell within the period established by Communication "A" 7106. On April 14, 2021, the Company executed the amendment to the loan referred to above whose terms are explained in Note 16 f), in line with current regulations.

c) 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 foreign 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 1,000,0000 to USD 2,000,000 maturities that shall be rescheduled per calendar month.

In this line, Communication 7230 also states that the refinancing plans 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 that the funds have been brought into Argentina and traded on the MULC.
- Maturities in 2020 rescheduled, in accordance with the provisions of Communication 7106.

<u>NOTE 16:</u> LOANS (Cont'd)

c) Communication "A" 7230 (Cont'd)

Amortization of principal on the Loan from UBS AG Stamford Branch maturing in June, September and December 2021 fell within the period established by Communication "A" 7230. On April 14, 2021, the Company executed the amendment to the loan referred to above whose terms are explained in Note 16 f), in line with current regulations.

d) Communication "A" 7416

On December 9, 2021, the BCRA released Communication "A" 7416 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 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.

e) RGA Loan

On December 19, 2016, AESA entered into a loan agreement with RGA to formalize financing for an amount equivalent USD 20 million, to meet all commitments for the construction, operation and maintenance of the 170-MW combined cycle power generation plant.

On August 17, 2018, an amendment to the subordinated loan agreement with RGA above mentioned was agreed for USD 4.7 million to finance additional project costs.

The total repayment of both loans, including compensatory interest, is subject to the full repayment of the UBS loan (see point f). Interest accrues monthly at an annual rate of 17%, and 19% for the loan disbursed in 2018.

The outstanding balance of both loans at December 31, 2021 amounts to USD 42,117, including interest of USD 17.

NOTE 16: LOANS (Cont'd)

f) Loan with UBS AG Stamford Branch

On December 19, 2016, the Board of Directors resolved to approve the loan to finance the Project (as defined below), which consisted in the construction, implementation and operation of an electricity generation plant of 170 MW in the region of Timbúes, Province of Santa Fe. This included the acquisition of a Siemens Gas Turbine of 170 MW and all related equipment and ancillary systems as well as a heat recovery steam generator, among other assets. To that end, the Company and UBS AG Stamford Branch entered into a loan agreement for an amount of up to USD 175,000 for a term of 5 years.

For this purpose, on January 26, 2017, the Company, in its capacity as borrower, sent an offer to UBS AG Stamford Branch, in its capacity of Administrative Agent and creditor (the "Administrative Agent") to grant the loan of up to USD 175,000 which was accepted by the Administrative Agent at that date ("UBS loan"). Funds under the UBS loan were disbursed in two stages and used by the Company for the construction, start-up and operation of the Project.

On March 15, 2017, USD 10,000 were disbursed from a loan with Banco Ciudad (see Note 16.g). This financing was included in the UBS Loan, with its execution leading to a reduction of the amount agreed by UBS in an equivalent sum.

As a result of the devaluation recorded since December 2017 and the subsequent financial and foreign exchange crisis since April 2018, the Company negotiated an amendment to the loan agreement and other related documents with UBS for a further flexibility to meet its commitments. This amendment was signed on April 5, 2019.

On April 14, 2021, an amendment to the loan agreement was executed to extend the repayment term for a further two years and modify the loan interest rate.

Below are the original and new payment schedules, after the amendment.

Original Payment Schedule:

Payment Date of Principal	Principal percentage	Principal, in thousands
December 31, 2020	2.00%	USD 3,900
March 31, 2021	7.50%	USD 14,800
June 30, 2021	10.00%	USD 19,700
September 30, 2021	10.00%	USD 19,700
December 31, 2021	57.50%	USD 113,500

NOTE 16: LOANS (Cont'd)

f) Loan with UBS AG Stamford Branch (Cont'd)

New Payment Schedule:

Payment Date of Principal	Principal percentage	Principal, in thousands
June 30, 2021	8.90%	USD 15,280
September 30, 2021	4.60%	USD 7,897
December 31, 2021	12.00%	USD 20,602
March 31, 2022	3.80%	USD 6,524
June 30, 2022	3.80%	USD 6,524
September 30, 2022	3.80%	USD 6,524
December 31, 2022	4.30%	USD 7,382
March 31, 2023	5.20%	USD 8,927
June 30, 2023	6.90%	USD 11,846
September 30, 2023	6.90%	USD 11,846
December 30, 2023	39.80%	USD 68,332

Also, coupon rate decreased from 15.1% to 14.35% and certain milestones were established which, if complied with by the Company, will reduce the rate for up to a further 100 basis points.

As from January 1, 2022 onwards, the applicable interest rate has been reduced 50 additional basis points to 13.85%.

The UBS Loan requires Company's compliance with financial commitments, as usual in this type of transactions (leverage ratio and EBITDA-to-interest coverage ratio) and limitations on indebtedness, the creation of liens, distribution of dividends, disposition of assets and realization of investments, among others.

The outstanding principal amount under the UBS Loan at the date of publication of these Financial Statements is USD 127,909.

At the date of these Financial Statements, the Company is in compliance with all commitments undertaken.

To secure the UBS Loan, the following guarantees were set up:

(i) RGA surety

(ii) Assignment in trust: The Company, the Administrative Agent and TMF Trust Company (Argentina) S.A., as trustee (the "Trustee"), entered into an agreement for the assignment in trust and trust guarantee to secure the obligations undertaken by the Company with the Creditors and/or the Trustee ("Agreement for assignment in trust") whereby, up to the full amortization of the obligations secured, the following are assigned in guarantee: (a) the funds to be received by the Company under the Supply Contract; (b) the contractual position of the Company under the main contracts of the Projects; and (c) the insurance policies hired by the Company in relation to the Project.

NOTE 16: LOANS (Cont'd)

f) Loan with UBS AG Stamford Branch (Cont'd)

(iii) Chattel mortgage: The Company shall create a chattel mortgage on the Gas Turbine and Recovery Steam Generator, once all the assets have been imported and cleared through customs.

(iv) Pledge on shares: A senior pledge has been created on the shares of the Company on behalf of the creditors under the UBS loan on the total of shares of the Company.

g) Banco Ciudad loan

On March 14, 2017, a Loan Offer was signed with Banco de la Ciudad de Buenos Aires S.A. for an amount of USD 10,000. This amount was disbursed on March 15, 2017. The loan offer provided for a grace period of 12 months and repayment in 13 monthly consecutive installments beginning as from March 2018. The loan accrues interest at Libor rate + 600 basis points.

On October 21, 2020, the Company negotiated with ASA and Banco de la Ciudad de Buenos the rescheduling of principal maturities under the amortizable loan, for up to USD 6,923 with final maturity in May 2021.

The Company has executed an Acknowledgment of Debt with Banco de la Ciudad for USD 6,228 under the following terms:

(i) Loan maturities shall be rescheduled, paying, upon execution of the deed of Acknowledgment of Debt, 56% of the amounts subject to BCRA Resolutions, that is, USD 1,560 and the remaining amount shall be distributed pro rata in the last three installments of the debt. The installment of May 2021 remains effective and the maturities of November 2020, January 2021 and March 2021 are rescheduled for the months of July 2021, September 2021 and November 2021.

(ii) to secure the payment of the debt, ASA ratifies the effectiveness and enforceability of the suretyship granted to secure the obligations undertaken by AESA, executed on March 14, 2017.

At December 31, 2021 the loan has been fully repaid.

The objective of this loan was to finance commitments undertaken for the development, construction and start-up of the power plant.

h) Loans for consumption with Banco Supervielle:

On October 29, 2020, the Company executed three loans for consumption with Banco Supervielle S.A. to finance working capital. The amounts approved were $49,000 thousand, $49,000 thousand and $66,000 thousand, falling due on December 28, 2020, February 26, 2021 and April 27, 2021. These loans accrued compensatory interest in arrears, at floating rates, calculated on principal owed, payable at the maturity of the loan payment together with principal.

At December 31, 2021 the loans were fully repaid.

<u>NOTE 16:</u> LOANS (Cont'd)

i) Incorporation to the public offering system of the National Securities Commission

On January 4, 2021, at the Extraordinary Shareholders' Meeting, the shareholders resolved to extend the Company's possibilities of financing by entering the public offering system in accordance with the Capital Markets Law and the National Securities Commission regulations, to issue negotiable obligations as well as to set up a program for the issue of simple negotiable obligations (not convertible into shares) for an outstanding total nominal value of up to USD 250,000 (USD two hundred and fifty thousands) or its equivalent in other currencies. On April 5, 2020, the National Securities Commission resolved to authorize, subject to compliance with certain conditions, the Company's incorporation into the Public Offering System and the creation of a Global Program for the Issuance of simple Negotiable Obligations, not convertible for shares, for an outstanding amount of up to NOMINAL VALUE UNITED STATES DOLLARS TWO HUNDRED AND FIFTY THOUSANDS (N.V. USD 250,000) or its equivalent in other currencies or monetary units.

i) Issuance of Negotiable Obligations

On May 6, 2021, AESA issued Class I and Class II Negotiable Obligations under the following conditions:

Class I Negotiable Obligations:

Principal: USD 5,937

Interest: Nominal annual rate of 6%.

Payment term and method: November 7, 2023 (the "Maturity date"). Interest payments shall be made on a quarterly basis, on the following dates: August 7, 2021, November 7, 2021,February 7, 2022, May 7, 2022, August 7, 2022, November 7, 2022, February 7, 2023, May 7, 2023, August 7, 2023 and the Maturity Date.

The principal of Class I Negotiable Obligations shall be amortized in 5 (five) consecutive installments equivalent to: 15% for the first installment; 20% for the second installment; 20% for the third installment; 20% for the fourth installment and 25% for the fifth and last installment, of the nominal value of Class I Negotiable Obligations, on the following dates: November 7, 2022, February 7, 2023, May 7, 2023, August 7, 2023 and the Maturity Date.

Principal balance due on that class of Negotiable Obligations at December 31, 2021 is USD 5,937.

Class II Negotiable Obligations:

Principal: UVA 42,321 thousand

Interest: Nominal annual rate of 5.99%.

Payment term and method: November 7, 2023 (the "Maturity date"). Interest payments shall be made on a quarterly basis, on the following dates: August 7, 2021, November 7, 2021,February 7, 2022, May 7, 2022, August 7, 2022, November 7, 2022, February 7, 2023, May 7, 2023, August 7, 2023 and the Maturity Date.

NOTE 16: LOANS (Cont'd)

i) Incorporation to the public offering system of the National Securities Commission (Cont'd)

The principal of Class II Negotiable Obligations shall be amortized in 5 (five) consecutive installments equivalent to: 15% for the first installment; 20% for the second installment; 20% for the third installment; 20% for the fourth installment and 25% for the fifth and last installment, of the nominal value of Class I Negotiable Obligations, on the following dates: November 7, 2022, February 7, 2023, May 7, 2023, August 7, 2023 and the Maturity Date.

Principal balance due on that class of Negotiable Obligations at December 31, 2021 is UVA 35,321 thousand.

On December 14, 2021, AESA issued Class III Negotiable Obligations under the following conditions:

Class III Negotiable Obligations:

Principal: USD 24,104. Issuance is US dollar-linked.

Interest: Nominal annual rate of 4.90%.

Payment of interest: They shall be paid in arrears. Interest payments shall be made on a quarterly basis, in arrears, on the following dates: March 14, 2022, June 14, 2022, September 14, 2022, December 14, 2022, March 14, 2023, June 14, 2023, September 14, 2023, December 14, 2023, March 14, 2024, June 14, 2024 and September 14, 2024.

Payment term and method: Class III Negotiable Obligations shall be amortized in four consecutive installments equivalent to: 10% for the first installment, and 30% for the second, third, fourth and last installment of the nominal value of Class III Negotiable Obligations, on the dates on which 24, 27, 30 and 33 months have elapsed, counted as from the issuance and settlement date; that is, respectively, on December 14, 2023, March 14, 2024, June 14, 2024 and September 14, 2024.

Principal balance due on that class of Negotiable Obligations at December 31, 2021 is USD 24,104.

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

	12/31/2021	12/31/2020
Fixed rate		
Less than 1 year	32,202	-
Between 1 and 2 years	157,275	40,818
Between 2 and 3 years	42,117	-
	231,594	**40,818**
Floating rate		
Less than 1 year	227	184,354
Between 1 and 2 years	-	207
	227	**184,561**
	231,821	**225,379**

The loans granted at variable rates have been stated at fair value. Given the proximity of their issuance, fixed-rate loans do not differ significantly from their fair value.

NOTE 16: LOANS (Cont'd)

i) Incorporation to the public offering system of the National Securities Commission (Cont'd)

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.

Company loans are denominated in the following currencies:

	12/31/2021	12/31/2020
Argentine pesos	33,430	1,493
US dollars	198,391	223,886
	231,821	**225,379**

The changes to the Company's loans during the year were as follows:

	12/31/2021	12/31/2020
Loans at beginning of the period	225,379	220,530
Loans received	71,875	2,260
Loans paid	(64,000)	(14,769)
Leases paid	(390)	(300)
Accrued interest	31,968	32,986
Assigned interest	(3,000)	-
Interest paid	(32,842)	(20,671)
Income/(loss) from repurchase of negotiable obligations	24	-
Difference in UVA value	9,478	-
Exchange difference	(3,267)	74,070
Capitalized expenses/present values	(3,404)	(8)
Gain/(loss) on purchasing power parity	-	(68,719)
Loans at period end	**231,821**	**225,379**

NOTE 17: LEASES

This note provides information on leases in which the Company acts as lessor.

Amounts recognized in the statement of Financial Position:

	12/31/2021	12/31/2020
Right of use of assets		
Original value		
Machinery	2,588	2,629
Accumulated depreciation	(117)	-
	2,471	2,629
Lease liabilities		
Current	226	406
Non-current	-	207

NOTE 17: LEASES (Cont'd)

Changes in Company finance leases were as follows:

	12/31/2021	12/31/2020
Finance lease at the beginning	613	930
Payments made for the year	(390)	(347)
Interest paid	(51)	(97)
Accrued interest and exchange difference	54	364
Gain/(loss) on purchasing power parity	-	(237)
Financial lease at the year-end	**226**	**613**

NOTE 18: SALARIES AND SOCIAL SECURITY LIABILITIES

Current	12/31/2021	12/31/2020
Social security liabilities payable	221	146
Salaries payable	1	-
Vacation accrual	60	42
	282	**188**

NOTE 19: TAX PAYABLES

Current	12/31/2021	12/31/2020
Income tax withholdings to be deposited	736	4,729
Provision for Turnover Tax, net	79	2
Payment-in-installment plan	3,383	2,838
Value added tax	234	-
Sundry	5	1
	4,437	**7,570**

NOTE 20: INCOME TAX - DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	12/31/2021	12/31/2020
Deferred tax assets:		
Deferred tax assets to be recovered over more than 12 months	90,847	38,696
	90,847	38,696
Deferred tax liabilities:		
Deferred tax liabilities to be settled over more than 12 months	(81,919)	(70,806)
	(81,919)	(70,806)
Deferred tax assets/liabilities (net)	**8,928**	**(32,110)**

NOTE 20: INCOME TAX - DEFERRED TAX (Cont'd)

The gross transactions recorded in the deferred tax account are as follows:

	12/31/2021	12/31/2020
Balance at beginning of year	(32,110)	(25,253)
Charge to income statement	48,911	(5,045)
Charge to technical revaluation reserve	(7,873)	(1,811)
Charge to employee benefit plans	-	(1)
Balance at year end	**8,928**	**(32,110)**

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:

	Balances at December 31, 2020	Charge to income statement	Charge to technical revaluation reserve	Charge to employee benefit plans	Balances at December 31, 2021
Lease	(145)	(150)	-	-	(295)
Other receivables	(10)	(12)	-	-	(22)
Property, plant and equipment	(49,197)	(3,281)	(7,871)	-	(60,349)
Inventories	(106)	(7)	-	-	(113)
Accumulated tax losses	37,295	52,595	-	-	89,890
Mutual fund valuation	(10)	(8)	-	-	(18)
Other financial assets at fair value through profit or loss	(5)	(1)	-	-	(6)
Trade payables	682	275	-	-	957
Employee benefit plans	(63)	8	-	(2)	(57)
Inflation adjustment for tax purposes	(21,270)	2,317	-	-	(18,953)
Loans	719	(2,825)	-	-	(2,106)
Total	**(32,110)**	**48,911**	**(7,871)**	**(2)**	**8,928**

NOTE 20: INCOME TAX (Cont'd)

Income Tax losses 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 4.16. In accordance with the guidelines of IFRIC 23 Uncertainty over Income Tax Treatments and with the opinions of the legal and tax advisors, the Company has adjusted the tax losses for inflation by applying the domestic wholesale price index, as laid down in 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.

Accumulated tax losses pending use at December 31, 2021 and which may be offset against taxable income for the year ended on that date are the following:

Year	In thousands of USD	Year of expiration
Tax losses for the year 2018	127,222	2023
Tax losses for the year 2019	81,606	2024
Tax losses for the year 2020	48,000	2025
Total accumulated tax losses at December 31, 2021	**256,828**	

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 introduced several changes to the Income Tax treatment, whose key components are as follows:

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%.

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 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.

NOTE 20: INCOME TAX (Cont'd)

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 1/1/2019 must be allocated in equal parts during 6 fiscal years.

- Tax on personal property, 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 taxation of Companies' income was discontinued and a progressive scale was set up, starting from a 25% rate for income from $0 to 5 million, a 30% rate for income from $5 to 50 million and a 35% rate for income above $50 million. The law also provides that the fixed amounts in the tax brackets shall be CPI-adjusted as from the fiscal years beginning on or after January 1, 2022.

- Tax on dividends: the 7% rate shall apply.

These amendments apply as from fiscal years beginning on or after January 1, 2021.

The reconciliation between Income Tax charged to income and that resulting from the application of the tax rate to the accounting profit before taxes is shown below:

	12/31/2021	12/31/2020
Income before Income Tax	(10,048)	(11,683)
Current tax rate	35%	30%
Income/(loss) at the tax rate	3,517	3,505
Other permanent differences	(24)	(222)
Change in the Income Tax rate (a)	(3,187)	466
Accounting inflation adjustment	-	6,329
Effects of exchange and translation differences of property, plant and equipment	9,563	-
Inflation adjustment for tax purposes and tax losses adjustment	39,004	(14,983)
Overstatement in the prior year provision	38	(140)
Total Income Tax charge	**48,911**	**(5,045)**
Deferred tax for the year	48,911	(5,045)
Total Income Tax charge - Income/(loss)	**48,911**	**(5,045)**

(a) It 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.

NOTE 21: SALES REVENUE

	12/31/2021	12/31/2020
Sale of energy Res. No. 21/2016	53,390	51,914
Sale of steam	18,140	13,626
	71,530	**65,540**

NOTE 22: COST OF SALES

	12/31/2021	12/31/2020
Purchase of electric energy	(760)	(673)
Gas and diesel consumption at the plant	(12,997)	(10,202)
Salaries and social security liabilities	(1,445)	(1,191)
Defined benefit plan	(20)	(23)
Other employee benefits	(120)	(124)
Fees for professional services	(23)	(33)
Maintenance services	(3,612)	(3,593)
Depreciation of property, plant and equipment	(11,772)	(12,023)
Security guard and janitor	(206)	(193)
Insurance	(550)	(379)
Communication expenses	(51)	(55)
Snacks and cleaning	(113)	(109)
Taxes, rates and contributions	(75)	(103)
Sundry	(16)	(20)
	(31,760)	**(28,721)**

NOTE 23: SELLING EXPENSES

	12/31/2021	12/31/2020
Taxes, rates and contributions	(951)	(735)
	(951)	**(735)**

NOTE 24: ADMINISTRATIVE EXPENSES

	12/31/2021	12/31/2020
Salaries and social security liabilities	(207)	(214)
Other employee benefits	(34)	(24)
Fees and compensation for services	(1,411)	(1,414)
Taxes, rates and contributions	(8)	(18)
Leases	(40)	(22)
Per diem, travel, and representation expenses	(1)	(2)
Insurance	(1)	-
Office expenses	(9)	-
Sundry	(3)	(1)
	(1,714)	**(1,695)**

NOTE 25: FINANCIAL RESULTS

	12/31/2021	12/31/2020
Financial income		
Commercial interest	1,776	2,387
Total financial income	**1,776**	**2,387**
Financial expenses		
Interest on loans	(31,968)	(32,986)
Commercial and other interest	(863)	(1,010)
Bank expenses and commissions	(89)	(42)
Total financial expenses	**(32,920)**	**(34,038)**
Other financial results		
Exchange difference, net	(2,302)	(76,793)
Changes in the fair value of financial instruments	1,635	776
Income/(loss) from repurchase of negotiable obligations	(24)	-
Gain/(loss) on purchasing power parity	-	67,295
Difference in UVA value	(9,478)	-
Other financial results	(5,842)	(5,699)
Total other financial results	**(16,011)**	**(14,421)**
Total financial results, net	**(47,155)**	**(46,072)**

NOTE 26: EARNINGS/(LOSSES) PER SHARE

Basic

The basic earnings 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	38,863	(16,728)
Weighted average of outstanding ordinary shares	8,714	806
Basic earning/(loss) per share	**4.4598**	**(20.7543)**

There are no differences between the calculation of the basic earnings per share and the diluted earnings per share.

NOTE 27: TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances at the date of the statements of financial position

	12/31/2021	12/31/2020
Other receivables		
Current		
RGA - Advances granted	2,930	6,433
	2,930	**6,433**
Trade payables		
Non-current		
RGA - Surety payable	1,996	1,996
	1,996	**1,996**
Current		
BDD	-	2
GMSA	-	585
RGA	883	-
	883	**587**
Financial debts		
Non-current		
RGA	42,117	40,818
	42,117	**40,818**

NOTE 27: TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)

b) Transactions for the year

	12/31/2021	12/31/2020
	Income/(Loss)	
	USD	
Purchase of gas		
RGA	(10,617)	(16,804)
	(10,617)	**(16,804)**
Leases		
RGA	(40)	(22)
	(40)	**(22)**
Services		
RGA	(1,249)	(1,270)
	(1,249)	**(1,270)**
Interest paid		
RGA	(4,622)	(4,960)
	(4,622)	**(4,960)**
Exchange difference		
RGA	-	(12,839)
	-	**(12,839)**
Wines		
BDD	-	(1)
	-	**(1)**
Reimbursement of expenses		
RGA	(3)	-
GMSA	(588)	(507)
GROSA	-	-
	(591)	**(507)**
Guarantee		
RGA	(571)	(78)
	(571)	**(78)**

NOTE 27: **TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Cont'd)**

c) Remuneration of key managerial staff

	12/31/2021	12/31/2020
	Income/(Loss)	
	USD	
Remuneration of key managerial staff		
Salaries	(112)	(64)
	(112)	**(64)**

d) Loans received from related parties

	12/31/2021	12/31/2020
Loans from RGA		
Loans at beginning of the period	40,818	35,410
Accrued interest	4,299	4,268
Assigned interest	(3,000)	-
Exchange difference	-	12,839
Gain/(loss) on purchasing power parity	-	(11,699)
Loans at period end	**42,117**	**40,818**

Entity	Principal	Interest rate	Conditions
At 12/31/2021			
RGA	20,000	17%	Maturity date: 2 years
RGA	4,701	19%	Maturity date: 2 years
Total in thousands of US dollars	**24,701**		

NOTE 28: **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.

Upon commercial authorization for generation and delivery of steam in February 2019 (see Note 30), the Board of Directors considers the business as two separate segments: generation and sale of electric energy and generation and sale of steam.

The assets (property, plant and equipment) used in these activities are situated in the Republic of Argentina.

NOTE 28: SEGMENT REPORTING (Cont'd)

	USD		
At 12/31/2021	**Energy**	**Steam**	**Total**
Sales revenue	53,390	18,140	71,530
Cost of sales	(21,336)	(10,424)	(31,760)
Gross income	**32,054**	**7,716**	**39,770**
Selling expenses	(710)	(241)	(951)
Administrative expenses	(1,279)	(435)	(1,714)
Other income	1	1	2
Operating income/(loss)	**30,066**	**7,041**	**37,107**
Financial income	1,326	450	1,776
Financial expenses	(24,571)	(8,349)	(32,920)
Other financial results	(11,951)	(4,060)	(16,011)
Financial results, net	**(35,196)**	**(11,959)**	**(47,155)**
Pre-tax profit/(loss)	**(5,130)**	**(4,918)**	**(10,048)**
Income Tax	36,507	12,404	48,911
Income for the year	**31,377**	**7,486**	**38,863**
At 12/31/2020	**Energy**	**Steam**	**Total**
Sales revenue	51,914	13,626	65,540
Cost of sales	(22,750)	(5,971)	(28,721)
Gross income	**29,164**	**7,655**	**36,819**
Selling expenses	(582)	(153)	(735)
Administrative expenses	(1,343)	(352)	(1,695)
Operating income/(loss)	**27,239**	**7,150**	**34,389**
Financial income	1,891	496	2,387
Financial expenses	(26,961)	(7,077)	(34,038)
Other financial results	(11,423)	(2,998)	(14,421)
Financial results, net	**(36,493)**	**(9,579)**	**(46,072)**
Pre-tax profit/(loss)	**(9,254)**	**(2,429)**	**(11,683)**
Income Tax	(3,996)	(1,049)	(5,045)
(Loss) for the year	**(13,250)**	**(3,478)**	**(16,728)**

The information used by the Board of Directors for decision-making is based primarily on operating indicators of the business. There are no substantial differences between this information and the disclosures in these financial statements prepared under IFRS. Considering that the adjustments between the previous accounting standards and IFRS refer to non-operating items, this information has not been substantially affected by the application of new standards.

NOTE 29: INSURANCE CONTRACTS IN FORCE

All-risk insurance:

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. The aim of this policy is to cover 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 such as: Starr Insurance Companies, Nación Seguros, Federación Patronal, Sancor, Chubb and Provincia Seguros.

Civil liability:

These policies provide coverage for underlying civil liability of the insured, as a result of injuries and/or death of third parties and/or damages to third-party property, caused and/or derived from the development of the insured's activity and product liability, subject to the terms, conditions, limitations and exclusions contained in the policy.
They are structured as follows:

Individual policies were taken out for each of the Group companies, with a maximum compensation of USD 1,000 per event and two reinstatement clauses over the life of the policy.

In addition, an insurance policy common to all companies has been taken out with a compensation limit of USD 9,000- per event and during the effective term of the policy in excess of USD 1,000 - (individual policies), with two reinstatements exclusively for operations liability and without reinstatement for product liability.

Directors and Officers (D&O) liability insurance:

This policy covers all actions or decision-making of directors and/or officers acting in such capacity, outside the professional service or company where they work; for example, hirings and firings of employees; financial, advertising and marketing decisions; mergers or acquisitions; shareholders' statements, accounting records, which are performed with negligence or fault, error or imprudence and cause an economic damage to an employee, shareholder or third party. It does not cover fraudulent activities.

It also covers the company in case of stock-exchange claims or from holders of bonds or securities.

It covers the personal property of present, past or future directors and/or officers, and the company's exposure to capital market risks.

NOTE 29: INSURANCE CONTRACTS IN FORCE (Cont'd)

Automobile insurance:

This insurance covers the damage to own vehicles as well as extra-contractual civil liability of the owner, user or driver of the automobile involved in an accident where third parties are injured or die.

Transport insurance:

The Company has an insurance policy that covers the transport expenses incurred by all generators of Grupo Albanesi under the modality of sworn statement to be presented monthly in arrears. This urban, national or international transport insurance policy covers the losses or damages to the insured's goods while they are being carried whether by land, air or water (by river or sea).

Environmental Bond:

The Environmental Damage Risk Insurance Policy with Group Incidence complies with environmental bond required by the enforcement authorities under General Environmental Law No. 25675, Section. 22.

Judicial bond:

Insurance bond for judicial guarantees provides litigants with an appropriate means to guarantee their procedural obligations when the respective Code so requires.

These coverages apply both in cases in which the judge hearing the case has ordered the lock of a provisional remedy, and in those in which the constitution of a counterbond has been arranged.

Replacement of provisional remedies: the provisional remedy can be substituted by the defendant in a lawsuit through this policy, thereby releasing the equity affected by such measure.

Counterbond: it is the guarantee that must be provided by the person who has requested the lock of a provisional remedy to guarantee the damages that may arise in case of having requested it without right.

Electronic equipment technical insurance:

This insurance provides coverage for the risks that may be suffered by fixed or mobile office electronic equipment for data processing, such as PCs, notebooks, photocopiers, telephone central systems, etc., as per a detail provided by the insured in case of accidental, sudden and unforeseen events.

Mandatory life insurance:

Employers are required to take out Mandatory Group Life Insurance in favor of their employees. This insurance policy provides 24-hour coverage for employees' risk of death for whatever reason and without limitation in Argentina and abroad.

Life insurance, as required by the Employment Contract Law (LCT):

This insurance covers obligations arising under the Employment Contract Law, if the company has to pay compensation in case of total and permanent disability or death of the employee, for whatever reason.

NOTE 29: INSURANCE CONTRACTS IN FORCE (Cont'd)

Group life insurance:

The Company has taken out a Group Life Insurance Policy to the benefit of all Group's employees. This Policy provides coverage by granting compensation in case of death, partial losses caused by accidents, total and permanent disability, advance payments in case of serious diseases, organ transplants and birth of posthumous child.

NOTE 30: OFFER FOR THE SALE OF STEAM

On January 12, 2017, AESA sent to RENOVA an offer to agree on the sale of steam which was accepted by RENOVA at that date. The agreement establishes the technical and commercial conditions for the cogeneration thermal power plant owned by AESA to supply steam to the plant, owned by RENOVA, located in Timbúes, province of Santa Fe. The agreement will become effective as from the starting date of steam generation, for a period of 15 years, during which RENOVA will give priority to the consumption of the steam supplied by AESA.

Further, during the first 60 months, a minimum payment will be set, calculated as the highest between the real consumption and the minimum required in the month. If the generation exceeds the amount required by RENOVA, it can be used freely for the generation of electricity.

The effective date for the start of generation and sale of steam was February 11, 2019.

NOTE 31: RGA SURETY

The UBS Loan is secured by a surety (guarantee) granted by RGA governed by the laws of the State of New York, to secure compliance with obligations undertaken by the Company under the UBS Loan and ensure the completion of works until the start-up of the two operating stages.

In fiscal year 2018, RGA billed as suretyship 1% of the total UBS Loan amount; payment of this invoice is subject to the full repayment of the loan.

NOTE 32: WORKING CAPITAL

At December 31, 2021, the Company reports a negative working capital of USD 17,039 (calculated as current assets less current liabilities), which means a decrease of USD 159,490, compared to the working capital at the previous annual closing (USD 176,529 negative working capital at December 31, 2020).

The Board of Directors and the shareholders will implement measures to improve the working capital.

NOTE 33: SUPPLY CONTRACT WITH CAMMESA: AGREED-UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS

On June 30, 2016, AESA –as seller– and CAMMESA –as buyer–, on behalf of the WEM, entered into the Supply Contract for the available power and energy supplied by Central Térmica de Cogeneración Timbúes. December 30, 2017 was the Agreed upon Date set for the commercial operation of the power plant, which was finally effective on February 24, 2018.

NOTE 33: SUPPLY CONTRACT WITH CAMMESA: AGREED-UPON DATE OF AUTHORIZATION FOR THE COMMERCIAL OPERATION OF THE POWER PLANTS (Cont'd)

On June 12 and 29, 2018, AESA made a filing before CAMMESA and the EES, to inform them that the cogeneration thermal power plant 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, AESA explained, argued, and produced the pertinent evidence supporting the existence of certain factors, not attributable to the Company, that implied that the commercial operation did not begin on the Agreed upon Date under the Supply Contract. From the filings submitted, twelve days of force majeure event were recognized by CAMMESA and the EES at the date of issue of these financial statements.

Under Resolution 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 United States dollars, and the number of installments shall not exceed the contract term. In the above-mentioned filings dated June 12 and 29, AESA expressly stated that, once the penalty is determined considering the corresponding force majeure term, the Company chooses to exercise the above-mentioned option.

The penalty recognized at December 31, 2021 amounts to USD 2,302, net of the present value, and is disclosed under Trade payables.

NOTE 34: 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, 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 w/ calle 28. 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 35: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES

The Company 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.

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 Company:

- Payment of financial loans granted by non-residents: companies that have scheduled payments of principal falling due between 10/15/2020 and 06/30/2022 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

NOTE 35: ECONOMIC CONTEXT IN WHICH THE COMPANY OPERATES (Cont'd)

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
- Service exports
- Sale of non-produced 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 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 Financial Statements must be read in light of these circumstances.

NOTE 36: CLASSIFICATION OF RECEIVABLES AND DEBTS BY DUE DATES AND INTEREST ACCRUAL

The breakdown of receivables and debts at December 31, 2021, according to their collection or payment term and restatement clauses, is detailed in the table below:

	Trade receivables	Deferred tax assets, net	Other receivables	Trade payables	Loans	Remuneration and social security contributions	Tax payables	Defined benefit plan
	USD							
Falling due within								
First quarter	10,156	-	3,879	2,104	6,894	237	2,652	-
Second quarter	-	-	143	1,458	6,318	15	632	-
Third quarter	-	-	142	576	6,229	15	-	-
Fourth quarter	-	-	48	576	12,988	15	-	1
More than 1 year	-	8,928	1,045	1,996	199,392	-	-	101
Subtotal	**10,156**	**8,928**	**5,257**	**6,710**	**231,821**	**282**	**3,284**	**102**
Past due	527	-	-	-	-	-	1,153	-
Total at 12/31/21	**10,683**	**8,928**	**5,257**	**6,710**	**231,821**	**282**	**4,437**	**102**
Non-interest bearing	10,156	8,928	5,257	4,691	-	282	1,054	-
At fixed rate	-	-	-	2,019	231,594	-	3,383	102
At floating rate	527	-	-	-	227	-	-	-
Total at 12/31/21	**10,683**	**8,928**	**5,257**	**6,710**	**231,821**	**282**	**4,437**	**102**

Independent auditor's report

To the Shareholders, President and Directors of
Albanesi Energía S.A.

Opinion

We have audited the financial statements of Albanesi Energía S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and its financial performance and its 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 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Audit response
Financial position and going concern assessment	
The Company has prepared its financial statements based on the going concern assumption, as mentioned in Note 3 to the Financial Statements at December 31, 2021. As mentioned in Note 32, at December 31, 2021, the Company presents 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 35, 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 financial statements.

Key audit matters	Audit response
Fair value of property, plant and equipment As described in Notes 4, 6 and 7 to the Financial Statements at December 31, 2021, the balance of property, plant and equipment is $240,977 thousand. The Company has chosen to value land, buildings, facilities, machinery, and turbines at fair value, with discounted cash flow techniques and market comparable. 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 relating 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.	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 comparable 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;

Key audit matters	Audit response
Fair value of property, plant and equipment (Cont'd)	
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 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 financial statements.	• assess the disclosures included in the 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. The Board of Directors is responsible for the other information.

Our opinion on the 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 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 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 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 financial statements

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

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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. (4)

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 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

City of Buenos Aires, March 31, 2022.

PRICE WATERHOUSE & CO.S.R.L.
Raúl Leonardo Viglione
Partner