Partnership Registration No. OC434488 (England and Wales)

SOUTH AMERICAN ENERGY LLP

MEMBERS' REPORT AND CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE 13-MONTH PERIOD
ENDED 31 DECEMBER 2021

Glossary of Terms

The following definitions, which are not technical ones, will help readers understand some of the terms used in the text of the Members´ Report and in the notes to the Consolidated Financial Statements.

Terms	*Definitions*
AR$	Argentinian pesos
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico S.A. (the company in charge of the regulation and operation of the wholesale electricity market in Argentina)
CNV	National Securities Commission in Argentina
CPD	Company's Own Distribution Cost
Edelcos	Empresa de Energía del Cono Sur S.A.
Edenor	Empresa Distribuidora y Comercializadora Norte S.A.
ENRE	National Regulatory Authority for the Distribution of Electricity in Argentina
MWh	Megawatt hour
GWh	Gigawatt hour
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
LLP	Limited Liability Partnership
RTI	Tariff Structure Review
SACME	S.A. Centro de Movimiento de Energía - Joint Venture
SE	Energy Secretariat of Argentina
US$	United Stated Dollars
VAD	Electricity Distribution Added Value
£	British Pound Sterling

Partnership information

Designated Members	Mr. José Luis Manzano	(Appointed on 1 December 2020)
	Andina PLC (1)	(Appointed on 1 December 2020)
	Mr. Daniel Eduardo Vila	(Appointed on 8 February 2021)
	Rochester Holdings LLP (2)	(Appointed on 8 February 2021)
	Global Income Fund Limited (3)	(Appointed on 30 April 2021)
	Equal Power Distribution SCSP (4)	(Appointed on 30 April 2021)

(1) Represented by Mr. Jorge Rosenblut.
(2) Represented by Mr. Mauricio Filiberti.
(3) Represented by Mr. Ricardo A. Beroiza Contreras.
(4) Represented by Mr. Jean-Daniel Cohen.

Partnership number OC434488

Registered office
1-3 Charter Square
Sheffield
United Kingdom
S1 4HS

Independent auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London
United Kingdom
WC2N 6RH

Solicitors
CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London
United Kingdom
EC4N 6AF

Members' report for the 13-month period ended 31 December 2021

The Members present their report and the audited consolidated financial statements of South American Energy LLP ("SAE" or "the Partnership"), and its subsidiaries (together "the Group") for the 13-month period ended 31 December 2021.

Principal activities

SAE is a Limited Liability Partnership domiciled and incorporated in England and Wales. It was established on 1 December 2020 and registered at Companies House under Company number OC434488.

The Group's principal activity is electricity distribution within Argentina's regulated public domain. Its principal assets include an indirect 51% stake in Empresa Distribuidora y Comercializadora Norte S.A. ("Edenor") through Empresa de Energía del Cono Sur S.A. ("Edelcos").

Edelcos is a company incorporated under the laws of Argentina and was established on 14 December 2020 and registered under the local regulatory authority on 15 January 2021. The Partnership holds a 99.99% interest in Edelcos. Edelcos aspires to become an energy leader, with a focus on sustainable energy projects to foster the wellbeing of the community by providing responsible, reliable, affordable, and clean energy, reducing carbon emissions.

On 28 December 2020, Edelcos entered into a stock purchase agreement to acquire 51% of Edenor's share capital and voting power, subject to the Argentine Regulatory Authority for the Distribution of Electricity's approval. On 23 June 2021, the Argentine Regulatory Authority approved the transfer of shares representing 51% of the share capital, which took place on 30 June 2021.

Edenor is incorporated under the laws of Argentina, and it is the largest electricity distributor both in terms of number of customers and energy sales in Argentina; it has a 95-year concession, until 2087.

Edenor's concession area comprises 20 municipalities in the northwest of Greater Buenos Aires and the northern area of the Buenos Aires city in Argentina, representing a surface area of 4,637 square kilometers and a population of approximately 9 million inhabitants. It has a 20% market share in Argentina, providing electricity to approximately 3.3 million customers.

Designated Members

The Members that were appointed during the period and up to the date of signing of the financial statements were as follows:

Mr. José Luis Manzano	(Appointed on 1 December 2020)
Andina PLC (1)	(Appointed on 1 December 2020)
Mr. Ricardo Nicolás Mallo Huergo (5)	(Appointed on 1 December 2020 – Resigned on 8 February 2021)
Mr. Daniel Eduardo Vila	(Appointed on 8 February 2021)
Rochester Holdings LLP (2)	(Appointed on 8 February 2021)
Global Income Fund Limited (3)	(Appointed on 30 April 2021)
Equal Power Distribution SCSP (4)	(Appointed on 30 April 2021)

Chairman

Mr. Ricardo Nicolás Mallo Huergo (5)	(Appointed on 1 December 2020)

(1) Represented by Mr. Jorge Rosenblut.
(2) Represented by Mr. Mauricio Filiberti.
(3) Represented by Mr. Ricardo A. Beroiza Contreras.
(4) Represented by Mr. Jean-Daniel Cohen.
(5) Mr. Ricardo Nicolás Mallo Huergo resigned as a Member on 8 February 2021, but continues as Chairman until the date of signature of these financial statements.

Results and dividends

The Group´s results for the period are set out on page 10.

The Members, by unanimous resolution, decided to transfer the profits for the 13-month period ending 31 December 2021 to Retained earnings. See Note 24.

Qualifying third party indemnity provisions

The Group has made qualifying third-party indemnity provisions for the benefit of its Members during the period. These provisions remain in force at the reporting date and at the date of approval of the financial statements.

Financial instruments

Information about the Group's and the Partnership's financial instruments and financial risk management is included in note 5.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the skills of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness for all employees of the financial and economic factors affecting the Group's performance.

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP were appointed on 5 June 2023 for the 13-month period ended 31 December 2021, and have expressed their willingness to continue in office for subsequent periods until superseded with a new written agreement. The Independent Auditors´ Report is set out on page 7.

Going concern

The Members have reviewed the cash position of the Group and the Partnership for the period to 31 December 2025 and consider that it is appropriate that the Group and the Partnership financial statements are prepared on the going concern basis for the reasons set out below.

At 31 December 2021, the Group had net current liabilities of US$582.7 million and financial debt of US$141.9 million and the Partnership had net current assets of US$51.5 million and no financial debt.

In assessing the Group's and the Partnership's ability to adopt the going concern basis, the Members have assessed the Group and the Partnership's ability to meet their liabilities as they fall due. In the event that any liabilities could not be met, the Members could consider other financial alternatives such as securing further loans and borrowings, and making further capital contributions.

The Members have also reviewed the cash flow forecasts to 31 December 2025 taking into account electricity tariff adjustments, currency fluctuations and scheduled borrowings repayments, and have noted that the ability of the Group to continue operating is dependent mainly on the electricity tariff adjustments and Edenor's ability to fulfil its obligations in a context of high inflation in Argentina including the commitments with CAMMESA for payment of the electricity costs.

In 2021, the Partnership's subsidiary Edenor, whose principal activity is electricity distribution in Argentina, reported a loss for the period under the Group´s control of US$71.4 million and had a net current liability position of US$541.0 million.

Edenor's activity is highly regulated and is subject to the terms and conditions of its Concession Agreement. Over the last few years, although there have been increases in Edenor's tariffs, these have not been sufficient to cover its economic and financial needs in an inflationary economy, with increasing operating costs, coupled with the impact of the COVID pandemic. The main consequence of the lack of tariff increases has been the inability of Edenor to settle the amounts owing to CAMMESA for energy purchases, partially deferring them since March 2020. At 31 December 2021, the deferred payments amounted to US$255.89 million, plus interest and charges for US$232.70 million. Subsequent to 31 December 2021, the overdue amounts owing to CAMMESA were regularised with the signing of two agreements.

The first agreement was signed on 29 December 2022 between the ENRE, the SE and Edenor, and agreed with CAMMESA. Under this agreement, the SE outlined that part of the amounts owing to CAMMESA by Edenor are offset by a credit; the remaining balance owing is subject to an agreed settlement plan. The associated payment plan came into effect on 27 July 2023 and covers the outstanding debts for amounts incurred up to August 2022 and spreads the payments over approximately 96 months.

The second agreement was signed on 28 July 2023 between Edenor and CAMMESA for the debt due from September 2022 to February 2023. This agreement outlines the settlement of the outstanding debts in 96 instalments, the value of each instalment being updated by the value of the MWh applicable to each instalment.

Future payments under the payment schedules resulting from the above-mentioned first and second agreements for the outstanding debt with CAMMESA until February 2023 have been considered in the preparation of the cash flow forecast.

At the date of signing these financial statements, Edenor has fulfilled its obligations under the two agreements; however, in September 2023 it was required to partially postpone the payments for the energy purchased from September 2023 to March 2024, as tariffs had not yet been adjusted. From April 2024, Edenor resumed on-time payments of its current energy purchases. On 6 May 2024, by means of Resolution 58/2024, the SE instructed CAMMESA to determine the amounts it is owed by Edenor for the period from February 2024 to March 2024 and established the conditions to settle this outstanding debt over 48 months. The amounts owed by Edenor for the period September 2023 to January 2024 are under negotiation with the SE and CAMMESA to develop a new payment plan. The Group expects that Edenor will be able to settle the accumulated debt from September 2023 to March 2024 and has forecast that these payments will be satisfied through the expected increased cash flows arising from the increase in tariffs and the adjustment mechanism according to the ENRE resolution No. 102/2024, as described below.

On 16 December 2023, the new Argentine government announced a state of emergency in the national energy sector until 31 December 2024 through Decree No. 55/2023. As a result, under ENRE Resolution No. 102/2024, the initiation of a tariff review for electricity was determined, and a tariff increase of 319.2% in the Edenor distribution cost from 16 February 2024 was approved, along with automatic monthly adjustments from May 2024, so as to maintain its real value, by means of an adjustment mechanism of the CPD that will take into consideration the Argentine Consumer Price Index (CPI), the Argentine Wholesale Price Index (WPI), and the Argentine Salary Variation Index prepared by the National Statistics Institute (INDEC). The tariff increases improve the financial position of the Group.

In light of the above, at the date of signing these financial statements, the Group has experienced a significant improvement in its economic performance compared to the situation as at 31 December 2021, mainly as a result of the improvements in the Argentine energy sector, the recently approved tariff increases, the agreements on the regularisation of the debt due with CAMMESA and the future prospects of periodic tariff adjustments.

On this basis, the Members have a reasonable expectation that the Group and the Partnership will have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing. Thus, they have adopted the going concern basis in preparing these financial statements.

Streamlined Energy and Carbon Reporting

South American Energy LLP is considered a "low energy user" in accordance with the Companies Act 2006 and related amendments regarding the disclosure of energy and carbon information. The Partnership does not have operations within the United Kingdom. The Group's operations are located entirely in Argentina, and therefore it is not required to report its energy and carbon information.

Statement of Members' responsibilities in respect of the financial statements

The Members are responsible for preparing the Members' Report and the consolidated financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the Members to prepare financial statements for each financial year. Under that law the Members have prepared the Group and the Partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Under company law, as applied to limited liability partnerships, Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Partnership and of the profit or loss of the Group for that period. In preparing the financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the International Accounting Standards Board (IASB) have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Partnership will continue in business.

The Members are responsible for safeguarding the assets of the Group and the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Members are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applied to limited liabilities partnerships.

Members' confirmations

In the case of each Member in office at the date the Members' Report is approved:

- so far as the Member is aware, there is no relevant audit information of which the Group's and the Partnership's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Member in order to make themselves aware of any relevant audit information and to establish that the Group's and the Partnership's auditors are aware of that information.

By order of the Members

Ricardo Nicolás Mallo Huergo
Chairman
24 May 2024

Independent auditors' report to the members of South American Energy LLP

Report on the audit of the financial statements

Opinion

In our opinion, South American Energy LLP's Group financial statements and the Partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Partnership's affairs as at 31 December 2021 and of the Group's profit and the Group's and the Partnership's cash flows for the 13 month period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Members' Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and the Partnership's Statements of Financial Position as at 31 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated and the Partnership's Statements of Changes in Equity, and the Consolidated and the Partnership's Statements of Cash Flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Partnership's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Members for the financial statements

As explained more fully in the Statement of Members' responsibilities in respect of the financial statements, the Members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Group's and the Partnership'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 the Members either intend to liquidate the Group or the Partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of energy market regulations and employment laws in the jurisdictions in which the Group operates and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax laws in the jurisdictions in which the Group operates and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inquiries with management, regarding consideration of known or suspected instances of non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates;
- Review of minutes of meetings of the Members; and
- Identifying and testing journal entries, in particular any journal entries posted with certain unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the members of the Partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2024

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Comprehensive Income
for the 13-month period ended 31 December 2021
(Stated in US Dollars)

	Note	Period ending 31 December 2021
Revenue	10	552,670,045
Energy purchases	10	(333,278,113)
Subtotal		**219,391,932**
Transmission and distribution expenses	11	(148,830,637)
Gross profit		**70,561,295**
Selling expenses	11	(53,183,487)
Administrative expenses	11	(39,058,440)
Bargain purchase gain from acquisition of subsidiary	6.g	294,386,436
Other operating income	12	23,280,063
Other operating expenses	12	(28,254,516)
Income from interest in joint ventures		58,468
Operating profit		**267,789,819**
Finance income	13	493,556
Finance costs	13	(156,647,383)
Gain on financial instruments measured at fair value through profit or loss		23,662,543
Net finance costs		**(132,491,284)**
Hyperinflation impact	4.2	108,099,565
Profit before tax		**243,398,100**
Income tax charge	32	(119,153,004)
Profit for the period		**124,245,096**
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss		
Income related to benefit plans	31	1,950,155
Tax effect of actuarial profit on benefit plans	32	(682,128)
Cumulative Translation Adjustments		1,002,162
Total other comprehensive income		**2,270,189**
Total comprehensive income		**126,515,285**

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Comprehensive Income
for the 13-month period ended 31 December 2021 (Continued)

(Stated in US Dollars)

	Period ending 31 December 2021
Profit (loss) for the period attributable to:	
Owners of the parent	159,404,928
Non-controlling interest	(35,159,832)
Total profit for the period	**124,245,096**
Other Comprehensive income for the period attributable to:	
Owners of the parent	1,648,170
Non-controlling interest	622,019
Total other comprehensive income	**2,270,189**
Comprehensive and other comprensive income or loss for the period attributable to:	
Owners of the parent	161,053,098
Non-controlling interest	(34,537,813)
Total comprehensive income	**126,515,285**

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Financial Position
as at 31 December 2021
(Stated in US Dollars)

	Note	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	**14**	1,903,858,897
Interest in joint ventures	**8**	136,426
Right-of-use asset	**16**	4,141,493
Other receivables	**18**	1,232,000
Total non-current assets		**1,909,368,816**
Current assets		
Inventories	**17**	33,531,475
Other receivables	**18**	21,098,955
Trade receivables	**19**	171,145,975
Financial assets at amortised cost	**20**	2,367,959
Financial assets at fair value through profit or loss	**21**	150,565,192
Cash and cash equivalents	**22**	36,265,272
Total current assets		**414,974,828**
TOTAL ASSETS		**2,324,343,644**

SOUTH AMERICAN ENERGY LLP
Consolidated Statement of Financial Position
as at 31 December 2021 (Continued)
(Stated in US Dollars)

	Note	31 December 2021
EQUITY		
Capital accounts and reserves attributable to the Members of the Partnership		
Capital accounts	23	60,000,000
Translation reserve		1,002,162
Other reserves		646,008
Retained earnings		159,404,928
TOTAL MEMBERS´ EQUITY		**221,053,098**
Non-controlling interest		351,898,332
TOTAL EQUITY		**572,951,430**
LIABILITIES		
Non-current liabilities		
Trade payables	25	6,431,495
Other payables	26	92,106,801
Loans and other debts due to members	27	1,252,796
Borrowings	29	708,361
Deferred revenue	28	16,439,291
Salaries and social security payable	30	3,878,386
Benefit plans	31	9,715,455
Deferred tax liability	32	584,435,068
Provisions	9	38,793,607
Total non-current liabilities		**753,761,260**
Current liabilities		
Trade payables	25	743,617,538
Other payables	26	38,755,187
Loans and other debts due to members	27	22,548
Borrowings	29	141,227,618
Deferred revenue	28	428,766
Salaries and social security payable	30	43,997,272
Benefit plans	31	1,276,554
Income tax payable	32	16,189,528
Tax liabilities	33	6,883,045
Provisions	9	5,232,898
Total current liabilities		**997,630,954**
TOTAL LIABILITIES		**1,751,392,214**
TOTAL LIABILITIES AND EQUITY		**2,324,343,644**

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

The financial statements on pages 10 to 68 were approved and signed on behalf of the Members and authorised for issue on 24 May 2024 by

Ricardo Nicolás Mallo Huergo
For and on behalf of the Members
Registration No. OC434488

SOUTH AMERICAN ENERGY LLP

Partnership Statement of Financial Position
as at 31 December 2021
(Stated in US Dollars)

	Note	31 December 2021
ASSETS		
Non-current assets		
Investment in subsidiary	7	170,199,433
Other receivables	18	648,833
Total non-current assets		**170,848,266**
Current assets		
Other receivables	18	51,025,595
Cash and cash equivalents	22	455,141
Total current assets		**51,480,736**
TOTAL ASSETS		**222,329,002**
EQUITY		
Capital accounts and reserves attributable to the Members of the Partnership		
Capital accounts	23	60,000,000
Translation reserve		1,002,162
Other reserves		646,008
Retained earnings		159,404,928
TOTAL MEMBERS´ EQUITY		**221,053,098**
LIABILITIES		
Non-current liabilities		
Loans and other debts due to Members	27	1,252,796
Total non-current liabilities		**1,252,796**
Current liabilities		
Other payables	26	560
Loans and other debts due to Members	27	22,548
Total current liabilities		**23,108**
TOTAL LIABILITIES		**1,275,904**
TOTAL LIABILITIES AND EQUITY		**222,329,002**

As permitted by s408 of the Companies Act 2006, the Partnership has not presented its own income statement and related notes. The Partnership's profit for the period was US$159,404,928.

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

The financial statements on pages 10 to 68 were approved and signed on behalf of the Members and authorised for issue on 24 May 2024 by

Ricardo Nicolás Mallo Huergo
For and on behalf of the Members
Registration No. OC434488

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Changes in Equity
for the 13-month period ended 31 December 2021

(Stated in US Dollars)

	Capital accounts (Note 23)	Translation reserve	Other reserves	Retained earnings	**Total equity attributable to Members**	Non-controlling interest	**Total equity**
Capital contributions (Note 23) (1)	60,000,000	-	-	-	60,000,000	-	**60,000,000**
Edenor acquisition (Note 6.g)	-	-	-	-	-	386,436,145	**386,436,145**
Other comprehensive income	-	-	646,008	-	646,008	622,019	**1,268,027**
Translation differences	-	1,002,162	-	-	1,002,162	-	**1,002,162**
Profit / (Loss) for the period	-	-	-	159,404,928	159,404,928	(35,159,832)	**124,245,096**
Balance at 31 December 2021	**60,000,000**	**1,002,162**	**646,008**	**159,404,928**	**221,053,098**	**351,898,332**	**572,951,430**

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

(1) Corresponds to capital contributions made by the Members. These contributions were made between 20 January 2021 and 5 May 2021 by the Members (see detailed chronology in note 23) and were capitalised on 1 November 2021.

SOUTH AMERICAN ENERGY LLP

Partnership Statement of Changes in Equity
for the 13-month period ended 31 December 2021
(Stated in US Dollars)

	Capital accounts (Note 23)	Translation reserve	Other reserves	Retained earnings	**Total equity**
Capital contributions (Note 23) (1)	60,000,000	-	-	-	**60,000,000**
Other comprehensive income	-	-	646,008	-	**646,008**
Translation differences	-	1,002,162	-	-	**1,002,162**
Profit for the period	-	-	-	159,404,928	**159,404,928**
Balance at 31 December 2021	**60,000,000**	**1,002,162**	**646,008**	**159,404,928**	**221,053,098**

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

(1) Corresponds to capital contributions made by the Members. These contributions were made between 20 January 2021 and 5 May 2021 by the Members (see detailed chronology in note 23) and were capitalised on 1 November 2021.

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Cash Flows

for the 13-month period ended 31 December 2021

(Stated in US Dollars)

	Note	Period ending 31 December 2021
Cash flows from operating activities		
Profit for the period		124,245,096
Adjustments to reconcile net profit to net cash flows from operating activities:		
Depreciation of property, plant and equipment	**14**	44,426,038
Depreciation of right-of-use assets	**16**	1,227,831
Loss on disposals of property, plant and equipment	**14**	808,809
Accrued interest income	**13**	(444,833)
Accrued interest expense	**13**	145,065,911
Income from customer surcharges	**12**	(8,867,667)
Exchange differences	**13**	10,086,284
Income tax	**32**	119,153,004
Allowance for the impairment of trade and other receivables, net of recovery	**11**	6,714,091
Discount unwind on present value of receivables	**13**	730,852
Provision for contingencies, net of recovery	**9**	11,820,308
Gain on financial instruments measured at fair value through profit or loss		(4,255,139)
Accrual of benefit plans	**11**	2,075,620
Profit from interest in joint ventures		(58,468)
Income from non-reimbursable customer contributions	**12**	(224,129)
Other finance income		(48,026)
Hyperinflation impact	**4.2**	(108,099,565)
Bargain purchase gain from acquisition of subsidiary	**6.g**	(294,386,436)
Changes in operating assets and liabilities:		
Decrease in trade receivables		10,504,775
Increase in other receivables		(16,881,258)
Increase in inventories		(4,696,940)
Increase in deferred revenue		2,611,577
Increase in trade payables		65,805,475
Increase in salaries and social security payable		13,067,628
Decrease in benefit plans		(526,213)
Decrease in tax liabilities		(8,658,858)
Decrease in other payables		(8,455,332)
Increase in other debts due to members		560
Decrease in provisions		(760,086)
Net cash flows generated from operating activities		**101,980,909**

SOUTH AMERICAN ENERGY LLP

Consolidated Statement of Cash Flows
for the 13-month period ended 31 December 2021 (Continued)
(Stated in US Dollars)

	Note	Period ending 31 December 2021
Cash flows from investing activities		
Cash and cash equivalents acquired through the Edenor acquisition, net of cash paid	6.g	53,883,258
Payment for purchase of property, plant and equipment	14	(78,220,620)
Purchase of mutual funds and government bonds		(81,251,218)
Loans granted to related parties		(1,157,194)
Net cash flows used in investing activities		**(106,745,774)**
Cash flows from financing activities		
Proceeds from borrowings	29	1,740,193
Loans received from Members	27	1,170,466
Payment of interest on corporate notes	29	(6,853,129)
Payment of lease liability	26	(2,367,959)
Capital contributions from Members	23	48,822,289
Net cash flows generated from financing activities		**42,511,860**
Increase in cash and cash equivalents		**37,746,996**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents exchange differences		1,557,258
Hyperinflation impact on cash and cash equivalents		(48,972)
Intra-group transaction translation differences		(2,990,009)
Increase in cash and cash equivalents		37,746,996
Cash and cash equivalents at the end of the period	22	**36,265,272**
Supplemental cash flow information		
Non-cash activities		
Acquisition of property, plant and equipment through increased trade payables	14	(7,678,814)
Acquisition of right-of-use assets through increased trade payables	16	(857,533)
Acquisition of Subsidiary through an increase in capital contributions (first-down payment to acquire Edenor made by Members)	6.g	9,913,209
Acquisition of Subsidiary through an increase in Borrowings (Loan from Pampa Energía S.A.)	29	44,847,817

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

SOUTH AMERICAN ENERGY LLP

Partnership Statement of Cash Flows
for the 13-month period ended 31 December 2021
(Stated in US Dollars)

	Note	Period ending 31 December 2021
Cash flows from operating activities		
Profit for the period		159,404,928
Adjustments to reconcile net profit to net cash flows from operating activities:		
Accrued interest income		(1,047,776)
Accrued interest expense		49,727
Exchange differences		(1,181,413)
Share of profit in Subsidiary		(157,373,188)
Changes in operating assets and liabilities:		
Increase in other receivables		(3,377)
Increase in other payables		560
Increase in other debts due to members		22,548
Net cash flows used in operating activities		**(127,991)**
Cash flows from investing activities		
Loans granted to related parties		(49,403,950)
Net cash flows used in investing activities		**(49,403,950)**
Cash flows from financing activities		
Loans received from Members	**27**	1,170,466
Capital contributions from Members	**23**	48,822,289
Net cash flows generated from financing activities		**49,992,755**
Increase in cash and cash equivalents		**460,814**
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents exchange differences		(5,673)
Increase in cash and cash equivalents		460,814
Cash and cash equivalents at the end of the period	**22**	**455,141**
Supplemental cash flow information		
Non-cash activities		
Increase in investment in Subsidiary through an increase in capital contributions (first-down payment to acquire Edenor made by Members)	**6.g**	9,913,209

The accompanying notes on pages 20 - 68 form an integral part of these consolidated financial statements.

Note 1 | General information

South American Energy LLP (hereinafter “the Partnership”) is a Limited Liability Partnership domiciled and incorporated in England and Wales. It was established on 1 December 2020 and registered at Companies House under Company number OC434488. The registered office is 1-3 Charter Square, Sheffield, United Kingdom, S1 4HS.

The Partnership holds investments in Argentine subsidiaries as detailed in note 7, whose principal activity is the electricity distribution in a regulated public domain. The Members appointed during the period and up to the date of signature of the financial statements are as follows:

Mr. José Luis Manzano	(Appointed on 1 December 2020)
Andina PLC (1)	(Appointed on 1 December 2020)
Mr. Ricardo Nicolás Mallo Huergo (5)	(Appointed on 1 December 2020 – Resigned on 8 February 2021)
Mr. Daniel Eduardo Vila	(Appointed on 8 February 2021)
Rochester Holdings LLP (2)	(Appointed on 8 February 2021)
Global Income Fund Limited (3)	(Appointed on 30 April 2021)
Equal Power Distribution SCSP (4)	(Appointed on 30 April 2021)
Chairman	
Mr. Ricardo Nicolás Mallo Huergo (5)	(Appointed on 1 December 2020)

(1) Represented by Mr. Jorge Rosenblut.
(2) Represented by Mr. Mauricio Filiberti.
(3) Represented by Mr. Ricardo A. Beroiza Contreras.
(4) Represented by Mr. Jean-Daniel Cohen.
(5) Mr. Ricardo Nicolás Mallo Huergo resigned as a Member on 8 February 2021, but continues as Chairman until the date of signature of these financial statements.

Group information

The Group’s principal activity is electricity distribution within Argentina’s regulated public domain. Its principal assets include an indirect 51% stake in Empresa Distribuidora y Comercializadora Norte S.A. (“Edenor”) through Empresa de Energía del Cono Sur S.A. (“Edelcos”).

Empresa de Energía del Cono Sur S.A. (Edelcos)

Edelcos is a company incorporated under the laws of Argentina. It was established on 14 December 2020 and registered under the local regulatory authority on 15 January 2021. The Partnership holds a 99.99% interest in Edelcos.

Edelcos’s principal activity is the investment and provision of services related to the distribution of electrical energy, renewable energies and sustainable technology. Edelcos aspires to become an energy leader, with a focus on sustainable energy projects to foster the wellbeing of the community by providing responsible, reliable, affordable and clean energy, reducing carbon emissions in Latin America.

On 28 December 2020, Edelcos entered into a stock purchase agreement (SPA) to acquire 51% of Edenor's share capital stock and voting power, subject to the Argentine Regulatory Authority for the Distribution of Electricity’s approval. On 23 June 2021, the Argentine Regulatory Authority approved the transfer of 51% of the shares (ie. 51% of the share capital) which represents a controlling stake. The transfer of the share capital happened on the same day on which the approvals were granted. Note 6.g).

Empresa Distribuidora y Comercializadora Norte S.A. (Edenor)

Empresa Distribuidora y Comercializadora Norte S.A. (hereinafter “Edenor”) is a company (*sociedad anónima*) incorporated under the laws of Argentina. Edenor’s activity is highly regulated and is subject to the terms and conditions of its concession agreement. 49% of Edenor’s shares are traded on the Buenos Aires Stock Exchange and the New York Stock Exchange (NYSE).

Edenor is the largest electricity distributor both in terms of number of customers and energy sales in Argentina, with a 95-year concession. The main purpose of Edenor is to engage in the distribution and sale of electricity within its concession area.

Edenor's concession area comprises 20 municipalities in the northwest of Greater Buenos Aires and the northern area of the Buenos Aires city in Argentina, representing a surface area of 4,637 square kilometers and a population of approximately 9 million inhabitants. It has a 20% market share in Argentina, providing electricity to approximately 3.3 million customers.

Edelcos' shareholding in Edenor is detailed as follows:

Company	Country of incorporation	Principal activity	% held
			12.31.21
Edenor	Argentina	Distribution and sale of electricity within the concession area	51%

Note 2 | Going concern

The Members have reviewed the cash position of the Group and the Partnership for the period to 31 December 2025 and consider that it is appropriate that the Group and the Partnership financial statements are prepared on the going concern basis for the reasons set out below.

At 31 December 2021, the Group had net current liabilities of US$582.7 million and financial debt of US$141.9 million and the Partnership had net current assets of US$51.5 million and no financial debt.

In assessing the Group's and the Partnership's ability to adopt the going concern basis, the Members have assessed the Group and the Partnership's ability to meet their liabilities as they fall due. In the event that any liabilities could not be met, the Members could consider other financial alternatives such as securing further loans and borrowings, and making further capital contributions.

The Members have also reviewed the cash flow forecasts to 31 December 2025 taking into account electricity tariff adjustments, currency fluctuations and scheduled borrowings repayments, and have noted that the ability of the Group to continue operating is dependent mainly on the electricity tariff adjustments and Edenor's ability to fulfil its obligations in a context of high inflation in Argentina including the commitments with CAMMESA for the payment of electricity costs.

In 2021, the Partnership's subsidiary Edenor, whose principal activity is electricity distribution in Argentina, reported a loss for the period under the Group's control of US$71.4 million and had a net current liability position of US$541.0 million.

Edenor's activity is highly regulated and is subject to the terms and conditions of its Concession Agreement. Over the last few years, although there have been increases in Edenor's tariffs, these have not been sufficient to cover its economic and financial needs in an inflationary economy, with increasing operating costs, coupled with the impact of the COVID pandemic. The main consequence of the lack of tariff increases has been the inability of Edenor to settle the amounts owing to CAMMESA for energy purchases, partially deferring them since March 2020. At 31 December 2021, the deferred payments amounted to US$255.89 million, plus interest and charges for US$232.70 million. Subsequent to 31 December 2021, the overdue amounts owing to CAMMESA were regularised with the signing of two agreements.

The first agreement was signed on 29 December 2022 between the ENRE, the SE and Edenor, and agreed with CAMMESA. Under this agreement, the SE outlined that part of the amounts owing to CAMMESA by Edenor are offset by a credit; the remaining balance owing is subject to an agreed settlement plan. The associated payment plan came into effect on 27 July 2023 and covers the outstanding debts for amounts incurred up to August 2022 and spreads the payments over approximately 96 months.

The second agreement was signed on 28 July 2023 between Edenor and CAMMESA for the debt due from September 2022 to February 2023. This agreement outlines the settlement of the outstanding debts in 96 instalments, the value of each instalment being updated by the value of the MWh applicable to each instalment.

Future payments under the payment schedules resulting from the above-mentioned first and second agreements for the outstanding debt with CAMMESA until February 2023 have been considered in the preparation of the cash flow forecast.

At the date of signing these financial statements, Edenor has fulfilled its obligations under the two agreements; however, in September 2023 it was required to partially postpone the payments for the energy purchased as from the maturities taking place from September 2023 to March 2024, as tariffs had not yet been adjusted. From April 2024, Edenor resumed on-time payments of its current energy purchases. On 6 May 2024, by means of Resolution 58/2024, the SE instructed CAMMESA to determine the amounts it is owed by Edenor for the period from February 2024 to March 2024 and established the conditions to settle this outstanding debt over 48 months. The amounts owed by Edenor for the period September 2023 to January 2024 are under negotiation with the SE and CAMMESA to develop a new payment plan. The Group expects that Edenor will be able to settle the accumulated debt from September 2023 to March 2024 and has forecast that these payments will be satisfied through the expected increased cash flows due to the increase in tariffs and the adjustment mechanism according to the ENRE resolution No. 102/2024, as described below.

On 16 December 2023, the new Argentine government announced a state of emergency in the national energy sector until 31 December 2024 through Decree No. 55/2023. As a result, under ENRE Resolution No. 102/2024, the initiation of a tariff review for electricity was determined, and a tariff increase of 319.2% in the Edenor distribution cost from 16 February 2024 was approved, along with automatic monthly adjustments from May 2024, so as to maintain its real value, by means of an adjustment mechanism of the CPD that will take into consideration the Argentine Consumer Price Index (CPI), the Argentine Wholesale Price Index (WPI), and the Argentine Salary Variation Index prepared by the National Statistics Institute (INDEC). The tariff increases improve the financial position of the Group.

In light of the above, at the date of signing these financial statements, the Group has experienced a significant improvement in its economic performance compared to the situation as at 31 December 2021, mainly as a result of the improvements in the Argentine energy sector, the recently approved tariff increases, the agreements on the regularisation of the debt due with CAMMESA and the future prospects of periodic tariff adjustments.

On this basis, the Members have a reasonable expectation that the Group and the Partnership will have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing. Thus, they have adopted the going concern basis in preparing these financial statements.

Note 3 | Basis of preparation

Compliance with IFRS

The consolidated financial statements and Partnership financial statements for the 13-month period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), in conformity with the requirements of the Companies Act 2006, together with those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historic cost convention, except for the financial assets and financial liabilities measured at fair value through profit or loss and the net assets and results of the Group's operations in Argentina, an economy that is considered hyperinflationary, which are expressed in terms of the current measuring unit at the closing date of the reporting period. See note 4.2 for more details about the functional currency of a hyperinflationary economy.

The Partnership's functional currency is considered to be the currency of the primary economic environment in which it operates which is Pounds Sterling. The presentation currency for the consolidated and Partnership financial statements is US dollars. See note 4.2 for more details about functional and presentation currency. The Partnership's and the consolidated financial statements are prepared in US dollars (US$) and rounded to the nearest dollar.

Comparative information

Comparative information is not presented as this is the first year of incorporation of the Partnership. The first set of accounts has been prepared for the 13-month period, from 1 December 2020 to 31 December 2021.

Note 4 | Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are detailed below.

Note 4.1 | Changes in accounting policies

New accounting standards, amendments and interpretations issued by the IASB, that are effective as at 31 December 2021 and have been adopted by the Partnership

The Partnership has first applied the following standards and/or amendments during the 13-month period ended 31 December 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).

- Amendments to IFRS 16 “Leases”, in connection with rent concessions in the framework of the COVID-19 pandemic (amended in April 2021).

A number of other new and amended standards and interpretations issued by IASB have become effective for the first time since 1 December 2020. None of these new and amended standards and interpretations had a significant effect on the Group because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New accounting standards, amendments and interpretations issued by the IASB that are not effective as at 31 December 2021 and have not been early adopted by the Partnership

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the Partnership, in particular:

- IAS 1 Presentation of Financial Statements: It incorporates amendments to the classification of liabilities as current or non-current and amendments to non-current liabilities with covenants. It also incorporates the requirement that an entity disclose its material accounting policies rather than its significant accounting policies.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Sets out how to consider the cost of fulfilling a contract to classify it as Onerous Contracts).
- IFRS 17 Insurance Contracts (Sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts.
- IAS 12 “Income Tax”: sets out how to account the deferred tax on transactions such as leases and decommissioning obligations. It also incorporates amendments to IAS 12 Income Tax on International Tax Reform – Pillar Two Model Rules. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure.
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors (Sets differences between accounting policies and changes in accounting estimates, since it will depend on them whether they will be applied correctly retrospectively or prospectively).

Note 4.2 | Foreign exchange and hyperinflation

Functional and presentation currency

The individual financial statements of each Group entity are maintained in the currency of the primary economic environment in which it operates (its functional currency), which in the case of the Argentinean companies is the Argentine Peso and in the case of the Partnership is Pounds Sterling. For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in US dollars, which is the presentation currency for the consolidated and Partnership financial statements, to facilitate comparison with other utility companies.

The financial statements are presented in US$ and the exchange rates used were:

	US$ per £1 2021	AR$ per US$ 2021
Average Exchange Rate	1.3756	95.48
Closing Exchange Rate	1.3535	102.74

Functional currency of a hyperinflationary economy

According to IAS 29, the financial statements of an entity that reports in the currency of a hyperinflationary economy must be reported in terms of the current measuring unit at the balance sheet date, regardless of whether they are based on the historical cost method or the current cost method. Items such as monetary items that are already stated at the measuring unit at the balance sheet date are not restated. Other items are restated based on the change in the general price index between the date those items were acquired or incurred and the balance sheet date. The components of the income statement must be presented in the updated measuring unit on the date of presentation of the financial statements by applying a general price index from the date on which the income and expenses were accounted.

In order to determine whether an economy is considered hyperinflationary according to IAS 29, the Standard details a series of elements to be considered which include an accumulated inflation rate in three years that approximates or exceeds 100%. Hence, according to IAS 29, the Argentine economy must be considered as hyperinflationary since 1 July 2018.

The hyperinflation adjustment of initial prices during the period was computed taking into consideration the indices established by the FACPCE (Argentine Federation of Professional Councils in Economic Sciences) based on the price index published by the National Statistics Institute (INDEC).

The price indexes used for the restatement of the financial statements were:

- 1 December 2020 = 371.0211
- 31 December 2021 = 582.4575

The main procedures to determine the inflation adjustment are the following:

- All monetary assets and liabilities in the statement of financial position are not adjusted, since the financial statements are already re-expressed at the year-end exchange rate.
- Non-monetary assets and liabilities that were computed at cost prices at the date of the statement of financial position and the capital assets are adjusted based on the corresponding adjustment coefficients.
- All the elements in the income statement are updated applying the relevant conversion factors.
- Gains and losses in purchasing power arising from the net monetary position are recognised in the consolidated statement of income as a separate line under hyperinflation impact and amounted to US$108.1 million (Gain).

Transactions and balances

When preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the exchange rates prevailing on the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value denominated in foreign currencies are retranslated at the rates prevailing on the date on which the fair value was determined. The exchange differences that arise are included in the income statement for the period.

Foreign subsidiaries conversion

The results and financial positions of the Partnership's subsidiaries that have a functional currency different from the Partnership's currency are converted to the reporting currency as follows, depending on whether the functional currency is in a hyperinflationary environment or not.

Entities with non-hyperinflationary functional currency

- Assets and liabilities of the statement of financial position presented are converted at the exchange rate of the closing date of the statement of financial position.
- The share capital of the statement of financial position presented is converted at the historical exchange rate.
- Profits and losses in the income statement are converted at the annual average exchange rate (when the average exchange rate does not represent a reasonable approximation to the accumulated effect of the transaction exchange rates, the exchange rate at the date of the transaction or monthly averages are used).
- All exchange rate differences arising from this are accounted for in other comprehensive income.

Subsidiaries with hyperinflationary functional currency

- Assets, liabilities and capital from the statements of financial position, as well as income and expenses from the statement of income, are converted at the exchange rate on the closing date of the statement of financial position, after being adjusted to the functional currency.

Note 4.3 | Basis of consolidation

The consolidated financial statements include the financial statements of South American Energy LLP and its subsidiaries.

Subsidiaries are entities which are controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's interest therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination together with the non-controlling interests' share of profit or loss and each component of other comprehensive income since the date of control. The non-controlling interest of Members in an acquisition is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Note 4.4 | Business combinations

Business acquisitions are accounted for by applying the acquisition method. The consideration for the acquisition is measured at fair value, calculated as the sum, at the acquisition date, of the fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the Group and given in exchange for control of the acquired business. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value at that date, except that:

- deferred tax assets or liabilities and debts and assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;

- debt or equity instruments related to the replacement by the Group of share-based payment arrangements of the acquired company are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets that are classified as held for sale in accordance with the provisions of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the acquisition consideration, plus the amount of any non-controlling interest in the acquiree as well as the fair value of the equity interest in the acquiree held by the Group (if any) over the net, at the acquisition date, of the identifiable assets acquired and the liabilities assumed. If, as a result of the evaluation, the net, at the acquisition date, of the identifiable assets acquired and liabilities assumed exceeds the sum of the acquisition consideration, plus the amount of any non-controlling interest in the acquiree and plus the fair value of the equity interest in the acquiree held by the Group (if any), such excess shall be recognised immediately in the income statement as a bargain purchase gain.

When settlement of any part of the cash consideration is deferred, amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, which is the rate at which a similar loan could be obtained from an independent financial institution on comparable terms and conditions.

Contingent consideration is classified as either equity or financial liabilities. Amounts classified as financial liabilities are subsequently measured at fair value through profit or loss.

The Group has up to 12 months from the acquisition date to finalize the accounting for business combinations. In the event that the accounting for the business combination is not complete at year-end, the Group discloses this fact and reports the provisional amounts.

Note 4.5 | Property, plant and equipment

Property, plant and equipment, except for construction in progress, is valued at acquisition cost restated to reflect the effects of inflation, net of accumulated depreciation and recognised impairment losses. Depreciation is calculated by applying the straight-line method over the remaining useful life of the assets, which was determined on the basis of engineering studies.

Subsequent costs (major maintenance and reconstruction costs) are either included in the value of the assets or recognised as a separate asset, only if it is probable that the future benefits associated with the assets will flow to the Group, considering that these costs may be measured reliably and the investment improves the condition of the asset beyond its original state. Other maintenance and repair expenses are recognised in profit or loss in the year in which they are incurred.

In accordance with Edenor’s concession agreement, the Group may not pledge the assets used in the provision of the public service nor grant any other security interest thereon in favour of third parties, without prejudice to the Group’s right to freely dispose of those assets which in the future may become inadequate or unnecessary for such purpose. This prohibition does not apply in the case of security interests granted over an asset at the time of its acquisition and/or construction as collateral for payment of the purchase and/or installation price.

The residual value and the remaining useful lives of the assets are reviewed and adjusted, if appropriate, at the end of each fiscal year (reporting period).

- Land is not depreciated.

- Facilities in service (Buildings, Substations, High, medium and low voltage lines, Meters and Transformer chambers and platforms): between 30 and 50 years.

- Tools, furniture, vehicles, equipment and communications: between 5 and 20 years.

Construction in progress is valued based on the degree of completion and is recorded at cost restated to reflect the effects of inflation less any impairment loss, if applicable. Cost includes expenses attributable to the construction, when they are part of the cost incurred for the purposes of acquisition, construction or production of property, plant and equipment that necessarily takes a substantial period of time to get ready for its intended use. These assets begin to be depreciated when they are ready for use.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the sale proceeds with the carrying amount of the asset and are recognised within Other operating expense or Other operating income in the Statement of Comprehensive Income.

The Group considers three alternative probability-weighted scenarios and analyses the recoverability of its long-lived assets as described in Critical accounting estimates and judgments (Note 6.c).

Note 4.6 | **Interests in joint ventures**

The main conceptual definitions are as follows:

i. A joint arrangement takes place among two or more parties when they have joint control: joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

ii. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Such parties are called joint venturers.

iii. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators.

The Group accounts for its investment in joint ventures in accordance with the equity method. Under this method, the interest is initially recognised at cost and subsequently adjusted by recognising the Group's share in the profit or loss obtained by the joint venture, after acquisition date. The Group recognises in profit or loss its share of the joint venture's profit or loss and in other comprehensive income its share of the joint venture's other comprehensive income.

When the Group carries out transactions in the joint ventures, the unrealised gains and losses are eliminated in accordance with the percentage interest held by the Group in the jointly controlled entity.

The joint ventures' accounting policies have been modified and adapted, if applicable, to ensure consistency with the policies adopted by the Group.

Furthermore, taking into account that the interests in joint ventures are not regarded as significant balances, the disclosures required under IFRS 12 have not been made.

Note 4.7 | **Revenue recognition**

<u>Revenue from sales</u>

The Group supplies electricity to residential and business customers in its concession area, located in Buenos Aires, Argentina. The vast majority of contractual energy supply arrangements have no fixed duration, require no minimum consumption by the customer and can be terminated by either party at any time. The Group has determined that no enforceable rights and obligations exist at inception of the contract and arise only once the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term. The performance obligation is considered to be satisfied as the customer consumes the units of energy delivered. This is the point at which revenue is recognised.

In respect of energy supply contracts, the Group considers that it has the right to consideration from the customer for an amount that corresponds directly with the value delivered to the customer through their consumption. It is the judgement of the Group that the customer consumes energy as the Group supplies and, as a result, the Group recognises revenue for the amount which the entity has a right to invoice. The Group's assessment of the amount that it has a right to invoice includes an assessment of energy supplied to customers between the date of the last meter reading and the year end (known as unread revenue).

Unread electricity comprises unbilled revenue and is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalization of the accounts.

The Group holds a number of energy supply power contracts that specify a minimum consumption volume over a specified contractual term. The transaction price for these contracts is the minimum supply volume multiplied by the price determined by ENRE per unit of energy. Revenue from the sale of additional volumes is considered to be variable and not included in the transaction price. Revenue for these contracts continues to be recognised as invoiced.
Revenue from electricity supplied by the Group to low-income areas and shantytowns is recognised on the basis of an agreement (Framework Agreement) between Edenor and the national and provincial governments over the period in which the service is provided, under which Edenor provides a free service to these consumers and undertakes to make the necessary investments in infrastructure to ensure a safe and reliable service in these areas. In return, the national and provincial governments pay Edenor for the amount of electricity consumed by these consumers. The Group's revenue is recognised in accordance with the signed Framework Agreement for the period in which the service is provided and the national or provincial government assumes responsibility for paying for the consumption.

Note 4.8 | Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Note 4.9 | Trade and other receivables

a. Trade receivables

The receivables arising from services billed to customers but not collected as well as those arising from services rendered but unbilled at the closing date of each year are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

b. Other receivables

Other receivables are initially recognised at fair value (generally the original billing/settlement amount) and subsequently measured at amortised cost, using the effective interest rate method, and when significant, adjusted by the time value of money.

Receivables from electricity supplied to low-income areas and shantytowns are recognised in accordance with the Framework Agreement, signed between Edenor and the national and provincial governments; for the electricity supplied to these areas and the national or provincial government assumes responsibility for the payment of the consumption.

Note 4.10 | Inventories

Inventories are valued at the lower of acquisition cost restated to reflect the effects of inflation and net realisable value.

They are valued based on the purchase price, import duties (if applicable), and other taxes (that are not subsequently recovered), and other costs directly attributable to the acquisition of those assets.

Cost is determined by applying the weighted average cost (WAC) method.

The Group has classified inventories into current and non-current depending on whether they will be used for maintenance or capital expenditures and on the period in which they are expected to be used. The non-current portion of inventories is disclosed in “Property, plant and equipment”.

The valuation of inventories, taken as a whole, does not exceed their recoverable value at the end of the reporting period.

Note 4.11 | Financial assets

4.11.1 Classification

The Group classifies financial assets into the following categories: those measured at amortised cost and those subsequently measured at fair value. This classification depends on whether the financial asset is an investment in a debt or an equity instrument. In order for a financial asset to be measured at amortised cost, the two conditions described in the following paragraph must be met. All other financial assets are measured at fair value. IFRS 9 requires that all investments in equity instruments be measured at fair value.

a. Financial assets at amortised cost

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

i. The objective of the Group’s business model is to hold the assets to collect the contractual cash flows; and

ii. The contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal.

b. Financial assets at fair value

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

All investments in equity instruments are measured at fair value. For those investments that are not held for trading, the Group may irrevocably elect at the time of their initial recognition to present the changes in fair value in other comprehensive income. The Group’s decision was to recognize the changes in fair value in profit or loss.

4.11.2 Recognition and measurement

Purchases or sales of financial assets are recognised on the trade date, i.e., the date on which the Group agrees to acquire or sell the asset. Financial assets are derecognised when the rights to receive the cash flows from the investments have expired or been transferred and the Group has transferred substantially all the risks and rewards of the ownership of the assets.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition thereof, in the case that they are not measured at fair value through profit or loss.

The gains or losses generated by investments in debt instruments that are subsequently measured at fair value and are not part of a hedging transaction are recognised in profit or loss. Those generated by investments in debt instruments that are subsequently measured at amortised cost and are not part of a hedging transaction are recognised in profit or loss when the financial asset is derecognised or impaired and by means of the amortisation process using the effective interest rate method.

The Group subsequently measures all the investments in equity instruments at fair value. When it elects to present the changes in fair value in other comprehensive income, such changes cannot be reclassified to profit or loss. Dividends arising from these investments are recognised in profit or loss to the extent that they represent a return on the investment.

The Group reclassifies financial assets if and only if its business model to manage financial assets is changed.

The expected losses, in accordance with calculated coefficients, are detailed in Note 6.a).

4.11.3 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost which comprise mainly trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime ECL on trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate

ECL tests may include evidence that the debtors or group of debtors are undergoing significant financial difficulties, have defaulted on interest or principal payments or made them after they had come due, the probability that they will enter bankruptcy or other financial reorganisation, and when observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in payment terms or in the economic conditions that correlate with defaults.

In the case of financial assets measured at amortised cost, the amount of the loss allowance for ECL 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 at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss allowance for ECL is recognised in the Consolidated Statement of Comprehensive Income.

Cash, cash equivalents and financial assets measured at amortised cost are also subject to the impairment requirements of IFRS 9. If the identified impairment loss is material, the asset's carrying amount is reduced and the amount of the impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

4.11.4 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position, when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Note 4.12 | Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the relevant contract is signed. Subsequent to the initial recognition, they are remeasured at their fair value. The method for recognising the resulting loss or gain depends on whether the derivative has been designated as a hedging instrument and, if that is the case, on the nature of the item being hedged.

Note 4.13 | Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from their acquisition date, with significant low risk of change in value.

i. Cash and banks in local currency: at nominal value.

ii. Cash and banks in foreign currency: at the exchange rate in effect at the end of the year.

iii. Money market funds, which have been valued at the prevailing market price at the end of the period. Those that do not qualify as cash equivalents are disclosed in the financial assets at fair value through profit or loss account.

Note 4.14 | Equity

Changes in this account have been accounted for in accordance with the relevant legal or statutory regulations and the decisions adopted by the Members´ meetings.

a. Capital accounts

Capital accounts represent issued capital, which is comprised of the contributions committed and/or made by the Members.

b. Other comprehensive income (loss)

Represents recognition, at the end of the year/period, of the actuarial gain (loss) associated with the Group's employee benefit plans and the effect of translation currency adjustments.

c. Retained earnings

Retained earnings are comprised of profits or accumulated losses with no specific appropriation. When positive, they may be distributed, if so decided by the Members' Meeting, to the extent that they are not subject to legal restrictions.

Note 4.15 | Trade and other payables

a. Trade payables

Trade payables are payment obligations with suppliers for the purchase of goods and services in the ordinary course of business. Trade payables are classified as current liabilities if payments fall due within one year or in a shorter period of time. Otherwise, they are classified as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

b. Customer deposits

Customer deposits are initially recognised at the amount received and subsequently measured at amortised cost using the effective interest rate method.

In accordance with Edenor's concession agreement, the Group is allowed to receive customer deposits in the following cases:

i. When the power supply is requested and the customer is unable to provide evidence of their legal ownership of the premises;
ii. When service has been suspended more than once in a one-year period;
iii. When the power supply is reconnected and the Group is able to verify the illegal use of the service (fraud).
iv. When the customer is undergoing liquidated bankruptcy or reorganisation proceedings.

The Group has decided not to request customer deposits from residential tariff customers.

Customer deposits may be paid either in cash or through the customer's bill and accrue monthly interest at a specific rate of BNA (National Bank of Argentina) for each customer category.

When the conditions for which the Group is allowed to receive customer deposits no longer exist, the customer's account is credited with the principal amount plus any interest accrued thereon, after deducting, if appropriate, any amount owed by the customer to the Group.

c. Customer contributions

The Group receives goods or equipment (or the funds necessary to acquire or construct them) from specific customers for connection to the electricity network in order to provide services. These transactions are subject to individual agreements within the regulatory framework outlined in ENRE Resolution No. 215/12. Initially, these contributions are recognised as trade payables at fair value with a corresponding entry in property, plant and equipment. Subsequently, they are measured at amortised cost using the effective interest rate method.

These assets or equipment become part of the Group's assets and can be used to provide services to other customers, which is why these contributions are included in the Group's property, plant and equipment.

The liability recorded for these contributions depends on each individual agreement, which may be in kind (e.g., Kw of energy to be provided) or in cash.

d. Other payables

The financial liabilities recorded in Other payables and the advances for the execution of works, are initially recognised at fair value and subsequently measured at amortised cost.

The recorded liabilities for penalties accrued, whether imposed or not yet issued by the ENRE, and other provisions are the best estimate of the settlement value of the present obligation in the framework of IAS 37 provisions at the closing date of these financial statements.

The balances of ENRE penalties and discounts are updated in accordance with the regulatory framework applicable thereto and on the basis of the Group's estimate.

Note 4.16 | Borrowings

Borrowings are initially recognised at fair value, less direct costs incurred in the transaction. Subsequently, they are measured at amortised cost; any difference between the funds obtained (net of direct costs incurred in the transaction) and the amount to be paid at maturity is recognised in profit or loss during the term of the borrowings using the effective interest rate method.

Note 4.17 | Deferred revenue

Non-refundable customer contributions: The Group receives assets or facilities (or the cash necessary to acquire or build them) from certain customers for services to be provided, based on individual agreements. The assets received are recognised by the Group as property, plant and equipment with a contra-account in deferred revenue, the accrual of which depends on the nature of the identifiable services, in accordance with the following:

- Customer connection to the network: revenue is accrued until such connection is completed;

- Continuous provision of the electric power supply service: throughout the shorter of the useful life of the asset and the term for the provision of the service.

Note 4.18 | Employee benefits

- **Benefit plans**

The Group operates several benefit plans. Usually, benefit plans establish the amount of the benefit the employee will receive at the time of retirement, generally based on one or more factors such as age, years of service and salary.

The liability recognised in the Consolidated Statement of Financial Position in respect of benefit plans is the present value of the benefit plan obligation at the closing date of the period, together with the adjustments for past service costs and actuarial gains or losses. The benefit plan obligation is calculated annually by independent actuaries in accordance with the projected unit credit method.

The present value of the benefit plan obligation is determined by discounting the estimated future cash outflows using actuarial assumptions about demographic and financial variables that affect the determination of the amount of such benefits. The benefit plans are not funded.

The Group's accounting policy for benefit plans is as follows:

a. Service costs are immediately recorded in profit or loss, unless the changes to the benefit plan are conditional on the employees' remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight-line basis over the vesting period.

b. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in "Other comprehensive income" in the year/period in which they arise.

- **Edenor's share-based compensation plan**

Edenor has share-based compensation plans under which it receives services from some employees in exchange for Edenor's shares. The fair value of the services received is recognised as an operating expense in the "Salaries and social security taxes" line item. The total amount of the expense is determined by reference to the fair value of the shares granted.

When the employees provide the services before the shares are granted, the fair value at the grant date is estimated in order to recognise the related expense.

Note 4.19 | Income tax

In accordance with the Partnership's characteristics, all business losses and income are passed through the Partnership to the Members. The Members then report their share of the losses and income on their personal tax returns.

Therefore, the Partnership does not record any income taxes or deferred taxes for its own activity.

The income taxes and deferred taxes recorded by the Group correspond to those generated by its Argentine subsidiaries, Edelcos and Edenor.

The accounting policies and Argentine regulations applicable to the recognition of these taxes are described below:

The income tax is recognised in profit or loss, other comprehensive income or in equity depending on the items from which it originates.

The Group determines the income tax payable by applying the effective 35% rate, resulting from the application of the tax scale in effect, to the estimated taxable profit.

By means of Argentine Law No. 27,630, a change was introduced in the corporate income tax rate, applicable to fiscal years beginning from 1 January 2021. The tax is determined according to the following scale:

Accumulated net taxable profit		Amount to be paid AR$	Plus %	On the amount exceeding AR$
From AR$	To AR$			
Expressed in millions of AR$				
$ 0	$ 5	$ 0	25%	$ 0
$ 5	$ 50	$ 1.25	30%	$ 5
$ 50	onwards	$ 14.75	35%	$ 50

The amounts of the detailed scale will be adjusted annually, beginning 1 January 2022, taking into consideration the annual variation of the Consumer Price Index (CPI) provided by the National Institute of Statistics and Census (INDEC).

Additionally, deferred tax is recognised, in accordance with the liability method, on the temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Consolidated Statement of Financial Position. However, no deferred tax liability is recognised if such difference arises from the initial recognition of goodwill, or from the initial recognition of an asset or liability other than in a business combination, which at the time of the transaction affected neither the accounting nor the taxable profit.

The deferred tax is determined using the effective rate resulting from the application of the tax scale in effect at the closing date of the financial statements and which is expected to apply when the deferred tax assets are realised or the deferred tax liabilities are settled.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset recognised amounts and when deferred tax assets and liabilities relate to income tax levied by the same tax authority on the same taxable entity. Deferred tax assets and liabilities are stated at their undiscounted nominal value.

In accordance with the provisions of Argentine Law No. 27,430, the Group has applied the tax inflation adjustment set forth in Title VI of the Argentine Income Tax Law, effective for fiscal years beginning 1 January 2018, albeit with a limited scope of application for certain accounts.

For fiscal years ended in December 2021, the fourth fiscal year since the implementation of the tax inflation adjustment in Argentina, the threshold for its application is that the cumulative variation of the inflation index for the thirty-six months prior to the closing date of the relevant fiscal year be greater than 100%. In the fiscal year 2021, the aforementioned cumulative variation was verified, so the Group recognised the effect of the tax inflation adjustment in the calculation of the current income tax provision.

Note 4.20 | Leases

A right-of-use asset and a lease liability are recognised for lease contracts from the date on which the leased asset is available for use, at the present value of the payments to be made over the term of the contract, using the discount rate implicit in the lease contract, if it can be determined, or the Group's incremental borrowing rate.

Subsequent to their initial measurement, leases will be measured at cost less accumulated depreciation, impairment losses, and any adjustment resulting from a new measurement of the lease liability.

Note 4.21 | Provisions and contingencies

Provisions have been recognised in those cases in which the Group is faced with a present obligation, whether legal or constructive, that has arisen as a result of a past event, whose settlement is expected to result in an outflow of resources, and the amount thereof can be estimated reliably.

The amount recognised as provisions is the best estimate of the expenditure required to settle the present obligation at the end of the reporting year, taking into account the corresponding risks and uncertainties. When a provision is measured using the estimated cash flow to settle the present obligation, the carrying amount represents the present value of such cash flow. This present value is obtained by applying a pre-tax discount rate that reflects market conditions, the time value of money and the specific risks of the obligation.

The provisions included in liabilities have been recorded to face contingent situations that could result in future payment obligations. To estimate the amount of provisions and the likelihood of an outflow of resources, the opinion of the Group's legal advisors has been taken into account.

Note 4.22 | Balances with related parties

Receivables and payables with related parties are recognised at amortised cost in accordance with the terms agreed upon by the parties involved.

Note 5 | Financial risk management

Note 5.1 | Financial risk factors

The Group is exposed through its operations to the following financial risks: market risk (including foreign currency risk, price risk, interest rate risk), credit risk and liquidity risk. Management seeks to minimize the Group's exposure to those risks by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis.

The Group uses derivative instruments to hedge exposure to certain risks whenever it deems appropriate in accordance with its internal risk management policy.

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

a. Market risks

i. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is mainly exposed to currency risks on certain bank deposits, debtors and creditors denominated in a different currency from their functional currency.

The Group's exposure to foreign currency risk relates mainly to the US$ denominated balances of the Argentine subsidiaries based on the carrying amounts at the reporting date as follows:

	Amounts as at 31.12.21
Other receivables	2,167,490
Financial assets at fair value through profit or loss	46,043,656
Cash and cash equivalents	12,298,892
Trade payables	(12,240,277)
Borrowings	(141,227,618)
Other payables	(10,207,795)
NET BALANCE	**(103,165,652)**

Effect on profit of changes in exchange rates	**Group**
	Period ending 31 Dec 2021
Functional currency strengthening by 23% (1)	(19,291,138)
Functional currency weakening by 23% (1)	19,291,138

(1) Equivalent to the devaluation of the Argentine peso during 2021.

ii. Price risk

The Group's investments in listed equity instruments are susceptible to market price risk arising from the uncertainties concerning the future value of these instruments. Due to the low significance of the investments in equity instruments in relation to the net asset/liability position, the Group is not significantly exposed to the price risk of these instruments.

Furthermore, the Group is not exposed to commodity price risk.

iii. Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of cash flows of an instrument due to changes in market interest rates. The Group's exposure to interest rate risk is related mainly to the long-term debt obligations.

Indebtedness at floating rates exposes the Group to interest rate risk on its cash flows. Indebtedness at fixed rates exposes the Group to interest rate risk on the fair value of its liabilities. As of 31 December 2021, 99% of the loans were secured at fixed interest rates. The Group's policy is to keep the largest percentage of its indebtedness in instruments that accrue interest at fixed rates.

The Group analyses its exposure to interest rate risk in a dynamic manner. Several scenarios are simulated taking into account the positions with respect to refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a specific change in interest rates. In each simulation, the same interest rate fluctuation is used for all the currencies. Scenarios are only simulated for liabilities that represent the most relevant interest-bearing positions.

b. Credit risk

It is the risk of a financial loss as a consequence of a counterparty's failure to comply with the obligations assumed in a financial instrument or commercial contract. The Group's exposure to credit risk results from its operating (in particular from its commercial receivables from Edenor) and financial activities, including deposits in financial entities and other instruments. In this respect, the risk is limited because the counterparties are banks and other financial institutions with high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 31.12.21	Group 31.12.21
	Carrying value	**Maximum exposure**
Current financial assets		
Other receivables	7,495,127	7,495,127
Trade receivables	171,145,975	171,145,975
Financial assets at amortized cost	2,367,959	2,367,959
Financial assets at fair value through profit or lo:	150,565,192	150,565,192
Cash and cash equivalents	36,265,272	36,265,272
Non-Current financial assets		
Other receivables	1,232,000	1,232,000
	369,071,525	**369,071,525**

c. Liquidity risk

The Group monitors the risk of a deficit in cash flows on a periodical basis supervising the updated projections of the Group's liquidity requirements in order to ensure that there is enough cash to meet its operating needs.

The Group's liquidity risk is mainly dependent on its subsidiary Edenor's ability to fulfil the payable commitments with CAMMESA. At 31 December 2021 the deferred payments amounted to US$255.89 million, plus interest and charges for US$232.70 million.

The table below includes an analysis of the Group's financial liabilities, which have been classified into maturity groupings based on the remaining period between the closing date of the fiscal year and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

As at 31 December 2021	Overdue / No deadline	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Total
Trade payables, other liabilities and loans and other debts due from members	515,747,418	263,169,871	74,026,120	4,732,227	121,993,763	979,669,399
Borrowings	-	-	141,227,618	708,361	-	141,935,979
Total	**515,747,418**	**263,169,871**	**215,253,738**	**5,440,588**	**121,993,763**	**1,121,605,378**

The Partnership

As at 31 December 2021	Overdue / No deadline	Less than 3 months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Total
Trade payables, other liabilities and loans and other debts due from members	-	560	22,548	1,252,796	-	1,275,904
Total	**-**	**560**	**22,548**	**1,252,796**	**-**	**1,275,904**

With the agreements on regularisation of payment obligations with CAMMESA, signed in December 2022 and July 2023 (Note 2), the Group's overdue trade payables were reduced significantly and improve liquidity ratios.

Note 5.2 | Concentration risk factors

a. Related to customers

The Group's receivables derive primarily from the sale of electricity.

No single customer accounted for more than 10% of sales for the /period ended 31 December 2021.

b. Related to Edenor's employees who are union members

As of 31 December 2021, Edenor's employees are members of the Unions, Sindicato de Luz y Fuerza de Capital Federal (Electric Light and Power Labor Union of the Federal Capital) and Asociación del Personal Superior de Empresas de Energía (Association of Supervisory Personnel of Energy Companies). These employees´ labor cost depends on negotiations between Edenor and the unions; changes in employment conditions, such as conditions established in the collective labor agreements signed by Edenor with the labor entities representing the workers, the number of employees who are members of such entities or the amount of their remuneration, could have a significant impact on the Group's labor costs.

Note 5.3 | Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue operating as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors its capital on the basis of the net debt ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (current and non-current) less cash and cash equivalents. Total capital is calculated as equity as shown in the Statement of Financial Position plus net debt.

The net debt ratio as at 31 December 2021 was as follows:

	Group 31.12.21
Total liabilities	1,751,392,214
Less: Cash and cash equivalents and Financial assets at fair value through profit or loss	(186,830,464)
Net debt	1,564,561,750
Total equity	572,951,430
Total equity and net debt	2,137,513,180
Net debt ratio	**73.20%**

Note 5.4 | Fair value estimate

The Group classifies the measurements of financial instruments at fair value using a fair value hierarchy that reflects the relevance of the variables used to carry out such measurements. The fair value hierarchy has the following levels:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from the prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The table below shows the Group’s financial assets and liabilities measured at fair value as of 31 December 2021:

	Group Level 1	The partnership Level 1
At 31 December 2021		
Assets		
Financial assets at fair value through profit or loss:		
Government bonds	86,454,882	-
Mutual funds	64,110,310	-
Cash and cash equivalents:		
Mutual funds	13,145,586	-
Total assets	**163,710,778**	**-**

The value of the financial instruments traded in active markets is based on the quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are regularly available from a stock exchange, broker, sector-specific institution or regulatory agency, and those prices represent current and regularly occurring market transactions on an arms’ length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in active markets 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 specific estimates of the Group. If all the significant variables to establish the fair value of a financial instrument are observable, the instrument is included in level 2. There are no financial instruments that are to be included in level 2.

If one or more of the significant variables used to determine fair value are not observable in the market, the financial instrument is included in level 3. There are no financial instruments that are to be included in level 3.

Note 6 | Critical accounting estimates and judgments

The preparation of the consolidated financial statements requires the Group's Members to make estimates and assessments concerning the future, exercise critical judgments and make assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and revenues and expenses.

These estimates and judgments are continually evaluated and are based upon past experience and other factors that are reasonable under the existing circumstances. Future actual results may differ from the estimates and assessments made at the date of preparation of these financial statements.

Critical accounting estimates

The estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

a. Impairment of financial assets

The allowance for the impairment of accounts receivable is assessed based on the delinquent balance, which comprises all such debt arising from the bills for electricity consumption of small-demand (T1), medium-demand (T2), and large-demand (T3) customer categories that remain unpaid seven working days after their first due dates. The Group records an allowance by applying an uncollectability rate to the delinquent balances of each customer category that is determined according to each customer category, based on the historical comparison of collections made.
Additionally, when faced with temporary and/or exceptional situations, the Group may redefine the amount of the allowance, specifying and supporting the criteria used in all the cases.

The Group has performed a review of the financial assets it currently measures and classifies at fair value through profit or loss or at amortised cost and has concluded that they meet the conditions to maintain their classification; consequently, the initial adoption affected neither the classification nor the measurement of the Group's financial assets.

b. Revenue recognition

Revenue is recognised on an accrual basis upon delivery to customers, which includes the estimated amount of unbilled distribution of electricity at the end of each year. The accounting policy for the recognition of estimated revenue is considered critical because it depends on the amount of electricity effectively delivered to customers, which is valued on the basis of applicable tariffs. Unbilled revenue is classified as current trade receivables.

c. Impairment of long-lived assets

The Group analyses the recoverability of Edenor's long-lived assets on a periodic basis or when events or changes in circumstances indicate that the recoverable amount of the long-lived assets, which is measured as the higher of value in use and fair value less costs to sell at the end of the year, may be impaired.

The Partnership has no long-lived assets as at 31 December 2021.

The value in use is determined on the basis of projected and discounted cash flows, using discount rates that reflect the time value of money and the specific risks of the assets under consideration.

Cash flows are prepared based on estimates concerning the future performance of certain variables that are sensitive to the determination of the recoverable amount, among which the following can be noted: (i) nature, timing, and modality of the electricity rate increases; (ii) demand for electricity projections; (iii) development of the costs to be incurred; (iv) investment needs in line with the service quality levels required by the regulatory authority, and (v) macroeconomic variables, such as growth rates, inflation rates and foreign currency exchange rates, among others. The other variables have low impact on the calculation and have been estimated by the Group using the best available information.

The Group has made its projections under the assumption that in the next 35 years it will obtain the delayed electricity rates adjustments to which it is entitled in accordance with the applicable regulations, and has estimated a discount rate (WACC) of 16.24% in dollars, translating it into Argentine pesos (Edenor's functional currency) for the discount in each of the scenarios presented.

However, the Group is not in a position to ensure that the future performance of the assumptions used for making its projections will be in line with that which the regulatory bodies will define, for example, tariff adjustments, and future macroeconomic conditions, therefore, they could differ significantly from the estimates and assessments made at the date of preparation of these consolidated financial statements.

In order to consider the estimation risk included in the projections of the aforementioned variables, the Group has considered alternative scenarios taking into account subsequent events from 31 December 2021 to the date of these financial statements and weighted on the basis of probabilities of occurrence of future increases in VAD and CPD.

In all the scenarios, future payments under the payments plans resulting from the agreements for the outstanding debts with CAMMESA until February 2023 (Note 2) have been considered.

After having carried out the analysis of the recoverability of long-lived assets, as of the date of these consolidated financial statements, the Group has recorded no impairment of property, plant and equipment.

Sensitivity analysis:

The main factors that could result in impairment charges in future periods are: i) changes in the nature, timing, and modality of the electricity rate increases; ii) changes in the nature, timing, or method of the settlement of the debt with CAMMESA. These factors have been taken into account in the aforementioned scenarios. Due to the uncertainty inherent in these assumptions, the Group estimates that any sensitivity analysis that considers changes in any of them taken individually could lead to significant changes in the determination of the recoverable value.

d. Current and deferred income tax

A degree of judgment is required to determine the income tax provision as the Group has to evaluate, on an ongoing basis, the positions taken in tax returns in respect of situations in which the applicable tax regulation is subject to interpretation and, whenever necessary, make provisions based on the amount expected to be paid to the tax authorities. When the final tax outcome of these matters differs from the amounts initially recognised, such differences will impact both the income tax and the deferred tax provisions in the fiscal year in which such determination is made.

There are many transactions and calculations which makes the determination of tax uncertain. The Group recognises liabilities for eventual tax claims based on estimates of whether additional taxes will be due in the future.

Deferred tax assets are reviewed at each reporting date and reduced in accordance with the probability that the sufficient taxable base will be available to allow for the total or partial recovery of these assets. Deferred tax assets and liabilities are not discounted. The realisation of deferred tax assets depends on the generation of future taxable income in the periods in which these temporary differences become deductible. To make this assessment, the Group takes into consideration the scheduled reversal of deferred tax liabilities, the projected future taxable income, the prevailing rates to be applied in each period, and tax planning strategies.

The Partnership has no income tax and no deferred tax assets or liabilities.

e. ENRE penalties and discounts

The Group considers its applicable accounting policy for the recognition of ENRE penalties and discounts critical because it depends on penalisable events that are valued on the basis of the Group's best estimate of the expenditure required to settle the present obligation at the date of these financial statements. The balances of ENRE penalties and discounts are adjusted in accordance with the regulatory framework applicable thereto and have been estimated by the Group.

f. Contingencies and provisions for lawsuits

As a result of Edenor's activity, the subsidiary is a party to several complaints, lawsuits and other legal proceedings, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or compensation. The Group's potential liability with respect to such claims, lawsuits and legal proceedings may not be accurately estimated. The Group with the assistance of its legal advisors, periodically analyses the status of each significant matter and evaluates the Group's potential financial exposure. If the loss deriving from a complaint or legal proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded.

Provisions for contingent losses represent a reasonable estimate of the losses that will be incurred, based on the information available to Management at the date of the financial statements' preparation, taking into account the Group's litigation and settlement strategies. These estimates are mainly made by the Group's Management. However, if Management's estimates are proved wrong, the current provisions could be inadequate and result in a charge to the income statement that could have a material effect on the Statements of Financial Position, Comprehensive Income (Loss), Changes in Equity and Cash Flows.

The Partnership is not a party to any lawsuits or claims as at 31 December 2021.

Judgements

Judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

g. Business combination

Edenor acquisition

On 28 December 2020, Edelcos entered into a Stock Purchase Agreement (the SPA) with the Argentine company Pampa Energía S.A., for the transfer to Edelcos of 51% of the capital stock and voting rights of Edenor, the largest electricity distribution company in Argentina in terms of number of customers and electricity sold. This transaction was subject to certain precedent conditions including, among others, the approval of the relevant transfer and assignment by ENRE, the Argentine enforcement agency, which is responsible for the regulation of the distribution of electricity.

Purchase price and payment conditions

The Stock Purchase Agreement (SPA) considered a total price of US$100,000,000 to be paid as follows: (i) a down-payment for the amount of US$10,000,000; (ii) US$50,000,000 to be paid upon the Closing Date (30 June 2021); and (iii) US$40,000,000 to be paid one year from the SPA Closing Date (30 June 2022), bearing 10% interest to be paid quarterly as from the Closing Date of the SPA.

The first down-payment mentioned above was made by the Members by capital contributions to the Partnership in January 2021.

On 23 June 2021, by means of Resolution No. 207/2021, the ENRE authorised Pampa Energía S.A. to transfer all its Class A shares, accounting for 51% of Edenor's capital stock and voting rights, to Edelcos in accordance with the SPA mentioned above.

The second payment was made by Edelcos on 30 June 2021 by the proceeds obtained from a loan from the Partnership. The funding in the Partnership was through Members´ capital contributions to the Partnership between February 2021 and May 2021.

The total capital contributions made by the Members for the aforementioned first and second payments amounted to US$60,000,000 and were capitalised in the Partnership on 1 November 2021 (Note 23).

On 30 June 2021, the transfer of all Class A shares held by Pampa Energía S.A. to Edelcos was completed.

Consequently, from 30 June 2021, Edenor is controlled by Edelcos.

Finally, on 6 July 2022, Edelcos successfully completed the final payment to Pampa Energía S.A. through the financing of US$41 million provided by two non-related foreign finance companies for a term of two years and at a fixed annual rate of interest of 11% (Note 29).

Accounting treatment

Business acquisitions are accounted for by applying the acquisition method. The consideration in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the acquirer and delivered in consideration of the control of the acquired business. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and the liabilities incurred in the business combination are recognised at fair value at the acquisition date.

Edenor's valuation at the time of purchase

The Group has extensive knowledge of the electricity industry in Argentina. The Group also has the financial and business expertise to assess the risks associated with investments such as the acquisition of Edenor.

The Group analysed in detail the legal, tax and accounting aspects of the SPA, the other documents related to the transaction as well as Edenor's financial position, future cash flows and business perspectives throughout the acquisition process. In addition, the Group reviewed the historical financial statements filed by Edenor up to 30 June 2021 (Closing Date of the SPA).

The assets and liabilities recognised as a result of the acquisition are as follows:

	US$ Fair value 30.06.21 (*)
Cash and cash equivalents	100,428,766
Financial assets at fair value through profit or loss	53,975,833
Financial assets at amortized cost	3,780,939
Trade receivables	203,391,152
Other receivables	4,901,579
Inventories	30,364,451
Property, plant and equipment (1)	1,863,194,310
Right-of-use asset	4,511,791
Interest in joint ventures	97,447
Financial liabilities at amortized cost	(9,745)
Trade payables	(605,654,733)
Salaries and social security payable	(42,857,143)
Other payables	(143,958,293)
Borrowings (2)	(97,997,742)
Income tax payable	(4,346,131)
Tax liabilities	(17,228,610)
Deferred revenue	(17,491,717)
Benefit plans	(13,642,565)
Deferred tax liability (3)	(483,474,616)
Provisions	(40,937,439)
Net identifiable assets acquired	**797,047,534**
Less: non-controlling interest	**(390,553,292)**
Net assets acquired (US$362,592,274 in nominal terms) (*)	**406,494,242**
Less: Consideration (US$100,000,000 in nominal terms) (*)	**(112,107,806)**
Bargain purchase gain from acquisition of subsidiary	**294,386,436**
Deferred tax liability of the Group transaction (Note 32)	**(103,035,253)**

(*) As the transaction was executed by Edelcos in Argentina and its functional currency is the Argentine Peso, the amounts at 31 December 2021 differ from the nominal amounts due to hyperinflationary impact in accordance with IAS 29 - Note 4.2.

The Group has recorded the identifiable assets acquired and liabilities assumed at their fair values at the date of acquisition. A summary of the principal headings is set out below:

(1) Prior to the Group´s acquisition, Edenor performed an impairment analysis of its long-term assets as at 31 December 2020, in accordance with the key assumptions detailed in Note 6.c. ("Impairment of long-lived assets"). Based on this evaluation, Edenor recognised an impairment of property, plant, and equipment in its financial statements as of that date. Group Management has analysed changes in the key variables affecting the value in use calculation from 31 December 2020 to 30 June 2021, being the acquisition date. As there were no significant changes in the assumptions and scenarios used in the analysis performed by Edenor at 31 December 2020, the Group considered that the value recognised in the financial statements at 30 June 2021 was the fair value at the transaction date.

(2) Edenor's Borrowings as at 30 June 2021 were composed entirely of corporate notes. To calculate the fair value of the borrowings, the Group considered the market value of the corporate notes held by Edenor as at 30 June 2021.

(3) For the determination of the fair value of the deferred tax liability, the Group considered the values reported in Edenor's quarterly financial statements as at 30 June 2021 plus the adjustments made to the fair value of the borrowings, as they approximate their fair value.

For the remaining identified assets and liabilities, the Group considered the values reported in Edenor's quarterly financial statements as at 30 June 2021, as they approximate their fair value, taking into account the procedures undertaken by the Group.

Bargain purchase gain

As at 28 December 2020 (date of the SPA), Edenor was experiencing significant operating challenges, the most important of which were as follows:

- the lack of tariff adjustments since February 2019, which affected profitability;
- uncertainty regarding the refinancing of US$98.06 million of corporate notes maturing in October 2022;
- the growth in energy demand and therefore in the level of investment in infrastructure to guarantee service; and
- the suspension of payments for energy purchases from CAMMESA.

For these reasons, the Group acquired Edenor at a bargain price in the expectation of reversing this situation.

The gain recognised represents a deficit in the consideration transferred over the fair value of the identifiable net assets acquired. This gain was recognised in the Consolidated Statement of Comprehensive Income. This treatment is in accordance with IFRS 3, which states that if, as a result of the evaluation, the net amount of identifiable assets acquired and the liabilities assumed at the acquisition date exceeds the sum of the acquisition consideration, plus the amount of any non-controlling interest in the acquiree and plus the fair value of the equity interest in the acquiree held by the Group, such excess shall be recognised as a bargain purchase gain.

The acquisition-date fair value of the consideration transferred amounted to US$112,107,806 (US$100,000,000 in nominal terms). The acquired fair value of Edenor’s net assets was US$406,494,242 (US$362,592,274 in nominal terms). In accordance with IFRS 3, the Group recognised a bargain purchase gain of US$294,386,436 and also recognised a deferred income tax liability of US$103,035,253 (Note 32).

Deferred income tax

Argentinean tax law provides that a future sale of a subsidiary will generate a taxable event; therefore, a deferred tax liability was recognised for this item, following the assessment made by the Group's management in due time. As at 31 December 2021, the deferred tax liability recognised relating to the acquisition of Edenor amounts to US$103,035,253:

	Note	**31.12.21**
Deferred tax liability - Edenor acquisition	32	(103,035,253)

As a result of the business combination, these consolidated financial statements include the comprehensive income of Edenor for the period from 1 July 2021 to 31 December 2021 and the assets and liabilities as at 31 December 2021 (including the non-controlling interest at that date).

Note 7 | Interest in subsidiaries

Details of the Partnership's subsidiaries at 31 December 2021 are as follows:

Name	Country of incorporation	Registered address	Principal activity	Control	% Held 2021
Empresa de Energía del Cono Sur S.A. (Edelcos)	Argentina	1252 Maipú Ave., 12th Floor - City of Buenos Aires	Investment and provision of services related to the distribution of electrical energy, renewable energies and sustainable technology	Direct	99.99
Empresa Distribuidora y Comercializadora Norte S.A.(Edenor)	Argentina	6363 Del Libertador Ave., City of Buenos Aires	Electricity distribution	Indirect	51.00

The Partnership's subsidiary undertakings all have share capital consisting solely of ordinary shares.

Edenor's financial statements are available at www.cnv.gov.ar.

Edenor's Class "A" shareholders may transfer their shares only with the prior approval of the ENRE.

Description of the investments

Edelcos

The Partnership has a 99.99% direct interest in Empresa de Energía del Cono Sur S.A. (Edelcos) and that interest was financed via capital contributions and loan agreements.

Edelcos is a company incorporated under the laws of Argentina, it was established on 14 December 2020 and registered under the local regulatory authority on 15 January 2021. Edelcos aspires to become an energy leader, with a focus on sustainable energy projects to foster the wellbeing of the community by providing responsible, reliable, affordable, and clean energy, reducing carbon emissions.

On 28 December 2020, Edelcos entered into an SPA to acquire 51% of Edenor's share capital stock and voting power, subject to the Argentine Regulatory Authority for the Distribution of Electricity's approval. On 23 June 2021, the Argentine Regulatory Authority approved the transfer of shares representing 51% of the share capital which represents a controlling stake, and which subsequently took place on 30 June 2021 (Note 6.g).

Edenor

Edenor is a company (*sociedad anónima*) incorporated under the laws of Argentina. Edenor's activity is highly regulated and is subject to the terms and conditions of its concession agreement. 49% of Edenor's shares are traded on the Buenos Aires Stock Exchange and the New York Stock Exchange (NYSE).

Edenor is the largest electricity distributor both in terms of number of customers and energy sales in Argentina. The main purpose of Edenor is to engage in the distribution and sale of electricity within its concession area.

Edenor's concession area comprises 20 municipalities in the northwest of Greater Buenos Aires and the northern area of the Buenos Aires city in Argentina, representing a surface area of 4,637 square kilometers and a population of approximately 9 million inhabitants. It has a 20% market share in Argentina, providing electricity to approximately 3.3 million customers.

Due to the fact that the Group obtained control of Edenor on 30 June 2021, the figures of the Statement of Comprehensive Income (Loss) of the Subsidiary have been consolidated for the period from 1 July 2021 to 31 December 2021.

Note 8 | Interest in joint ventures

	Percentage interest held in capital stock and votes	Equity attributable to the members 31.12.21
SACME (Note 35)	50%	136,426

Agreement between Edenor and SACME

In accordance with the regulatory framework of the Argentine electricity industry, in the Buenos Aires metropolitan area, the company SACME was created as a joint venture between Edenor and Edesur (electricity distributor with the concession in the southern part of the metropolitan area of Buenos Aires) to supervise and control the transmission and sub-transmission system that provides the market areas transferred to those companies.

The purpose of this company is to manage, supervise and control the operation of both the electric power generation, transmission and sub-transmission system in the Buenos Aires metropolitan area and the interconnections with the Argentine network system, to represent distribution companies in the operational management with CAMMESA, and to carry out the necessary actions for the proper development of its activities.

At 31 December 2021, there are receivables and liabilities between the Group and SACME. See details in Note 34.

Note 9 | Contingencies and lawsuits

The Group has contingent liabilities and is a party to lawsuits that arise from the ordinary course of business of Edenor. The Group estimates that the outcome of the current contingencies and lawsuits will not result in amounts that either exceed those of the recorded provisions or could be significant with respect to the Group's financial position or the results of its operations.

As at 31 December 2021, contingent obligations and labor, civil and commercial complaints filed against the Group related to legal actions for individual non-significant amounts, total AR$4,518 million (US$44.02 million), for which a provision has been recorded as detailed below.

The Partnership is not a party to any lawsuits or claims as of 31 December 2021.

Included in non-current liabilities

	Group Contingencies
At 1.12.20	-
Edenor acquisition (1)	36,113,818
Additional provisions in the period	9,666,732
Hyperinflation impact	(6,986,943)
At 31.12.21	**38,793,607**

Included in current liabilities

	Group Contingencies
At 1.12.20	-
Edenor acquisition (1)	4,823,621
Additional provisions in the period	2,153,576
Used/Paid during the period	(760,086)
Hyperinflation impact	(984,213)
At 31.12.21	**5,232,898**

(1) Corresponds to Edenor's labour lawsuits, claims for incidents in public spaces and other civil demands.

Note 10 | Revenue from sales and energy purchases

A brief description of the main services provided by the Group (Entirely by Edenor) is below:

Sales of electricity

Small demand segment: (T1)	Residential use and public lighting (Less than 10 kilowatts over 15 consecutive minutes). Users are categorized by the Group according to their consumption.
Medium demand segment: (T2)	Commercial and industrial customers (Equal to or greater than 10 Kilowatts but less than 50 Kilowatts over 15 consecutive minutes). The Group agrees with the user the supply capacity.
Large demand segment (T3)	Large commercial and industrial customers (Greater than 50 Kilowatts over 15 consecutive minutes). In turn, this segment is subdivided into categories according to low, medium or high voltage.
Others	-Low-income areas and shantytowns. -Network usage fee: In the case of the service related to the Wheeling system, revenue is recognised when the Group allows third parties (generators and large users) to access to the available transmission capacity within its distribution system upon payment of a wheeling fee.

Other services

Right of use of poles	Revenue is recognised to the extent that the rental value of the right of use of the poles used by the Group's electricity network has been agreed upon for the benefit of third parties.
Connection and reconnection charges	Relates to revenue accrued for the carrying out of the electricity supply connection of new customers or the reconnection of already existing users.

Energy purchases

Energy purchase	The Group bills its users the cost of its purchases of energy, which includes charges for purchases of energy and power. The Group purchases electric power at seasonal prices approved by the ENRE. The price of the Group's electric power represents transmission costs and other regulatory charges.
Energy losses	Energy losses are equivalent to the difference between energy purchased and energy sold. These losses can be classified into technical and non-technical losses. Technical losses represent the energy lost during transmission and distribution within the network as a consequence of the natural heating of the conductors and transformers that carry electricity from power generation plants to users. Non-technical losses represent the remainder of the Group's energy losses and are mainly due to the illegal use of its services or the theft of energy. Energy losses require that the Group purchase additional energy in order to meet the demand and its Concession Agreement allows it to recover from its users the cost of these purchases up to a loss factor specified in its concession for each rate category. The current loss factor recognised in the tariff by virtue of its concession amounts to approximately 9.1%.

	13-month Period ended 31 December 2021 GWh	13-month Period ended 31 December 2021 US$
Sales of electricity		
Small demand segment (T1)	6,288	318,222,569
Medium demand segment (T2)	736	56,343,793
Large demand segment (T3)	1,778	147,164,295
Others	2,234	26,603,001
Subtotal - Sales of electricity	**11,036**	**548,333,658**
Other services		
Right of use of poles		3,946,599
Connection and reconnection charges		389,788
Subtotal - Other services		**4,336,387**
Total - Revenue		**552,670,045**
Energy purchases (1)	**13,426**	**(333,278,113)**

(1) For the 13-month period ended 31 December 2021, includes technical and non-technical energy losses for 2,390 GWh.

The Group's revenue arises entirely within Argentina.

Note 11 | Expenses by nature

The breakdown of expenses by nature is as follows:

Expenses by nature for the 13-month period ended 31 December 2021

Description	Transmission and distribution expenses	Selling expenses	Administrative expenses	Total
Salaries and social security taxes	55,934,516	8,828,688	12,288,053	**77,051,257**
Pension plans	1,520,172	233,873	321,575	**2,075,620**
Communications expenses	1,159,618	2,748,002	-	**3,907,620**
Allowance for the impairment of trade and other receivables	-	6,714,091	-	**6,714,091**
Supplies consumption	12,521,926	-	935,490	**13,457,416**
Leases and insurance	-	-	3,065,105	**3,065,105**
Security service	2,972,130	282,596	360,553	**3,615,279**
Fees and remuneration for services (1)	31,153,771	15,601,247	15,366,836	**62,121,854**
Public relations and marketing	-	1,071,916	-	**1,071,916**
Advertising and sponsorship	-	565,192	-	**565,192**
Reimbursements to personnel	-	-	9,745	**9,745**
Depreciation of property, plant and equipment	34,944,455	5,213,409	4,268,174	**44,426,038**
Depreciation of right-of-use asset	116,936	253,362	857,533	**1,227,831**
Edenor´s Directors and Supervisory Committee members' fees	-	-	126,681	**126,681**
ENRE penalties	8,507,113	1,987,916	-	**10,495,029**
Taxes and charges	-	260,081	-	**260,081**
Other taxes	-	9,423,114	1,292,567	**10,715,681**
Other	-	-	166,128	**166,128**
13-month period ended 31 December 2021	**148,830,637**	**53,183,487**	**39,058,440**	**241,072,564**

(1) Includes auditors' remuneration, detailed breakdown disclosed in Note 35.

The expenses included in the table above are net of the Group's expenses of salaries and social security taxes that are transferred to property, plant and equipment as at 31 December 2021 for US$12.05 million, as these expenses correspond to the construction of substations, electricity lines and other facilities (Note 14) and are capitalised accordingly.

Note 12 | Other operating income and other operating expenses

	Note	13-month Period ended 31 December 2021
Other operating income		
Income from customer surcharges		8,867,667
Commissions on municipal taxes collection		1,695,576
Fines to suppliers		818,554
Services provided to third parties		1,091,405
Income from non-reimbursable customer contributions		224,129
Construction plan Framework agreement	**2.d**	10,582,732
Total other operating income		**23,280,063**
Other operating expenses		
Retirement bonuses		(7,396,219)
Cost for services provided to third parties		(711,362)
Severance paid		(194,894)
Tax on bank debits and credits		(5,354,497)
Provision for contingencies	**9**	(11,820,308)
Disposals of property, plant and equipment		(808,809)
Other		(1,968,427)
Total other operating expenses		**(28,254,516)**

Note 13 | Finance income and finance costs

	13-month Period ended 31 December 2021
Finance income	
Interest income	444,833
Other finance income	48,723
Total finance income	**493,556**
Finance costs	
Commercial interest (1)	(124,771,000)
Financial interest	(20,275,422)
Fiscal interest	(19,489)
Exchange differences	(10,086,284)
Discount unwind on present value of receivables	(730,852)
Bank fees and expenses	(764,336)
Total finance costs	**(156,647,383)**

(1) Commercial interest represents interest on Edenor's debt with CAMMESA; this interest does not impact cash flows as at 31 December 2021. See note 2 for more detail on CAMMESA's debts and the agreements of debt regulations.

Note 14 | Property, plant and equipment

Group	Lands and buildings	Substations	High, medium and low voltage lines	Meters and Transformer chambers and platforms	Tools, Furniture, vehicles, equipment, communications and advances to suppliers	Construction in progress	Supplies and spare parts	Total
Beginning of the period - 1.12.20	-	-	-	-	-	-	-	-
Edenor acquisition - Cost	55,164,685	480,978,367	1,209,013,837	526,768,661	101,130,384	408,926,135	6,753,070	2,788,735,139
Additions	389,788	3,069,577	1,948,938	2,212,044	7,630,092	58,302,475	12,346,520	85,899,434
Disposals	-	-	(155,915)	(652,894)	-	-	-	(808,809)
Transfers	-	12,716,819	26,963,555	9,559,540	7,571,623	(42,184,759)	(14,626,778)	-
Cost at 31 December 2021	**55,554,473**	**496,764,763**	**1,237,770,415**	**537,887,351**	**116,332,099**	**425,043,851**	**4,472,812**	**2,873,825,764**
Beginning of the period - 1.12.20	-	-	-	-	-	-	-	-
Edenor acquisition - Accumulated depreciation	(11,186,903)	(163,252,777)	(475,570,064)	(211,186,903)	(64,344,182)	-	-	(925,540,829)
Depreciation charge	(574,937)	(8,458,390)	(20,317,677)	(10,173,455)	(4,901,579)	-	-	(44,426,038)
Accumulated depreciation at 31 December 2021	**(11,761,840)**	**(171,711,167)**	**(495,887,741)**	**(221,360,358)**	**(69,245,761)**	**-**	**-**	**(969,966,867)**
At 31.12.21								
Cost	55,554,473	496,764,763	1,237,770,415	537,887,351	116,332,099	425,043,851	4,472,812	2,873,825,764
Accumulated depreciation	(11,761,840)	(171,711,167)	(495,887,741)	(221,360,358)	(69,245,761)	-	-	(969,966,867)
Carrying amount at 31.12.21	**43,792,633**	**325,053,596**	**741,882,674**	**316,526,993**	**47,086,338**	**425,043,851**	**4,472,812**	**1,903,858,897**

- During the 13-month period ended 31 December 2021, the Group transferred expenses of salaries and social security taxes for US$12.05 million to construction in progress as these expenses correspond to the construction of substations, electricity lines and other facilities.

Note 15 | Financial instruments

Note 15.1 | Financial instruments by category

Group Financial instruments by category are as follows:

Group	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Non-financial assets	Total
At 31 December 2021				
Assets				
Trade receivables	171,145,975	-	-	171,145,975
Other receivables	8,727,127	-	13,603,828	22,330,955
Cash and cash equivalents				
Cash and Banks	20,147,556	-	-	20,147,556
Time deposits	2,972,130	-	-	2,972,130
Mutual funds	-	13,145,586	-	13,145,586
Financial assets at fair value through profit or loss:				
Government bonds	-	86,454,882	-	86,454,882
Mutual funds	-	64,110,310	-	64,110,310
Financial assets at amortised cost:				
Government bonds	2,367,959	-	-	2,367,959
Total	**205,360,747**	**163,710,778**	**13,603,828**	**382,675,353**

Group	Financial liabilities at amortised cost	Total
At 31 December 2021		
Liabilities		
Trade payables	750,049,033	750,049,033
Other payables	130,861,988	130,861,988
Loans and other debts due from Members	1,275,344	1,275,344
Borrowings	141,935,979	141,935,979
Total	**1,024,122,344**	**1,024,122,344**

The income, expenses, profits and losses resulting from each category of financial instruments are as follow:

Group	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
At 31 December 2021			
Interest income	444,833	-	444,833
Exchange differences	1,976,325	3,030,598	5,006,923
Gain on financial instruments measured at fair value through profit or loss	-	23,662,543	23,662,543
Total	**2,421,158**	**26,693,141**	**29,114,299**

Group	Financial liabilities at amortised cost	Total
At 31 December 2021		
Interest expense	(145,065,911)	(145,065,911)
Exchange differences	(15,093,207)	(15,093,207)
Total	**(160,159,118)**	**(160,159,118)**

Partnership Financial instruments by category are as follow:

The Partnership	Financial assets at amortised cost	Non-financial assets	Total
As of December 31, 2021			
Assets			
Other receivables	51,671,051	3,377	51,674,428
Cash and cash equivalents			
Cash and Banks	455,141	-	455,141
Total	**52,126,192**	**3,377**	**52,129,569**

The Partnership	Financial liabilities at amortised cost	Total
As of December 31, 2021		
Liabilities		
Other payables	560	560
Loans and other debts due from Members	1,275,344	1,275,344
Total	**1,275,904**	**1,275,904**

Group and Partnership Financial instruments categories have been determined based on IFRS 9.

Note 15.2 | Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired may be assessed based on external credit ratings or historical information:

Group:	31.12.21
Customers with no external credit rating:	
Group 1 (i)	125,004,872
Group 2 (ii)	16,176,184
Group 3 (iii)	29,964,919
Total trade receivables	**171,145,975**

(i) Relates to customers with debt to become due.
(ii) Relates to customers with past due debt from 0 to 3 months.
(iii) Relates to customers with past due debt from 3 to 12 months.

At the Consolidated Statement of Financial Position date, the maximum exposure to credit risk is the carrying amount of these financial assets.

Note 16 | Right-of-use asset

The Group leases commercial offices, two warehouses, the headquarters building (comprised of administrative, commercial and technical offices), the Energy Handling and Transformer Center (two buildings and a plot of land located within the perimeter of Puerto Nuevo and Nuevo Puerto Power Generation Plant) and Las Heras Substation. The Group's lease contracts have cancellable terms and lease periods of 2 to 3 years.

The leases recognised as right-of-use assets in accordance with IFRS 16 are disclosed below:

Group:

	31.12.21
Right-of-use asset by leases	**4,141,493**

The reconciliation of right-of-use assets is as follows:

	2021
Balance at beginning of the period	-
Edenor acquisition	4,511,791
Additions	857,533
Depreciation for the period	(1,227,831)
Balance at end of the period	**4,141,493**

Note 17 | Inventories

As at 31 December 2021, Inventories comprise spare parts and materials necessary for the operation, construction, or installation of electricity distribution networks as follows:

Current	Group 31.12.21
Supplies and spare-parts	**33,531,475**

As at 31 December 2021, the Group has non-current supplies and spare parts of US$4,472,812 and these are included in Property, plant and equipment (Note 14).

Note 18 | Other receivables

	Note	Group 31.12.21	The Partnership 31.12.21
Non-current:			
Related parties	**34**	1,176,683	648,833
Others		55,317	-
Total non-current		**1,232,000**	**648,833**
Current:			
Credits with the national and provincial government	**4.9 b.**	2,864,939	-
Judicial deposits and guaranties to suppliers		1,451,959	-
Advances for works, services, personel and materials		2,348,470	-
Tax credits (1)		13,603,828	3,377
Related parties	**34**	9,745	51,022,218
Credit for services complementary to electricity sales		613,915	-
Others		488,695	-
Allowance for the impairment of other receivables		(282,596)	-
Total current		**21,098,955**	**51,025,595**

(1) Comprises US$13.07 million of VAT tax credits and US$0.53 million of other Argentine tax credits.

The value of the Group's other financial receivables approximates their fair value.

The non-current other receivables are measured at amortised cost, which does not differ significantly from their fair value.

The reconciliation of the allowance for the impairment of other receivables is as follows:

	Group 2021	The Partnership 2021
Balance at beginning of the period	-	-
Edenor acquisition	896,511	-
Increase	3,011,109	-
Hyperinflation impact	(3,605,535)	-
Recovery	(19,489)	-
Balance at end of the period	**282,596**	**-**

The aging analysis of these other receivables is as follows:

Aging:	Group 31.12.21	The Partnership 31.12.21
Without expiry date	1,476,287	3,377
Past due	3,322,938	-
Up to 3 months	6,252,955	-
From 3 to 6 months	3,459,365	-
From 6 to 9 months	3,293,705	51,022,218
From 9 to 12 months	3,293,705	-
More than 12 months	1,232,000	648,833
Total other receivables	**22,330,955**	**51,674,428**

At the Statement of Financial Position date, the maximum exposure to credit risk is the carrying amount of each class of other receivables.

Note 19 | Trade receivables

	Group 31.12.21
Current:	
Sales of electricity – Billed	146,530,891
Receivables in litigation	2,465,406
Allowance for the impairment of trade receivables	(58,526,603)
Subtotal	**90,469,694**
Sales of electricity – Unbilled (*)	76,924,576
Government credits	3,732,216
Others	19,489
Total current	**171,145,975**

(*) These contract assets are recognised in accordance with IFRS 15 (unread electricity). See Note 4.7.

The value of the Group's trade receivables approximates their fair value.

The reconciliation of the allowance for the impairment of trade receivables is as follows:

	Group 2021
Balance at beginning of the period	**-**
Edenor acquisition	63,613,331
Provision for receivables impairment	6,743,325
Receivables written off in the period	(760,086)
Hyperinflation impact	(11,069,967)
Balance at end of the period	**58,526,603**

The aging analysis of these trade receivables is as follows:

	Group 31.12.21
Past due	46,141,103
Up to 3 months	125,004,872
Total trade receivables	**171,145,975**

At the Consolidated Statement of Financial Position date, the maximum exposure to credit risk is the carrying amount of each class of trade receivables.

The carrying amount of the Group's trade receivables is denominated in Argentine pesos.

Sensitivity analysis of the allowance for impairment of trade receivables:

-5% increase in the uncollectivity rate estimate

	31.12.21
Allowance	61,452,933
Variation	2,926,330

-5% decrease in the uncollectivity rate estimate

	31.12.21
Allowance	55,600,273
Variation	(2,926,330)

Note 20 | Financial assets at amortised cost

The Province of Buenos Aires, Argentina, issued bonds to pay the debts of provincial entities related to their consumption of energy owed to Edenor. These bonds matured on 7 September 2022 and were not eligible for trading in the stock market. As at 31 December 2021, the Group holds these Government bonds valued at amortised cost.

	Group 31.12.21
Government bonds	**2,367,959**

Note 21 | Financial assets at fair value through profit or loss

As at 31 December 2021, the Group holds financial assets such as government bonds, with maturities between March 2022 and July 2030, and mutual funds that are considered short term investments to be traded in the financial market and thus they are valued at fair value.

	Group 31.12.21
Government bonds	86,454,882
Mutual funds	64,110,310
Total Financial assets at fair value through profit or loss	**150,565,192**

Note 22 | Cash and cash equivalents

	Group 31.12.21	The Partnership 31.12.21
Cash and banks	20,147,556	455,141
Time deposits	2,972,130	-
Mutual funds	13,145,586	-
Total cash and cash equivalents	**36,265,272**	**455,141**

Note 23 | Capital accounts and profit shares

The capital of the Partnership is the amount contributed by each Member. The process for funding the Partnership Capital Accounts for the period ended 31 December 2021 is set out below.

Between 20 January 2021 and 5 May 2021, the Members made contributions to the Partnership totalling US$60,000,000 (£43,395,270 at the exchange rate prevailing at the time of each disbursement), which were capitalised on 1 November 2021. Details of the disbursements are as follows:

Contributing Member	Date	US$	British Pounds Sterling equivalent as per Exchange Rate in force at the Disbursement Date
Mr. Jose Luis Manzano	20/1/2021	3,326,667	2,436,494
Rochester Holdings LLP	20/1/2021	3,333,333	2,441,376
Mr. Daniel Eduardo Vila	20/1/2021	674,000	493,646
Global Income Fund Limited	20/1/2021	2,666,000	1,952,613
Mr. Jose Luis Manzano	26/2/2021	9,965	7,149
Equal Power Distribution SCSP	7/4/2021	1,000,000	727,590
Global Income Fund Limited	9/4/2021	1,000,000	728,704
Mr. Daniel Eduardo Vila	14/4/2021	1,000,000	725,531
Andina PLC	16/4/2021	1,000,000	723,066
Mr. Jose Luis Manzano	16/4/2021	1,000,000	723,066
Mr. Jose Luis Manzano	22/4/2021	1,576,721	1,141,520
Andina PLC	27/4/2021	3,600,000	2,588,066
Andina PLC	28/4/2021	3,500,000	2,518,892
Andina PLC	29/4/2021	6,000,000	4,304,778
Equal Power Distribution SCSP	30/4/2021	12,962,944	9,390,035
Rochester Holdings LLP	30/4/2021	2,703,703	1,958,495
Mr. Daniel Eduardo Vila	4/5/2021	4,333,334	3,118,853
Global Income Fund Limited	5/5/2021	10,313,333	7,415,396
Total contributions capitalised on 1 November 2021		**60,000,000**	**43,395,270**

The Members, through their Members´ Agreement, agreed on their profit and voting shares in the Partnership. After the above-mentioned contributions these percentages differ slightly, however they agreed to continue to maintain the same shares. In turn, certain variations arise as the contributions were made in US dollars over a period of time and therefore applying different exchange rates.

Following the above-mentioned contributions and capitalisation approved by the Members, as at 31 December 2021, the Members' Capital Accounts, Profit share and voting share are composed as follows:

Member	US$	British Pounds Sterling equivalent as per Exchange Rate in force at the Disbursement Date	Profit share	Voting share
Mr. Jose Luis Manzano	5,913,353	4,308,229	10.00%	10.00%
Andina PLC	14,100,000	10,134,802	23.40%	23.40%
Mr. Daniel Eduardo Vila	6,007,334	4,338,030	10.00%	10.00%
Rochester Holdings LLP	6,037,036	4,399,871	10.00%	10.00%
Global Income Fund Limited	13,979,333	10,096,712	23.30%	23.30%
Equal Power Distribution SCSP	13,962,944	10,117,626	23.30%	23.30%
Capital at 12.31.2021	**60,000,000**	**43,395,270**	**100.00%**	**100.00%**

Any further capital required by the Partnership shall be contributed by the Members in the same proportions, in which they are also entitled to share in profits and voting share.

Number of Partnership Members

The average monthly number of Members of the Partnership during the 13-month period ended 31 December 2021 was 5.

Members´ remuneration

According to the initial Members´ Agreement and its amendments, Members do not receive any remuneration from the Partnership.

Note 24 | Allocation of profits

The profits of the Partnership in each Accounting Period after taking into account drawings and such reserves as shall be agreed by Ordinary Resolution shall, unless otherwise agreed by Unanimous Resolution, be divided between and paid to the Members immediately after they have signed the Annual Accounts in respect of that Accounting Period.

On 24 May 2024, the Members unanimously decided to allocate the profits for the 13-month period ending 31 December 2021 to Retained earnings.

Note 25 | Trade payables

	Note	Group 31.12.21
Non-current		
Suppliers		3,576,301
Customer contributions	**4.15 c**	2,855,194
Total non-current		**6,431,495**
Current		
Payables for purchase of electricity - CAMMESA (1)		561,469,499
Provision for unbilled electricity purchases - CAMMESA (1)		92,379,653
Suppliers		83,289,396
Advances to customers		4,560,515
Customer contributions		311,830
Discounts to customers		360,553
Related parties	**34**	1,239,524
Other		6,568
Total current		**743,617,538**

The fair values of non-current customer contributions as of 31 December 2021 amount to US$0.45 million. The fair values are determined based on estimated discounted cash flows in accordance with a representative market rate for this type of transactions. The applicable fair value category is Level 3.

The value of the rest of the financial liabilities included in the Group's trade payables approximates their fair value.

(1) CAMMESA is the company responsible for regulating and operating the wholesale electricity market in Argentina. It is the sole supplier of electricity to Edenor.

Note 26 | Other payables

	Note	Group 31.12.21	The Partnership 31.12.21
Non-current			
ENRE penalties and discounts (1)		91,336,971	-
Lease Liabilities (2)		769,830	-
Total Non-current		**92,106,801**	**-**
Current			
ENRE penalties and discounts (1)		34,632,625	-
Related parties	**34**	1,344,767	-
Advances for works to be performed		126,681	-
Lease Liabilities (2)		2,611,577	-
Other		39,537	560
Total Current		**38,755,187**	**560**

The value of the Group's other financial payables approximates their fair value.

(1) Includes penalties imposed by the ENRE and other penalties accrued estimated based on current criteria, which may change in the future due to new resolutions or interpretations of existing ones.

The ENRE is empowered to control the quality levels of the technical product and service, the commercial service and the compliance with public safety regulations. If Edenor fails to comply with the obligations assumed, the ENRE may apply the penalties stipulated in its concession agreement.

(2) The reconciliation of the lease liability is as follows:

	Group 31.12.21
Balance at beginning of the period	**-**
Edenor acquisition	4,872,624
New leases	766,805
Repayment of leases	(2,367,959)
Exchange difference	433,639
Interest	623,660
Hyperinflation impact	(947,362)
Balance at end of the period	**3,381,407**
Current	2,611,577
Non-Current	769,830

As at 31 December 2021, future minimum payments with respect to finance leases are those detailed below:

	31.12.21
2022	3,702,982
2023	1,130,384
2024	58,468
Total minimum future payments	**4,891,834**

The Group has entered into contracts with certain cable television companies granting them the right to use the network poles. As of 31 December 2021, future minimum collections with respect to operating assignments of use are those detailed below:

	31.12.21
2022	7,084,389
2023	6,821,282
2024	19,489
Total minimum future receipts	**13,925,160**

Note 27 | Loans and other debts due to Members

Non-current

Member	Type of transaction	Note	Group 31.12.21	The Partnership 31.12.21
Mr. José Luis Manzano (1)	Loan	**34**	1,252,796	1,252,796
			1,252,796	**1,252,796**

Current

Member	Type of transaction	Note	Group 31.12.21	The Partnership 31.12.21
Andina PLC	Re-invoicing of expenses	**34**	22,548	22,548
			22,548	**22,548**

(1) Loan agreement between Mr. José Luis Manzano and the Partnership:

On 26 April 2021, The Partnership entered into a loan agreement with Mr. José Luis Manzano for US$1,203,068 at a fixed interest rate of 6% per annum, maturing on 27 April 2023, extendable to 27 April 2025 at the debtor's request. The Partnership exercised the extension right on 20 March 2023.

The Member's loan is denominated in the following currency:

	Group 31.12.21	The Partnership 31.12.21
US dollars	**1,252,796**	**1,252,796**

The maturities of the Member's loan and their exposure to interest rates is as follow:

	Group 31.12.21	The Partnership 31.12.21
Fixed rate		
Between 1 and 2 years	**1,252,796**	**1,252,796**

The reconciliation of the Member's loan is as follows:

	Group 2021	The Partnership 2021
Balance at beginning of the period	-	-
Loans received	1,170,466	1,170,466
Interest accrued	49,727	49,727
Exchange difference	32,603	32,603
Balance at the end of the period	**1,252,796**	**1,252,796**

Note 28 | Deferred revenue

	Group 31.12.21
Non-current	
Non-refundable customer contributions (1)	**16,439,291**
Current	
Non-refundable customer contributions (1)	**428,766**

(1) These liabilities correspond to the contra-account of the non-refundable assets or facilities (or the cash necessary to acquire or build them) recognised in property, plant and equipment received by the Group from certain customers, based on individual agreements (Note 4.17).

Note 29 | Borrowings

	Group 31.12.21
Non-current	
Borrowings	708,361
Total Non-current	**708,361**
Current	
Corporate notes (1)	98,099,786
Interest from corporate notes	1,900,214
Borrowings from Pampa Energía S.A. (2)	40,038,979
Other borrowings	1,188,639
Total current	**141,227,618**

The fair values of the Group's Corporate Notes as of 31 December 2021 amount approximately to US$87.53 million. Such values were determined on the basis of the estimated market price of Edenor's Corporate Notes at the end of the period. The applicable fair value category is Level 1.

The value of the rest of the borrowings included in the Group's Borrowings note approximates their fair value.

(1) Corporate Notes:

On 25 October 2010, Edenor issued Corporate Notes under its corporate debt program. These corporate notes bear a fixed interest rate of 9.75%, payable semiannually on April 25 and October 25 of each year. They mature on 25 October 2022. During 2022, Edenor successfully completed a debt restructuring process of its Class 9 Corporate Notes and the issuance of new Corporate Notes. See details in note 36.

Edenor allocated the funds for investments in property, plant and equipment, refinancing of financial debt, and working capital.

(2) Borrowings from Pampa Energía S.A.:

As part of the SPA with the Argentine company Pampa Energía S.A., for the transfer and assignment by the latter to Edelcos of 51% of the capital stock and voting rights of Edenor, as described in Note 6.g, Pampa Energía S.A. has loaned to Edelcos US$40 million, payable 12 months after the closing date of the SPA transaction on 30 June 2021. The loan bears interest at a fixed annual rate of 10%, payable quarterly.

On 6 July 2022, Edelcos successfully completed the last payment to Pampa Energía S.A. through the financing of US$41 million with two non-related foreign finance companies as follows:

-On 28 June 2022, Edelcos signed two loan agreements with Ebora S.A., a Swiss company, for a term of two years at a fixed annual interest rate of 11% for US$6.8 million and US$13.7 million.

-On 29 June 2022, Edelcos signed a loan agreement with Opportunity S.A., a Luxembourg company, for a term of two years at a fixed annual interest rate of 11% for an amount of US$20.5 million.

The Group's borrowings are denominated in the following currencies:

	31.12.21
AR Pesos	708,361
US Dollars	141,227,618
Total	**141,935,979**

The maturities of the Group's borrowings and their exposure to interest rates are as follow:

	31.12.21
Variable rate	
Between 1 and 2 years	708,361
Total	**708,361**

	31.12.21
Fixed rate	
Less than 1 year	141,227,618
Total	**141,227,618**

The reconciliation of the Group's borrowings during the period was as follows:

	2021
Balance at beginning of the period	-
Edenor acquisition	97,997,742
Valuation adjustment on corporate notes after acquisition of Edenor (fair value to amortised cost)	14,036,949
Borrowings received	46,588,010
Payment of interest	(6,853,129)
Interest accrued	3,994,933
Exchange difference	8,373,965
Hyperinflation impact	(22,202,491)
Balance at the end of the period	**141,935,979**

Note 30 | Salaries and social security payable

	Group 31.12.21
Non-current	
Seniority-based bonus	**3,878,386**
Current	
Salaries payable and provisions	40,528,162
Social security payable	3,235,237
Early retirements payable	233,873
Total current	**43,997,272**

The value of the Group's salaries and social security taxes payable approximates their fair value.

Early retirements payable corresponds to individual agreements. After employees reach a specific age, the Group may offer them this option. The related accrued liability represents future payment obligations, which, as of 31 December 2021, amount to US$0.23 million.

The seniority-based bonus included in collective bargaining agreements in effect consists of a bonus to be granted to personnel with a certain number of years of service. As of 31 December 2021, the related liabilities amount to US$3.94 million.

Salaries and social security costs for the 13-month period ended 31 December 2021 were as follows:

	Group Period ended 31 December 2021
Salaries	55,475,723
Social security taxes	21,575,534
Total salaries and social security taxes	**77,051,257**

As of 31 December 2021, the number of employees of the Group amounts to 4,668. The Partnership did not have any employees during the period.

Note 31 | Benefit plans

Edenor has benefit plans for its employees as of 31 December 2021. The details and amounts of the plans are shown below.

The defined benefit plans granted to Edenor's employees consist of a bonus for all employees who have the required years of service to retire and who have made the required contributions under the Argentine ordinary pension plans.

The amounts and conditions vary depending on the collective bargaining agreement and for non-unionized personnel.

	Group 31.12.21
Non-current	9,715,455
Current	1,276,554
Total Benefit plans	**10,992,009**

The breakdown of the benefit plan obligations as of 31 December 2021 is as follows:

	2021
Benefit payment obligations at beginning of the period	-
Edenor acquisition	13,642,565
Current service cost	185,149
Interest cost	1,890,470
Actuarial losses	(1,948,938)
Hyperinflation impact	(2,251,024)
Benefits paid to participating employees	(526,213)
Benefit payment obligations at end of the period	**10,992,009**

As of 31 December 2021, the Group does not have any assets related to post-retirement benefit plans.

The breakdown of the charge recognised in the Consolidated Statement of Comprehensive Income (Loss) is as follows:

	Period ended 31 December 2021
Cost	185,149
Interest	1,891,687
Actuarial results - Other comprehensive results	(1,950,155)
	126,681

The actuarial assumptions used are based on market interest rates for Argentine government bonds, past experience, and Group Management's best estimate of future economic conditions. Changes in these assumptions may affect the future cost of benefits and obligations.

The main assumptions used are as follow:

	31.12.21
Discount rate	5%
Real salary increase	1%
Inflation	57%

Sensitivity analysis:

The Group has performed sensitivity analyses on the two main assumptions and their effect on the Group's liabilities and comprehensive income at 31 December 2021:

1- An increase or decrease in the discount rate used in the actuarial assumptions (+/- 1%)

	31.12.21
Discount Rate: 4%	
Obligation	12,024,946
Variation	1,032,937
	9%
Discount Rate: 6%	
Obligation	10,114,987
Variation	(877,022)
	(9%)

2- An increase or decrease in the real salary increase used in the actuarial assumptions (+/- 1%)

	31.12.21
Real Salary Increase : 0%	
Obligation	10,076,009
Variation	(916,001)
	(9%)
Real Salary Increase: 2%	
Obligation	12,054,180
Variation	1,062,171
	9%

The expected payments of benefits are as follow:

	In 2022	In 2023	In 2024	In 2025	In 2026	Betwen 2027 and 2031
As at 31 December 2021						
Payment obligations	1,276,554	224,128	243,617	253,362	48,723	214,383

Estimates based on actuarial techniques imply the use of statistical tools, such as the so-called demographic tables used in the actuarial valuation of the Group's active personnel.

In order to determine the mortality of Edenor active personnel, the "1971 Group Annuity Mortality" table has been used. In general, a mortality table shows for each age group the probability that a person in any such age group will die before reaching a predetermined age. Male and female mortality tables are elaborated separately inasmuch as men and women's mortality rates are substantially different.

In order to estimate total and permanent disability due to any cause, 80% of the "1985 Pension Disability Study" table has been used.

In order to estimate the probability that the Subsidiary's active personnel will leave it or stay therein, the "ESA 77" table has been used.

Liabilities related to the above-mentioned benefits have been determined taking into consideration all the rights accrued by the beneficiaries of the plans through the closing date of the period ended 31 December 2021.

These benefits do not apply to Edenor's key management personnel.

The Partnership had no benefit plans at 31 December 2021.

Note 32 | Income tax and deferred tax

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

Group:	Edenor acquisition	Valuation adjustment after the acquisition of Edenor	Charged to Profit and loss	Charged to Other comprenhen-sive income	31.12.21
Deferred tax assets					
Trade receivables and other receivables	23,611,382	-	(1,851,491)	-	21,759,891
Trade payables and other payables	12,755,798	-	(694,300)	-	12,061,498
Salaries and social security taxes payable	6,548,431	-	(506,724)	(682,128)	5,359,579
Tax liabilities	526,213	-	(282,596)	-	243,617
Provisions	14,733,970	-	1,013,448	-	15,747,418
Deferred tax asset	**58,175,794**	**-**	**(2,321,663)**	**(682,128)**	**55,172,003**
Deferred tax liabilities:					
Property, plant and equipment	(481,602,027)	-	(15,221,204)	-	(496,823,231)
Financial assets at fair value through profit or loss	(6,129,409)	-	2,406,938	-	(3,722,471)
Borrowings (corporate notes)	(4,932,421)	4,912,932	9,745	-	(9,744)
Edenor acqisition (bargain gain) (1)	-	-	(103,035,253)	-	(103,035,253)
Tax inflation adjustment	(48,986,552)	-	12,970,180	-	(36,016,372)
Deferred tax liability	**(541,650,409)**	**4,912,932**	**(102,869,594)**	**-**	**(639,607,071)**
Net deferred tax liability	**(483,474,615)**	**4,912,932**	**(105,191,257)**	**(682,128)**	**(584,435,068)**

The breakdown of the income tax expense for the period includes two effects: (i) the current tax for the period payable in accordance with the tax legislation applicable to the Group; (ii) the effect of applying the deferred tax method which recognises the effect of the temporary differences arising from the valuation of assets and liabilities for accounting and tax purposes.

The breakdown of the income tax expense is as follows:

	31.12.21
Deferred tax	(105,191,257)
Current tax	(13,961,747)
Income tax expense	**(119,153,004)**

Income tax reconciliation:

Income for the year before taxes	243,398,100
Applicable tax rate	35%
Loss for the period at the tax rate	**(85,189,335)**
Loss on net monetary position	4,969,489
Adjustment effect on tax inflation	(39,090,591)
Non-taxable income	157,433
Income tax expense	**(119,153,004)**

The income tax payable, net of withholdings is detailed below.

	31.12.21
Income tax payable	24,408,055
Advances and withholdings	(8,218,527)
Income tax payable, net	**16,189,528**

The Partnership has no income tax and no deferred tax assets or liabilities.

Note 33 | Tax liabilities

Tax liabilities include provincial, municipal and Argentine federal contributions, VAT payable, tax and social security withholdings and other municipal taxes. The breakdown is as follows:

	Group 31.12.21
Provincial, municipal and federal contributions	1,276,554
VAT payable	2,221,789
Tax withholdings	263,107
Social security withholdings	851,082
Municipal taxes	2,270,513
Total current	**6,883,045**

Note 34 | Related-party transactions

The following transactions were carried out with related parties:

a. Income

Entity	**Detail**	**Group Period ending 31 Dec 2021**	**The Partnership Period ending 31 Dec 2021**
Edelcos	Loan interest	-	1,023,218

b. Expense

Entity	**Detail**	**Group Period ending 31 Dec 2021**	**The Partnership Period ending 31 Dec 2021**
Integra Capital S.A.	Technical advisory	(353,733)	-
Consultora MF S.R.L.	Technical advisory	(292,341)	-
Mr. Vila Daniel Eduardo	Technical advisory	(292,341)	-
SACME	Operation and oversight of the electric power transmission system	(2,397,194)	-
Mr. José Luis Manzano	Loan interest	(49,727)	(49,727)
		(3,385,336)	**(49,727)**

The balances with related parties are as follow:

c. Receivables and payables

Other receivables - non-current	**Detail**	**Ref.**	**Group 31.12.21**	**The Partnership 31.12.21**
Edelcos	Loan	1-	-	648,833
Andina Plc.	Loan	2-	1,157,194	-
SACME	Operation and oversight of the electric power transmission system		19,489	-
			1,176,683	**648,833**

Other receivables - current	**Detail**	**Ref.**	**Group 31.12.21**	**The Partnership 31.12.21**
Edelcos	Loan	1-	-	51,022,218
SACME	Operation and oversight of the electric power transmission system		9,745	-
			9,745	**51,022,218**

Other payables - current	**Detail**	**Ref.**	**Group 31.12.21**	**The Partnership 31.12.21**
Andina Plc.	Loan	3-	(1,159,618)	-
SACME	Operation and oversight of the electric power transmission system		(185,149)	-
			(1,344,767)	**-**

Loans and other debts due to Members - non-current	**Detail**	**Ref.**	**Group 31.12.21**	**The Partnership 31.12.21**
Mr. José Luis Manzano	Loan	4-	1,252,796	1,252,796
			1,252,796	**1,252,796**

Loans and other debts due to Members - current	**Detail**	**Group 31.12.21**	**The Partnership 31.12.21**
Andina Plc.	Re-invoicing of expenses	22,548	22,548
		22,548	**22,548**

Trade payables	**Detail**	**Group 31.12.21**	**The Partnership 31.12.21**
Integra Capital S.A.	Technical advisory	(474,386)	-
Consultora MF S.R.L.	Technical advisory	(382,569)	-
Mr. Vila Daniel Eduardo	Technical advisory	(382,569)	-
		(1,239,524)	**-**

According to IAS 24, paragraphs 25 and 26, the Partnership applies the exemption from the disclosure requirement of transactions with related parties when the counterpart is a governmental agency that has control, joint control or significant influence.

The main agreements with related parties that were in effect throughout period from 1 December 2020 to 31 December 2021 are detailed below:

1. Agreements between the Partnership and Edelcos

On 10 February 2021, the Partnership signed with Edelcos a loan agreement for US$50,000,000 to purchase Class "A" shares of Edenor (see Note 6.g). The loan accrued a fixed annual interest rate of 4% and had a maturity date of 28 February 2022.

On 12 May 2022, the Edelcos' Stockholders' Meeting resolved to capitalise such debt and, consequently, to approve a capital increase.

On 26 April 2021, the Partnership signed a second loan facility agreement with Edelcos for up to US$1,500,000 with a maturity date of 30 April 2023, with a right to extend to 30 April 2025, which Edelcos exercised on 20 March 2023, at a rate of 6% per annum. During the period the Partnership disbursed US$623,279. On 15 February 2022, Edelcos made a partial payment of principal for US$200,000.

2. Agreement between Edelcos and Andina Plc.

On 7 October 2021, Andina Plc entered into a loan agreement with Edelcos for US$1,150,000 at a fixed rate of 9.75 % per annum and maturing on 7 April 2023, with an option to extend for a further 18 months at the debtor's request. Andina Plc. exercised the extension right.

3. Agreement between Andina Plc. and Edenor

On 7 October 2021, Edenor entered into a loan agreement with Andina Plc. for US$1,150,000 at a fixed rate of 9.75 % per annum and maturing on 7 April 2023, with an option to extend for a further 18 months at the debtor's request. Edenor exercised the extension right.

4. Agreement between Mr. José Luis Manzano and the Partnership

On 26 April 2021, The Partnership entered into a loan agreement with José Luis Manzano for US$1,203,068 at a fixed rate of 6% per annum and maturing on 27 April 2023, with a right to extend to 27 April 2025 at the debtor's request. The Partnership exercised the extension right on 20 March 2023.

Other intra-group agreements:

Agreement between Edelcos and Edenor

The agreement comprises the provision to Edenor of technical advisory services especially on financial topics. It expires in December 2026, but may be extended if so agreed by the parties. In consideration of these services, Edenor pays Edelcos either an annual amount of AR$1,766 million (US$17.2 million at the exchange rate as at 31 December 2021) or the amount equivalent to 1.75% of the Edenor´s annual gross billing, whichever results in the higher amount, plus the related value added tax. Any of the parties may terminate the agreement at any time by giving 60 days' notice, without having to comply with any further obligations or paying any indemnification to the other party.

This agreement has no impact on these financial statements at 31 December 2021 as it is eliminated in the Group consolidation process.

Note 35 | Auditors´ remuneration

PricewaterhouseCoopers LLP and Price Waterhouse & Co. S.R.L. (member firms of the PricewaterhouseCoopers network) acted as our independent registered public accounting firms for the Group for the 13-month period ended 31 December 2021. The table below sets out the services they have provided to us and the fees (including related expenses) incurred during the period for such services, by category of service in US dollars.

Fees payable to the Partnership's auditors and associates:	Period ended 31 December 2021
For audit services	
Audit of the financial statements of the Group and the Partnership	115,048
Audit of the financial statements of the Partnership's subsidiaries	337,166
	452,214

There were no fees for non-audit services during the period.

Note 36 | Events after the reporting period

The following are the events that occurred subsequent to 31 December 2021:

- VAD increases. On 28 February 2023, the ENRE by means of Resolution No. 241/2023 approved the new electricity rate schedules for Edenor, applicable as from 1 April and 1 June 2023.

- Agreements for the Regularization of Obligations with CAMMESA - Resolution ENRE No. 292/2022 (Note 2).

- Payment of financial debt with Pampa Energía S.A., see Note 29;

- Edelcos General Shareholders´ meeting on 12 May 2022 - Capital increase through debt capitalisation (SAE loan for US$ 50 million).

- Restructuring of Edenor's financial debt:

On 12 April 2022, Edenor launched an offer to exchange its Class 9 corporate bonds due 25 October 2022 for new Class 1 corporate bonds due 2025, the issuance and placement of which was approved by Edenor on 12 May 2022.

On 25 October 2022, Edenor completed the voluntary redemption and exchange of its 9.75% interest bearing Class 9 Negotiable Obligations for a total of US$98.06 million.

The transaction included a debt exchange that was supported by 77.35% of the holders (US$75,855,000) in two tranches, with new Class 1 Negotiable Obligations - New York Law for a total of US$55,244,538 maturing in May 2025 being issued for the in-kind portion. These were listed as social bonds on the SVS (Social, Green and Sustainable) panel of the Buenos Aires Stock Exchange.

In addition, Series 2 was issued on 22 September 2022 for US$30,000,000 in hard dollars under Argentine law, maturing in November 2024.

- Recovery of the Group's deferred tax liability for the Edenor acquisition:

During fiscal years 2022 and 2023, certain changes in Edenor's regulatory framework caused it to improve its forecasts with respect to: i) its financial debt restructuring; ii) increases in VAD from April and June 2023, and; iii) signing of the agreements on regularisation of CAMMESA debt for energy purchased in the MEM.

In this context, as a result of these new events that took place in fiscal years 2022 and 2023, the Partnership has reassessed the allocation of the investment in Edenor. Considering the impact of the mentioned aspects on the expected future profits and its associated obligations, the Partnership has concluded that there is no intention to sell its stake in Edenor in the foreseeable future, thus maintaining its commitment as majority shareholder of the Subsidiary (through Edelcos) to enable it to comply with the provisions of its concession agreement and the related regulatory framework.

Consequently, in fiscal year 2022, the Group recorded a gain due to the reversal of the deferred tax liability caused by the bargain purchase gain on the Edenor acquisition in 2021. This subsequent event has no impact on these financial statements.