Company Registration No. 8095058 (England and Wales)

ANDINA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

ANDINA PLC

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ANDINA PLC

COMPANY INFORMATION

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GLOSSARY

ADEERA	Asociación de Distribuidores de Energía Eléctrica de la República Argentina (Argentine association of electric power Distributors)
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico (the company in charge of the regulation and operation of the wholesale electricity market)
ENRE	Ente Nacional Regulador de la Electricidad (National Regulatory Authority for the Distribution of Electricity)
EPRE	Ente Provincial Regulador Electrico (Mendoza's electricity market regulatory authority)
GWh	Gigawatt hour
ICSID	International Center for Settlement of Investment Disputes
IRAM	National Institute of Standardization and Certification
MEM	Mercado Eléctrico Mayorista (Wholesale Electricity Market)
RTI	Revisión Tarifaria Integral (Comprehensive Tariff Structure Review)
SEN	Secretaría de Energía de la Nación (National Secretary of Energy)
VAD	Valor Agregado de Distrubución (Distribution Added Value - Tariff)
UVA	Unidad de Valor Adquisitivo actualizable por "CER" (Purchasing Value Unit updatable by "CER")
CER	Coeficiente de estabilización de referencia (Reference stabilisation coefficient ,daily adjusted index, which is elaborated by the Argentine Central Bank (BCRA))

The Directors present their Strategic Report on the Group for the year ended 31 December 2023.

Introduction
Andina Plc ("Andina" or the "Company"), along with its subsidiaries (the "Group") is a Latin American energy group involved in two of Argentina's most significant electricity distribution utilities in terms of market share (Empresa Distribuidora de Electricidad de Mendoza S.A. and Empresa Distribuidora y Comercializadora Norte S.A.). Furthermore we participate in the electricity generation market through our interest in Hidroeléctrica Ameghino S.A. which operates a hydroelectric power plant, and we are currently focused on developing renewable energy projects through the building of a solar park by Andina Consultores y Servicios S.A.U.

In a future dependent on the expansion of the electricity distribution sector. Andina remains steadfast in its commitment to developing and managing sustainable infrastructure solutions. Our focus is on enhancing energy utilisation and converting the network to a smart grid; by doing so, we aim to ensure the reliability, affordability and accessibility to energy for all.

Mission and Values
Our mission is to furnish sustainable, reliable, and cost-effective energy through the harnessing of renewable resources and the development of intelligent grid systems. Furthermore, we aspire to guide our customers through the transformative role energy will play in future residences.

Our values are to always act with integrity, be responsible in serving the public's energy needs, and to develop future prospects via innovation and proactive measures.

Principal Activities
The Group's principal activity is electricity distribution within Argentina's regulated public domain. Our principal assets include an 11.9% stake in Empresa Distribuidora y Comercializadora Norte S.A. ("EDENOR"), acknowledged as the largest electricity distribution company in Argentina in terms of number of customers and electricity sold; we maintain a 51.0% controlling interest in Empresa Distribuidora de Electricidad de Mendoza S. A. ("EDEMSA"), the main electricity distribution company in the Province of Mendoza; and we own a 23.6% share in Hidroeléctrica Ameghino S. A. ("HASA"), a 60MW hydroelectric power facility located in the province of Chubut.

Business review
During 2023 the Argentine peso devalued by 355.0%, which impacted the Group's financial results and position. The Financial Statements should be read taking this into consideration.

In the fiscal year, the Group's revenue decreased from US$268.3 million in 2022 to US$174.3 million in 2023, mainly due to the devaluation of the Argentine peso during 2023 and to a lesser extent, due to the delay in the tariff update in addition to the decrease in electricity demand as a result of tariff increases.

The Group's total assets decreased from US$475.6 million at the end of 2022 to US$346 million at the end of 2023 mainly due to the devaluation of the Argentine peso during 2023.

Current liabilities decreased from US$258.2 million at the end of 2022 to US$87.2 million at the end of 2023, mainly due to the decrease in trade and other payables as a result of the payment plan agreed with CAMMESA (See Offer Letter for Debt Regularisation with CAMMESA) and because of the devaluation of the Argentine peso.

Borrowings, exclusive of leases, increased from US$15.8 million at the end of 2022 to US$35.6 million by the end of 2023. Current borrowings, exclusive of leases, increased from US$4.7 million at the end of 2022 to US$13.6 million at the end of 2023, primarily due to the 2024 maturity date of the Jenkins & Keane LLC loan, bank overdrafts, and new bank loans. Non-current borrowings, exclusive of leases, increased from US$11.0 million at the end of 2022 to US$22.0 million at the end of 2023 mainly due to the fair value valuation of the convertible loans.

Operating and financial review
Due to the continuing significant devaluation of the Argentine peso, the financial review has been prepared in both AR$ and US$ to facilitate a better understanding of the underlying business performance.

EDEMSA

Financial review

In 2023, EDEMSA sales saw a real-term decline of 4.9% in comparison to the prior year mainly due to the delay of the tariff update; and a 2.4% decrease in the sales volumes. Cost of sales increased by 2.2%, primarily due to higher prices from the Wholesale Electricity Market resulting from the removal of subsidies from the SEN (National Energy Secretary) throughout the year. Supply expenses also increased by 1.9%. This resulted in a decrease in gross margin from US$57.8 million in 2022 (AR$31,863 million) to US$27.3 million in 2023 (AR$22,044 million).

In 2023, there was a US$36.1 million (AR$29,098 million) gain on financial instruments measured at fair value through profit or loss due to a return on investments. Finance income of US$25.7 million (AR$20,728 million) was generated as a result of the CAMMESA debt restructuring completed at the end of 2023, which led to a valuation gain because of lower interest rates and payment plan instalments. Additionally, the exposure of EDEMSA's monetary liabilities to hyperinflation had an impact of US$80.9 million (AR$65,262 million).

As a result of these movements, post-tax profit increased from US$11.8 million in 2022 (AR$6,490.2 million) to US$64.4 million (AR$51,934.4 million) in 2023.

Operating review

During 2023, the amount of energy sold totalled 3,371.6 GWh, signifying a 2.4% decrease as compared to 2022.

Energy losses in 2023 reached a level of 16.3% (2022: 16.2%). Energy losses are equivalent to the difference between energy purchased and energy sold as a technical consequence of electricity transmission and distribution and as a non-technical consequence of illegal use of distribution services or the theft of energy.

Tariff update

EDEMSA’s Concession Agreement was granted in 1998 for a term of 30 years and was extended in 2023 for a period of 20 years. The Ente Provincial Regulador Eléctrico (“EPRE”) monitors EDEMSA’s compliance with the Concession Agreement and other local regulatory frameworks.

Every 5 years, the EPRE evaluates the tariffs under Comprehensive Tariff Structure Reviews (RTIs) and calls for Public Hearings prior to the provincial government setting the electricity rates to be applied by the concession holders.

Distribution tariffs are comprised of two components:

(1) the costs of acquiring energy and power in the MEM, including costs associated with transmission.
(2) VAD (Distribution Value Added) - which reflects the cost inherent to electricity distribution made up of the cost of network operation and maintenance costs and efficient marketing expenses for service supply.

Under the 5th RTI encompassing the period from 1 August 2018 to 31 July 2023, various tariff updates were implemented as a result of public hearings and decrees, with the intention of enhancing economic stability amidst Argentina's inflationary economy. Up to this period the distribution tariffs were adjusted semi-annually.

In April 2023 (Decree 749/23), the last VAD adjustment under the 5th RTI was announced.

In addition, on 23 March 2022, a 6th tariff period, spanning from 1 August 2023 to 31 July 2028, was initiated by resolution 63/22 of the EPRE. Following the public hearing on 28 July 2023, Decree 2348/23 was published instructing EPRE to update the tariff, which became effective on 1 November 2023 and 1 February 2024 (instead of August 2023). The aforementioned decree established that the tariff update (due to inflation) be quarterly and automatic, and therefore, not require a public hearing. In the inflationary economy in which Argentinian companies are operating, to the extent that the tariff rate adjustment is implemented according to current regulations, EDEMSA's economic and financial situation will significantly improve, as will the value of the business. These adjustments not only strengthen EDEMSA's economic well being but also bolster the Group's financial position.

CAMMESA debt

CAMMESA is the company responsible for the regulation and operation of the wholesale electricity market. EDEMSA purchases electricity from CAMMESA in order to facilitate electricity distribution to its customers in Mendoza. Persistent tariff disputes have led to significant indebtedness to CAMMESA. Various agreements and negotiations have been undertaken to address these financial obligations, with impacts extending into future financial years. These are outlined below.

Settlement of CAMMESA's debt prior to January 2016

In 2018, EDEMSA and CAMMESA agreed a payment plan for historic energy purchases incurred prior to 2016, with a fixed interest rate of 10.0% over the financing term from April 2018 to September 2025.

At 31 December 2023, EDEMSA owed CAMMESA US$1.5 million (2022: US$10.1 million) equivalent to AR$1.2 billion under this payment plan.

The payment plan establishes that the failure to pay plan instalments and/or the invoices whose due dates are during the term of the plan will cause the immediate and automatic expiration of the financing plan. The agreement is being fulfilled, no payments were missed since the inception of the payment plan and there are no unpaid instalments or invoices at the reporting date.

Agreement signed in 2023 to regularise CAMMESA obligations

Between 2018 and 2021, due to the tariff disputes and no updates to the tariffs, the Company did not make payments to CAMMESA and it accumulated debt with CAMMESA. With the intention of settling CAMMESA's current debt, and following a negotiation period, EDEMSA has entered into three agreements explained below:

1. *Agreement on the Special Regime for the Regularisation of Obligations*

On 29 December 2022, an Agreement on the Special Regime for the Regularisation of Obligations was signed by and between EDEMSA, EPRE, the SEN and the Government of the Province of Mendoza for the resolution of MEM's obligations. The main issues that were agreed were:

1.1 Recognition of the debt in favour of CAMMESA,
1.2 Recognition of the credit in favour of EDEMSA with the SEN,
1.3 Determination of the payment plan,
1.4 Renouncing of EDEMSA to any right, action or administrative, judicial, extrajudicial or arbitration claim in the Argentine Republic and/or abroad against the National State and/or CAMMESA and/or the Province of Mendoza, in relation to the rate freeze for the year 2020 provided for in Decree No. 311/20 and its extensions and/or in Laws No. 27,341, 27,431 and 27,541.
1.5 Closure of lawsuits filed against the National State and/or CAMMESA related to the debt with the Wholesale Electricity Market.

2. *Settlement Agreement with the Government of the Province of Mendoza*

On 3 January 2023, EDEMSA entered into a Settlement Agreement with the Province of Mendoza, reinforced by the publication of Decree 70/23 on 31 January 2023, aimed at resolving the disputes originated by the Unearned Income (as set out in Article 15 of Law 27.341) between 2008 and 2023 that should have been received by EDEMSA but remained unpaid for reasons attributable to the Province's obligations. In this Settlement Agreement, obligations were agreed for the Province of Mendoza and for EDEMSA, which are explained below.

The Province of Mendoza:

2.1 has granted EDEMSA a 20-year extension of the concession agreement for the electricity distribution service effective from 1 August 2028. In addition, it agrees not to offer EDEMSA's Class A shares for bidding, as the current holder expressed its intention to retain such ownership. Furthermore, the Province will not make any monetary claim against the Distributor for the extension of the concession agreement term,
2.2 reduces the concession fee (canon) from ten percent (10.0%) to six percent (6.0%) from the date this agreement becomes effective,
2.3 has committed, as the holder of Class B and C shares of EDEMSA, to take the necessary corporate actions to ensure that any profits eventually entitled to holders of Class B and C shares will be allocated to investments aimed at expanding the system and/or improving energy efficiency; and

2.4 undertakes to comply with the tariff update processes and to include in the tariff the costs incurred by EDEMSA for complying with the investment plan agreed with EPRE (See section 2.6), as well as the payment plans agreed upon 2018 (See Settlement of CAMMESA's debt prior to January 2016) and in 2023 (See Agreement signed in 2023 to regularise CAMMESA obligations).

In return, under this agreement, EDEMSA:

2.5 waives any administrative or judicial claims, whether filed or not, for Unearned Income accrued during 2008-2023, up to the date of signing the agreement,

2.6 agrees to make investments in its property, plant, and equipment in line with the 10-year investment plan agreed upon with EPRE (AR$ 17,000 million investment per year),

2.7 undertakes to obtain and deliver to the Government of the Province of Mendoza i) the ratification of the agreement by the shareholders´ meeting of EDEMSA and its shareholders, and ii) waive all administrative or judicial claims, whether or not filed to date. In particular, waives any claim – filed or not – before the International Center for Settlement of Investment Disputes (ICSID) against the Government of the Province of Mendoza and/or EPRE; and

2.8 the current holder of Class A shares should declare its intention to retain such ownership for the 20-year extension of the concession. This declaration was completed through a notarial notification dated 13 March 2023.

To comply with section 2.7 of EDEMSA's obligations outlined above, each of the EDEMSA shareholders had to approve the Settlement Agreement in a general meeting which was duly convened and held on 10 January 2023 for the AESA general meeting, 11 January 2023 for the SODEMSA, IADESA and Mendinvert S.A. general meetings and on 17 February 2023 for the EDEMSA general meeting.

3. Offer Letter for Debt Regularisation with CAMMESA

Following the agreements explained above and with the purpose of closing the negotiations with CAMMESA, on 4 September 2023, EDEMSA presented CAMMESA with an offer letter for the Regularisation of the obligations within the framework of the Deed Agreement mentioned in the previous section. The offer letter was accepted by CAMMESA on 14 September 2023. The main conditions agreed between the parties are detailed below:

- Recognition of debt with CAMMESA: EDEMSA owing MEM and CAMMESA a total of $14.0 million (AR$11,249 million), made up of i) the debt accumulated until 30 September 2020 of $11.9 million (AR$9,585 million) and ii) the debt accumulated between 1 October 2020 and 30 April 2022 of $2.1 million (ARS$1,664 million).
- Credits Recognised to EDEMSA: The Secretary of Energy recognised in respect of EDEMSA a credit of $4.8 million (AR$3,865 million), made up of: i) a credit of $3.8 million (AR$3,092 million) to be applied to the debt as of 30 September 2020, and ii) a credit of $1 million (AR$773 million) to be applied to the debt generated in the period between 1 October 2020 and 30 April 2022. On 18 September 2023, CAMMESA issued the Credit Notes corresponding to the recognised credits.
- Payment of the net debt: EDEMSA commits to the payment of the Recognised Debt less the recognised credits mentioned, yielding an original amount to finance of $9.2 million (AR$7,384 million). The payment plan considers a grace period of 6 months from the date of this agreement, a payment term of 96 monthly instalments (increasing instalments with semi-annual capitalisation) and an interest rate equivalent to 50.0% of the current rate in the MEM. In this context, the balance of refinanced and updated debt as of 28 January 2024 (end of the grace period) amounts to $21.9 million (AR$17,669 million) with the first instalment due and paid in February 2024.

In relation to the credits recognised by the SEN in the Agreement of 29 December 2022 and ratified by signing the Offer Letter for Debt Regularisation with CAMMESA of 31 August 2023, EDEMSA has recognised the effect of said credits in the current fiscal year.

The aforementioned credits correspond to the following concepts:

	US$'000
a) Demand benefit (2 invoices)	1,915.8
b) Tariff maintenance (1 invoices)	957.9
c) Service quality improvement investment plan (0.5 invoices)	478.9
d) Energy efficiency investment plan (0.5 invoices)	478.9
e) Art. 2° Res. 642/22 (1 invoices)	957.9
Total credits	4,789.4

The 'Demand Benefit' credits were granted to EDEMSA to reduce the overall debt payable to CAMMESA, in exchange for EDEMSA extinguishing debts with customers who had failed to pay the company. There is no financial impact of these credits on the income statement, as the impact was reducing the loans payable to CAMMESA, and receivable balances from delinquent customers, per the statement of financial position.

The effect corresponding to bullets b) and e) ($1.9 million) are shown in the line "Other operating income" of the Consolidated Income Statement.

In relation to bullets c) and d), these credits are required to be used solely for investments to be made by EDEMSA. These credits are recorded within 'Property, Plant and Equipment', in line with IAS 20 'Government Subsidies'.

On 31 December 2023, EDEMSA recognised a gain of $25.7 million (AR$20,728 million), resulting from the reduction of accrued interest and the initial recognition at fair value of the payment plan entered. At the end of 2023 the payment plan is valued at amortised cost and amounts to $11.0 million (AR$8,895 million).

The recognition of this agreement resulted in a 62.0% decrease in trade and other payables ($17.7 million (AR$14,303.3)).

EDENOR

Andina has an 11.9% indirect interest in EDENOR.

Financial review

The operating loss of EDENOR for the year ended 31 December 2023 was US$148.4 million (AR$119,786 million) compared to a loss of US$176.5 million (AR$97,311 million) in the previous year. This was mainly due to the delay in the tariff update during that year, and the increase in operating costs, necessary to maintain the level of the service, because of the inflationary context.

In 2023, EDENOR reported a post-tax profit of US$59.9 million (AR$48,371 million), marking a considerable shift from the post-tax loss of US$99 million (AR$54,398 million) in 2022. This is mainly due to the impact of the result of exposure of EDENOR’s monetary liabilities to inflation; and the recognition of a gain due to the extinguishment of debt amounts owed to CAMMESA, that resulted from the Obligation Regularisation Agreement signed on 29 December 2022 between EDENOR, ENRE and CAMMESA.

Operating review

The amount of energy sold in 2023 totalled 23,538 GWh, which represents a 3.1% increase compared to the previous year (22,826 GWh).

Energy losses for 2023 were 14.9%, showing a slight decline compared to the 15.9% recorded in the previous year, caused mainly by the implementation of the energy recovery actions carried out.

HASA

Andina holds a 23.6% shareholding interest in HASA.

Financial review

HASA recorded a profit after tax of US$0.3 million (AR$245.5 million) in the current year, compared to a loss of US$1.1 million (loss of AR$585.6 million) in 2022. Despite power generated in 2023 being 160 GWh, meaning an increase of 174.0% compared to the 58 GWh generated in 2022, sales in real terms decreased to US$1.9 million in 2023 (AR$1,540.7 million), down from US$2.9 million in 2022 (AR$1,607.7 million) mainly due to the delays in tariff updates.

Operating review

The total energy produced during the year was 160,469 MWh, which represents a 174.0% increase compared to the previous year (58,484 MWh), due to an increase in water supply from 1,516 hm3 in 2022 to 1,928 hm3 in 2023.

Water level

The reservoir water level is an indication of the amount of power that can be generated. The water level at the end of 2023 was 163.28 meters compared to 157.27 meters at the end of 2022 which represents an upward variation of 6.01 meters. The year-end level was above the target level of 162 meters above sea level mainly because the reservoir received water contributions above the historical average recorded.

ANDINA GROUP

KEY PERFORMANCE INDICATORS
The Directors use a range of performance indicators to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to facilitate the management of the business. They consider the following key performance indicators to be relevant in assessing performance.

Revenue
Sales provide a measure of the Group's activity that is influenced by the demand for electricity, the amount of electricity generated and energy prices. Revenue decreased from US$268.3 million (AR$147.939 million) in 2022 to US$174.3 million (AR$140.643 million) in 2023 mainly due to the devaluation of the Argentine peso during 2023 and to a lesser extent, due to the delay in the tariff update in addition to the decrease in electricity demand as a result of tariff increases.

Gross margin
This represents the margin generated by the core business and excludes all non-operating costs, such as financing costs and tax charges as well as any one-off items. Gross margin in US$ decreased from 21.5% in 2022 to 15.7% in 2023.

Future developments
Management's immediate priority remains securing equitable and sustainable electricity rates, essential for the long-term viability of the business and ongoing investments in infrastructure required to improve the quality and service provided to customers.

The implementation of the Deed Agreement accepted by CAMMESA on 14 September 2023, together with the Settlement Agreement with the Government of the Province of Mendoza, and the publication of Decree 2348/23 that established the tariff update (due to inflation) be quarterly instead of semi-annually is expected to strengthen EDEMSA's financial situation.

Environmental matters
The Group's electricity and gas consumption remained below 40,000 kWh annually, exempting the need for Streamlined Energy and Carbon ("SECR") reporting disclosures.

Employees
The Directors understand how important the workforce is to the long-term success of the business and are committed to keep it motivated and fully involved in all aspects of the business.

A way to measure the motivation of employees is through staff rotation. During 2023 the payroll remained at 720 employees (2022: 713 employees).

Subsequent events
Information about subsequent events is presented in note 30.

Principal risks and uncertainties
Information about the Group's and the Company's principal risks and uncertainties is presented on pages 9 - 10.

S172(1) statement
The S172(1) statement is presented on pages 11 - 12.

PRINCIPAL RISKS, FINANCIAL RISKS AND UNCERTAINTIES

Set out below are the key operating risks and uncertainties affecting the Group.

Tariff risk
The revenues of the Group's principal trading subsidiary EDEMSA and other entities within the Group, EDENOR and HASA, are subject to a regulated electricity tariff regime set by the national and provincial Government, which is revised on a specified periodic basis. The delay in the adjustment of rates could put the Group into financial difficulties.

Mitigation
The Group seeks to mitigate these risks by closely monitoring the fluctuations in key operating costs and by implementing hedging strategies to minimise the impact on financial performance. The Group engages in regular presentations and negotiations with the regulator to advocate for necessary inflation and tariff adjustments.

Currency and hyperinflation risk
The Company has liabilities denominated in US Dollars; however, the Group's operations are denominated in Argentine Pesos. The Argentine economy has experienced significant volatility in recent decades, characterised by periods of low or negative growth, high levels of inflation and significant depreciation of the Argentine Peso, which is the functional currency of the Group's operations, and, from 1 July 2018, qualified as a currency of a hyperinflationary economy.

Since September 2019, the Argentine Government has adopted a series of measures reinstating foreign exchange controls that limit the Group's ability to access foreign currency and external financing. Through 2023, high inflation levels and the Peso's depreciation remained. These factors pose significant risks to the Group's liquidity and ability to access credit, capital markets and payment of goods that are necessary for the provision of its services.

Mitigation
The Group seeks to mitigate this risk through the strategic use of financial instruments denominated in foreign currency (US Dollar) as well as the extension of lead times and the development of new local suppliers.

Political and regulatory interventions risk
The Group's operations are based in Argentina and are subject to Argentine laws and regulations. The Argentine Government has historically exercised significant influence over the economy publicising numerous, far-reaching regulations and reforms affecting the economy and in particular, electricity companies. Amendments to laws and regulations governing the Group's operating activities or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on the Group.

Mitigation
The Group utilises reputable legal representatives in Argentina to continuously monitor the legal and regulatory regime. Periodic meetings are held with Argentine tax advisers to review fiscal changes and regulatory requirements. The updates are typically undertaken on a monthly basis. In addition, the Group is a member of ADEERA (Asociación de Distribuidores de Energía Eléctrica de la República Argentina) which consistently works with the Argentine authorities to assist in the understanding of regulatory constraints and in the modification of legislation designed to clarify inconsistencies and interpretations of the law.

Plant operation risk

The failure of an essential component or a severe weather event affecting any of the Group's operating assets will impact the Group's ability to distribute and generate electricity through plant outages or restrictions on operations. The Group's assets have been in service for a substantial amount of time and aging is a significant factor in many areas. A significant plant component failure or a critical non-replaceable plant item failure may affect the operating lifetime of the station.

Mitigation

The plan to mitigate the risks associated with the failure of an essential component in any of the Group's operating assets involves a risk-based maintenance program designed to identify and prioritise activities based on the level of risk posed by each component. This way, the Group can ensure that critical components are inspected and maintained more frequently, reducing the likelihood of unexpected failures. Moreover, the Group manages the supply chain for strategic stock holding levels, delivers lead times and monitors market conditions. Additionally, the program is monitored by regulatory bodies, including the ENRE and EPRE, to ensure compliance with industry standards and regulations. With regards to significant weather events, the Group undertakes major incident and crisis management assessments and preparation. Consequently, the Group can minimise the risk of plant outages or restrictions on operations.

Cyber Security Risk

Unauthorised access or compromised operational technology networks could result in a loss of the automated network control and electricity outages for customers, as well as in a loss of large volumes of sensitive data.

Mitigation

We commit significant resources to maintain the security and integrity of our systems, data and technology infrastructure, by continuously investing in the network. Stringent policies and procedures are in place to provide controls over network security, asset monitoring and management, data integrity, back-ups and incident response.

Safety Risk

There is a risk of significant injury or loss of life to employees, contractors or the public as a result of the operational business activity.

Mitigation

Safety controls focus on well-established risk management procedures including safety policies, procedures, standards, risk assessments, and action plans, as well as competency and Health and Safety training and a clear objective on safe behaviours and secure workplace.

SECTION 172 (1) STATEMENT

The Directors are required to explain how they consider the interests of key stakeholders and the broad matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company and the Group under S172(1). This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company and the Group.

This S172(1) statement explains who the Company's and the Group's stakeholders' groups are, their material issues and how the Directors of Andina relate to them and their expectations, including the principal decisions made by the Company and the Group during the financial year. The S172(1) statement focuses on matters of strategic importance to Andina, and the level of information disclosed is consistent with the size and the complexity of the business.

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's and the Group's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term
Our long-term success is linked to the delivery of an efficient electricity distribution service for our customers that contributes to improving people's quality of life, the development of the business and the community, as well as that of our employees and stakeholders. The Directors are mindful that their strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed, balancing the different priorities and interests of stakeholders in a way compatible with the long-term, sustainable success of the business. Moreover, strategic and operating plans also are discussed annually with the regulator.

172(1) (B) The interests of Andina's employees
Andina's employees are core to the business and fundamental to its operational success. The Directors understand how important the workforce is to the long-term success of the business and are committed to keep it motivated and fully involved in all aspects of the business. Significant efforts are being made to ensure that Andina remains a responsible employer when it comes to payroll, benefits, health, safety, and a positive working environment, such as:

- strict health and safety monitoring;
- technical and soft skills training;
- scholarship plans for relatives;
- communication apps and multisectoral meetings; and surveys.

Policy for disabled employees: Applications for employment by disabled persons are fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, efforts are 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 engagement statement: The Group's policy is to consult and discuss with employees, through unions, staff councils and their representatives, on a regular basis, all matters likely to affect employees' interests. Information about matters of concern to employees is given through e-mails and WhatsApp messages to achieve a common awareness for all employees of the factors affecting them.

S172(1) (C) The need to foster Andina's business relationships with suppliers, customers and others
Maintaining solid and mutually beneficial relationships with suppliers, customers and governments are fundamental pillars for Andina's operational success. With the objective of boosting these working relationships effectively, the Group seeks the promotion and application of the following general principles:

Customers
- Putting customers at the centre of our strategy.
- Regular monitoring of customer satisfaction rates.
- Good quality and time saving customer service.
- Implementation of new customer service communication channels such as WhatsApp.
- Improvements to the web pages, by incorporating automations and new online management procedures.

S172(1) (C) The need to foster Andina's business relationships with suppliers, customers and others (Continued)

Partners and suppliers

- Tenders to ensure equal opportunities for suppliers and the best commercial outcome for the business.
- Health and Safety control plans throughout the value chain.

Governments and regulators

- Continuous dialogue with the government regarding the tariff update and participation in policy debates of interest to Andina and the communities in which it operates.

S172(1) (D) The impact of Andina's operations on the community and the environment

Electricity is crucial for communities and impacts businesses and homes daily. The Directors believe that working closely with communities is important and so Andina regularly consults local people and Non-governmental Organisations (NGOs) on the ways in which the Group's activities could impact the local community or the environment. The Group actively participates in numerous community projects such as:

- PLEC (Light at Home Program): since 2005 this program has helped 100,000+ people (25,000 families) to access electricity in a safe and economically affordable way;
- alliances with organisations such as Junior Achievement, and FONBEC (Scholarships) to support the education of young people from poor backgrounds;
- sponsoring of charitable social plans;
- annual environmental audits;
- connection with local communities through social media, community workshops and training; and
- management of emissions and waste.

The Group utilises the Integrated Management System (IMS) to ensure continuous monitoring of environmental management and ongoing compliance with ISO 9001:2015 Quality Management and ISO 14001:2015 Environmental Management. The Group is subject to annual external environmental audits certified by IRAM (National Institute of Standardization and Certifications).

S172(1) (E) The desire of Andina to maintain a reputation for high standards of business conduct

The desire of Andina to maintain its reputation for high standards of business conduct, translates into the Board of Directors' intention to behave responsibly and to guarantee that the business is managed in a responsible manner and to promote a culture of integrity, trust and good governance. The Board ensures that the mission and values of the Company supports this, and our engagement with all stakeholder groups reflects that this aim is embedded across the business and impacts the decisions taken throughout the organisation.

S172(1) (F) The need to act fairly as between members of the Company and the Group

With the aim to promote a culture of good corporate compliance and integrity, the Company follows a corporate governance framework and code of conduct which allows the Directors to understand the views of the shareholders. This permits the Directors to both effectively and constructively engage with and report to the shareholders.

On behalf of the board

Javier Alvarez
Director
25 September 2024

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2023.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Javier Alvarez
Mr Neil Bleasdale
Mr Julian Collins
Mr Marcelo Comba
Mrs Valeria Inés de Oliveira Cézar
Mrs Maria Fernanda Martinez
Mr Ricardo Nicolás Mallo Huergo
Mrs Cecilia Alversa (Resigned 24 May 2024)
Mrs Maria Lucila Seco

During the year, none of the Directors had an interest in any contract which was material to the business of the Company, except the US$1.4 million loan from Neil Bleasdale to Andina Electricidad S.A. (please see note 19).

Results and dividends
The results for the year are set out on page 19 - 20.

No ordinary dividends were paid or proposed during the year (2022: US$nil). The Directors do not recommend payment of a dividend.

Future developments
Details of post balance sheet events are included in note 30.

Political donations and political expenditure
Andina is a politically neutral organisation and made no political donations during the year.

Customer support and supplier management
We enable the delivery of safe and reliable energy to our customers through operational excellence. To support this goal, we have recently improved our phone support service and enhanced our chatbot for automatic assistance, achieving a resolution rate of 87.6% for issues resolved automatically.

Part of our commitment to operational excellence involves working with responsible and efficient suppliers. In 2023, however, challenges in managing the Purchasing and Logistics Department intensified due to the Central Bank's foreign currency regulations and the AFIP's import restrictions. These issues led to extended delivery times, increased costs, and changes to agreed commercial terms, resulting in shortages of basic materials and supplies. Despite these difficulties, our efforts to maintain reasonable stock levels ensured that our planned projects were not interrupted.

Directors' third party indemnity provisions
The Company has had qualifying third party indemnity provisions for the benefit of its Directors throughout the year. These provisions remain in force at the reporting date and at the date of approval of the financial statements.

Financial instruments
Details of financial risks are included in the Principal Risks and Uncertainties on pages 9 – 10 of the Strategic Report and note 25 to the financial statements.

Greenhouse gas emissions and energy use
Information concerning environmental disclosures is included on page 8 of the Strategic Report.

Independent Auditors
The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Going concern
The Directors have reviewed the cash position of the Group and the Company for a period up to 31 December 2025, considering tariff updates, currency fluctuations and scheduled borrowings payments, and payment plans. They consider it appropriate that the financial statements be prepared on the going concern basis for the reasons set out below.

At 31 December 2023, the Group had net current liabilities of US$5.5 million (2022: $145.5 million) and debt of US$25.2 million (2022: $13.9 million), and the Company had net current liabilities of US$2.2 million (2022: $0.7 million) and debt of US$23.4 million (2022: $12.1 million).

In assessing the ability of the Group and the Company to adopt the going concern basis in preparing the financial statements, the Directors considered factors including:

- the Group's revenues are derived principally from regulated electricity distribution;
- the Group is a stable electricity distribution business operating an essential public service;
- the Company's subsidiaries hold investment grade credit ratings, which allow access to a range of financing options including the capital markets;
- the Group has incorporated the fulfilment of future payments under the payment schedules resulting from agreements made in 2018 (see Settlement of CAMMESA's debt prior to January 2016) and 2023 (see Agreement signed in 2023 to regularise CAMMESA obligations) into the preparation of the cash flow forecast. The Company has noted no issues in the Company's ability to make these payments in line with the agreed upon terms per the mentioned payment plans;
- there is no indication that the entity may have difficulties complying with the covenants related to the corporate notes issued in 2024;
- the Company is financed by borrowings with an average maturity of 31 December 2026 and in addition, has access to borrowing facilities provided by Magnus Capital S.A. and Integra Capital S.A.;
- consideration was also given to the obligations of the Group and the Company, indicating a reasonable expectation of sufficient financial and operational resources available for the continuation of business for a period of at least 18 months from the date of signing the financial statements. In the event that any liabilities could not be met, the Directors could consider other financing alternatives such as the issuance of warrants and the sale of investments, as they have done previously.

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

Statement of Directors' Responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law the Directors 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the Directors' report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Group's and the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and the Company's auditors are aware of that information.

On behalf of the board

Javier Alvarez
Director
25 September 2024

Independent auditors’ report to the members of Andina PLC

Report on the audit of the financial statements

Opinion

In our opinion, Andina PLC’s Group financial statements and Company financial statements (the “financial statements”):

- give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2023 and of the Group’s profit and the Group’s and Company’s cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the “Annual Report”), which comprise: the Consolidated and Company statements of financial position as at 31 December 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, and the Consolidated and Company statements of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 related 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 Company’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 Directors’ 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 Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors 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 Directors 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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors 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 Directors 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 Directors are responsible for assessing the Group's and the Company'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 Directors either intend to liquidate the Group or the Company 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 in the jurisdictions in which the Group operates, tax 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 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 the Directors and management, regarding consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates;
- Review of minutes of meetings of the Board of Directors;
- Inspection of supporting documentation, where appropriate; 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 Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company 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
25 September 2024

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Revenue	**4**	174,290	268,308
Cost of sales		(146,971)	(210,520)
Gross profit		**27,319**	**57,788**
Distribution costs		(18,763)	(26,172)
Administrative expenses		(21,373)	(29,904)
Other operating income (1)		3,817	2,569
Operating (loss)/profit	**5**	**(9,000)**	**4,281**
Gain/(loss) on financial instruments measured at fair value through profit or loss	**1.13**	36,059	(6,168)
Finance income	**9**	6,901	7,959
Finance costs	**10**	(46,663)	(56,655)
Other finance income	**18**	25,686	-
Hyperinflation impact	**1.20**	84,669	91,486
Share of profits in associates	**14**	7,441	13,622
Profit before taxation		**105,093**	**54,525**
Income tax charge	**11**	(45,505)	(31,885)
Profit for the financial year		**59,588**	**22,640**
Profit for the financial year is attributable to:			
- Owners of the parent company		28,051	16,871
- Non-controlling interests		31,537	5,769
		59,588	**22,640**

(1) Includes the gain of $1.9 million for debt regularisation with CAMMESA (see note 18 *Offer Letter for Debt Regularisation with CAMMESA* for more details)

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Profit for the financial year		**59,588**	**22,640**
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Translation differences	**1.20**	(42,534)	11,117
Actuarial loss on defined benefit pension schemes (*)	**23**	(19)	(808)
Tax relating to other comprehensive (expense)/income	**11**	(351)	(272)
Other comprehensive (expense)/income for the year		**(42,904)**	**10,037**
Total comprehensive income for the year		16,684	32,677
Total comprehensive (expense)/income for the year is attributable to:			
- Owners of the parent company		(4,312)	24,153
- Non-controlling interests		20,996	8,524
		16,684	**32,677**

(*) For the year-ended 31 December 2023, includes a loss of US$0.12 million (2022: US$0.5 million loss) and a gain of US$0.14 million (2022: US$0.3 million loss), from the subsidiary and for the associate, respectively.

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Non-current assets			
Investment in associates and subsidiaries	**14**	55,963	71,242
Intangible assets	**12**	-	-
Property, plant and equipment	**13**	204,983	286,509
Inventories	**16**	2,607	4,649
Trade and other receivables	**17**	733	500
		264,286	**362,900**
Current assets			
Inventories	**16**	3,114	5,415
Trade and other receivables	**17**	33,003	57,398
Short term investments	**14**	45,136	47,978
Cash and cash equivalents (excluding bank overdrafts)	**1.12**	424	1,911
		81,677	**112,702**
Total assets		**345,963**	**475,602**
Current liabilities			
Trade and other payables	**18**	(66,105)	(243,907)
Borrowings	**19**	(13,595)	(4,737)
Leases	**20**	(77)	(363)
Provisions	**21**	(7,038)	(8,456)
Defined benefit pension liability	**23**	(337)	(768)
		(87,152)	**(258,231)**
Non-current liabilities			
Trade and other payables	**18**	(13,680)	(9,784)
Borrowings	**19**	(22,034)	(11,027)
Leases	**20**	(121)	(660)
Provisions	**21**	(88)	(150)
Deferred tax liability	**22**	(82,863)	(70,370)
Defined benefit pension liability	**23**	(3,049)	(4,972)
		(121,835)	**(96,963)**
Total liabilities		**(208,987)**	**(355,194)**
Net assets		**136,976**	**120,408**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2023

	Note	2023	2022
		US$'000	**US$'000**
Equity			
Share capital	**24**	24,473	24,473
Share premium	**24**	7,655	7,655
Translation reserve	**24**	26,144	33,055
Merger reserve	**24**	40,432	40,432
Other reserve	**24**	2,103	2,219
Accumulated losses	**24**	(17,683)	(20,282)
Equity attributable to owners of the parent company		**83,124**	**87,552**
Non-controlling interests		**53,852**	**32,856**
Total equity		**136,976**	**120,408**

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

The financial statements on pages 19 to 79 were approved by the Board of Directors and authorised for issue on 25 September 2024 and are signed on its behalf by:

Javier Alvarez
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Non-current assets			
Investments in associates and subsidiaries	**14**	87,245	100,461
Trade and other receivables	**17**	1,302	1,401
		88,547	**101,862**
Current assets			
Trade and other receivables	**17**	1,463	1,505
Short term investments	**14**	56	409
Cash and cash equivalents	**1.12**	140	-
		1,659	**1,914**
Total assets		**90,206**	**103,776**
Current liabilities			
Trade and other payables	**18**	(970)	(920)
Borrowings	**19**	(2,847)	(1,741)
		(3,817)	**(2,661)**
Non-current liabilities			
Trade and other payables	**18**	(2,550)	(2,209)
Borrowings	**19**	(20,598)	(10,348)
		(23,148)	**(12,557)**
Total liabilities		**(26,965)**	**(15,218)**
Net assets		**63,241**	**88,558**
Equity			
Share capital	**24**	24,473	24,473
Share premium	**24**	7,655	7,655
Translation reserve	**24**	(6,427)	(11,080)
Merger reserve	**24**	40,432	40,432
Other comprehensive income	**24**	(16,006)	9,850
Other reserve	**24**	2,103	2,219
Retained earnings	**24**	11,011	15,009
Total equity		**63,241**	**88,558**

As permitted by s408 of the Companies Act 2006, the Company has not presented its own income statement and related notes. The Company's loss for the year was US$3,998,000 (2022 - profit US$10,829,000).

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

The financial statements on pages 19 to 79 were approved by the Board of Directors and authorised for issue on 25 September 2024 and are signed on its behalf by:

Javier Alvarez
Director
Company Registration No. 8095058

ANDINA PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital	Share premium	Translation reserve	Merger reserve	Accumulated losses	Other reserve	Total controlling interest	Non-controlling interest	Total equity
		24	24	24	24	24	24	24		
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2022		**24,473**	**7,655**	**34,482**	**40,432**	**(45,862)**	**-**	**61,180**	**24,332**	**85,512**
Year ended 31 December 2022:										
Profit for the year		-	-	-	-	16,871	-	16,871	5,769	22,640
Other comprehensive income/(expense):										
Translation differences (1)		-	-	(1,427)	-	9,397	-	7,970	3,147	11,117
Actuarial loss on defined benefit plans		-	-	-	-	(688)	-	(688)	(392)	(1,080)
Total comprehensive income for the year		**-**	**-**	**(1,427)**	**-**	**25,580**	**-**	**24,153**	**8,524**	**32,677**
Other reserve		-	-	-	-	-	2,219	2,219	-	2,219
Balance at 31 December 2022		**24,473**	**7,655**	**33,055**	**40,432**	**(20,282)**	**2,219**	**87,552**	**32,856**	**120,408**
Year ended 31 December 2023:										
Profit for the year		-	-	-	-	28,051	-	28,051	31,537	59,588
Other comprehensive expense:										
Translation differences (2)		-	-	(6,911)	-	(25,196)	-	(32,107)	(10,427)	(42,534)
Actuarial loss on defined benefit plans		-	-	-	-	(256)	-	(256)	(114)	(370)
Total comprehensive income for the year		**-**	**-**	**(6,911)**	**-**	**2,599**	**-**	**(4,312)**	**20,996**	**16,684**
Other reserve		-	-	-	-	-	(116)	(116)	-	(116)
Balance at 31 December 2023		**24,473**	**7,655**	**26,144**	**40,432**	**(17,683)**	**2,103**	**83,124**	**53,852**	**136,976**

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.
(1) Includes hyperinflation impact of US$43 million, net of US$42 million translation impact on opening balances at the year end exchange rate.
(2) Includes hyperinflation impact of US$132 million, net of US$150 million translation impact on opening balances at the year end exchange rate.

ANDINA PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital 24 US$'000	Share premium 24 US$'000	Translation reserve 24 US$'000	Merger reserve 24 US$'000	Other comprehensive income 24 US$'000	Retained earnings 24 US$'000	Other reserve 24 US$'000	Total equity US$'000
Balance at 1 January 2022		**24,473**	**7,655**	**(3,176)**	**40,432**	**681**	**4,180**	**-**	**74,245**
Year ended 31 December 2022:									
Profit for the year		-	-	-	-	-	10,829	-	10,829
Other comprehensive income/(expense):									
Translation differences		-	-	(7,904)	-	9,452	-	-	1,548
Actuarial loss on defined benefit plans		-	-	-	-	(283)	-	-	(283)
Total comprehensive income		**-**	**-**	**(7,904)**	**-**	**9,169**	**10,829**	**-**	**12,094**
Other reserve		-	-	-	-	-	-	2,219	2,219
Balance at 31 December 2022		**24,473**	**7,655**	**(11,080)**	**40,432**	**9,850**	**15,009**	**2,219**	**88,558**
Year ended 31 December 2023									
Loss for the year		-	-	-	-	-	(3,998)	-	(3,998)
Other comprehensive expense									
Translation differences		-	-	4,653	-	(25,717)	-	-	(21,064)
Actuarial loss on defined benefit plans		-	-	-	-	(139)	-	-	(139)
Total comprehensive expense		**-**	**-**	**4,653**	**-**	**(25,856)**	**(3,998)**	**-**	**(25,201)**
Other reserve		-	-	-	-	-	-	(116)	(116)
Balance at 31 December 2023		**24,473**	**7,655**	**(6,427)**	**40,432**	**(16,006)**	**11,011**	**2,103**	**63,241**

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Cash generated from operations	**28**	5,203	25,559
Interest received	**9**	4,071	4,448
Interest paid		(4,078)	(449)
Net cash generated from operating activities		**5,196**	**29,558**
Cash flows from investing activities			
Purchase of property, plant and equipment	**13**	(15,234)	(16,266)
Purchase of current investments	**14**	(3,423)	(15,380)
Net cash used in investing activities		**(18,657)**	**(31,646)**
Cash flows from financing activities			
Proceeds from borrowings	**19**	21,589	1,184
Repayment of borrowings	**19**	(15,271)	(1,756)
Other reserve	**24**	-	2,219
Net cash generated from financing activities		**6,318**	**1,647**
Net decrease in cash and cash equivalents		**(7,143)**	**(441)**
Cash and cash equivalents at beginning of year	**1.12**	1,911	5,820
Effect of foreign exchange rates	**1.20**	1,303	(3,468)
Cash and cash equivalents at end of year		**(3,929)**	**1,911**

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

Significant non-cash transactions

The significant non-cash transactions in 2023 and 2022 are detailed below:

	Note	2023 US$'000	2022 US$'000
Transfer of inventory to property, plant and equipment	**16**	3,113	4,429

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Cash flows from operating activities			
Cash used in operations	**29**	(57)	(591)
Net cash used in operating activities		**(57)**	**(591)**
Cash flows from investing activities			
Purchase of current investments	**14**	(102)	(409)
Net cash used in investing activities		**(102)**	**(409)**
Cash flows from financing activities			
Proceeds from borrowings	**19**	299	525
Repayment of borrowings	**19**	-	(1,745)
Other reserve	**24**	-	2,219
Net cash generated from financing activities		**299**	**999**
Net increase/(decrease) in cash and cash equivalents		**140**	**(1)**
Cash and cash equivalents at beginning of year		-	1
Cash and cash equivalents at end of year		**140**	**-**

The accompanying notes on pages 28 – 79 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Material accounting policies

1.1 General information

Andina Plc ("the Company") is a public limited company, limited by shares, domiciled and incorporated in England and Wales. The registered office is 1-3 Charter Square, Sheffield, United Kingdom, S1 4HS. The Company is a local energy leader with its ownership interest in two of the largest electricity utilities in terms of market share in Argentina.

1.2 Basis of preparation

The material accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated and Company financial statements have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 measuring unit current at the closing date of the reporting period.

The Company's functional currency was maintained in the currency of the primary economic environment in which it operates which is Pounds Sterling. The presentation currency for the consolidated and Company financial statements is US dollars. See note 1.20 for more details about functional and presentation currency. The consolidated financial statements are prepared in US dollars (US$), rounded to the nearest thousand.

The preparation of financial statements in conformity with the applicable framework detailed above requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of Andina 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 year 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 shareholders in an acquisition is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

1 Material accounting policies ***(Continued)***

1.3 ***Basis of consolidation (Continued)***

Changes in interests in subsidiaries without changes in control
Transactions with non-controlling interests that do not result in a loss of control are recorded as equity transactions, i.e., as transactions with shareholders in their capacity as such. The value recorded corresponds to the difference between the fair value of the consideration paid and/or received and the proportion acquired and/or transferred of the accounted value of the net assets of the subsidiary.

Sale of subsidiaries with loss of control
When the Group loses control over a subsidiary, the subsidiary is no longer consolidated and any retained interest in the entity is remeasured to its fair value on the date on which control is lost, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income with respect to the subsidiary are recorded as if the Group had directly sold the related assets or liabilities. This accounting treatment may cause the amounts already recognised in other comprehensive income to be reclassified in the income statement.

1.4 Going concern
The Directors have reviewed the cash position of the Group and the Company for a period up to 31 December 2025, considering tariff updates, currency fluctuations and scheduled borrowings payments, and payment plans. They consider it appropriate that the financial statements be prepared on the going concern basis for the reasons set out below.

At 31 December 2023, the Group had net current liabilities of US$5.5 million (2022: $145.5 million) and debt of US$25.2 million (2022: $13.9 million), and the Company had net current liabilities of US$2.2 million (2022: $0.7 million) and debt of US$23.4 million (2022: $12.1 million).

In assessing the ability of the Group and the Company to adopt the going concern basis in preparing the financial statements, the Directors considered factors including:

- the Group's revenues are derived principally from regulated electricity distribution;
- the Group is a stable electricity distribution business operating an essential public service;
- the Company's subsidiaries hold investment grade credit ratings, which allow access to a range of financing options including the capital markets;
- the Group has incorporated the fulfilment of future payments under the payment schedules resulting from agreements made in 2018 (see Settlement of CAMMESA's debt prior to January 2016) and 2023 (see Agreement signed in 2023 to regularise CAMMESA obligations) into the preparation of the cash flow forecast. The Company has noted no issues in the Company's ability to make these payments in line with the agreed upon terms per the mentioned payment plans;
- there is no indication that the entity may have difficulties complying with the covenants related to the corporate notes issued in 2024;
- the Company is financed by borrowings with an average maturity of 31 December 2026 and in addition, has access to borrowings facilities provided by Magnus Capital S.A. and Integra Capital S.A.;
- consideration was also given to the obligations of the Group and the Company, indicating a reasonable expectation of sufficient financial and operational resources available for the continuation of business for a period of at least 18 months. In the event that any liabilities could not be met, the Directors could consider other financing alternatives such as the issuance of warrants and the sale of investments, as they have done previously.

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

1 Material accounting policies ***(Continued)***

1.5 Revenue

Revenue relates mainly to electricity distribution services.

Energy supply to business and residential customers

The Group supplies electricity to residential and business customers in Mendoza, 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 finalisation of the financial statements.

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 EPRE 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 is recognised when invoiced, within 10 days, and payment is made within 15 days of receiving the invoice.

Other operating income

Other operating income primarily arises from ancillary services provided to third parties such as new connections, reconnections, rights of use on poles, transportation of electricity to other distribution companies and is recognised at the time the service is provided.

1 *Material accounting policies* (Continued)

1.6 Intangible assets

Concession assets

Concession assets represent the amount paid for the concession rights and are related to the electricity distribution (see note 12).

Concession assets acquired are stated at fair value at the date of acquisition. Amortisation is charged on a straight-line basis as follows:

Concession	30 years (EDEMSA)

The carrying value is reviewed annually or more frequently if there are events or circumstances that indicate a potential impairment.

1.7 Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation. Costs include expenditures that are directly attributable to the acquisition of the items.

Subsequent expenditure generally leads to the recognition of a separate asset as Property, plant and equipment, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Land and buildings	30 to 50 years
Machinery and equipment	up to 25 years
Networks and power transformers	30 to 50 years
Transformers	30 to 40 years

Land and work-in-progress included within ‘Work in progress and other assets’ are not depreciated. Other assets include IT and communication equipment, furniture and other goods.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.8 Non-current investments

In its separate financial statements, the Company measures its investments in subsidiaries and associates as follows:

- controlled companies (subsidiaries) are initially measured at cost and subsequently measured at cost less any provision for impairment,
- investments in associates are measured initially at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate.

1 Material accounting policies **(Continued)**

1.9 Borrowing costs related to non-current assets

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.10 Impairment of non-current assets

The carrying amount of the Group’s non-current assets is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less costs to sell. Value in use is estimated by reference to the net present value of expected future cash flows of the relevant cash generating unit. If the recoverable amount is less than the carrying amount of an asset, an impairment loss is recognised. The revised carrying amounts are amortised in line with the Group’s accounting policy. A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. The reversal is recognised in the income statement and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior reporting periods.

1.11 Inventories

Raw materials and consumables are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula method. Classification is performed based on average consumption of these assets in recent years. The Group has no history of obsolete or slow-moving inventory.

1.12 Cash and cash equivalents

Cash and cash equivalents include call deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

	Group		Company	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Cash at bank and in hand	359	910	140	-
Short term deposits	65	1,001	-	-
	424	1,911	140	-
Bank overdrafts	(4,353)	-	-	-
Balances per Statement of Cash Flows	(3,929)	1,911	140	-

1.13 Financial instruments

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1 Material accounting policies **(Continued)**

1.13 Financial instruments ***(Continued)***

Financial assets
All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Financial assets that meet the following conditions are measured subsequently at amortised cost using the effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are classified and measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Such assets are carried at fair value with gains or losses recognised in the consolidated statement of income as a separate line. Gain on financial instruments, measured at fair value through profit or loss; amounted to US$36.1 million (2022 loss of: US$6.2 million).

The Group does not hold any financial assets that meet the conditions for subsequent recognition at fair value through other comprehensive income (“FVTOCI”).

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. 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 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.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

Financial liabilities
The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded at the amount received, which generally reflects the fair value of the liability on the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group’s financial liabilities approximate to their fair values. No gain or loss is recognised at initial recognition, as the amount received is considered to reflect the fair value of the financial liability under typical market conditions. The Group’s financial liabilities consist only of financial liabilities measured at amortised cost.

If the fair value at initial recognition were not determined based on observable market data, the Group would disclose its accounting policy for recognising any differences between the transaction price and fair value. For the current period, no differences arise as the transaction price is deemed to reflect fair value.

1 Material accounting policies ***(Continued)***

1.13 Financial instruments ***(Continued)***

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost comprise trade and other payables, and loans and borrowings. The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Derecognition of financial liabilities
A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

Fair value measurement hierarchy
The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 25). The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

1.14 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments issued by the Company for non-cash consideration are recorded at the market value of the equity instrument at the date of issue, net of direct issue costs.

1.15 Taxation
The income tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Argentina. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Material accounting policies ***(Continued)***

1.15 Taxation ***(Continued)***

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

1.16 Provisions

Provisions for legal and other claims are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and adjustments specific to the liability.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Long term benefits for years of service

The Group grants compensation to employees covered by the collective bargaining agreement for the industry labour union, who have completed twenty, twenty-five, thirty and thirty-five years of service. This is paid in the form of a special remuneration equivalent to the monthly salary of the month in which the number of years of service conditions is met. This amount doubles when the employee reaches forty years of service.

The cost of providing this benefit is recognised as a liability and an expense over the period in which the employee's services are received.

1 Material accounting policies ***(Continued)***

1.17 Employee benefits ***(Continued)***

Long term benefits for retirement or disability

The Group has a defined benefit plan. This represents accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labour union, for staff reaching retirement age or retiring as a result of disability prior to this.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments is recognised as an expense in measuring profit or loss in the period in which it arises.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance income or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

1.18 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent to the lease unless this is not readily determinable, in which case the Group’s incremental borrowing rate on the commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated based on a termination option being exercised.

Right-of-use assets are initially measured by the amount of the lease liability, reduced for any lease incentive received, and increased by:

- lease payments made on or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised when the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to its initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the outstanding balance and are reduced after lease payments are made.

1 Material accounting policies ***(Continued)***

1.18 Leases ***(Continued)***

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the Group revises its estimates on the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that was applied on the lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments such as a rate or index, is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset with the revised carrying amount amortised over the remaining (revised) lease term.

Rentals payable under short-term low value leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease, except when another systematic basis is more representative of the time pattern in which the economic benefits of the leased asset are consumed.

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and / or the arrangement conveys a right to use the asset.

1.19 Government grants

Government grants are recognised at their fair value when there is reasonable certainty that those grants will be collected and that the Group will meet all the conditions established.

Government grants received in relation to the purchase of non-current assets are deducted from the cost of such assets. These assets are depreciated over their estimated useful lives based on their net acquisition cost.

1.20 Foreign exchange

Functional and presentation currency

The individual financial statements of each Group company 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 Company 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 Company 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		AR$ per US$ 1	
	2023	**2022**	**2023**	**2022**
Average Exchange Rate	1.2435	1.2363	806.95	177.06
Closing Exchange Rate	1.2729	1.2094	808.45	177.16

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. Comparative figures for prior period(s) should be restated into the same current measuring unit. Restatements are made by applying a general price index. 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.

1 Material accounting policies ***(Continued)***

1.20 Foreign exchange ***(Continued)***

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 inflation adjustment of initial prices 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 indices used for the restatement of the financial statements were:

- 2022 = 1134.5875
- 2023 = 3533.1922

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 income statement as a separate line under hyperinflation impact and amounted to US$84.67 million (2022: US$91.49 million).

On the initial adjustment for inflation, the capital asset accounts were adjusted as follows:

- The capital was adjusted from the date of the previous hyper inflationary period of Argentina.

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. On each 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 Company's subsidiaries that have a functional currency different from the Company's functional 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 each 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 each 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.
- Gains and losses derived from the conversion of the opening net assets of the Company at prevailing exchange rates are transferred to the translation reserve.

1 Material accounting policies (Continued)

1.20 Foreign exchange (Continued)

Subsidiaries with hyperinflationary functional currency

- Assets, liabilities and capital from the statements of financial position, as well as profit and loss 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.
- Assets, liabilities, capital, profits and losses of the comparative period are kept in accordance with the amounts obtained in the conversion of the previous financial year. These amounts are not adjusted to the following exchange rates because the Company presents its financial information in US dollars, a non-hyperinflationary currency.

1.21 Finance income

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

1.22 Contingencies and provisions for lawsuits

The Company is a party to several complaints, lawsuits and other legal proceedings, including customer claims. The Company's potential liability with respect to such claims, lawsuits and legal proceedings may not be accurately estimated. The Company's management, with the assistance of its legal advisors, periodically analyses the status of each significant matter and evaluates the Company'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 statement's preparation, taking into account the Company's litigation and settlement strategies. These estimates are mainly made by the Company's management. However, if management's estimates proved wrong, the current provisions could be inadequate and result in a charge to profits that could have an effect on the Statements of Financial Position, Comprehensive Income (Loss), Changes in Equity and Cash Flows.

2 Changes in accounting policies

New standards, amendments and interpretations effective in 2023

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial years beginning on (or after) 1 January 2023. None of these new and amended standards and interpretations had a significant effect on the Group and Company because they are either not relevant to the Group and Company's activities or require accounting which is consistent with the Group and Company's current accounting policies.

- IAS 1 "Presentation of financial statements", amended in January and July 2020, February 2021 and October 2022. It incorporates the requirement that an entity disclose its material accounting policies rather than its significant accounting policies. It explains how an entity can identify a material accounting policy.
- IAS 8 "Accounting policies, changes in accounting estimates and errors", amended in February 2021. It replaces the definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.
- IAS 12 "Income tax", amended in May 2021. It clarifies how an entity accounts for deferred tax on transactions such as leases and decommissioning obligations.
- IFRS 17 Insurance Contracts (Sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts).

2 Changes in accounting policies ***(Continued)***

New standards, amendments and interpretations that are not yet effective and have not been early adopted

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 Group and Company, in particular:

- IAS 1 “Presentation of financial statements”, amended in January and July 2020, February 2021 and October 2022. It incorporates amendments to the classification of liabilities as current or non-current. The amendments apply to annual periods beginning as from 1 January 2024, with early adoption permitted.
- IFRS 16 “Leases”, amended in September 2022. It clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments apply to annual periods beginning as from 1 January 2024.
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IAS 21 - Lack of Exchangeability (effective 1 January 2025)

3 Judgements and key sources of estimation uncertainty

In the application of the Group and Company’s accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period, or in the period of the revision and future periods when the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Carrying value of the Company’s investments and the Group’s tangible and intangible assets

Estimated useful lives and residual values are reviewed annually, taking into account prices prevailing at each reporting date. The carrying values of tangible and intangible assets are also reviewed for impairment when there has been an event or a change in the circumstances that would indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less the cost to sell and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction.

The value in use is determined using the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The calculation of estimated future cash flows and residual values is based on reasonable management estimates and is therefore subjective. Operating and economic assumptions that could affect the valuation of the assets using discounted cash flow models are regularly reviewed and updated as part of the monitoring of the operational and financial performance and the forecasting processes of the Group. Judgement is required to determine if operating and economic changes are significant and impact the potential performance of an asset or a cash-generating unit and, therefore, determine whether they are an indication of an impairment or an impairment reversal. The key assumptions have been included in note 13.

The value in use of the Company’s investments is determined using the present value of the future cash flows expected to be derived from the cash-generating unit. The calculation of estimated future cash flows and residual values is based on reasonable management estimates and is therefore subjective. The assumptions utilised in determining the value in use are consistent with those described above.

3 Judgements and key sources of estimation uncertainty ***(Continued)***

Employee benefits

The Group recognises provisions for benefits based on years of service and benefits for retirement or disability that includes management's best estimate of certain variables that may not ultimately match the amounts actually paid at the end of service. The key assumptions are wage increases, employee turnover, mortality rate and discount rate. Past experience and actuarial tables of mortality are used to make the estimate. For further details refer to note 23.

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) and medium-demand (T2). The Company's management records an allowance by applying to the delinquent balances of each customer category an uncollectible rate that is determined according to each customer category, based on the historical comparison of collections made.

Additionally, and faced with temporary and/or exceptional situations, the Company's management may redefine the amount of the allowance, specifying and supporting the criteria used in all the cases.

The Company 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.

Judgement: Investments in SAE LLP

As at 31 December 2021, the Company has a 23.4% interest in South American Energy LLP (SAE LLP), financed through capital contributions and loan agreements. The Company has a 23.4% indirect interest in Energía del Cono Sur S.A. (EDELCOS), which is 100% controlled by SAE LLP and an 11.9% indirect interest in EDENOR.

The results of SAE LLP, EDELCOS and EDENOR are not consolidated within the Andina Group consolidated financial statements, as the Company is not exposed to the variable returns of SAE LLP. We consider it appropriate to account for the investment in SAE LLP as an equity-accounted investment, given we have significant influence over the entity.

As outlined in the LLP Members' Agreement:

- SAE LLP decisions (relevant and non-relevant) are by majority in the Member's meetings; the Members are designated by means of an ordinary resolution of the Members and the quorum for each meeting is having 70% of the members present
- The Company is not exposed to or does not have rights to the variable returns from its involvement in the investee; the Company does not have the ability to affect the amount of the investor's returns.

4 Revenue

	2023 US$'000	2022 US$'000
Revenue analysed by class of business		
Electricity distribution	174,290	268,308
	174,290	268,308

The Group's revenue arises entirely within Argentina.

5 Operating (loss)/profit

	2023 US$'000	2022 US$'000
Operating (loss)/profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	9,131	12,678
Salaries and social security taxes	27,256	40,627

6 Employees

The average monthly number of persons (including Directors) employed by the Group and Company during the year was:

	Group		Company	
	2023 Number	**2022 Number**	**2023 Number**	**2022 Number**
Selling	163	157	-	-
Technical	396	394	-	-
Administration	161	162	-	-
Total	720	713	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2023 US$'000	**2022 US$'000**	**2023 US$'000**	**2022 US$'000**
Wages and salaries	21,800	32,474	-	-
Social security costs	5,456	8,153	-	-
	27,256	40,627	-	-

7 Auditors' remuneration

Fees payable to the Company's auditors and associates:	**2023 US$'000**	**2022 US$'000**
For audit services		
Audit of the financial statements of the Group and Company	224	194
Audit of the financial statements of the Company's subsidiaries	87	327
	311	521
For other services		
Advisory services	-	1
Taxation compliance services	6	4
	6	5

8 Directors' remuneration

Group and Company	**2023 US$'000**	**2022 US$'000**
Remuneration for qualifying services	41	82

The remuneration of the Directors of the Company and the Group was paid by a subsidiary amounting in 2023 to US$41,360 (AR$33,375,374) and in 2022 US$81,841 (AR$14,490,826). No recharges are made to the Company.

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2023 US$'000	**2022 US$'000**
Remuneration for qualifying services	7	11

The remuneration of the highest paid Director is paid by EDEMSA, a related Group entity.

9 Finance income

	2023 US$'000	2022 US$'000
Interest income	4,071	4,448
Exchange gain	2,830	3,511
	6,901	**7,959**

10 Finance costs

	2023 US$'000	2022 US$'000
Interest on borrowings	16,431	2,566
Exchange loss	6,197	3,635
Commercial interest	20,232	47,908
Interest on defined benefit pension liability and taxes payment plans	3,803	2,546
	46,663	**56,655**

Commercial interest represents interest on EDEMSA's debt with CAMMESA; this interest does not impact cash flows, see note 18 for more detail on CAMMESA's debts.

11 Income tax charge

	2023 US$'000	2022 US$'000
Current tax		
Corporation tax on profit or loss for the current year	33,012	15,968
Deferred tax		
Origination and reversal of temporary differences	12,493	15,917
Total tax charge	45,505	31,885

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 US$'000	2022 US$'000
Profit before taxation	105,093	54,525
Expected tax charge based on the standard rate of corporation tax in Argentina of 35% (2022: 35%)	36,783	19,084
Unutilised tax losses carried forward	(697)	(4,938)
Share of profits in associates	(2,604)	(4,768)
Other permanent differences	35	(21)
Hyperinflation impact (according to accounting policies)	(16,152)	(14,973)
Hyperinflation impact (according to tax laws)	28,140	37,501
Taxation charge	45,505	31,885

11 *Income tax charge* *(Continued)*

In addition to the amount charged to the consolidated income statement, the following amounts relating to tax have been recognised directly in other comprehensive (expense)/income:

	2023 US$'000	2022 US$'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive expense	351	272

11.1 Submission of income tax presentation corresponding to 2021

During fiscal year 2022, EDEMSA filed an income tax return for the fiscal year ended 31 December 2021 with the Argentine Tax Authority, applying the inflation adjustment mechanism and restating the tax loss carry forwards, corresponding to the fiscal years 2018 and 2019 in line with the methodology provided for in Article 25 of the Income Tax Law (published in 2019) which, according to Federal Administration of Public Revenues (AFIP), is not applicable. Applying the inflation adjustment mechanism effectively removed any income derived from the impact of inflation from the determination of current income tax.

The calculation of the current income tax, using all carried forward tax losses of AR$4,217 million—updated according to the method described in the previous paragraph, starting from a nominal value of AR$1,726 million—resulted in a tax payable amounting to AR$0.8 million.

Had the inflation adjustment mechanism not been applied, using only the total accumulated nominal tax losses carried forward would have resulted in a tax payable amounting to AR$869 million (based on the values at the time of determining the current tax for 2021). This would have meant that a significant portion of the income generated by EDEMSA would have been paid in tax, exceeding what is considered a reasonable level of taxation. Consequently, in the opinion of EDEMSA's tax and legal advisors, this could be viewed as an assumption of confiscation—an assumption that, as of the date of these Financial Statements, has not been validated or challenged by the Argentine Tax Authority or higher courts based on the 2021 tax return submission.

The Company presented this determination of the current income tax, applying the inflation adjustment mechanism, to the Tax Authority. This decision is grounded, among others, on the facts that: i) this mechanism complies with regulations in force, specifically with the provisions of the tax reform enacted in 2018; and ii) failure to apply this methodology would result in a situation of confiscation, as explained above. This is in violation of Article 17 of the National Constitution (according to doctrine of the judgment "Candy S.A. c/AFIP and another protection action", judgment of 07/03/2009, Judgments 332:1571, and subsequent precedents).

If the inflation adjustment mechanism is not applied, EDEMSA would be expected to pay taxes on fictitious income. As a result, it is believed that the case doctrine of the National Supreme Court of Argentina would be fully applicable to the case of EDEMSA, given that the existence of regulations preventing the application of the inflation adjustment mechanism would make it impossible to recognise the total effect of the inflation adjustment on the tax balance, as supported by the outcome of the "Candy case".

11 Income tax charge ***(Continued)***

11.1 Submission of income tax presentation corresponding to 2021 **(Continued)**

Based on the details described above, during the fiscal year 2022, EDEMSA decided to determine and file its income tax return for the fiscal year ended 31 December 2021 on the basis of their understanding and interpretation of the Income Tax Law, considering that the Argentine Tax Authority could challenge the presentation and said challenge could be validated by higher courts because there is no uniform jurisprudence to date that irrefutably validates the taxpayer's position. On 19 August 2024, the Federal Court of Mendoza notified EDEMSA of its decision, in which it granted the claim filed by EDEMSA against the AFIP. Consequently, the Court declared the inapplicability of the first paragraph of Article 93 of the Income Tax Law No. 20,628 and its amendments to the specific case of the inflation adjustment mechanism for the losses recorded by EDEMSA from the 2018 fiscal year onwards, for the purpose of determining the final amount payable for Income Tax for the fiscal year 2021.

11.2 Submission of income tax presentation corresponding to 2022

Article 118 of 27,701 (FY22 National Government Budget) established that taxpayers who, by application of Title VI of this law and by application of the inflation adjustment rules, determine a positive inflation adjustment in the first and second fiscal years starting on 1 January 2022 inclusive, may allocate 1/3 of the positive inflation adjustment in that fiscal year and the remaining 2/3, in equal parts, in the two immediately following fiscal years. The allocation of the positive inflation adjustment, in the terms set forth above, will only be applicable for taxpayers whose investment in property, plant and equipment during each of the two fiscal years immediately following computation of the first third of the period in question, is higher or equal to $169 million (AR$30,000 million). Failure to comply with this requirement will mean the loss of the benefit.

During fiscal year 2023, EDEMSA, has decided to allocate one third of the determined positive inflation adjustment, amounting to $31 million (AR$5,551 million), deferring the remaining two thirds totalling $62 million (AR$11,102 million) for the periods 2023 and 2024. Despite not meeting the capital expenditure investment thresholds, based on EDEMSA's legal and tax advisors, it is considered that the Company is a capital-intensive company with a high level of debt. They also contend that setting a specific investment amount is not appropriate within the constitutional framework, particularly in light of principles of equality, reasonableness, and established jurisprudence.

Therefore, EDEMSA has notified the Federal Administration of Public Revenues (AFIP) by submitting formal documents outlining the tax treatment adopted. EDEMSA has also initiated formal legal action to declare the unconstitutionality of the requirement for investments exceeding US$169 million (AR$30,000 million) for each of the next two periods, as detailed above, in order to qualify for the deferral benefit.

Through this legal action, it is hoped that there will be a judicial court exercise constitutional review, to provide clarity regarding the investment requirement and the applicability of Title VI (article 106 inc. c), d), and following clauses) of the Income Tax Law No. 20,628 and amendments ("LIG") to EDEMSA's specific case. The Company argues that 'the inflation adjustment mechanism outlined in the Income Tax Law produces a taxable capacity that is non-existent and fictitious, solely due to that particular method of calculation.

11 Income tax charge ***(Continued)***

11.2 Submission of income tax presentation corresponding to 2023

EDEMSA, based on the arguments set forth in *Submission of income tax presentation corresponding to 2022*, has made the determination of the 2023 income tax following the same principles.

Consequently, for the purposes of calculating the Income Tax provision corresponding to the 2023 fiscal period, EDEMSA has proceeded to allocate 1/3 of the positive inflation adjustment amounting to US$26 million (AR$20,906 million) deferring the remaining two-thirds, totalling US$17 million (AR$13,937 million) for the periods 2024 and 2025.

11.3 Argentine tax reforms

Within the framework of Law No. 27630 that modified the Income Tax rates, General Resolution (AFIP) 5168 was published, establishing the updated scale for fiscal years beginning on 1 January 2022.

For tax calculations, tax rates will be gradually applied according to the scheme below:

Accumulated Taxable Net Profit		Will pay AR$	More %	On the surplus of AR$
From AR$	To AR$			
$ 0.00	$ 14,301,209.21	$ 0.00	25%	$ 0.00
$ 14,301,209.21	$ 143,012,092.08	$ 3,575,302.3	30%	$ 14,301,209.21
$ 143,012,092.08	Onwards	$ 42,188,567.16	35%	$ 143,012,092.08

The current rates for corporate income tax will be adjusted annually, considering the CPI annual variation for October of the year prior to the adjustment against the same month of the previous year. The amounts determined will be applicable to the fiscal years beginning after each adjustment

Consequently, as a result of the above factors, the tax rate applied in FY23 by the Argentinian subsidiaries is 35% (2022: 35%).

12 Intangible assets

Group	**Concession Asset US$'000**
Cost	
At 1 January 2022	**47,360**
Hyperinflation adjustments	26,019
Exchange adjustments	(19,911)
At 31 December 2022	**53,468**
Hyperinflation adjustments	24,802
Exchange adjustments	(41,736)
At 31 December 2023	**36,534**
Accumulated amortisation	
At 1 January 2022	**47,360**
Hyperinflation adjustments	26,019
Exchange adjustments	(19,911)
At 31 December 2022	**53,468**
Hyperinflation adjustments	24,802
Exchange adjustments	(41,736)
At 31 December 2023	**36,534**
Carrying amount	
At 31 December 2023	**-**
At 31 December 2022	**-**

Concession assets
Concession assets represent the amount paid to acquire the concession rights and are comprised of the electricity distribution businesses.

Under a 1998 concession agreement, SODEMSA was awarded an exclusive right to distribute electricity in the province of Mendoza. The concession agreement is for 30 years divided into three management periods of 10 years each. On January 31, 2023, with the publication of Decree 70/23 by the Government of the Province of Mendoza, the concession period was extended for 20 additional years and so, 50 years in total.

The concession assets related to the electricity distribution business were fully impaired in previous years based on the value in use analysis carried out by the Group. The assets remain impaired as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Property, plant and equipment

Group	Land and buildings	Machinery and equipment (1)	Networks and power transformers	Transformers	Work in progress and other assets	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost						
At 1 January 2022	37,411	30,046	344,537	43,201	82,088	537,283
Additions	-	263	-	-	20,431	20,694
Transfers	7,848	657	16,209	2,348	(27,062)	-
Disposals	-	-	-	-	(42)	(42)
Hyperinflation adjustments	20,554	16,508	189,288	23,735	45,099	295,184
Exchange adjustments	(15,728)	(12,633)	(144,851)	(18,163)	(34,512)	(225,887)
At 31 December 2022	50,085	34,841	405,183	51,121	86,002	627,232
Additions	-	292	-	-	18,180	18,472
Transfers	2,921	307	16,798	2,574	(22,600)	-
Disposals	-	-	(117)	-	(21)	(138)
Hyperinflation adjustments	23,233	16,162	187,951	23,713	39,894	290,953
Exchange adjustments	(39,096)	(27,197)	(316,278)	(39,904)	(67,131)	(489,606)
At 31 December 2023	37,143	24,405	293,537	37,504	54,324	446,913
Accumulated depreciation						
At 1 January 2022	12,196	23,788	210,750	24,109	19,765	290,608
Depreciation charge	1,450	686	8,412	1,366	764	12,678
Disposals	-	-	(5)	-	(38)	(43)
Hyperinflation adjustments	6,701	13,069	115,787	13,245	10,858	159,660
Exchange adjustments	(5,128)	(10,001)	(88,604)	(10,137)	(8,310)	(122,180)
At 31 December 2022	15,219	27,542	246,340	28,583	23,039	340,723
Depreciation charge	1,125	525	5,992	966	523	9,131
Disposals	-	-	-	-	(13)	(13)
Hyperinflation adjustments	7,060	12,776	114,269	13,259	10,687	158,051
Exchange adjustments	(11,880)	(21,499)	(192,288)	(22,312)	(17,983)	(265,962)
At 31 December 2023	11,524	19,344	174,313	20,496	16,253	241,930
Carrying amount						
At 31 December 2023	**25,619**	**5,061**	**119,224**	**17,008**	**38,071**	**204,983**
At 31 December 2022	**34,866**	**7,299**	**158,843**	**22,538**	**62,963**	**286,509**

(1) Includes right-of-use assets for US$0.3 million (2022 US$0.6 million) comprising a cost of US$0.5 million (2022 US$0.7 million) and accumulated depreciation of US$0.2 million (2022 US$0.1 million)

Borrowing costs of US$4.4 million (2022: US$2.8 million) have been capitalised to date to Work in progress and other assets.

The Company had no property, plant and equipment at 31 December 2023 or 31 December 2022.

13 Property, plant and equipment ***(Continued)***

Under the contracts for which the Group's electricity distribution assets were acquired and regulated, there are restrictions on the use of said assets and also obligations to maintain relevant assets with the intention of protecting the services they provide. In addition, the Group cannot pledge relevant assets as collateral for borrowings, except for those borrowings incurred to finance the acquisition of such assets.

Andina operates in a tough economic context, with a hyperinflationary environment as well as uncertainty and delays in tariff adjustments. This has had an adverse impact on the Group's operating results, triggering an impairment review under IAS 36 'Impairment of assets'.

The Board has carried out an impairment review of long-term assets by comparing their carrying amount to the higher of fair value less costs of disposal ("FVLCD") or value in use ("VIU"). For the purposes of assessing impairment, assets are grouped at their lowest level for which there are largely independent cash inflows (CGU).

The Group has one cash generating unit (CGU) in Distribution (EDEMSA).

The VIU for the CGU is determined by calculating the net present value of the future cash flows expected to be generated by each CGU. The estimates of future cash flows were derived from approved extrapolated financial budgets using an estimated industry growth rate. The cash flows include the following key assumptions:

1) Tariff increases: Management has calculated these increases based on the adjustment mechanism agreed in the concession contract and the current agreed tariffs;
2) Discount rate: The discount rate used is a real interest rate and reflects specific risks related to the industry and the country of operation;
3) Growth rates: The cash flows include an estimated growth rate of 1% (2022: 1%), which the Directors believe reflects the expected annual economic growth in the areas where the Group operates;
4) Tax rate: Management has used the tax rate of 35% (2022: 35%) that is expected to be in effect in each of the periods considering the current tax law; and
5) Inflation and exchange rates: They are based on estimated and current Argentinean market inflation and exchange rates.

The VIU calculations for the CGU indicate that there is no impairment at the year end, nor was there any impairment recorded for the previous year.

Impact of possible changes in key assumptions
The carrying value is more sensitive to movements in tariffs and discount rate. Accordingly, management has undertaken a sensitivity analysis on these two key assumptions as outlined below:

2023	**Change in assumption**	**Impairment charge**
Tariff	Decrease of 20 %	US$0.00 million
Discount rate	Increase of 40%	US$0.88 million

2022	**Change in assumption**	**Impairment charge**
Tariff	Decrease of 20 %	US$0.69 million
Discount rate	Increase of 51%	US$1.61 million

14 Investments in associates and subsidiaries and short term investments

		Group		Company	
		2023	2022	2023	2022
	Note	US$'000	US$'000	US$'000	US$'000
Non-current					
Investment - Andina Electricidad S.A.	15	-	-	32,424	30,807
Investment - Hidroelectrica del Sur S.A.	15	1,190	1,633	-	-
Investment - Andina Electricidad Limited	15	-	-	48	45
Investment - South American Energy LLP (SAE LLP)	15	54,773	69,609	54,773	69,609
		55,963	**71,242**	**87,245**	**100,461**
Current					
Listed investments (1)		45,047	47,926	56	409
Unlisted investments		89	52	-	-
		45,136	**47,978**	**56**	**409**
		101,099	**119,220**	**87,301**	**100,870**

Movements in investments	Group		Company	
	2023	2022	2023	2022
	US$'000	US$'000	US$'000	US$'000
Non-current				
At 1 January	71,242	53,700	100,461	86,253
Share of profits in associates	7,441	13,622	7,366	14,216
Other comprehensive expense	(139)	(283)	(139)	(283)
Translation reserve	(25,717)	9,452	(25,717)	9,452
Exchange differences	3,136	(5,249)	5,274	(9,177)
At 31 December	**55,963**	**71,242**	**87,245**	**100,461**
Current				
At 1 January	47,978	62,181	409	-
Additions	3,423	15,380	102	409
Changes in fair value of listed investments	30,851	(3,440)	(476)	-
Exchange differences	(37,116)	(26,143)	21	-
At 31 December	**45,136**	**47,978**	**56**	**409**
	101,099	**119,220**	**87,301**	**100,870**

(1) Includes US$1.3 million (2022: nil) of listed investments committed as collateral for financing activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Investments in associates and subsidiaries and short term investments ***(Continued)***

Interests in associates

Set out below are the associates of the Group as at 31 December 2023 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	31 December 2023 US$'000	31 December 2022 US$'000
		31 December 2023	31 December 2022				
SAE LLP (1)	Argentina	23.4%	23.4%	Associate	Equity method	54,773	69,609
HDS	Argentina	40.0%	40.0%	Associate	Equity method	1,190	1,633
Total equity-accounted investments						**55,963**	**71,242**

Movements in associates' investments:

	2023 US$'000		
	SAE LLP (1)	**HDS**	**Total**
At 1 January	69,609	1,633	71,242
Other comprehensive income	(139)	-	(139)
Share of profits in associates	7,366	75	7,441
Translation reserve	(25,717)	-	(25,717)
Exchange differences	3,654	(518)	3,136
At 31 December	**54,773**	**1,190**	**55,963**

	2022 US$'000		
	SAE LLP (1)	**HDS**	**Total**
At 1 January	51,730	1,970	53,700
Other comprehensive income	(283)	-	(283)
Share of profits in associates	14,216	(594)	13,622
Translation reserve	9,452	-	9,452
Exchange differences	(5,506)	257	(5,249)
At 31 December	**69,609**	**1,633**	**71,242**

(1) SAE LLP is the sole associate for the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Investments in associates and subsidiaries and short term investments ***(Continued)***

Interests in associates ***(Continued)***

Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Andina Plc's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	SAE LLP (1)		**HDS (2)**	
Summarised balance sheet	**31 December 2023 US$'000**	**31 December 2022 US$'000**	**31 December 2023 US$'000**	**31 December 2022 US$'000**
Total current assets	3,065	8,323	241	221
Total non-current assets	235,493	296,713	5,589	7,345
Total assets	238,558	305,036	5,830	7,566
Total current liabilities	(2,644)	(393)	-	(35)
Total non-current liabilities	(1,398)	(7,167)	(1,455)	(1,407)
Total liabilities	(4,042)	(7,560)	(1,455)	(1,442)
Net assets	234,516	297,476	4,375	6,124
Revenue	-	-	-	-
Other comprehensive income	(594)	(1,197)	-	-
Cumulative translation adjustments	(93,903)	16,864	-	-
Profit / (Loss) for the financial year	31,537	(60,756)	191	(599)

(1) The figures for SAE LLP as at 31 December 2023 and 31 December 2022. The 2022 figures were audited by PricewaterhouseCoopers LLP and the 2023 figures are unaudited. SAE LLP is the sole associate for the Company.

(2) The figures for HDS as at 31 December 2023 and 31 December 2022, and for the years then-ended were audited by José María Quitegui.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Investments in associates and subsidiaries and short term investments ***(Continued)***

Non-controlling interests
Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position	**EDEMSA**	
	31 December 2023 US$'000	**31 December 2022 US$'000**
Current assets	79,921	110,742
Current liabilities	(81,036)	(252,343)
Current net assets	**(1,115)**	**(141,601)**
Non-current assets	207,458	291,029
Non-current liabilities	(96,441)	(82,373)
Non-current net assets	**111,017**	**208,656**
Net assets	**109,902**	**67,055**
Accumulated NCI	**53,852**	**32,856**

Summarised statement of comprehensive income	**EDEMSA**	
	31 December 2023 US$'000	**31 December 2022 US$'000**
Revenue	174,290	268,308
Profit for the period	64,359	11,771
Other comprehensive income	(232)	(800)
Total comprehensive income	64,127	10,971
Profit allocated to NCI	**31,537**	**5.769**
Dividends paid to NCI	-	-

Summarised cash flows	**EDEMSA**	
	31 December 2023 US$'000	**31 December 2022 US$'000**
Cash flows from operating activities	10.653	35,601
Cash flows from investing activities	(20,554)	(36,809)
Cash flows from financing activities	2,566	768
Net decrease in cash and cash equivalents	**(7,335)**	**(440)**

14 Investments in associates and subsidiaries and short term investments ***(Continued)***

Investments in subsidiaries and associates

The Directors consider the carrying value of investments in subsidiaries and associates to be recoverable based on the value in use of the assets in EDENOR (supporting the investment in SAE LLP), HASA and EDEMSA.

The value in use for EDENOR, HASA and EDEMSA is determined by calculating the net present value of the future cash flows expected to be generated by each CGU. The estimates of future cash flows were derived from approved extrapolated financial budgets using an estimated industry growth rate. The valuation inputs and assumptions used in this assessment are classified as Level 3 in the fair value hierarchy, as they are based on internal estimates and assumptions that are not directly observable in the market. The cash flows include the following key assumptions:

1) Tariff increases: Management has calculated these increases based on the adjustment mechanism agreed in the concession contract and the current agreed tariffs;

2) Discount rate: The discount rate used is a real interest rate and reflects specific risks related to the industry and the country of operation;

3) Growth rates: The cash flows include an estimated growth rate of 1% (2022: 1%), which the Directors believe reflects the expected annual economic growth in the areas where the Group operates;

4) Tax rate: Management has used the tax rate of 35% (2022: 35%) that is expected to be in effect in each of the periods considering the current tax law; and

5) Inflation and exchange rates: They are based on estimated and current Argentinian market inflation and exchange rates.

Listed investments

Listed investments comprise mainly national government bonds from Argentina. These financial assets are valued based on their quoted prices at the reporting date (Level 1).

Unlisted investments

Other investments include mainly trust and common funds, and foreign currency. They are carried at fair value through profit or loss based on management’s best estimate (Level 2).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Interests in other entities

15.1 Material subsidiaries

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country of incorporation	Registered address	Principal activity	Control	% Held 2023	% Held 2022	Measurement method
Andina Electricidad Limited (AEL)	UK	1-3 Charter Square, Sheffield, S1 4HS	Holding	Direct	100	100	Consolidated
Andina Electricidad S.A. (AESA)	Argentina	Maipu 1252, 2nd Floor, Ciudad Autonoma de Buenos Aires	Holding	Direct	100	100	Consolidated
Andina Consultores y servicios S.A.U.	Argentina	Maipu 1252, 9th Floor, Ciudad Autonoma de Buenos Aires	Electricity generation	Indirect	100	100	Consolidated
Inversora Andina de Electricidad S.A. (IADESA)	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100	Consolidated
Mendinvert S.A.	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100	Consolidated
SODEMSA	Argentina	Belgrano 815 - Mendoza	Holding	Indirect	100	100	Consolidated
Empresa Distribuidora de Electricidad de Mendoza S.A. (EDEMSA) (1)	Argentina	Belgrano 815 - Mendoza	Electricity distribution	Indirect	51	51	Consolidated

The Company's subsidiary undertakings all have share capital consisting solely of ordinary shares and capital accounts.

(1) EDEMSA's financial statements is available at www.cnv.gov.ar
EDEMSA's shares, rights and obligations under the concession contract may not be assigned, in whole or part, to a third party without the prior consent of the province of Mendoza.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

15 Interests in other entities ***(Continued)***

15.2 Interests in associates

Set out below are the associates of the Group as at 31 December 2023 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name	Country of incorporation	Registered address	Principal activity	Control	% Held 2023	% Held 2022	Measurement method
Hidroeléctrica del Sur S.A. (HDS)	Argentina	Juez Tedin N° 2728 - Ciudad Autónoma de Buenos Aires	Holding	No	40	40	Equity method
Hidroeléctrica Ameghino S.A. (HASA)	Argentina	Sarmiento 698- Trelew- Chubut	Electricity generation	No	23.6	23.6	Equity method (2)
South American Energy LLP (SAE LLP)	UK	1-3 Charter Square, Sheffield, S1 4HS	Holding	No	23.4	23.4	Equity method
Energía del Cono Sur S.A. (EDELCOS)	Argentina	Av. Maipú 1252, 12th Floor - Ciudad Autónoma de Buenos Aires	Investment and provision of services related to the distribution of electrical energy, renewable energies and sustainable technology	No	23.4	23.4	Equity method (3)
Empresa Distribuidora y Comercializadora Norte S.A.(EDENOR) (1)	Argentina	6363 Av. del Libertador Ave., Ciudad Autónoma de Buenos Aires	Electricity distribution	No	11.9	11.9	Equity method (3)

(1) 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.

(2) The investment in HDS is equity accounted for, where the Group has an indirect interest in HASA through HDS.

(3) The investment in SAE LLP is equity accounted for, where the Group has an indirect interest in Edelcos and Edenor through SAE LLP.

16 Inventories

	Group		Company	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Non-current				
Raw materials and consumables	2,607	4,649	-	-
Current				
Raw materials and consumables	3,114	5,415	-	-

During the year US$3.1 million of inventory, mostly spare parts, was transferred to property, plant and equipment (2022: US$4.4 million); US$3.3 million was transferred to cost of sales (2022: US$5.1 million) when the inventory was used.

Inventory has been classified as current and non-current to reflect the future period of consumption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

17 Trade and other receivables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current				
Amounts owed by other Group entities	501	-	1,070	1,381
Amounts owed by associates	20	20	20	20
Corporation tax recoverable	-	-	-	-
Other receivables	212	480	212	-
	733	**500**	**1,302**	**1,401**
Current				
Trade receivables	11,987	21,996	-	-
Less provision for impairment	(1,134)	(3,033)	-	-
	10,853	18,963	-	-
Amounts owed by Group undertakings (1)	-	-	2,569	2,569
Less provision for impairment (1)	-	-	(2,569)	(2,569)
Accrued income (2)	13,071	25,523	-	-
Amounts owed by associates	1,397	1,284	1,397	1,284
Other receivables (3)	4,659	5,695	66	221
Prepayments (4)	3,023	5,933	-	-
	33,003	**57,398**	**1,463**	**1,505**

(1) Credit with Andina Electricidad Limited fully written off due to provision for impairment
(2) Energy supplied pending billing
(3) Government credits relating to compensation funds, other taxes and social security and other debtors
(4) Advances for works, services and materials

Movements in the provision for impairment of trade receivables and amounts owed by Group undertakings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Movements in provision for impairment				
At 1 January	3,033	3,946	2,569	2,569
Provision for receivables impairment	804	1,116	-	-
Receivables written off in the year	(336)	(370)	-	-
Exchange differences	(2,367)	(1,659)	-	-
At 31 December	1,134	3,033	2,569	2,569

Trade receivables are non-interest bearing and generally have a 30 to 90-day term. Due to their short maturities, the fair value of trade receivables approximates to their book value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

18 Trade and other payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current				
Trade payables (1)	-	5,983	-	-
Other taxation and social security	2,179	2,179	2,179	2,179
Amounts owed to associates	1,165	1,110	18	19
Other payables (1)	10,336	512	353	11
	13,680	**9,784**	**2,550**	**2,209**
Current				
Trade payables (1)	24,567	111,238	319	301
Other taxation and social security (2)	26,823	47,038	-	-
Government payables related to compensation funds (3)	2,785	6,655	-	-
Other payables (1)	3,197	658	221	210
Accrued expenses (4)	8,733	78,318	430	409
	66,105	**243,907**	**970**	**920**

(1) Includes debt with CAMMESA: non-current US$9.8 million (2022: US$6.0 million) and current US$2.7 million (2022: US$79.8 million).
(2) Income tax, social security and other taxation.
(3) Net debts for concession fees, subsidies, and Contribution for the Compensation of Electric costs (CCCE) at the end of the year this net amount is usually a debt.
(4) CAMMESA interest accrued.

Trade payables (except amounts due to CAMMESA) are non-interest bearing and generally have a 30 to 90-day term. Due to their short maturities, the fair value of trade payables approximates to their book value.

Settlement of CAMMESA's debt prior to January 2016

As of 31 January 2016, EDEMSA owed CAMMESA US$2.5 million (AR$2.0 billion) for historic energy purchases incurred prior to 2016. During 2018, EDEMSA and CAMMESA agreed a payment plan for said debt with a financing term of 90 months from April 2018 to September 2025 and a fixed annual interest rate of 10%.

At 31 December 2023 EDEMSA owed CAMMESA US$1.5 million (2022: US$10.1 million) equivalent to AR$1.2 billion (2022: AR$1.2 billion) under this payment plan.

The payment plan establishes that the failure to pay plan instalments and/or the invoices whose due dates are during the term of the plan will cause the immediate and automatic expiration of the financing plan. The agreement is being fulfilled and there are no unpaid instalments or invoices at the reporting date.

18 Trade and other payables ***(Continued)***

Agreement signed in 2023 to regularise CAMMESA obligations

Between 2018 and 2021, due to the tariff disputes and no updates to the tariffs, the Company did not make payments to CAMMESA and it accumulated debt with CAMMESA. With the intention of settling CAMMESA's current debt, and following a negotiation period, EDEMSA has entered into three agreements explained below:

1. *Agreement on the Special Regime for the Regularisation of Obligations*

On 29 December 2022, an Agreement on the Special Regime for the Regularisation of Obligations was signed by and between EDEMSA, EPRE, the SEN and the Government of the Province of Mendoza for the resolution of MEM's obligations. The main issues that were agreed were:

- 1.1 Recognition of the debt in favour of CAMMESA,
- 1.2 Recognition of the credit in favour of EDEMSA with the SEN,
- 1.3 Determination of the payment plan,
- 1.4 Renouncing of EDEMSA to any right, action or administrative, judicial, extrajudicial or arbitration claim in the Argentine Republic and/or abroad against the National State and/or CAMMESA and/or the Province of Mendoza, in relation to the rate freeze for the year 2020 provided for in Decree No. 311/20 and its extensions and/or in Laws No. 27,341, 27,431 and 27,541.
- 1.5 Closure of lawsuits filed against the National State and/or CAMMESA related to the debt with the Wholesale Electricity Market.

2. *Settlement Agreement with the Government of the Province of Mendoza*

On 3 January 2023, EDEMSA entered into a Settlement Agreement with the Province of Mendoza, reinforced by the publication of Decree 70/23 on 31 January 2023, aimed at resolving the disputes originated by the Unearned Income (as set out in Article 15 of Law 27.341) between 2008 and 2023 that should have been received by EDEMSA but remained unpaid for reasons attributable to the Province's obligations. In this Settlement Agreement, obligations were agreed for the Province of Mendoza and for EDEMSA, which are explained below.

The Province of Mendoza:

- 2.1 has granted EDEMSA a 20-year extension of the concession agreement for the electricity distribution service effective from 1 August 2028. In addition, it agrees not to offer EDEMSA's Class A shares for bidding, as the current holder expressed its intention to retain such ownership. Furthermore, the Province will not make any monetary claim against the Distributor for the extension of the concession agreement term,
- *2.2* reduces the concession fee (canon) from ten percent (10%) to six percent (6%) from the date this agreement becomes effective,
- 2.3 has committed, as the holder of Class B and C shares of EDEMSA, to take the necessary corporate actions to ensure that any profits eventually entitled to holders of Class B and C shares will be allocated to investments aimed at expanding the system and/or improving energy efficiency; and
- 2.4 undertakes to comply with the tariff update processes and to include in the tariff the costs incurred by EDEMSA for complying with the investment plan agreed with EPRE (See section 2.6), as well as the payment plans agreed upon 2018 (See Settlement of CAMMESA's debt prior to January 2016) and in 2023 (See Agreement signed in 2023 to regularise CAMMESA obligations).

18 Trade and other payables (Continued)

Agreement signed in 2023 to regularise CAMMESA obligations (Continued)

2. *Settlement Agreement with the Government of the Province of Mendoza (Continued)*

In return, under this agreement, EDEMSA:

2.5 waives any administrative or judicial claims, whether filed or not, for Unearned Income accrued during 2008-2023, up to the date of signing the agreement,

2.6 agrees to make investments in its property, plant, and equipment in line with the 10-year investment plan agreed upon with EPRE (AR$ 17,000 million investment per year),

2.7 undertakes to obtain and deliver to the Government of the Province of Mendoza i) the ratification of the agreement by the shareholders´ meeting of EDEMSA and its shareholders, and ii) waive all administrative or judicial claims, whether or not filed to date. In particular, waives any claim – filed or not – before the International Center for Settlement of Investment Disputes (ICSID) against the Government of the Province of Mendoza and/or EPRE; and

2.8 the current holder of Class A shares should declare its intention to retain such ownership for the 20-year extension of the concession. This declaration was completed through a notarial notification dated 13 March 2023.

To comply with section 2.7 of EDEMSA's obligations outlined above, each of the EDEMSA shareholders had to approve the Settlement Agreement in a general meeting which was duly convened and held on 10 January 2023 for the AESA general meeting, 11 January 2023 for the SODEMSA, IADESA and Mendinvert S.A. general meetings and on 17 February 2023 for the EDEMSA general meeting.

3. *Offer Letter for Debt Regularisation with CAMMESA*

Following the agreements explained above and with the purpose of closing the negotiations with CAMMESA, on 4 September 2023, EDEMSA presented CAMMESA with an offer letter for the Regularisation of the obligations within the framework of the Deed Agreement mentioned in the previous section. The offer letter was accepted by CAMMESA on 14 September 2023. The main conditions agreed between the parties are detailed below:

- Recognition of debt with CAMMESA: EDEMSA owing MEM and CAMMESA a total of $13.9 million (AR$11,249 million), made up of i) the debt accumulated until 30 September 2020 $11.9 million (AR$9,585 million) and ii) the debt accumulated between 1 October 2020 and 30 April 2022 of $2.1 million (ARS$1,664 million).
- Credits Recognised to EDEMSA: The Secretary of Energy recognised to EDEMSA a credit of $4.8 million (AR$3,865 million), made up of: i) a credit of $3.8 million (AR$3,092 million) to be applied to the debt as of 30 September 2020, and ii) a credit of $1 million (AR$773 million) to be applied to the debt generated in the period between 1 October 2020 and 30 April 2022. On 18 September 2023, CAMMESA issued the Credit Notes corresponding to the recognised credits.
- Payment of the net debt: EDEMSA commits to the payment of the Recognised Debt less the recognised credits mentioned, yielding an original amount to finance of $9.2 million (AR$7,384 million). The payment plan considers a grace period of 6 months from the date of this agreement, a payment term of 96 monthly instalments (increasing instalments with semi-annual capitalization) and an interest rate equivalent to 50% of the current rate in the MEM. In this context, the balance of refinanced and updated debt as of 28 January 2024 (end of the grace period) amounts to $21.9 million (AR$17,669 million) with the first instalment due in February 2024.

18 Trade and other payables ***(Continued)***

Agreement signed in 2023 to regularise CAMMESA obligations ***(Continued)***

3. *Offer Letter for Debt Regularisation with CAMMESA* ***(Continued)***

In relation to the credits recognised by the SEN in the Agreement of 29 December 2022 and ratified by signing the Offer Letter for Debt Regularisation with CAMMESA of 31 August 2023, EDEMSA has recognised the effect of said credits in the current fiscal year.

The aforementioned credits correspond to the following concepts:

	US$'000
a) Demand benefit (2 invoices)	1,915.8
b) Tariff maintenance (1 invoices)	957.9
c) Service quality improvement investment plan (0.5 invoices)	478.9
d) Energy efficiency investment plan (0.5 invoices)	478.9
e) Art. 2° Res. 642/22 (1 invoices)	957.9
Total credits	4,789.4

The 'Demand Benefit' credits were granted to EDEMSA to reduce the overall debt payable to CAMMESA, in exchange for EDEMSA extinguishing debts with customers who had failed to pay the company. There is no financial impact of these credits on the income statement, as the impact was reducing the loans payable to CAMMESA, and receivable balances from delinquent customers, per the statement of financial position.

The effect corresponding to bullets b) and e) ($1.9 million) are shown in the line "Other operating income" of the Consolidated Income Statement.

In relation to bullets c) and d), these credits are required to be used solely for investments to be made by EDEMSA. These credits are recorded within 'Property, Plant and Equipment', in line with IAS 20 'Government Subsidies'.

On 31 December 2023, EDEMSA recognised a gain of $25.7 million (AR$20,728 million), resulting from the reduction of accrued interest and the initial recognition at fair value of the payment plan entered. At the end of 2023 the payment plan is valued at amortised cost and amounts of $11.0 million (AR$8,895 million).

The recognition of this agreement resulted in a 62.0% decrease in trade and other payables ($17.7 million (AR$14,303 million)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Borrowings

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current:				
Other borrowings	22,034	11,027	20,598	10,348
	22,034	**11,027**	**20,598**	**10,348**
Current:				
Bank overdraft	4,353	-	-	-
Bank borrowings	4,657	596	-	-
Other borrowings	4,585	4,141	2,847	1,741
	13,595	**4,737**	**2,847**	**1,741**
	35,629	**15,764**	**23,445**	**12,089**

Movement in borrowings is analysed as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$'000	**US$'000**	**US$'000**	**US$'000**
At 1 January	15,764	14,092	12,089	11,005
Proceeds from borrowings (1)	21,589	1,184	299	525
Accrued interest (1)	5,243	263	1,817	(5)
Convertible borrowings	9,240	2,309	9,240	2,309
Repayments of borrowings (1)	(15,271)	(1,756)	-	(1,745)
Exchange difference	(936)	(328)	-	-
At 31 December	35,629	15,764	23,445	12,089

(1) Includes US$4.4million (2022: nil) of proceeds from bank overdraft, US$1.4 million (2022: nil) of bank overdraft accrued interest and US$1.4 million (2022: nil) of repayments of bank overdraft interest.

The new bank borrowings are:

- US$0.8 million margin loan (US$0.7 million from Global Valores and US$0.1 million from Lynx Versatil) with maturity up to 30 days and a 100% annual interest rate. As of 31 December 2023 there was US$1.3 million of listed investments committed as collateral for financing activities.

- US$3.4 million in cash advances on cheques with maturity up to 30 days and a 120% annual interest rate.

- US$0.5 million six-month Supervielle bank loan with maturity date April 2024 and a 180% annual interest rate.

No new other borrowings entered into (except for the Interoil Exploration and Production ASA loan and the Magnus Argentina S.A. loans, which are explained below). The other borrowings increase was generated mainly due to the valuation of convertible loans at fair value. The Group's and Company's other borrowings comprise of:

Group

- US$0.7 million (2022 US$1.7 million) loan from Neil Bleasdale, a Director of the Company and a shareholder. The loan is unsecured and bears annual interest of 8%. At 31 December 2023 the accrued interest amounted to US$0.7 million (2022 US$0.7 million). The loan and accrued interest have been outstanding as of 31 December 2023 and the Company is currently negotiating the settlement of the remaining debt.

19 *Borrowings* ***(Continued)***

The Group's and Company's other borrowings comprise of:

Group

- AR$22.3 million (2022 AR$22.3 million) equivalent to US$0.0 million (2022 US$0.1 million) from Trench Energy Consulting S.R.L. The loan is unsecured and bears annual interest at BADLAR + 5%. The loan and accrued interest are repayable on 31 December 2026. At 31 December 2023 the accrued interest amounted to AR$63.3 million (2022 AR$40.5 million) equivalent to US$0.1 million (2022 US$0.2 million).

  Trench Energy Consulting S.R.L. ("Trench") provides consulting services related to strategic information to EDEMSA. The charge to results for this service during 2023 is US$2.2 million (2022: $0.3 million) and at the end of the year US$0.3 million (2022: $0.2 million) is owed.

- US$1.1 million (2022 US$ 0 million) from Magnus Argentina S.A.. The loan is unsecured and bears annual interest of 8%. The loan and accrued interest are repayable on 31 December 2027. At 31 December 2023 the accrued interest amounted to US$0.0 million (2022 US$0 million).

- AR$108.3 million (2022 AR$27.2 million) equivalent to US$0.1 million (2022 US$0.2 million) from Magnus Argentina SA (provides financial services). The loan is unsecured and bears annual interest at BADLAR + 4%. The loan and accrued interest are repayable on 31 December 2026. At 31 December 2023 the accrued interest amounted to AR$83.9 million (2022 AR$25 million) equivalent to US$0.1 million (2022 US$0.2 million).

- AR$13.1 million (2022 AR$5.3 million) equivalent to US$0.0 million (2022 US$0.0 million) from Integra Capital S.A. The loan is unsecured and bears annual interest at 48%. The loan and accrued interest are repayable on 31 December 2025. At 31 December 2023 the accrued interest amounted to AR$4.8 million (2022 AR$0.2 million) equivalent to US$0.0 million (2022 US$0.0 million).

Company

- US$6.9 million (2022 US$6.8 million) loan from Crosgo Trading Ltd (provides financial services). The convertible loan is unsecured and bears 8% annual interest. The loan and accrued interest are repayable on 30 June 2025. At 31 December 2023 the accrued interest amounted to US$4.2 million (2022 US$0.7 million) and US$8.1 million (2022 US$2.2 million) as fair value valuation.

- US$0.5 million (2022 US$0.5 million) loan from Jenkins & Keane LLC (provides financial services). The convertible loan is unsecured and bears 8% annual interest. The loan matures 48 months from each disbursement date, with the first disbursement maturity date on 3 July 2024. At 31 December 2023 the fair value valuation is US$0.6 million (2022 US$0.1 million).

- US$1.2 million (2022 US$1.1 million) loan from EDELCOS. The loan is unsecured and bears 9.75% annual interest. The loan and accrued interest are repayable on 15 October 2024. At 31 December 2023 the accrued interest amounted to US$0.3 million (2022 US$0.1 million).

- US$0.4 million (2022 US$0.4 million) loan from Fedmul S.A. The loan is unsecured and bears 6% annual interest. The loan and accrued interest are repayable on 12 August 2025. At 31 December 2023 the accrued interest amounted to US$0.1 million (2022 US$0.1 million) and US$0.6 million (2022 US$0.0 million) as fair value valuation.

- US$0.1 million (2022 US$0 million) loan from Interoil Exploration and Production ASA. The loan is unsecured and bears no interest. The loan is repayable on 31 December 2025.

- US$0.18 million (2022 US$0 million) loan from Magnus Argentina S.A.. The loan is unsecured and bears 8% annual interest. The loan and accrued interest are repayable on 31 December 2025. At 31 December 2023 the accrued interest amounted to U$S0.01 million (2022 US$0 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

20 Leases

	Note	Group 2023 US$'000	Group 2022 US$'000
Lease liability (1)			
At 1 January		1,023	746
New leases obtained		58	831
Repayments of leases		(206)	(659)
Accrued interest		122	636
Hyperinflation adjustments		(475)	(218)
Exchange adjustments		(324)	(313)
At 31 December		**198**	**1,023**
Of which are:			
Non-current	25	121	660
Current	25	77	363
		198	**1,023**

(1) Represents the lease liabilities of EDEMSA.

The total cash outflow for leases in 2023 was U$S0.2 million (2022 U$S0.7 million) in both years was vehicles leases.

21 Provisions

	Group		Company	
	2023 US$'000	**2022 US$'000**	**2023 US$'000**	**2022 US$'000**
Fines	6,779	8,101	-	-
Legal claims	347	505	-	-
	7,126	**8,606**	-	-
Non-current	88	150	-	-
Current	7,038	8,456	-	-
	7,126	**8,606**	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

21 Provisions **(Continued)**

Movements in provisions:

Group	**Fines**	**Legal claims**	**Total**
	US$'000	**US$'000**	**US$'000**
At 1 January 2023	8,101	505	8,606
Additional provisions in the year	8,146	425	8,571
Used/paid during the year	(3,144)	(189)	(3,333)
Exchange difference	(6,324)	(394)	(6,718)
At 31 December 2023	**6,779**	**347**	**7,126**

Group	**Fines**	**Legal claims**	**Total**
	US$'000	**US$'000**	**US$'000**
At 1 January 2022	7,500	712	8,212
Additional provisions in the year	6,732	480	7,212
Used/paid during the year	(2,978)	(387)	(3,365)
Exchange difference	(3,153)	(300)	(3,453)
At 31 December 2022	**8,101**	**505**	**8,606**

Fines

EDEMSA's activities are regulated by the provincial regulator, Ente Provincial Regulador Eléctrico (EPRE). EPRE regulates the approval and control of tariffs and controls the quality levels of the technical product and service, the commercial services, and the compliance with public safety regulations, as provided in the Concession Agreement. Failure to comply with the obligations may result in penalties being imposed. As of the reporting date, EDEMSA has US$6.8 million (2022: US$8.1 million) owing in EPRE penalties, of which EDEMSA has accepted US$0.8 million (2022: US$1.8 million) and is challenging US$6.0 million (2022: US$6.3 million).

Legal claims

This represents provisions for certain claims relating to penalties in connection with complaints, lawsuits, and other legal procedures, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or compensation connected to the ordinary course of business, which are expected to crystallise under varied terms after the reporting date.

In management's opinion, after receiving appropriate legal advice, the outcome of these claims is unlikely to result in a significant loss in excess of the amounts provided.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and movements thereon:

Group	Deferred tax Assets 2023 US$'000	Deferred tax Assets 2022 US$'000	Deferred tax Liabilities 2023 US$'000	Deferred tax Liabilities 2022 US$'000	Total 2023 US$'000	Total 2022 US$'000
Provision for bad debt	(341)	(743)	-	-	(341)	(743)
Notional income tax	-	-	-	-	-	-
Provision for accrued interest payable	-	(1,989)	1,433	-	1,433	(1,989)
Employee benefits	(1,184)	(2,009)	-	-	(1,184)	(2,009)
Carry forward losses	(277)	(9,945)	-	-	(277)	(9,945)
Other	-	-	22,547	3,892	22,547	3,892
Non-current assets	-	-	60,716	81,260	60,716	81,260
Borrowings	(31)	(96)	-	-	(31)	(96)
Net deferred income tax	**(1,833)**	**(14,782)**	**84,696**	**85,152**	**82,863**	**70,370**

The Company has no deferred tax assets or liabilities in the current year or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 *Deferred tax liability* **(Continued)**

Movements in deferred tax liabilities

	Provision for bad debt US$'000	Notional income tax US$'000	Provision charges US$'000	Employee Benefits US$'000	Carry forward losses US$'000	Other US$'000	Borrowings US$'000	Non-current assets US$'000	Total US$'000
At 1 January 2022	**1,061**	**6**	**11,141**	**1,865**	**11,907**	**(9,693)**	**261**	**(71,001)**	**(54,453)**
(Charge)/credit to the profit or loss	(455)	(7)	(10,589)	175	(3,497)	7,050	(199)	(1,100)	(8,622)
Charge to employee benefits - others results integral	-	-	-	(272)	-	-	-	-	(272)
Hyperinflation effect	583	3	6,121	1,025	6,542	(5,325)	144	(39,008)	(29,915)
Exchange differences	(446)	(2)	(4,684)	(784)	(5,007)	4,076	(110)	29,849	22,892
At 31 December 2022	**743**	**-**	**1,989**	**2,009**	**9,945**	**(3,892)**	**96**	**(81,260)**	**(70,370)**
(Charge)/credit to the profit or loss	(167)	-	(2,792)	163	(6,518)	(19,888)	(35)	(5,192)	(34,429)
Charge to employee benefits - others results integral	-	-	-	(351)	-	-	-	-	(351)
Hyperinflation effect	345	-	923	932	4,613	(1,806)	45	(37,694)	(32,642)
Exchange differences	(580)	-	(1,553)	(1,569)	(7,763)	3,039	(75)	63,430	54,929
At 31 December 2023	**341**	**-**	**(1,433)**	**1,184**	**277**	**(22,547)**	**31**	**(60,716)**	**(82,863)**

US$11 million from Other is expected to be recovered or settled within 12 months after the reporting period.

23 Defined benefit pension liability

Long term benefits for years of service

This represents the accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labour union, that have completed twenty, twenty-five, thirty, and thirty-five years of service. This is paid in the form of a special remuneration equivalent to the monthly salary in the month that the year of service conditions are met. This amount doubles when the employee reaches forty years of service.

The Group does not have any assets related to long term benefits for years of service.

Long term benefits for retirement or disability

The Group operates a defined benefit plan. This represents accrued benefits to be paid to employees covered by the collective bargaining agreement for the industry labour union, for staff reaching retirement age or retiring as a result of disability prior to this. All such employees who have at least five years of service with the Group are entitled to this benefit. Employees are paid a bonus equivalent to ten months of their last monthly salary. This benefit is increased by two percent for each year of service exceeding the first five years.

These benefits are valued according to the actuarial method of the projected unit credit. The Group estimates the future outcome of certain variables that affect the value of the liability, including the rate of inflation, salary increases and changes in mortality rates. The amounts calculated are discounted using a discount rate that reflects the time value of money and the specific risks to the cash flows considered. The differences between the prior year estimates and the actual charge and changes in estimates are classified as gains and losses within administrative expenses.

The Group does not have any assets related to long term benefits for retirement or disability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Defined benefit pension liability **(Continued)**

The main assumptions used in the calculation are the discount rate and the expected salary increase. The actual rate used to discount the obligations of these benefits was determined by reference to the market yield (at the reporting date) of the National Government's bonds. The salary increase rate responds to the historical evolution of it.

Key assumptions	**2023 %**	**2022 %**
Discount rate	15.5	15.5
Expected rate of salary increases	9	9

Amounts recognised in the income statement	**2023 US$'000**	**2022 US$'000**
Current service cost	340	881
Net interest on net defined benefit liability	2,245	1,915
Total costs	**2,585**	**2,796**

Amounts taken to other comprehensive (expense)/ income	**2023 US$'000**	**2022 US$'000**
Actuarial changes related to obligations	(19)	(808)

The amounts included in the statement of financial position arising from obligations in respect of defined benefit plans are as follows:

Group	**2023 US$'000**	**2022 US$'000**
Present value of defined benefit obligations	3,386	5,740
Deficit in scheme	3,386	5,740

Movements in the present value of defined benefit obligations	**Group 2023 US$'000**	**Group 2022 US$'000**
Liabilities at 1 January	5,740	5,330
Current service cost	340	881
Benefits paid	(3,001)	(3,600)
Actuarial (gains) / losses (1)	(119)	528
Interest cost	2,245	1,915
Foreign exchange	(1,819)	686
At 31 December	**3,386**	**5,740**

(1) Actuarial (gains) / losses on defined benefit pension liability comprise net (gains) / losses from changes in financial and demographic assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Defined benefit pension liability **(Continued)**

The Company had no post-employment benefits at 31 December 2023 or 31 December 2022.

There are no plan assets and therefore the liability presented is the gross defined benefit liability.

The sensitivity of the defined benefit liability outstanding at 31 December 2023 to changes in the main actuarial assumptions is as follows:

- Increase / decrease of 1% in real discount rate will result in a decrease of US$207,000 / an increase of US$240,000 (2022: a decrease of US$319,000 / an increase of US$374,000) in the liability respectively.
- Increase / decrease of 1% in the rate of salary increases will result in an increase of US$251,000 / a decrease of US$217,000 (2022: an increase of US$334,000 / a decrease of US$387,000) in the liability respectively.

24 Share capital and reserves

	Group and Company	
	2023	**2022**
Ordinary share capital	**US$'000**	**US$'000**
Issued and fully paid		
96,156,112 (2022: 96,156,112) ordinary shares of 10p each	14,904	14,904
44,853,670 (2022: 44,853,670) ordinary shares having a nominal value of 10p per share	5,948	5,948
26,035,032 (2022: 26,035,032) ordinary shares having a nominal value of 10p per share	3,621	3,621
Total share capital	**24,473**	**24,473**
44,853,670 (2022: 44,853,670) share premium of 8p per share	4,758	4,758
26,035,032 (2022: 26,035,032) share premium of 8p per share	2,897	2,897
Total share premium	**7,655**	**7,655**
Preference share capital		
Issued and fully paid		
50,000 (2022: 50,000) redeemable preference shares of £1 each	78	78
Preference shares classified as liabilities	**78**	**78**

The Company does not have a limited amount of authorised capital.

Reserves

Merger reserve
The merger reserve arose following the completion of the demerger of Andes PLC on 11 July 2012.

Translation reserve
The translation reserve results from exchange differences arising from the translation of the assets and liabilities of the Group's operations into the presentation currency at exchange rates prevailing at the reporting date, and income and expense items at the average exchange rates for the reporting year.

Retained earnings / (accumulated losses)
The retained earnings / (accumulated losses) include all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Other reserve
The other reserve relates to funds received from Brie International Development Corp, Mezzo Trading International Inc. and Stanhope Worldwide Services Inc. for the issuance of share capital in the future. The shares will be issued during 2024.

25 Financial instruments

The Group is exposed through its operations to the following financial risks: market risk, foreign currency risk, interest rate risk, price risk, credit risk, liquidity risk and capital risk. Management seeks to minimise the Group's exposure to those risks by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group's activities to the exposure to interest rate risk, price risk or foreign currency risk, however they may be considered in the future. No derivatives or hedges against these risks were used during the year.

There have been no substantive changes in the Group's exposure to financial risks, policies, management or measurement of them unless otherwise stated in this note.

Principal financial instruments
The Group's principal financial instruments, from which financial instrument risks arise, comprise cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

The table below shows the carrying values of the Group and Company's financial assets and financial liabilities.

	Group		Company	
	2023	2022	2023	2022
	US$'000	US$'000	US$'000	US$'000
Carrying amount of financial assets				
Trade and other receivables	26,153	49,029	1,463	1,505
Cash and cash equivalents	424	1,911	140	-
Listed and unlisted investments	45,136	47,978	56	409
Carrying amount of financial liabilities				
Measured at amortised cost	53,310	142,943	24,338	13,811

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is monitored by the Group to ensure that it has sufficient resources to meet its financial obligations as they fall due. The liquidity risk of the Group is managed by the Board who monitor the Group's liquidity requirements through monthly management accounts and periodic cash flow forecasts. New funds are borrowed when required. The Group intends to maintain a balance of funding designed to reduce liquidity risks whilst also seeking to minimise the costs of borrowings. Where appropriate the Board will seek additional funds from the issue of share capital, private or public placements.

The Group had access to the undrawn borrowing facilities at the end of the reporting period: $0.4 million (AR$281 million) (2022: nil)

Expiring within one year (bank overdrafts) - $ 4.4 million (AR$3.513 million) (2022: nil)

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

The table below shows the Group and Company's financial liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows which may differ from the amounts included in the statement of financial position because the balances presented in the statement of financial position are based on discounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

25 *Financial instruments* ***(Continued)***

Group 2023	**Carrying Amount US$'000**	**Contractual cash flows US$'000**	**1 year or less US$'000**	**1 to 5 Years US$'000**	**Over 5 Years US$'000**
Current financial liabilities:					
Trade and other payables	5,982	7,144	7,144	-	-
Borrowings	13,595	12,770	12,770	-	-
Leases	77	193	193	-	-
Non-current financial liabilities:					
Trade and other payables	11,501	82,989	-	20,850	62,139
Borrowings	22,034	3,166	-	3,166	-
Leases	121	245	-	245	-
	53,310	106,507	20,107	24,261	62,139

Company 2023	**Carrying Amount US$'000**	**Contractual cash flows US$'000**	**1 year or less US$'000**	**1 to 5 Years US$'000**	**Over 5 Years US$'000**
Current financial liabilities:					
Trade and other payables	540	540	540	-	-
Borrowings	2,847	2,112	2,112	-	-
Non-current financial liabilities:					
Trade and other payables	353	353	-	353	-
Borrowings	20,598	769	-	769	-
	24,338	3,774	2,652	1,122	-

Group 2022	**Carrying Amount US$'000**	**Contractual cash flows US$'000**	**1 year or less US$'000**	**1 to 5 years US$'000**	**Over 5 Years US$'000**
Current financial liabilities:					
Trade and other payables	118,551	118,551	118,551	-	-
Borrowings	4,737	3,453	3,453	-	-
Leases	363	363	363	-	-
Non-current financial liabilities:					
Trade and other payables	7,605	12,372	4,419	7,953	-
Borrowings	11,027	17,546	-	17,546	-
Leases	660	660	660	-	-
	142,943	152,945	127,446	25,499	-

25 Financial instruments ***(Continued)***

Company 2022	**Carrying amount US$'000**	**Contractual cash flows US$'000**	**1 year or less US$'000**	**1 to 5 years US$'000**	**Over 5 Years US$'000**
Current financial liabilities:					
Trade and other payables	301	301	301	-	-
Loans and borrowings	1,741	1,741	1,741	-	-
Non-current financial liabilities:					
Trade and other payables	2,179	2,179	-	2,179	-
Borrowings	10,348	14,568	-	14,568	-
	14,569	18,789	2,042	16,747	-

Credit risk
In accordance with the local legislation, the Group is not able to subject its customer portfolio to a regular credit risk assessment and is therefore exposed to credit risk due to the possibility that customers may fail to meet their financial obligations. The Group has the right to disconnect services if customers fail to meet their financial obligations. The Group recognises a loss allowance for expected credit losses (“ECL”) on trade 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.

The Group is also subject to counterparty credit risk attributable to its deposits of cash and cash equivalents. The risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Financial assets at fair value, also exposed to credit risk, are composed of public and private securities from the country and abroad.

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

Group	**2023 Carrying value US$'000**	**Maximum exposure US$'000**	**2022 Carrying value US$'000**	**Maximum exposure US$'000**
Current financial assets:				
Trade and other receivables	26,153	26,153	49,029	49,029
Investments	45,136	45,136	47,978	47,978
Cash and cash equivalents	424	424	1,911	1,911
	71,713	71,713	98,918	98,918

Company	**2023 Carrying value US$'000**	**Maximum exposure US$'000**	**2022 Carrying Value US$'000**	**Maximum Exposure US$'000**
Current financial assets:				
Trade and other receivables	1,463	1,463	1,505	1,505
Cash and cash equivalents	140	140	-	-
	1,603	1,603	1,505	1,505

25 *Financial instruments* **(Continued)**

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (b) interest bearing liabilities and commodity risks, all of which are exposed to general and specific market movements. Management does not limit the value of risks that may be accepted. However, management is on alert for significant market movements and takes these movements into account in their future dealings.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If variable interest rates increase by 1% compared to the current rate this would result in a US$0.1 million (2022: US$0.4 million) additional charge to the income statement. The Group's exposure to cash flow interest rate risk comes from variable interest rates on borrowings.

The Group does not have formal policies and procedures for the management of interest rate risks as management considers this risk insignificant to the Group's business.

Price risk

The Group is not subject to price risk due to tariffs not being open market based but regulated. However, if future tariff reviews are not forthcoming, this will adversely affect cash flows and the ability of the Group to invest in the business and could impair Group asset values. The Group has not used any derivative hedges against this risk. In connection with electricity sales, the Group is not exposed to risks due to fluctuations in the prices paid to purchase electricity on the market, since price fluctuations are passed through to customers.

The Group is exposed to commodity price risk in relation to the purchase of the copper wires used in the distribution networks. The Group does not use derivatives to hedge this risk. The Group is also exposed to price risk due to inflationary increases in the price of the goods and services it purchases. To manage its exposure to this risk, the Group has established commercial practices aimed at selecting the most convenient suppliers which ensure minimising the costs of purchasing inputs without impacting their quality.

Foreign currency risk

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 mainly relates to balances in US$, based on carrying amounts at the reporting date as follows:

	2023 US$'000	2022 US$'000
Trade and other receivables	1,583	2,069
Investments	12,439	64,492
Cash and cash equivalents	19	116
Financial liabilities	(5,966)	(4,971)
	8,075	61,706

25 *Financial instruments* **(Continued)**

Effect on profit of changes in exchange rates

	2023 US$'000	2022 US$'000
Functional currency strengthening by 73% (1)	6,306	25,963
Functional currency weakening by 73% (1)	(6,306)	(25,963)

(1) According to the devaluation of the Argentine peso during 2023.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to maintain sufficient financial flexibility in order to undertake investment plans, and to optimise the weighted average cost of capital and tax efficiency.

To maintain or adjust the optimum capital structure, the Group may look for new debt facilities, issue new share capital for cash, repay or restructure existing debt, amend its dividend policy, or undertake other restructuring activities considered appropriate.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group monitors capital on the basis of the net debt ratio as follows:

	Group	
	2023 US$'000	2022 US$'000
Borrowings excluding leases	34,233	14,480
Less: cash and cash equivalents	(424)	(1,911)
Net debt	33,809	12,569
Total equity	136,976	120,408
Equity and net debt	170,785	132,977
Net debt ratio	25%	10%

The Group has a capital structure of 25% (2022: 10%).

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2023	2022	2023	2022
	US$'000	US$'000	US$'000	US$'000
Acquisition of property, plant and equipment	9,995	13,239	-	-

All amounts are categorised as less than one year.

27 Related party transactions

Remuneration of key management personnel
Key management include Directors (executive and non-executive) and senior management who have authority for planning, directing and controlling the Group. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2023	2022	2023	2022
	US$'000	US$'000	US$'000	US$'000
Salaries and other short-term benefits	341	434	-	-
	341	434	-	-

Year end balances with related parties
Amounts outstanding at the reporting date to related parties are stated below:

	Group		Company	
	2023	2022	2023	2022
	US$'000	US$'000	US$'000	US$'000
EDENOR	1,397	1,284	1,397	1,284
SAE LLP	21	20	21	20
AESA	-	-	569	905
Jose Luis Manzano	501	476	501	476
EDELCOS	(1,397)	(1,284)	(1,397)	(1,284)
HDS	(1,162)	(1,109)	-	-
Brie International Development	(475)	(475)	(475)	(475)
Mezzo Trading International Inc.	(838)	(838)	(838)	(838)
Stanhope Worldwide Services Inc.	(907)	(907)	(907)	(907)
Magnus Argentina S.A.	(1,460)	(295)	(190)	-
Integra Capital S.A.	(22)	(30)	-	-
Gobierno de la Provincia de Mendoza y otros	(3,487)	(1,412)	-	-
Accionistas PPP	1	(6)	-	-
Edemsa Servicios S.A.U.	12	(5)	-	-
Key management personnel	(1,438)	(2,364)	-	-

Amounts owed to key management personnel are due to one of the Company's Directors, Neil Bleasdale and his related company.

The Company has access to borrowing facilities provided by Magnus Argentina S.A. and Integra Capital S.A. for $2.5 million each, these credit lines bear an interest rate of 8% per annum to be paid in full at maturity (31 December 2026). At 31 December 2023 the Company used $0.1 million (2022: nil) of the Magnus Argentina S.A. credit line, while the Integra Capital S.A. credit line has not yet been used.

No other transactions occurred with related parties during the current and preceding years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

28 Cash generated from Group operations

	2023 US$'000	2022 US$'000
Profit for the year after tax	59,588	22,640
Adjustments for:		
Tax charge	45,505	31,885
Share of profits in associates	(7,441)	(13,622)
Finance costs	47,911	53,593
(Gain)/ loss on financial instruments measured at fair value through profit or loss	(36,059)	6,168
Finance (income)/ expense	(80)	1
Hyperinflation impact	(84,669)	(91,486)
Depreciation of property, plant and equipment	9,131	12,678
Increase in provisions	9,374	8,328
Movements in working capital:		
Increase in inventories	(9,547)	(11,830)
Increase in trade and other payables	7,788	52,185
Increase in trade and other receivables	(36,298)	(44,981)
Cash generated from operations	5,203	25,559

29 Cash used in Company operations

	2023 US$'000	2022 US$'000
(Loss)/ profit for the year after tax	(3,998)	10,829
Adjustments for:		
Share of profits in associates	(7,366)	(14,216)
Finance costs	11,452	3,347
Finance income	(80)	-
Movements in working capital:		
Increase in trade and other receivables	(223)	(677)
Increase in trade and other payables	158	126
Cash used in operations	(57)	(591)

30 Subsequent events

EDEMSA's corporate notes program

On 23 August 2023, the CNV authorised EDEMSA to create a global program for the general public for the issuance of simple Corporate Notes, not convertible into shares for a maximum amount of up to US$80 million or its equivalent in other currencies.

Within the framework of the program, on 6 May 2024, EDEMSA issued two classes of Corporate Notes:

-Class 1 Corporate Notes, denominated in UVA, subscribed and integrated in pesos at the Initial UVA value and payable in Pesos at the applicable UVA value, at a fixed interest rate of 5%, maturing on 6 May 2026 for UVA 31,928 (equivalent to $28,431,873,720.03 at the Initial UVA Value) and with quarterly payment of interest (with the first interest payment date being 6 August 2024), and

-Class 2 Corporate Notes, denominated and payable in Pesos at a variable interest rate corresponding to the amount of the Badlar Private Rate plus a margin of 7% with maturity on 6 May 2025, for $6,607,014,279 and with quarterly payment of interest (with the first interest payment date being 6 August 2024).

Economic context
Between 1 January 2024 and 11 September 2024, the Argentine peso depreciated by 18.5% compared with the US dollar, which has led to an increase in costs. There is a risk that these increased costs may not be able to be passed on in the tariffs.

To the best of the knowledge and understanding of management and Directors, since 31 December 2023, there have been no other significant subsequent events disclosed in this Annual Report that could affect the financial statements presented for 2023.