YPF LUZ

# YPF ENERGÍA ELÉCTRICA S.A.

## DIRECTORS' ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019

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English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.

## YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020 AND 2019

## GLOSSARY OF TERMS

| Term | Definition |
|---|---|
| ADR | American Depositary Receipt |
| AESA | Related party A-Evangelista S.A. |
| AFIP | Argentine Tax Authority |
| Associate | Company over which YPF EE has significant influence as provided for in IAS 28 |
| BNR | BNR Infrastructure Co-Investment Limited |
| CAEE | Electric Energy Supply contract |
| CAMMESA | Compañía Administradora del Mercado Mayorista Eléctrico S.A. |
| CDS | Related Party Central Dock Sud S.A. |
| CGU | Cash Generation Unit |
| CNV | Argentine Securities Commission |
| COD | Respect to a thermal Power Plant, the commercial operation date |
| Energía Base | Power generation from SEE Resolution 01/2019 and earlier, and SGE Resolution 70/2018 |
| EUR | Euro |
| FACPCE | Argentine Federation of Professional Councils of Economic Sciences |
| GE | General Electric Corporation, Inc., or any of its subsidiaries and/or affiliates |
| GE EFS | GE EFS Power Investments B.V., an affiliate of GE |
| Group | YPF EE and its subsidiaries |
| GW | Gigawatts |
| GWh | Gigawatts per hour |
| IAS | International Accounting Standard |
| IASB | International Accounting Standards Board |
| IDS | Joint Venture Inversora Dock Sud S.A. |
| IFRIC | International Financial Reporting Standards Committee |
| IFRS | International Financial Reporting Standard |
| IGJ | Argentine Superintendence of Corporations |
| IGMP | Minimum presumed income tax |
| CPI | Consumer Price Index ("IPC" for its acronym in Spanish) |
| Joint Venture | Company jointly owned by YPF EE as provided for in IFRS 11 |
| Luz del León | Subsidiary Luz del León S.A. |
| LGS | Argentine General Corporations Act No. 19,550 (T.O. 1984), as amended |
| Loma Campana I | Loma Campana I thermal power plant located in the district of Añelo, Province of Neuquén. |
| Loma Campana II | Loma Campana II thermal power plant located in the district of Añelo, Province of Neuquén. |
| MATER | Renewable energy forward market |
| MW | Megawatts |
| MWh | Megawatts per hour |
| NO | Negotiable Obligations |
| OPESSA | Related party and non controlling interest Operadora de Estaciones de Servicios S.A. |
| PPA | Capacity and/or power purchase agreements |
| SADI | Argentine Interconnection System |
| SE | Secretariat of Energy |
| SEE | Secretariat of Energy Electric |
| SGE | Government Secretary of Energy |
| SIC | Standing Interpretation Committee |
| Subsidiary | Company controlled by YPF EE in accordance with the provisions of IFRS 10. |
| US$ | US dollars |
| VAT | Value added tax |
| Y-GEN | Subsidiary Y-GEN Eléctrica S.A.U. (previously Y-GEN ELÉCTRICA S.R.L.) |
| Y-GEN II | Subsidiary Y-GEN Eléctrica II S.A.U. (previously Y-GEN ELÉCTRICA II S.R.L.) |
| Y-GEN III | Subsidiary Y-GEN Eléctrica III S.R.L. |
| Y-GEN IV | Subsidiary Y-GEN Eléctrica IV S.R.L. |
| YPF | YPF Sociedad Anónima |
| YPF EE or the Company | YPF Energía Eléctrica S.A. |
| YPF EE Comercializadora | Subsidiary YPF EE Comercializadora S.A.U. |
| WPI | Whosale internal Price index ("IPIM" for its acronym in Spanish) |

## LEGAL INFORMATION

Legal address

Av. Córdoba 111, 14th Floor – Buenos Aires – Argentina

Fiscal year

N° 8 beginning on January 1, 2020.

Main business of the Company

Generation, transport and commercialization of electric power from all kind of primary sources of production.

Tax identification code ("CUIT"): 30-71412830-9.

Registration date with the Public Commerce Registry:

- Of the social contract: August 26, 2013.
- Last amendment to bylaws: March 20, 2018.

Registration with the IGJ:

16,440 of Book 65, Volume A of Corporations ("Sociedades Anónimas").

**Duration of the company:** Through August 26, 2112.

**Capital Stock**

(Amounts expressed in Argentine Pesos - See Note 23)

| Class of shares | Subscribed, paid-in, issued and registered |
|---|---|
| Commons, book entry shares, with a nominal value of 1 each and entitled to one vote per share: | |
| Class A | 2,810,302,991 |
| Class B | 936,767,364 |
| | **3,747,070,355** |

SANTIAGO MARTÍNEZ TANOIRA
President

English translation of the separated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the separated financial statements filed with the CNV prevail over this translation.

**YPF ENERGÍA ELÉCTRICA S.A.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Argentine Pesos)

| | Notes | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 137,105,039 | 82,019,814 |
| Intangible assets | 8 | 440,000 | 312,999 |
| Right of use assets [(1)] | 10 | 1,334,330 | 1,065,710 |
| Investments in joint ventures | 11 | 5,410,422 | 4,064,410 |
| Other receivables | 12 | 3,536,959 | 1,531,942 |
| Deferred income tax assets, net | 15 | 557,598 | - |
| Assets held for disposal | 4 | - | 7,540,543 |
| **Total non-current assets** | | **148,384,348** | **96,535,418** |
| **Current assets** | | | |
| Other receivables | 12 | 3,539,253 | 2,616,130 |
| Trade receivables | 13 | 9,082,345 | 6,857,677 |
| Restricted cash and cash equivalents | 17 | 3,741,094 | 2,448,153 |
| Cash and cash equivalents | 14 | 14,296,594 | 14,700,487 |
| **Total current assets** | | **30,659,286** | **26,622,447** |
| **TOTAL ASSETS** | | **179,043,634** | **123,157,865** |
| **SHAREHOLDERS' EQUITY** | | | |
| Shareholders' contributions | | 8,411,982 | 8,411,982 |
| Reserves, other comprehensive income and non-retained earnings | | 62,382,821 | 37,126,778 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **70,794,803** | **45,538,760** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provisions | | 132,636 | 58,700 |
| Deferred income tax liability, net | 15 | 10,333,778 | 5,687,365 |
| Leases liabilities [(1)] | 16 | 862,149 | 728,043 |
| Loans | 17 | 58,855,627 | 50,735,033 |
| Other financial liabilities | 7 | 5,962 | 10,430 |
| Liabilities associated with assets held for disposal | 4 | - | 842,191 |
| **Total non-current liabilities** | | **70,190,152** | **58,061,762** |
| **Current liabilities** | | | |
| Taxes payable | | 132,628 | 78,209 |
| Income tax payable | | 466,866 | - |
| Salaries and social security | | 458,161 | 267,461 |
| Leases liabilities [(1)] | 16 | 227,930 | 202,812 |
| Loans | 17 | 29,030,649 | 9,770,245 |
| Other financial liabilities | 7 | 75,843 | 9,824 |
| Trade payables | 18 | 7,666,602 | 9,228,792 |
| **Total current liabilities** | | **38,058,679** | **19,557,343** |
| **TOTAL LIABILITIES** | | **108,248,831** | **77,619,105** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **179,043,634** | **123,157,865** |

(1) See Note 2.3.

Accompanying notes are an integral part of these consolidated financial statements.

SANTIAGO MARTÍNEZ TANOIRA
President

English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.

## YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Argentine Pesos)

| | | For the years ended December 31, | |
|---|---|---|---|
| | **Notes** | **2020** | **2019** |
| Revenues | 19 | 21,416,226 | 16,113,915 |
| Production costs [2] | 20 | (10,013,353) | (7,701,253) |
| **Gross profit** | | **11,402,873** | **8,412,662** |
| Administrative and selling expenses [2] | 20 | (2,104,737) | (1,329,280) |
| Regularization of receivables | 28 | - | 611,025 |
| Other operating results, net [2] | 21 | 2,068,351 | 173,126 |
| **Operating profit** | | **11,366,487** | **7,867,533** |
| Income from equity interest in joint ventures | 11 | 355,876 | 778,173 |
| Net financial results | | | |
| - Financial income | 22 | 8,971,422 | 4,847,675 |
| - Financial costs | 22 | (10,986,205) | (6,907,836) |
| Net financial results [2] | 22 | (2,014,783) | (2,060,161) |
| **Profit before income tax** | | **9,707,580** | **6,585,545** |
| Income tax | 15 | (3,796,932) | (2,358,969) |
| **Net profit for the fiscal year** | | **5,910,648** | **4,226,576** |
| **Other comprehensive income for the fiscal year** | | | |
| *Items that may not be reclassified to net income in subsequent* fiscal *years* | | | |
| Translation differences from assets and liabilities held for disposal | 2.3.18 | 149,205 | 341,812 |
| Translation differences | 2.3.18 | 19,358,365 | 15,527,668 |
| *Items that may be reclassified to net income in subsequent fiscal years* | | | |
| Joint ventures' net monetary position results | 2.3.18 | 1,365,095 | - |
| Translation differences from joint ventures | 2.3.18 | (1,494,061) | - |
| Fair value changes on derivatives instruments, net of tax effect [1] | 2.3.18 | (33,209) | (78,572) |
| **Net variation of other comprehensive income for the fiscal year** | | 19,345,395 | 15,790,908 |
| **Total comprehensive income for the fiscal year** | | **25,256,043** | **20,017,484** |
| **Net income for the fiscal year attributable to shareholders** | | **5,910,648** | **4,226,576** |
| **Total comprehensive income for the fiscal year attributable to shareholders** | | **25,256,043** | **20,017,484** |
| Basic and diluted earnings per share | | | |
| - Basic and diluted (ARS) | 24 | 1.577 | 1.128 |

(1) Net of income tax charges for the fiscal years ended December 31, 2020 and 2019 by 15,880 and 23,261, respectively.

(2) See Note 2.3.

Accompanying notes are an integral part of these consolidated financial statements.

SANTIAGO MARTÍNEZ TANOIRA
President

English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.

## YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Argentine Pesos)

| | For the fiscal year ended December 31, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' contributions | | | Reserves | | | | | |
| | Subscribed capital | Share premium | Other shareholders' contributions | Legal reserve | Special reserve RG No. 609 [(1)] | Reserve for future investments | Other comprehensive income | Retained earnings | Total |
| **As of January 1, 2020** | 3,747,070 | 4,604,483 | 60,429 | 278,026 | 11,532 | 5,080,494 | 27,530,150 | 4,226,576 | 45,538,760 |
| As decided by the General Ordinary Shareholders' Meeting on April 29, 2020: | | | | | | | | | |
| - Appropriation to legal reserve | - | - | - | 211,329 | - | - | - | (211,329) | - |
| - Appropriation to reserve for future investments | - | - | - | - | - | 4,015,247 | - | (4,015,247) | - |
| Other comprehensive income for the fiscal year | - | - | - | - | - | - | 19,345,395 | - | 19,345,395 |
| Net profit for the fiscal year | - | - | - | - | - | - | - | 5,910,648 | 5,910,648 |
| **As of December 31, 2020** | **3,747,070** | **4,604,483** | **60,429** | **489,355** | **11,532** | **9,095,741** | **46,875,545** [(2)] | **5,910,648** | **70,794,803** |

(1) Corresponds to the initial adjustment arising from the IFRS implementation. See Note 2.3.19.

(2) Includes 491,017 from assets held for disposal.

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SANTIAGO MARTÍNEZ TANOIRA
President

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## YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Argentine Pesos)

| | For the fiscal year ended December 31, 2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' contributions | | | Reserves | | | | | |
| | Subscribed capital | Share premium | Other shareholders' contributions | Legal reserve | Special reserve RG No. 609 (1) | Reserve for future investments | Other comprehensive income | Retained earnings | Total |
| **As of January 1, 2019** | 3,747,070 | 4,604,483 | 60,429 | 52,755 | - | 881,681 | 11,739,242 | 4,435,616 | 25,521,276 |
| As decided by the General Ordinary Shareholders' Meeting on May 7, 2019: | | | | | | | | | |
| - Appropriation to RG No. 609 CNV special reserve | - | - | - | - | 11,532 | - | - | (11,532) | - |
| - Appropriation to legal reserve | - | - | - | 225,271 | - | - | - | (225,271) | - |
| - Appropriation to reserve for future investments | - | - | - | - | - | 4,198,813 | - | (4,198,813) | - |
| Other comprehensive income for the fiscal year | - | - | - | - | - | - | 15,790,908 (2) | - | 15,790,908 |
| Net profit for the fiscal year | - | - | - | - | - | - | - | 4,226,576 | 4,226,576 |
| **As of December 31, 2019** | **3,747,070** | **4,604,483** | **60,429** | **278,026** | **11,532** | **5,080,494** | **27,530,150** (2) | **4,226,576** | **45,538,760** |

(1) Corresponds to the initial adjustment arising from the IFRS implementation. See Note 2.3.19.
(2) Includes 341,812 from assets held for disposal.

Accompanying notes are an integral part of these consolidated financial statements.

SANTIAGO MARTÍNEZ TANOIRA
President

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## YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE FISCAL YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts expressed in thousands of Argentine Pesos)

| | For the fiscal years ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **OPERATING ACTIVITIES** | | |
| Net profit for the fiscal year | 5,910,648 | 4,226,576 |
| Adjustments to reconcile net profit to net cash flows from operating activities: | | |
| Income from equity interest in joint ventures | (355,876) | (778,173) |
| Depreciation of property, plant and equipment | 4,661,999 | 2,807,014 |
| Depreciation of right of use assets | 147,239 | 68,641 |
| Decreases of property, plant and equipment | 123,141 | 193,658 |
| Net financial results | 2,014,783 | 2,060,161 |
| Net increase in provisions | 73,936 | 3,763 |
| Increase in allowance for doubtful trade receivables | - | 48,772 |
| Charge on income tax | 3,908,359 | 2,399,311 |
| Charge on income tax related with assets held for disposal | (111,427) | (40,342) |
| Dividends collected | 374,849 | - |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (452,309) | (1,549,489) |
| Other receivables | (1,963,166) | (1,777,626) |
| Trade payables | (2,931,594) | (753,124) |
| Salaries and social security | 190,700 | 116,205 |
| Taxes payable | 521,285 | (126,413) |
| Assets and liabilities held for disposal | (727,274) | (429,989) |
| Income tax payments | - | (134,762) |
| Interest collected | 848,638 | 394,712 |
| Regularization of receivables | - | 666,208 |
| **Net cash flows from operating activities** | **12,233,931** | **7,395,103** |
| **INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment | (11,696,778) | (18,837,582) |
| Acquisition of property, plant and equipment related with assets held for disposal | (1,478,081) | (4,046,621) |
| Acquisition of interest in subsidiaries | - | (92,636) |
| Advances to suppliers of property, plant and equipment | (1,775,936) | (1,319,475) |
| Advances to suppliers of property, plant and equipment related with assets held for disposal | (34,400) | - |
| Acquisition of financial assets | (7,481,898) | (6,250,358) |
| Settlements of financial assets | 10,930,818 | 7,691,329 |
| Cash and cash equivalents restricted | (164,173) | (60,287) |
| **Net cash flows used in investing activities** | **(11,700,448)** | **(22,915,630)** |
| **FINANCING ACTIVITIES** | | |
| Proceeds from loans | 9,759,720 | 22,351,072 |
| Proceeds from loans related with assets held for disposal | 3,685,453 | - |
| Capital contributions and share premium collected | - | 5,691,000 |
| Payments of loans | (12,001,606) | (9,029,129) |
| Payments of leases liabilities | (140,694) | (123,167) |
| Payment of interest and other financial costs | (5,712,178) | (2,724,452) |
| **Net cash flows from financing activities** | **(4,409,305)** | **16,165,324** |
| **Net (decrease) / increase in cash and cash equivalents** | (3,875,822) | 644,797 |
| Effect of exchange difference variations on cash and cash equivalents | 3,450,735 | 9,375,548 |
| Cash and cash equivalents of assets held for disposal | 21,194 | (21,194) |
| Cash and cash equivalents at the beginning of fiscal year (Note 14) | 14,700,487 | 4,701,336 |
| Cash and cash equivalents at the end of the fiscal year (Note 14) | **14,296,594** | **14,700,487** |

| | For the fiscal years ended December 31, | |
|---|---|---|
| **Non-cash transactions** | **2020** | **2019** |
| Acquisitions of property, plant and equipment | 16,838 | 2,842,996 |
| Acquisitions of property, plant and equipment related to assets held for disposal outstanding at the end of the fiscal year | 442,150 | - |
| Transfers of advances to suppliers of property, plant and equipment | 1,103,354 | 1,552,034 |
| Capitalised borrowing cost | 2,059,644 | 1,142,274 |

Accompanying notes are an integral part of these consolidated financial statements.

SANTIAGO MARTÍNEZ TANOIRA
President

## 1. GENERAL INFORMATION AND MAIN ACTIVITIES

YPF Energía Eléctrica S.A. (hereinafter “the “Company”) is a Sociedad Anónima (Argentine business association type akin to a stock corporation) organized under the laws of Argentina. Its registered office is at Córdoba Avenue N° 111, 14th Floor, Buenos Aires City.

YPF EE and the companies that make up the business Group are mainly engaged in (i) generating and selling electric power through three combined cycles located in the Province of Tucumán, two open cycle thermal generation plants and moto generators located in the Province of Neuquén, two cogeneration plants in the Province of Buenos Aires, a wind farm in the Province of Buenos Aires and a wind farm in the Province of Chubut; (ii) building new thermal generation plant of moto generators project in the Province of Chubut; (iii) building two wind farms project in the Province of Santa Cruz and Buenos Aires; (iv) selling energy; and (v) generation and commercialization of electric energy through CDS thermal power plant, through its indirect participation in IDS.

The Group has an installed capacity, at the date of issuance of these consolidated financial statements, of 2,249 MW, representing 5.4% of the installed capacity, including our interest in Central Dock Sud, and 5.7% of the energy demanded in Argentina, according to information published by CAMMESA.

Additionally, the Group has projects under construction with an installed capacity of more than 231.3 MW.

**Thermal power stations**

The Company owns and operates the Tucumán Complex comprised of the Tucumán Thermal Power Plant, located in the town of El Bracho, approximately 22 kms. south of San Miguel de Tucumán, in the province of Tucumán, with a capacity of 447MW and the San Miguel de Tucumán Thermal Power Plant, with a capacity of 382MW. In addition, the Company expanded the Tucumán Complex through the thermal power plant of its subsidiary Y-GEN II, El Bracho TG. This power plant has a capacity of 274 MW and obtained the Commercial Operation Date (COD) on January 27, 2018. By virtue of Resolution No. 287-E/2017 from the Secretary of Electric Energy, Y-GEN II was awarded, as a consequence of the bidding process established, the project to close the existing open cycle power plant (El Bracho TG) into a combined cycle. On October 23, 2020, CAMMESA granted the COD of Steam Turbine No. 1 of the El Bracho Thermal Power Plant up to a total maximum power of 199 MW. Steam Turbine N ° 1 completes the El Bracho combined cycle, in Tucumán, and adds 199 MW of installed capacity to the high-efficiency open-cycle gas turbine inaugurated in 2018. In this way, the complete Combined Cycle will reach a capacity combined total of 473 MW.

The new combined cycle allows a significant increase in the efficiency level of the electric power generation process, which until that moment was 38% to reach 57%, thus achieving one of the highest levels of thermal efficiency in the country. With the completion of this work, the Tucumán Generation Complex becomes the largest thermal generation center in Argentina, with an installed capacity of 1,302 MW that can supply 2.7 million homes.

In 2015, the Company developed its first thermal generation project called Loma Campana I, located in the town of Añelo, province of Neuquén, integrated by a thermal power plant of 105MW of installed capacity that obtained its COD at the beginning of November 2017 through the figure of the distributed self-generator. The Company provides capacity to YPF through an operation and maintenance agreement for a period of 15 years, with a fixed capacity price denominated in US dollars. Loma Campana I began to operate on November 7, 2017.

Loma Campana II, owned by Y-GEN, was built on the same site. It consists of a 107 MW thermal power plant whose power and energy is committed under a PPA entered into with CAMMESA for a 10 year term from commercial operation and the price of which is denominated in US dollars. Loma Campana II started operating on November 30, 2017.

Additionally, the Company owns and operates the Loma Campana Este thermal power plant, located within the Loma Campana oil and gas production block concession, in the town of Añelo, province of Neuquén. This plant has a generation capacity of 17 MW and provides energy for YPF's consumption and it is not connected to the SADI.

On February 2018, the Company acquired the asset La Plata Cogeneration, a thermal power plant previously owned by Central Puerto S.A., with a capacity of 128 MW connected to SADI. The Company has signed a PPA contract with YPF S.A. for the steam generation service denominated in US dollars for a term of 15 years.

Finally, pursuant to Resolution No. 287 – E/2017, the Company was awarded a new cogeneration project to be developed within the La Plata Refinery, which is owned by YPF. This project consisted in the installation of a gas turbine, its electric generator and a boiler to generate steam for heat recovery. On October 27, 2020, CAMMESA granted the COD of the La Plata Cogeneration Thermal Power Plant up to a total maximum power of 89.2 MW. The steam generator of heat recovery (HRSG) generates 200 Tn / h with additional fire and 140 Tn / h without additional fire. The Company has signed a PPA contract with CAMMESA for a term of 15 years after being awarded in the bidding process previously mentioned. In the same bidding process, it committed to install and maintain available a generation capacity of 72 MW in summer and 80.6 in winter for the term of the contract from agreed date of the COD. Likewise, the Company has signed a PPA contract with YPF S.A. for the steam generation service denominated in US dollars for a term of 15 years.

Additionally, the Company is finishing the construction project of a thermal plant of moto generators in the Province of Chubut, for which it has a signed PPA contract with YPF S.A. for power availability for a term of 20 years. This contract is denominated in US dollars.

**Renewable sources**

The Company owns the Parque Eólico Manantiales Behr, with 99MW of installed capacity, through 30 Vestas wind turbines of 3.3 MW of installed power each. On July 25, 2018 the first stage of the wind farm for the first 49.5 MW obtained the commercial operation permit and on December 22, 2018, the last commercial operation permit for the remaining 49.5 MW was obtained.

Approximately 79% of the energy generated is being delivered to YPF through a PPA for a term of 15 years with a price denominated in US dollars. The remaining energy generated is sold to private customers through PPAs denominated in US dollars for a term between 5 and 21 years. It should be noted that this project has dispatch priority in the MATER for 100% of its installed capacity.

The Group was awarded, through Luz del León S.A., with a PPA, as part of the RenovAr 2.0 Program, for the provision of renewable energy through the Cañadón León Wind Power Project of 99MW of capacity. It is located in the province of Santa Cruz, 25 kms. from the city of Caleta Olivia, and approximately 100 km from "Parque Eólico Manantiales Behr". The PPA with CAMMESA for 99 MW is for a term of 20 years and a price denominated in US dollars. The remaining energy (23 MW) will be delivered though a PPA in the MATER with YPF for a term of 15 years, also denominated in US dollars.

Additionally, the Group is the owner of the "Los Teros" wind generation project located in the town of Azul, province of Buenos Aires. This project has priority dispatch in MATER transportation capacity for its whole installed capacity . The Company has committed 100% of energy generated by the wind farm through PPAs denominated in US dollars with YPF (approximately 25%) and several industrial users of private sector with terms between 5 and 20 years. On September 17, 2020, CAMMESA granted the commercial authorization (COD) of 99.58 MW corresponding to 26 wind turbines of the Los Teros I Wind Farm, which is located near the city of Azul, in the Province of Buenos Aires. Subsequently, the commercial authorization of the remaining wind turbines that complete PELT I was obtained, in order to reach a total power of 123 MW.

On November 21, 2018, the Company acquired 100% of the shares of Luz del Valle S.A., a company whose single asset is the development of the wind farm project known as "Parque Eólico Los Teros II" (Los Teros II Wind Farm) located in the town of Azul, Province of Buenos Aires. The wind farm will have 52 MW of capacity. As of the date of issuance of these consolidated financial statements, the Company has committed approximately 85% of energy to be generated by the wind farm through PPAs denominated in US dollars with YPF (approximately 56%) and several industrial users of private sector with terms between 10 and 15 years. The Company is currently in the process of signing the PPAs for the remaining energy.

**Shareholders of the Company**

Until the fiscal year ended December 31, 2017, the Company was controlled by YPF. On March 20, 2018 GE EFS Power Investments B.V. ("GE EFS") a subsidiary of EFS Global Energy B.V. (both companies are indirectly controlled by Company, Inc.), subscribed shares of YPF EE equivalent to 24.99% of its capital stock, committing to contribute US$ 275,000,000. Since GE's shares subscription by means of a Shareholders agreement, GE and YPF jointly control YPF EE (Note 23).

On July 30, 2019, the Company was notified by its shareholder GE EFS, owner of 24.99% of the shares of YPF EE, that 100% of the shares issued by GE EFS was transferred to BNR Infrastructure Co-Investment Limited ("BNR"), a private company established in the United Kingdom. General Electric Company indirectly owns 50% of the economic rights of BNR and Silk Road Fund Co. Ltd. indirectly holds the remaining 50%. BNR, in turn, owns 100% of the capital stock of GE EFS. General Electric Company will continue to indirectly manage and control BNR and will therefore continue to exercise the voting rights corresponding to 24.99% of the shares of YPF EE owned by GE EFS.

## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.1. Professional accounting standards

On April 17, 2019, the Board of Directors of National Securities Commission (CNV) approved the YPF EE registration into the Public Offering regime for securities, and the launch of a Global Program for the Issuance of Simple Negotiable Obligations (non-convertible in shares) up to US$ 1,500 million. With this resolution, the Group must comply with the regulations established by the CNV's Regulatory Framework as its new regulatory body and it is authorized to seek financing in local or international capital markets.

The Group prepares its consolidated financial statements in accordance with International Financial and IFRS, as issued by the IASB and the interpretations of the International Financial Reporting Standards Committee ("IFRIC").

Likewise, additional disclosures required by Argentine General Business Associations Law No. 19,550 and/or CNV regulations have been included with the only purposes of complying with such regulatory requirements.

The issuance of the consolidated financial statements for the fiscal year ended on December 31, 2020 was approved by the Board of Directors on March 3, 2021.

### 2.2. Basis of presentation and consolidation

These financial statements were prepared under the assumption that the Group has the ability to continue as a going concern.

#### 2.2.1. Consolidated financial statements

The consolidated financial statements include the financial statements of the Group made up by the parent company YPF EE and its subsidiaries Y-GEN, Y-GEN II, Luz del Cerro S.A., Luz del Río S.A., Luz del Valle S.A., Luz de Leon S.A., Y-Luz Inversora S.A.U., YPF EE Comercializadora, Y-GEN III and Y-GEN IV, and its associate IDS.

These consolidated financial statements have been prepared by applying the consolidation method to all the subsidiaries that are the companies over which the Group holds control. The Group controls an entity when it is exposed, or it is entitled to the variable results arising from its equity interest in the entity, and has the ability to affect those results through its power over the entity. This capacity is, in general but not exclusively, obtained by the ownership, direct or indirect, of more than 50% of the voting shares of a company.

Subsidiaries are consolidated by including all their assets, liabilities, income, expenses and cash flows into the consolidated financial statements once the adjustments and eliminations corresponding to intra-Group transactions have been made.

The comprehensive income of the subsidiaries are included in the consolidated statement of comprehensive income from the date on which the Company obtains control of the subsidiary until the date on which it loses control over the subsidiary.

Each subsidiary's last financial statements available as of each fiscal year-end were used for consolidation purposes, considering the subsequent events, management information available and the transactions conducted between the Company and the subsidiaries that would have changed the subsidiaries' equity, as applicable. Moreover, the accounting principles and criteria adopted by the subsidiaries were adapted, if needed, with those used in the preparation of the financial statements of the Company with the purpose of presenting the consolidated financial statements applying identical valuation and presentation methods.

- **Effects of the translation of investments in joint ventures with functional currency corresponding to a hyperinflationary economy**

Under IAS 21, the financial statements of a subsidiary with the functional currency of a hyperinflationary economy have to be restated according to IAS 29 before they are included in the consolidated financial statements of its parent company with a functional currency of a non-hyperinflationary economy, except for their comparative figures. Therefore, the results and financial position of subsidiaries with the Peso as functional currency were translated into U.S. dollars by the following procedures: all amounts were translated at the exchange rate effective at the closing date of the financial statements, except for comparative amounts, which were presented as current amounts in the financial statements of the previous fiscal year (i.e., these amounts were not be adjusted to reflect subsequent variations in price levels or exchange rates). Thus, the effect of the restatement of comparative amounts was recognized in other comprehensive income. These criteria were also implemented by the Group for its investments in joint ventures. When an economy ceases to be hyperinflationary and an entity ceases to restate its financial statements in accordance with IAS 29, it will use the amounts restated according to the price level of the date on which the entity ceases to make such restatement as historical costs, in order to translate them into the presentation currency.

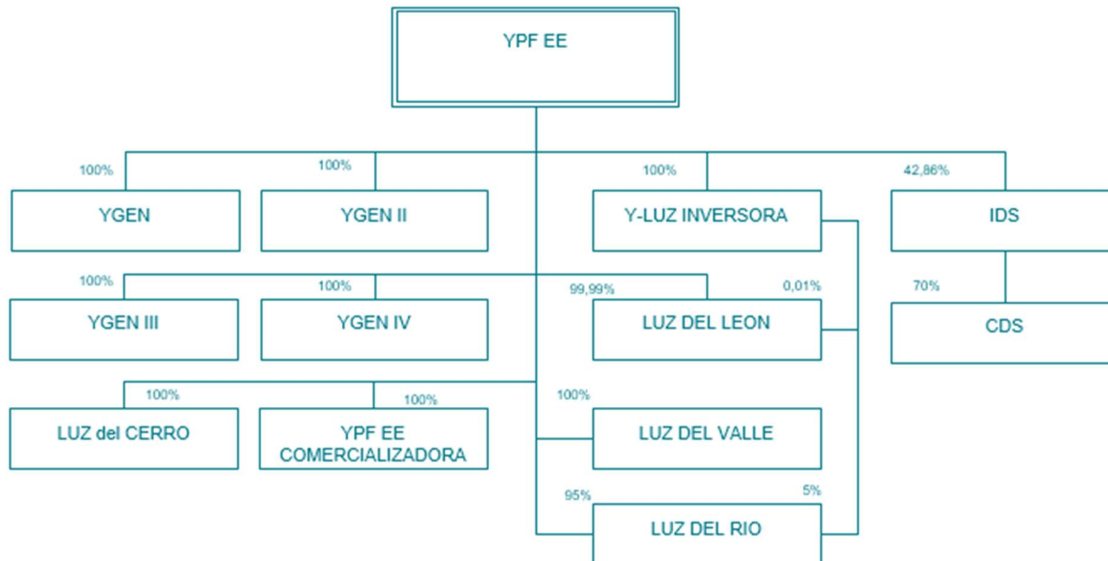
- **Tax effect on Other Comprehensive Income**

Results included in Other Comprehensive Income in connection with translation differences and result from net monetary position generated by investments in subsidiaries, associates and joint ventures whose functional currency is other than U.S. dollar as well as conversion differences arising from the translation of YPF EE's financial statements into its presentation currency (Argentine Pesos), have no effect on the income tax or in the deferred tax since at the time they were generated, the relevant transactions did not have any impact on accounting or tax results.

The Group holds a 100% interest in the consolidated companies' capital stock. Therefore, there are no non-controlling interests.

**Structure and organization of the economic group**

The following chart shows the organizational structure, including the main companies of the Group, as of December 31, 2020:




As of December 31, 2020, the Group had a negative working capital of 7,399,393, as a consequence of being in the process of construction or recent completion of the wind farms and thermal plants related to the projects detailed in Note 27. Notwithstanding this, based in the current conditions of the local financial market, the Board of Directors and the Company's Management do not expect any inconvenience to renew the Negotiable Obligations and other credit lines with maturity during 2021, if necessary.

**2.2.2. Measurement unit**

These consolidated financial statements have been prepared under the historical cost approach, with the exception of certain assets and liabilities measured at fair value, with changes through the statement of comprehensive income.

**2.3. Summary of significant accounting policies**

The accounting policies adopted for the financial statements are consistent with those used in the financial statements corresponding to the year ended December 31, 2019, except for the following:

**Presentation of commercial interests in the statement of comprehensive income**

The Company's Management understands that interest for late payment in the cancellation of trade receivables of CAMMESA, provide relevant information on the operation and operating cash flows of the business, rather than the Company's financial performance and, therefore, since the fourth quarter of 2020, they are presented within the caption "Other operating results, net" of the statement of comprehensive income and as net cash flow from operating activities in the statement of cash flow. Management considers that this presentation better reflects the impacts of the operating cycle, allowing a consistent presentation together with other expenses already disclosed under operating results, particularly considering the current context that deepened the delay in the payment terms to electricity generators and distributors. Consequently, the figures corresponding to commercial interests presented in a comparative manner were reclassified from

the caption "Financial results, net" to the caption "Other operating results, net" for 71,337, in order to maintain consistency with the figures for this year.

**Annual lease fees for operation and maintenance contracts**

During this fiscal year, and within the framework of the renegotiation of certain operation and maintenance contracts of the Group, the Company's Management has begun to record the annual lease fee based on IFRS 16 "Leases". Said fee grants the Company the right to use an identifiable asset ("Supercore") in the events identified in the contract. Consequently, the Company has modified the comparative figures of the headings "Right of use assets" and "Lease liabilities" of the statement of financial position for an amount of 316,587 as of December 31, 2019 and January 1, 2019. This change does not have any effect in the net result of 2019.

**Financial results generated by acquisition y settlements of financial assets**

During the present fiscal year, the Company's Management has begun to record the financial result generated by the acquisition and sttlements of financial assets in "Other financial income", remaining within the heading "Net financial results". Consequently, the Company has modified the comparative figures in the note with the breakdown of this heading for an amount of 1,440,971, modifying also the presentation in the statements of cash flow. This change does not have any effect in the net result of 2019.

**Presentation of services regarding maintenance and/or replacement of parts**

During the present fiscal year, the Company's Management has begun to record the fees related to the services regarding maintenance and/or replacement of parts in the line of "Preservation, repair and maintenance", remaining within the heading "Production costs". Consequently, the Company has modified the comparative figures in the breakdown of this heading in the note "Expenses by nature" for an amount of 270,735. This change does not have any effect in the net result of 2019.

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements.

**2.3.1. Functional and presentation currency**

Under IFRS the companies must define their functional currency, which may differ from the presentation currency. The functional currency must be defined according to the criteria set forth in IAS 21: "The effects of changes in foreign exchange rates". Based on the provisions of the referenced rule, and considering the main activities of the Company, its subsidiaries and joint ventures, as detailed in Note 8, and the currency of the primary economic environment in which the entities operate, the Management and the Board of Directors have defined for the Group, the US dollar as their functional currency. Therefore, the financial statements of the Group have been converted into US dollars according to the procedure stated in IAS 21. According to such procedures, monetary assets and liabilities are converted at the closing exchange rate. Non-monetary items, measured in terms of the historical cost approach, as well as results, are converted using the exchange rate of the transaction date. The results of the conversion of monetary assets and liabilities denominated in currencies other than US dollars are recognized in the result of the fiscal year in which they arise.

In addition, under the provisions of CNV General Resolution No. 562, the Company is required to present its financial statements in Argentine pesos, and therefore, the amounts resulting from the aforementioned process are to be converted into pesos, according to the criteria specified in IAS 21. Under IAS 21, assets and liabilities should be converted at the applicable closing exchange rate, and results at the exchange rate of the date of each transaction (or, for convenience purposes, and when exchange rates do not vary significantly, at the average exchange rate of each month) and the resulting exchange differences should be recognized in Other Comprehensive Income.

Results reported in Other Comprehensive Income related to the conversion of the financial statements of the Company into its presentation currency (pesos), have no effect on the income tax or the deferred tax, since, at the time of they were generated, such transactions had no impact in the accounting and taxable income.

Assets and liabilities in functional currency have been converted into the presentation currency using the following exchange rates, which arise from the average of the buyer and seller from Banco de la Nación Argentina:

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Argentine peso (ARS) | 84.05 | 59.79 |

#### 2.3.2. Foreign Currency

In preparing the consolidated financial statements, transactions in currencies other than the functional currency (foreign currencies) are booked at the exchange rates prevailing at the date of each transaction. At the closing date of each fiscal year, monetary items denominated in foreign currency are converted at exchange rates for the functional currency prevailing on the closing dates of the financial statements. Exchange differences are recognized in the income statement of the fiscal year in which they originated.

#### 2.3.3. Classification of items as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. An entity shall classify an asset as current when:

- it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An entity shall classify a liability as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, in all cases.

#### 2.3.4. Fair value measurement

The Group measures certain financial instruments at their fair value at each reporting date. Fair values of financial instruments measured at amortized cost are disclosed in Note 7.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 input data: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 input data: valuation techniques with input data other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly.
- Level 3 input data: valuation techniques for which input data are not observable for the asset or liability.

**2.3.5. Revenue recognition**

**2.3.5.1. Revenues**

IFRS 15 presents a detailed five-step model to explain revenue from contracts with customers. Its main principle is that an entity must recognize revenue to represent the transfer of goods or services promised to customers, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services, at the time of satisfying a performance obligation.

An asset is transferred when (or as) the client obtains control of that asset, defined as the ability to direct the use and obtain substantially all the remaining benefits of the asset. IFRS 15 requires analyzing:

- If the contract (or the combination of contracts) contains more than one promised good or service, when and how the goods or services should be granted.
- If the transaction price distributed to each performance obligation should be recognized as revenue over time or at a specific time. Under IFRS 15, an entity recognizes revenue when the obligation is satisfied, that is, when control of the goods and services that have a particular obligation is transferred to the customer. The new model does not include separate guidelines for the "sale of goods" and the "provision of services". Instead, it requires entities to assess whether revenue should be recognized over time or at a specific time, regardless of whether the income includes "sale of goods" or "provision of services".

- When the transaction price includes an item for estimating variable payments, how will the amount and time for revenue recognition affect. The concept of variable payment estimation is broad. A transaction price is considered variable due to discounts, reimbursements, credits, price concessions, incentives, performance bonuses, penalties and contingency agreements. The new model introduces a great condition for a variable consideration to be recognized as revenue: only until it is very unlikely that a significant change in the amount of accumulated income will occur and when the uncertainties inherent in the variable payment estimate have been resolved.
- When the costs incurred to finalize a contract and the costs to fulfill it can be recognized as an asset.

The Company recognizes revenue based on the availability of effective capacity of its plants, of the energy delivered and of the steam delivered, and an account receivable is also recognized. This receivable represents the unconditional right of the Company to receive the consideration owed by the customer. The billing of the service is performed on a monthly basis and the term of collection is not significant. The opportunity to satisfy the performance obligation occurs over time because the client receives and simultaneously consumes the benefits provided by the performance of the obligation by the entity.

Revenue from the sale of energy and power made available capacity and sales of steam (including additional remuneration and non-recurring maintenance receivables) is calculated at the prices set in the relevant agreements or at the prices prevailing in the electricity market, pursuant to current regulations. It includes revenue from energy, steam and capacity made available and/or delivered and not billed until the end of the fiscal year, valued at the prices set in agreements or in the relevant regulations.

Additionally, the requirements requested to provide information disclosures are included in Note 19.

**2.3.5.2. Net financial results**

For all financial assets and liabilities measured at amortized cost and at fair value through profit and loss, interest income or expense is recorded using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, as appropriate, with respect to the net carrying amount of the financial asset or liability. Interest income (except for mentioned in Note 2.3) and expense is included in "net financial results" in the consolidated statement of comprehensive income.

**2.3.6. Taxes**

**2.3.6.1. Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to calculate those amounts are those that are enacted or substantively enacted at the end of the fiscal year. The statutory tax rate for the Group for the fiscal years 2020 and 2019 is 30% (see Note 31).

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and recognizes provisions where appropriate.

**2.3.6.2. Deferred income tax**

Deferred income tax is provided for using the liability method on temporary differences at the end of the fiscal year between the tax basis of assets and liabilities and their related carrying amounts.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and;
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and tax loss carry forwards losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and/or the tax losses carry forward can be utilized, except:

- where the deferred income tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which those differences can be utilized.

The carrying amount of deferred income tax assets is reviewed as of the end of each fiscal year and reduced through the comprehensive income or other comprehensive income, to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (recovered). Unrecognized deferred income tax assets are reassessed as of the end of each fiscal year and are recognized through the income statement or other comprehensive income for the fiscal year, as the case may be, to the extent that it has become probable that future taxable profits will allow the deferred income tax asset not previously recognized to be recovered.

Deferred income tax assets and liabilities are measured at undiscounted nominal value at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the fiscal year (Note 31).

Deferred income tax items are recognized in correlation to the underlying transactions either in the statement of other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets and liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Tax inflation adjustment**

The Law No. 27,468, published in the Official Gazette on December 4, 2018, established that the tax inflation adjustment procedure is in force for the fiscal years that began on January 1, 2018. With respect to the first, second and third fiscal year afterwards, this procedure was applicable in the event that the variation in the Consumer Price Index ("CPI"), calculated from the beginning and until the end of each of those exercises exceeds 55%, 30% and 15%, for the first, second and third fiscal year of application, respectively. The Company has applied the tax inflation adjustment procedure in the estimation of its income tax charge. Considering that the mentioned rates have been verified, as of December 31, 2020 and 2019, the Group has applied the tax inflation adjustment procedure in the estimation of annual effective rate. The effect

of tax inflation adjustment for fiscal years 2020 and 2019 is taxed as follows: 1/6 in that same fiscal year and the remaining 5/6 in equal parts during the following five fiscal years.

**Uncertainty about income tax treatment - IFRIC 23**

In June 2017, the IASB issued the interpretation IFRIC 23 - Uncertainty about income tax treatment. The interpretation clarifies how to determine a tax treatment when there is uncertainty about the treatment of income tax. The IFRIC 23 requires an entity: (i) determine if uncertain tax treatments must be assessed separately or jointly, (ii) evaluate whether the tax authority will accept an uncertain tax treatment used, or which Is intended to be used in its income tax filing. In affirmative case, the entity will determine the tax position consistent with the tax treatment used or intended to be used on its income tax filing. In negative case, the entity will reflect the effect of the uncertainty in determining the accounting tax treatment using either the most probable amount or the expected value method.

IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and the application of the aforementioned amendment have not had a significant effect on the financial statements of the Company.

**2.3.6.3. Other taxes related to sales and to bank account transactions**

Revenues from recurring activities, expenses incurred and assets are recognized excluding the amount of any sales tax, as in the case of value-added tax or turnover tax, or the tax on bank account transactions, except:

- where the tax incurred on a sale or on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as the case may be and;
- trade receivables and payables are stated including value-added tax.

Turnover tax is included in the line "Taxes, rates and contributions" of the "Administrative and selling expenses" within the consolidated statement of comprehensive income. Tax on bank account transactions charge is included in "Administrative and selling expenses" or "Net financial results" within the consolidated statement of comprehensive income, depending nature of the transactions which originated the tax.

The net amount of the tax related to sales and to bank account transactions recoverable from, or payable to, the tax authority is included as a non-financial asset or liability, as the case may be.

**2.3.7. Property, plant and equipment**

**2.3.7.1. Generation and selling of electric energy**

Property, plant and equipment is carried at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

Borrowing costs from third parties directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset.

When major maintenance is performed that recovers the capacity of the asset, its cost is capitalized if the conditions for the recognition thereof as an asset are met and are depreciated separately based on their specific useful life.

The costs of renewals, improvements and enhancements that extend the useful life of properties and/or improve their service capacity are capitalized. As property, plant and equipment are retired, the related cost and accumulated depreciation are derecognized.

All other regular repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Property, plant and equipment, net of its recoverable residual value are depreciated composing such item by distributing linearly the cost of the different elements that compose it between the years of estimated useful life of each asset as follows:

| | **Useful life in years** |
|---|---|
| Buildings | 50 |
| Production facilities, machinery, equipment of power plants | 15-25 |
| Transportation equipment | 5 |
| Furniture, fixtures and computer and communication equipment | 3 |

The residual values, useful lives and methods of depreciation are reviewed as of the end of each fiscal year and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

**2.3.8. Impairment of property, plant and equipment**

The Group assesses as of the end of each fiscal year whether there is an indication that an individual component or a group of property, plant and equipment may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value less costs to sell that asset, and its value-in-use. That amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the cash flows of the group of assets that form part of the cash-generating unit ("CGU") to which they belong are taken. To this end, the Group defined each generating plant as an independent CGU.

When the carrying amount of an individual asset or CGU exceeds its recoverable amount, the individual asset or CGU, as the case may be, is considered impaired and is written down to its recoverable amount.

In assessing value in use of an individual asset or CGU, the estimated future cash flows are discounted to their present value using a discount rate that reflects the weighted average capital cost employed for the Group.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are verified by valuation multiples, quoted values for similar assets on active markets and other available fair value indicators, if any.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These detailed budgets and forecast calculations generally cover the useful life of the asset.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income.

In addition, for the assets for which an impairment loss had been booked, as of the end of each period or fiscal year, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If any indication exists, the Group estimates the individual asset's or CGU recoverable amount, as applicable.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the individual assets or CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of the related depreciation or amortization, had no impairment loss been recognized for the asset or CGU in prior periods. Such reversal is recognized in the statement of income in the same line in which the related impairment charge was previously recognized, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

As of December 31, 2020 and 2019 no impairment charge or reversal of impairment charges was recognized.

**2.3.9. Intangible Assets**

The Group initially recognises intangible assets at their acquisition cost. This cost is amortized on a straight-line basis over the useful lives of these assets. At the end of each year, such assets are measured at their acquisition cost, less its respective accumulated amortization and, if applicable, impairment losses.

It corresponds to the acquired wind project, which comprises irrevocable option contracts for the constitution of usufructs of the lands where the Project is located, pre-feasibility studies (electric, environmental, etc.) and permits, licenses and authorizations corresponding to the Wind Farm.

**2.3.10. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**2.3.10.1. Financial assets**

**Classification**

In accordance with IFRS 9 "Financial instruments", the Group classifies its financial assets into three categories:

- **Financial assets at amortized cost**

Financial assets are measured at amortized cost if both of the following criteria are met: (i) the objective of the Group's business model is to hold the assets to collect the contractual cash flow, and (ii) the contractual terms only represent payment of principal and interest (SPPI criterion).

In addition, and for assets that meet the above conditions, IFRS 9 contemplates the option of designating, at the time of the initial recognition, an asset as measured at its fair value, if doing so would eliminate or significantly reduce the valuation or recognition inconsistency that could arise in the event that the valuation of the assets and liabilities or the recognition of profit or losses would be done on a different basis. The Group has not designated a financial asset at fair value by using this option.

As of the closing date of these consolidated financial statements, the Group's financial assets at amortized cost include certain elements of cash and cash equivalents, trade receivables , other receivables and other financial assets (Y-GEN and Y-GEN II reserve account, in connection with the Citibank N.A. loan taken – See Note 17).

- **Financial assets at fair value with changes in other comprehensive income**

Financial assets are measured at fair value with change in other comprehensive income if financial assets are maintained in a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets.

As of December 31, 2020 and 2019, there are no financial assets at fair value with changes in other comprehensive income.

– **Financial assets at fair value through profit or loss**

The financial assets at fair value through profit or loss correspond to a residual category that includes financial instruments that are not held under one of the two business models indicated above, including those held for trading and those designated at fair value.

As of December 31, 2020 and 2019, and during the fiscal years then ended, the Group's financial assets at fair value through profit or loss include mutual funds, which are included in the "Cash and cash equivalents" line item.

**Recognition and measurement**

Purchases and sales of financial assets are recognized on the date the Group commits to purchase or sell the assets.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs. These assets accrue interest based on the effective interest rate method.

Financial assets at fair value through profit or loss and through other comprehensive income are initially recognized at fair value and transaction costs are recognized as an expense in the statement of comprehensive income. They are subsequently valued at fair value. Changes in fair values and results from sales of financial assets at fair value through profit or loss are recorded in "Net financial results" in the statement of comprehensive income. Changes in fair of financial assets through other comprehensive income value are recorded in other comprehensive income.

In general, the Group uses the transaction price to ascertain the fair value of a financial instrument on initial recognition. In other cases, the Group records a gain or loss on initial recognition only if the fair value of the financial instrument can be supported by other comparable and observable market transactions for the same type of instrument or if it is based in a technical valuation that only inputs observable market information. Unrecognized gains or losses on initial recognition of a financial asset are recognized later, only to the extent they arise from a change in the factors (including time) that market participants would consider upon setting the price.

Gains/losses on debt instruments measured at amortized cost and not designated in a hedging relationship are charged to income when the financial assets are derecognized or an impairment loss is recognized and during the amortization process using the effective interest rate method. The Group reclassifies investments on debt instruments only when its business model for managing those assets changes.

**Derecognition of financial assets**

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognized from the statement of financial position when:

- The contractual rights to receive the cash flows generated by the asset have expired or;
- Contractual rights over the cash flows generated by the asset have been transferred, or an obligation to pay a third party all of these cash flows without a significant delay has been assumed, through a transfer agreement (pass-through arrangement), and (a) substantially all the risks and benefits inherent to ownership of the asset have been transferred; or (b) substantially all the risks and rewards of ownership of the asset have not been transferred or retained, but control over the asset has been transferred.

When the contractual rights to receive the cash flows generated by the asset have been transferred, or a transfer agreement has been entered into, but neither all the risks and benefits inherent to ownership of the asset have been substantially transferred or retained, nor have been transferred control over it, that asset will continue to be recognized to the extent of the Group's continued involvement in the asset. In that case, the Group will also recognize the related liability. The

transferred asset and the related liability will be measured in a manner that reflects the rights and obligations that the Group has retained.

**Impairment of financial assets**

IFRS 9 introduces an "expected credit loss" ("ECL") model. This requires considerable judgment regarding how changes in economic factors affect ECLs, which are determined on a weighted average basis. The ECLs arise from the difference between the contractual cash flows and the cash flows at present value that the Group expects to receive.

The new impairment model is applicable to financial assets measured at amortized cost or at fair value with changes through other comprehensive income, except for investments in equity instruments, and to the assets from contracts recognized under IFRS 15.

Under IFRS 9, allowances for losses will be measured using one of the following bases:

- 12-month ECL: These are ECLs that result from possible default events within 12 months after the reporting date;
- ECL during the life of the asset: These are ECLs that result from possible events of default during the expected life of a financial instrument.

Given the nature of the clients with which the Group operates, the conditions regulatory set and based on the above-mentioned criteria, the Group did not identify significant expected credit losses, during the asset lifetime, in addition to those detailed in Note 13.

In the case of financial investments and, in accordance with the current investment policies, the Group monitors the credit rating and the credit risk that these instruments have, as long as they are not valued at fair value. Based on the analysis made, the Group did not identify that an impairment should be recorded in this type of instrument.

**2.3.10.2. Financial liabilities - Recognition and measurement**

– **Financial liabilities at amortized cost**

Financial liabilities are initially recognized at their fair value less the transaction costs incurred. After their initial recognition, financial liabilities are measured at amortized cost. Any difference between the financing received (net of transaction costs) and the repayment value is recognized in the consolidated statement of comprehensive income over the life of the related debt instrument, using the effective interest rate method.

At the closing date of these consolidated financial statements, the Group's financial liabilities at amortized cost include Trade payables and Loans.

– **Financial liabilities at fair value through other comprehensive income**

Financial liabilities are measured at fair value through profit or loss if are maintained in a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets.

As of December 31, 2020 and 2019, the Group's financial liabilities at fair value through profit or loss include hedging instruments of Y-GEN and Y-GEN II included in the "Other financial liabilities" line item.

– **Derecognition of financial liabilities**

The Group derecognizes a financial liability when the obligation specified in the corresponding contract has been paid or canceled, or has expired.

When one financial liability is replaced with another one with the same counterparty with substantially different conditions, or if the conditions of an existing liability change substantially, that exchange or modification is treated by derecognizing the original financial liability and recognizing a new financial liability, and the difference is recognized as financial income or expense in the statement of comprehensive income.

**2.3.10.3. Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**2.3.10.4. Financial assets and liabilities with related parties**

Assets and liabilities with related parties are recognized initially at fair value plus directly attributable transaction costs. As long as those transactions have not been performed at arms' length principle, any difference arising at initial recognition between fair value and the consideration given or received in return shall be considered as an equity transaction (capital contribution or payment of dividends, which will depend on whether it is positive or negative).

Following initial recognition, these receivables and payables are measured at their amortized cost through the effective interest rate method. The amortization is included in finance income or costs in the comprehensive income statement of income.

**2.3.10.5. Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

The derivative financial instruments used by the Group are initially recognized at fair value on the date on which a derivatives contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The method to recognize the loss or gain resulting from the change in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged. The Company may designate certain derivatives as:

- fair value hedges;
- cash flow hedges.

At inception date, the Group documents the relationship between the hedging instruments and the hedged items, as well as their objectives for risk management and the strategy to carry out various hedging transactions. It also documents its evaluation, both at the beginning and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair value or in the cash flows of the hedged items.

**Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

**Cash flow hedge**

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges are recognized in Other Comprehensive Income. The loss or gain relating to the non-effective part is recognized immediately in the statement of comprehensive income under "Net financial results".

The amounts accumulated in Other Comprehensive Income are taken to the statement of comprehensive income in the fiscal years in which the hedged item affects the result of the year. In the case of interest rate hedges, this means that the amounts recognized in the equity are reclassified to results in "Net financial results", as the interest on the associated debts accrues.

As of December 31, 2020 and 2019, the Group maintains derivative hedging instruments in order to reduce the risk arising from variation in interest rates.

Interest rate swaps or hedge contracts are measured at their current value at the end of each fiscal year and are exposed as assets or liabilities depending on the rights and obligations arising from the respective contracts. Interest rate swaps contracts have been classified as effective cash flow hedges. Changes in the accounting measurement of swap contracts are recognized in the shareholders' equity in "Other comprehensive income". These recognized changes in shareholders' equity are reclassified to the result of the fiscal year in which the interests of the loan with variable rate object of coverage are recognized in the statement of comprehensive income.

If the hedging instrument expires or is sold, resolved, terminated or exercised without successive replacement or renewal (as part of the hedging strategy), or if its designation as a hedge is revoked, or if the hedge no longer meets the requirements to apply hedge accounting, any accumulated gain or loss previously recognized in the other comprehensive income remains separate in equity until the expected transaction takes place. If the future transaction is not expected to occur, the cash flow reserve amount is imputed to the consolidated comprehensive income.

**2.3.11. Cash and cash equivalents**

Cash is deemed to include both cash on hand and bank deposits on demand. Cash equivalents are deemed to include short-term investments with significant liquidity and free availability that, subject to no previous notice or material cost, may be easily converted into a specific cash amount that is known with a high degree of certainty upon the acquisition, are subject to an insignificant risk of changes in value, maturing up to three months after the date of the related acquisitions, and whose main purpose is not investment or any other similar purpose, but settling short-term commitments.

For the purpose of the consolidated statement of financial position and the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposit held at call with banks and on other short-term highly liquidity investments with original maturities of three months or less.

Cash and cash equivalents do not include amounts of bank overdrafts.

**2.3.12. Provisions**

Provisions are recognized when the Group has a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income under the item that better reflects the nature of the provision net of any reimbursement to the extent that the latter is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax market rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the statement of comprehensive income under the caption "Net financial results".

– Provision for lawsuits and claims

In the ordinary course of business, the Group is exposed to claims of different natures (e.g., commercial, labor, tax, social security, foreign exchange or customs claims) and other contingent situations derived from the interpretation of current legislation, which could result in a loss, the materialization of which depends on whether one more events occur or not. In assessing these situations, Management uses its own judgment and advice from its legal counsel, both internal and external, as well as the evidence available as of those dates. If the assessment of the contingency reveals the likelihood of the materialization of a loss and the amount can be reliably estimated, a provision for lawsuits and claims is recorded as of the end of each fiscal year .

**2.3.13. Contingent liabilities**

A contingent liability is: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (ii) a present obligation that arises from past events but is not recognized because: (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in the financial statements; it is reported in notes, unless the possibility of an outflow of resources to settle such liability is remote. For each type of contingent liability as of the end of each fiscal year , the Group shall disclose (i) a brief description of the nature of the obligation and, if possible, (ii) an estimate of its financial impact; (iii) an indication of the uncertainties about the amount or timing of those outflows; and (iv) the possibility of obtaining potential reimbursements.

**2.3.14. Contingent assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the financial statements; it is reported in notes only where an inflow of economic benefits is probable. For each type of contingent asset as of the end of each fiscal year, the Group shall disclose (i) a brief description of the nature thereof and, if possible, (ii) an estimate of its financial impact.

**2.3.15. Employee benefits**

The Group recognizes short-term benefits to employees, such as salary, vacation pay, bonuses, among others, on an accrued basis and includes the benefits arising from collective bargaining agreements. All these benefits are included in "Salaries and social security".

The Group also awards bonus for objectives and performance. These programs reach certain Group employees. They are based on the fulfillment of corporate objectives, business unit and individual performance. They are determined based on the annual remuneration of each employee, the calculation of certain indicators related to compliance with the aforementioned objectives and the performance evaluation, and are paid in cash.

### 2.3.16. Investment in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method. An associate is an entity over which the Group has significant influence or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is neither control nor joint control.

According to the equity method, investments in associates are originally recognized in the statement of financial position at cost, plus (less) the changes in the Group's ownership interests in the associates' net assets subsequent to the acquisition date. If any, goodwill relating to the associate is included in the carrying amount of the investment and it is neither amortized nor individually tested for impairment.

If the cost of the investments is lower than the proportional share on the fair value associate's assets and liabilities as of the date of acquisition, a gain is recognized in the fiscal year in which the investment was acquired.

The statement of comprehensive income reflects the share of the results of operations of the associates and joint ventures adjusted on the basis of the fair values estimated as of the date on which the investment was recognized. When there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and includes them, when applicable, in the statement of changes in shareholders' equity.

The Group's share of profit in the associates and joint ventures is shown in a single line on the statement of comprehensive income. This share of profit includes income or loss after taxes of the associates and joint ventures.

The financial information of the associates and joint ventures is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associates and joint ventures in line with those of the Group.

After the application of the equity method, the Group determines whether it is necessary to recognize impairment losses on its investment in its associates and joint ventures. As of the end of each fiscal year, the Group determines whether there is objective evidence that the value of the investment in the associates has been impaired. If such was the case, the Group estimates the impairment loss as the difference between the recoverable amount of the investment in the associates and its carrying value, and recognizes the loss as "Income from equity interest in associates " in the statement of comprehensive income.

Upon loss of significant influence over an associate, and joint ventures the Group measures and recognizes any retained investment at its fair value. If such was the case, any difference between the carrying amount of the investment in the associate and the fair value on any retained investment, as well as the disposal proceeds, are recognized in the statement of comprehensive income.

The information related to associates and joint ventures is included in Note 11.

### 2.3.17. Assets held for disposal

The Group classifies non-current assets and groups of assets as held for disposal if their carrying amounts will be recovered principally through a sale transaction or its distribution to the shareholders rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal, excluding finance costs and income tax expense.

The criteria to classify as held for disposal is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the transaction will be made or that the decision to sale will be withdrawn.

Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated nor amortized once classified as held for disposal.

Assets and liabilities classified as held for disposal are presented separately in the consolidated statement of financial position.

When the Group is engaged in a sale plan that implies the loss of control of a subsidiary, it classifies all the assets and liabilities of that subsidiary as held for disposal, regardless of whether it retains after the sale a non-controlling interest in its previous subsidiary.

In accordance with the IFRS 5 guidelines, in the consolidated financial statements as of December 31, 2019, the Company disclosed in the "Assets held for disposal" and "Liabilities associated with assets held for disposal" the assets and liabilities of its subsidiary Luz del León S.A., respectively. It should be noted that as of the closing and issuance date of the mentioned financial statements, the Company had assessed, based on the available evidence, that compliance with the conditions of the preceding clauses of the Stock Subscription Agreement was probable. Among other facts considered to establish such probability, the Company had taken into account the possibility to obtain financing for the project, as described in Note 17, and the will of Equinor to successively extend the terms for completion of the transaction while negotiating the compliance with the preceding conditions. However, expired extension date, as a consequence of the partial cancellation of the financing of the project by United States International Development Finance Corporation (hereinafter "DFC") and the receipt of the aforementioned communication of termination of the Shares' Subscription Agreement by Equinor detailed in Note 4, events occurred during the second quarter of 2020, the Company has reconsolidated the assets and liabilities of said subsidiary line by line since the interim financial statements as of June 30, 2020 thereon.

Additional disclosures are provided in Note 4.. All other notes to the consolidated financial statements include amounts for continuing operations, unless otherwise indicated.

**2.3.18. Leases**

The model introduced by IFRS 16 is based on the definition of lease, which is mainly related to the concept of control. IFRS 16 distinguishes between lease agreements and service contracts based on whether an identified asset is under the client control, which exists as long as the customer has the right to: i) obtain substantially all the economic benefits from the use of the asset; and ii) to direct the use of that asset.

**The Group as lessee:**

Once the lease is identified, the Group recognizes the following items:

- Right of use assets, whose cost includes:
    a. the amount of the initial measurement of the lease liability;
    b. any lease payments made to the lessor prior to the start date or on the same date, after discounting any incentive received for the lease;
    c. any initial direct costs incurred by the lessee; and
    d. an estimate of costs to be incurred in dismantling and removing of the underlying asset, restoring the location in which the underlying asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless incurred costs when producing inventories. The Group may incur obligations for these costs either at the beginning date or as a consequence of having used the underlying asset during a given period.

Subsequently, the valuation of the right of use assets is based on the cost model set in IAS 16 "Property, plant and equipment (recognizing therefore depreciation and impairment in the statement of comprehensive income). Depreciation is calculated following the straight-line method based on the lease term of each contract, unless the useful life of such underlying asset is negligible.

The lease agreements in which the Group is a lessee correspond mainly to the rental of:

- Usufruct contracts for the land in which the Group is building its wind farms

  These contracts have an average term of 17 years, with the option to renew for other 20 years, and do not have contingent canons.

- Rental contracts for the Group administrative offices

  These contracts establish monthly payments and last three years.

- Rental contracts for motor generator equipment

  These contracts have a 5 - year term with a purchase option at the end of the term. They do not have contingent canons.

- Annual lease fee for operating and maintenance contracts

  These contracts have a 15 - year term and establish yearly payments.

- Lease liabilities, measured as the sum of the future lease payments, discounted using the incremental borrowing rate of the lessee given the complexity of determining the interest rate implicit in the leases. The Group applied to the lease liabilities recognized in the statement of financial position the incremental borrowing rate of the lessee since the date of initial application.

  The lease liabilities include:

  a. fixed payments (including essentially fixed payments), less any lease incentive receivable;
  b. variable payments, which depend on an index or a rate, initially measured using the index or rate at the commencement date of the contract;
  c. amounts that the Group expects to pay as residual value guarantees;
  d. the exercise price of a purchase option if the Group is reasonably certain of exercising that option; and
  e. payment of penalties for terminating the lease, if the lease period reflects that the Group will exercise an option to terminate it (i.e., because there is reasonable certainty in this respect).

Subsequently, the Group increases the liability for the lease to reflect the accrued interest (and recognized in the statement of comprehensive income), deducts the payments that are made from the liability and recalculates the book value to reflect any revision, modification of the lease or revision of the so-called "in substance" fixed payments, applying a revised discount rate if applicable.

The Group reviews the lease liability in the following cases:

a. when there is a change in the expected amount to be paid under a residual value guarantee;
b. when there is a change in future lease payments resulting from a change in an index or an interest rate used to determine those payments (including, for example, a market rent review);
c. when there is a change in the lease term as a result of a change in the non-cancelable period of the lease (for example, if the lessee does not exercise an option previously included in the determination of the lease term); or

d. when there is a change in the evaluation of the purchase option of the underlying asset.

The Group recognized right of use assets and lease liabilities of 206,006 as of January 1, 2019 in the statement of financial position, measured at the present value of future payments. In addition, the Group reclassified 282,278 from property, plant and equipment to right of use assets, and reclassified 210,166 from loans to lease liabilities.

The application of this standard had no effect on the accumulated results since the Group applied the simplified model without restating the comparative figures, recognizing a right of use asset equivalent to the lease liability on the initial date of transition (January 1, 2019). There were no adjustments to be made due to impairment arising from onerous contracts related to these right of use assets.

For leases that qualify as short-term leases, and leases with low-value underlying assets, the Group continues to recognize them as straight-line expense over the term of the lease, unless another systematic basis is more representative, in accordance with the option indicated by the rule. The Group did not identify low value leases other than those whose underlying assets respond to printers, cell phones, computers, photocopiers, among them, which amounts are not significant.

The Group applied the practical solution of the rule by which those leases whose term ends within 12 months from the date of initial application, regardless of the original date, and fulfilling the conditions to be classified as short term, continue the treatment described in the previous paragraph.

The Group as lessor:

The Group does not have significant assets leased to third parties.

**2.3.19. Shareholders' equity**

Shareholders' equity items were valued pursuant to the professional accounting standards effective as of the date of transition. The movements in this account were recognized according to the decisions reached by shareholders' meetings, legislation or regulations.

**Capital stock**

It includes the contributions made by the shareholders represented by shares and includes the shares outstanding at their face value.

**Share premium**

It is related to the difference between the capital increases subscribed and the related face value of the shares issued.

**Other shareholders contributions**

Includes the effects of the transactions made with entities under the Group´s common control (Note 4.a)).

**Legal reserve**

According to the provisions of General Associations Law, the Company is required to set up a legal reserve of at least 5% of the income arising, from the profit for the fiscal year, prior-year adjustments, the transfers of other comprehensive income to retained earnings and accumulated losses of prior fiscal years until it reaches 20% of the subscribed capital.

**Reserve for future investments**

Corresponds to the allocation made by the Shareholders' Meeting of the Company, by which a specific amount is destined to constitute a reserve for future investments.

**Special reserve RG No. 609**

Corresponds to the reserve created in accordance with General Resolution 609/12 of the CNV (“Special reserve RG Nº 609”), which contains the positive difference resultant of the initial balance of the accumulated results exposed in the financial statements of the first closing of the fiscal year of IFRS application and the final balance of the results not allocated at the end of the last fiscal year under the previous accounting standards. Special reserve RG Nº 609 is not allowed to be distributed in cash or in kind and it can only be dipped into a capitalization or an absorption of any negative balances of retained earnings.

**Other comprehensive income**

Includes income and expenses recognized directly in shareholders’ equity accounts and the transfer of such items from equity accounts to the income statement of the fiscal year or to retained earnings, as defined by IFRS.

The evolution of the item is detailed below.

| | Other comprehensive income | | | |
|---|---|---|---|---|
| | Currency adjustment translation | Joint ventures’ net monetary position results | Changes in derivative instruments’ fair value | Total |
| **Balance as of December 31, 2018** | **11,712,851** | **-** | **26,391** | **11,739,242** |
| Currency adjustment translation | 15,869,480 | - | - | 15,869,480 |
| Income from hedging instruments | - | - | (70,791) | (70,791) |
| Less: Income reclassification for valuation of hedging instruments charged to results of the fiscal year | - | - | (31,042) | (31,042) |
| Income tax related to components of other comprehensive results for the fiscal year | - | - | 23,261 | 23,261 |
| Net variation of the fiscal year | 15,869,480 | - | (78,572) | **15**,790,908 |
| **Balance as of December 31, 2019** | **27,582,331** | **-** | **(52,181)** | **27,530,150** |
| Currency adjustment translation | 18,013,509 | - | - | 18,013,509 |
| Joint ventures’ net monetary position results | - | 1,365,095 | - | 1,365,095 |
| Income from hedging instruments | - | - | (6,921) | (6,921) |
| Less: Income reclassification for valuation of hedging instruments charged to results of the fiscal year | - | - | (42,168) | (42,168) |
| Income tax related to components of other comprehensive results for the fiscal year | - | - | 15,880 | 15,880 |
| Net variation of the fiscal year | 18,013,509 | 1,365,095 | (33,209) | **19,345,395** |
| **Balance as of December 31, 2020** | **45,595,840** | **1,365,095** | **(85,390)** | **46,875,545** |

In addition, as established by CNV regulations, when the other comprehensive income balance is positive it should not be distributed, converted into equity or used to compensate accumulated losses, and when the balance is negative, a restriction to the distribution of retained earnings to the shareholders for up to that amount applies.

**Retained earnings**

Includes retained earnings with no specific allocation that may be distributed by a decision reached by the Shareholders' Meeting, provided that there are no legal restrictions.

Moreover, it comprises retained earnings from prior fiscal years, the amounts transferred from other comprehensive income and adjustment to prior fiscal year results due to the application of professional accounting policies.

**2.3.20. Information by operating segment**

For management purposes, the Group is organized as a single business segment to generate and sell electric energy. The Group discloses only the information about this activity in "Operating income (loss)" on the consolidated statement of comprehensive income.

**2.4. Judgements, significant accounting estimates and assumptions**

The preparation of the Group's consolidated financial statements requires Management to make significant estimates and assumptions that affect the recorded amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities as of the end of each fiscal year . In this sense, the uncertainties related to the estimates and assumptions adopted could give rise in the future to final results that could differ from those estimates and require significant adjustments to the amounts of the assets and liabilities affected.

The key assumptions concerning the future and other key sources of estimation as of the end of each fiscal year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial fiscal year, are described below. The Group based its accounting assumptions and significant estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant estimates used by management are mentioned below:

**Recoverability of property, plant and equipment:**

At each reporting date the Group assess if there is an indicator that Property, Plant and Equipment may be impaired. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a Discounted Cash Flow (DCF) method. The cash flows cover the useful life of the assets. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows.

**Income tax and deferred income tax**

The proper assessment of income tax expenses depends on several factors, including interpretations related to tax treatment for transactions and/or events that are not expressly provided for by current tax law, as well as estimates of the timing and realization of deferred income taxes. The actual collection and payment of income tax expenses may differ from these estimates due to, among others, changes in applicable tax regulations and/or their interpretations, as well as unanticipated future transactions affecting the Group's tax balances.

**Functional Currency**

The Company's Management applies its professional judgment to determine its functional currency and that of its subsidiaries. The judgment is made mainly with respect to the currency which influences and determines the sales prices,

the generating costs, material, investment and other costs, as well as the financing and collections resulting from their operating activities.

**2.5. IFRS issued not yet effective**

2.5.1. New standards and interpretations issued by the IASB which are not effective as of December 31, 2020 and have not been early adopted by the Group

The new and / or modified standards and interpretations issued by the IASB and approved by the FACPCE but which are not effective on the date of issuance of these financial statements are listed below. In this sense, only the new and / or modified standards and interpretations that the Company reasonably foresees will be applicable in the future are indicated. In general, the Company intends to adopt these standards, as appropriate, when they become effective.

**Amendments to IAS 1 to clarify the classification of liabilities**

The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

The Company's Board of Directors anticipates that the application of the aforementioned amendments will not have a significant impact on the financial statements of the Group.

**COVID-19 related rent concessions**

On May 28, 2020 the IASB published an amendment which provides lessees with an exemption from assessing if a deferring or relieving of the amounts due by a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after January 1, 2020 and are to be applied retrospectively. Earlier application is permitted.

The Company's Board of Directors anticipates that the application of the aforementioned amendments will not have a significant impact on the financial statements of the Group.

**Amendments of limited scope to the IFRS**

The IASB issued a set of limited scope amendments to the IFRS on May 14, 2020. The individual amendments are:

Amendment to IFRS 3:

- Update IFRS 3 so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*;.
- Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination.

- Add to IFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Amendment to IAS 16:

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendment to IAS 37:

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The set of annual improvements to IFRS Standards 2018 – 2020 includes the following minor amendments:

- Subsidiary as a first-time adopter (amendment to IFRS 1).
- Fees in the '10 per cent' test to derecognize a financial liability (amendment to IFRS 9).
- Lease incentives (amendment to illustrative example 13 of IFRS 16).
- Taxation cash flows when measuring fair value (amendment to IAS 41).

The amendments are all effective for annual reporting periods beginning on or after January 1, 2022, except the amendment to IFRS 16 which have not effective date.

The Company's Board of Directors anticipates that the application of the aforementioned amendments will not have a significant impact on the financial statements of the Company or the Group.

There are no other effective interpretations of IFRS or IFRIC which is expected to have a material effect on the financial statements of the Group.

2.5.2. Adoption of new standards and interpretations effective as of January 1, 2020

The Group has adopted new and revised standards and interpretations, issued by the IASB, relevant to its operations and whose application is effective as of December 31, 2020. The aforementioned new standards and interpretations that have had an effect on these consolidated financial statements are described below:

- **Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors" – Definition of material**

In October 2018, the IASB issued amendments that are applicable to fiscal years beginning on or from January 1, 2020, allowing for its anticipated application.

The amendments to the definitions of "material" or "with relative importance" seek to unify the definition of such concepts to the definitions of Conceptual Framework, also amended in 2018.

The implementation of these amendments did not have effects in the Company's financial statements

- **Amendments to References to the Conceptual Framework for Financial Reporting**

In March 2018, the IASB issued the revised Conceptual Framework applicable to annual periods beginning on or after January 1, 2020. This revision process did not imply a substantial change in the set of definitions, concepts and guidelines used as a basis for preparing financial information, so there was no effects in the Company's financial statements.

- **Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)**

In September 2019, the IASB issued amendments that are applicable to fiscal years beginning on or from January 1, 2020, allowing for its anticipated application.

The amendments in Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of such reform.

Likewise, in the loans contracts signed during the fiscal year 2020, when applicable, the Company has incorporated covenants to calculate alternative rates to LIBOR when the latter is not available.

As of the date of issuance of these consolidated financial statements, the Group´s management does not have available elements to analyze the impact of the aforementioned modifications.

## 3. SEASONALITY OF OPERATIONS

The demand for electric energy fluctuates according to the season of the year and may be affected significantly and adversely by climatic factors. In summer (from December to March), the demand for electric energy can increase substantially due to the use of air conditioning equipment. In winter (from June to August), the demand for electric energy may fluctuate, due to lighting and heating needs. Consequently, seasonal changes may affect the results of operations and the financial situation of the Group.

## 4. ACQUISITIONS AND DISPOSITIONS

During the fiscal year ended December 31, 2020, there was no significant acquisitions or disposals.

On August 5, 2019, YPF EE, Y-Luz Inversora S.A.U., Luz del León S.A. ("Luz del León") and Wind Power AS, a subsidiary of Equinor ASA, a company established in the Kingdom of Norway, ("Equinor"), entered into an agreement for the subscription of shares in Luz del León, a company 100% controlled by the Company (the "Stock Subscription Agreement"). Luz del León holds all rights and obligations relating to Cañadón León Wind Farm Project for approximately 122 MW, located in the Province of Santa Cruz (the "Project"). Such Project is currently under construction and the total installed capacity and power corresponding to the Project has already been sold to CAMMESA under the RENOVAR 2 Program and to YPF S.A. under a private power purchase agreement for the following 20 and 15 years respectively, from the commercial operation date.

The Stock Subscription Agreement established that, subject to the fulfillment of certain precedent conditions, Equinor would subscribe shares in Luz del León in order to obtain a 50% participation equity in such company. To that effect Equinor will contribute US$ 30 million, US$ 20 million as equity and US$ 10 million as share premium. The parties had originally agreed that such conditions should be satisfied before December 31, 2019, but this period was successively postponed until April 30, 2020.

A written communication was required from either party to terminate the agreement.

On May 28, 2020, the agreement was terminated upon the communication by Equinor to the Company of its intention to exercise this right of termination.

In accordance with the IFRS 5 guidelines, in the annual consolidated financial statements as of December 31, 2019 and in the condensed interim financial statements as of March 31, 2020, the Company disclosed in the "Assets held for disposal" the net assets of its subsidiary Luz del León S.A. It should be noted that as of the closing and issuance date of the mentioned financial statements, the Company had assessed, based on the available evidence, that compliance with the conditions of the preceding clauses of the Stock Subscription Agreement was probable. Among other facts taken into consideration to establish such probability, the Company had considered the obtention of financing for the project, as described in the following paragraphs, and the will of Equinor to successively extend the terms for completion of the transaction while negotiating the compliance with the preceding clauses.

However, as a consequence of the partial cancellation of the financing of the project by United States International Development Finance Corporation (hereinafter "DFC") and the receipt of the aforementioned communication of termination of the agreement by Equinor, events occurred in the fiscal year ended December 31, 2020, the Company has reconsolidated the assets and liabilities of said subsidiary line by line in these interim financial statements as of December 31, 2020.

On January 14, 2020 Luz de León S.A. entered into a financial agreement with the United States International Development Finance Corporation (hereinafter "DFC") and BNP Paribas Fortis SA/NV (hereinafter "BNP Paribas") for up to US$ 150 million. Under this contract DFC would disburse, subject to the compliance of certain conditions, US$ 50 million and BNP Paribas, also subject to certain conditions, up to US$ 100 million, under the framework of a "Project Finance" modality. During April 2020, DFC informed the Company that it would not make the disbursement established in the agreement signed in January 2020. The first disbursement of BNP Paribas by approximately US$ 80 million was received during February 2020. BNP's first disbursement by approximately US$ 80.5 million was received on February 2020. The tranche corresponding to BNP Paribas will be guaranteed by the German export credit agency Euler Hermes Aktiengesellschaft.

The loan accrues a fixed interest rate of 3.31% with final maturity on September 15, 2034. Capital will be amortized semiannually beginning on March 15, 2021. The funds from such loan will be used to finance the Cañadón León wind farm project.

The loan agreement has financial commitments (covenants) throughout its term, which include interest coverage ratios and a leverage ratio.

The main classes of assets and liabilities included in non-current assets and liabilities held for disposal as of December 31, 2019 are detailed below:

| **Assets held for disposal** | |
|---|---|
| Property, plant and equipment | 6,142,610 |
| Deferred income tax asset, net | 23,088 |
| Other receivables | 1,353,651 |
| Cash and cash equivalents | 21,194 |
| **Assets classified as held for disposal** | **7,540,543** |

| **Liabilities associated with the assets held for disposal** | |
|---|---|
| Loans | 5,608,620 |
| Taxes payable | 519 |
| Trade payables | 900,669 |
| **Liabilities directly associated to assets classified as held for disposal** | **6,509,808** |
| Eliminations | (5,667,617) |
| **Total** | **842,191** |

## 5. FINANCIAL RISK MANAGEMENT

The Group's activities involve various types of financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group maintains an organizational structure and systems that allow the identification, measurement and control of the risks to which it is exposed.

### 5.1. Market risk

The market risk to which the Group is exposed is the possibility that the valuation of the Group's financial assets or financial liabilities as well as certain expected cash flows may be adversely affected by changes in interest rates, exchange rates or certain other price variables.

The following is a description of these risks as well as a detail of the extent to which the Group is exposed and a sensitivity analysis of possible changes in each of the relevant market variables.

**Exchange rate risk**

The value of financial assets and liabilities denominated in a currency different from the Group's functional currency is subject to variations resulting from fluctuations in exchange rates. Since YPF's functional currency is the US dollar, the currency that generates the greatest exposure is the Argentine peso, the Argentine legal currency. The Group does not use derivatives as a hedge against exchange rate fluctuations.

Balances of financial assets and liabilities denominated in Argentine pesos as of December 31, 2020, are as follows:

| | December 31, 2020 |
|---|---|
| Assets | 15,328,655 |
| Liabilities | (11,881,016) |
| **Exchange rate exposure, net** | **3,447,639** |

**Exchange rate sensitivity**

The following table shows the sensitivity of the net income before tax, as of December 31, 2020, in face of a devaluation of the Argentine peso with respect to its functional currency, considering that all other variables will remain constant (due to changes in the fair value of the monetary assets and liabilities).

| Depreciation (-) / Appreciation (+) of exchange rate of Argentine peso against US dollar | Net Income before tax, for the fiscal year ended December 31, 2020 (Losses) / Gains |
|---|---|
| +10% | 344,764 |
| -10% | (344,764) |

**Interest rate risk**

The Group is exposed to risks associated with fluctuations in interest rates on loans and investments. Changes in interest rates may affect the interest income or expenses derived from financial assets and liabilities tied to a variable interest rate. Additionally, the fair value of financial assets and liabilities that accrue interests based on fixed interest rates may also be affected.

The table below provides information about the financial liabilities as of December 31, 2020, that accrues interest considering the applicable rate:

| | Financial liabilities (1) |
|---|---|
| Fixed interest rate | 69,411,773 |
| Variable interest rate | 19,032,935 |
| **Total (2)** | **88,444,708** |

(1) Includes only financial loans. Does not include trade payables, which mostly do not accrue interest.
(2) Corresponds to the principal of loans, without consider interest.

The fixed and variable rate financial loans represent 81% and 19%, respectively, of the total loans as of December 31, 2020, and include, financial loans with local and international entities. The portion of the loan, which accrues variable interest rate, is mainly exposed to the fluctuations in LIBOR.

Financial assets mainly include, in addition to trade receivables, which have low exposure to interest rate risk, bank deposits, fixed-interest deposits and investments in mutual funds such as "money market" or short-term fixed interest rate instruments.

The Group's strategy to hedge interest rate risk is based on placing funds at a variable interest rate, which partially offset financial loans at a variable interest rate, as well as using cash flow hedging .

In June 2017, Y-GEN and Y-GEN II entered into a five years interest rate swap contract with Citibank N.A., London Branch to hedge its variable interest rate cash flows, with approximately US$ 156 million declining notional amount (see Note 17). The Group receives a variable interest rate and pays a fixed rate of interest of 1.947% for approximately loan's 65% .

The table below shows the estimated impact on the consolidated net income (loss) before tax of an increase or decrease of 100 basis points in the interest rate.

| | Increase (+) / decrease (-) in the interest rates (basis points) | Income (loss) for the fiscal year ended December 31, 2020 |
|---|---|---|
| Impact on net income (loss) before tax | +100 | (130,423) |
| | -100 | 130,423 |

**Price risk**

The Group is not exposed to variations in prices in relation to sales made through the PPAs signed, which represent 67% of the Group's total revenues, given that they are made at fixed prices denominated in US dollars for periods between 5 and 15 years, which provide stability in operating cash flows. Sales under Resolution SEE No. 31/2020 represent 31% of revenues for the fiscal year ended December 31, 2020 (See Note 30.1).

**5.2. Liquidity risk**

Liquidity risk is associated with the possibility of a mismatch between the need of funds to meet short, medium or long-term obligations.

As mentioned in previous paragraphs, the Group intends to align the maturity profile of its financial debt to be related to its ability to generate enough cash flows for its cancellation, as well as to finance the projected expenditures for each fiscal year. As of December 31, 2020, the Group has a negative working capital of 7,399,393 (See Note 2.2.1). As of December 31, 2020, the cash and cash equivalents reached 18,038 million, considering cash and cash equivalents of 14,297 million and cash and cash equivalents restricted for 3,741 million.

The following table sets forth the maturity dates of the Group's financial liabilities as of December 31, 2020:

| As of December 31, 2020 | Less than 3 months | 3 to 12 months | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Loans | 6,876,869 | 22,153,780 | 21,997,992 | 36,857,635 | 87,886,276 |
| Leases liabilities | 56,045 | 171,885 | 436,621 | 425,528 | 1,090,079 |
| Other financial liabilities | 25,648 | 50,195 | 5,962 | - | 81,805 |
| Trade payables | 7,666,602 | - | - | - | 7,666,602 |
| | **14,625,164** | **22,375,860** | **22,440,575** | **37,283,163** | **96,724,762** |

Most of the Group's loans contain usual clauses of financial commitments (covenants) associated with leverage ratio and debt coverage ratio. See Note 17.

Under the terms of the loan agreements, if the Group breached a covenant or if it could not remedy it within the stipulated period, it would default, a situation that would limit its liquidity and, given that the majority of its loans contain cross default provisions, it could result in an early enforceability of its obligations.

### 5.3. Credit risk

Credit risk is defined as the possibility of a third party not complying with its contractual obligations, thus negatively affecting results of operations of the Group.

Credit risk in the Group is measured and controlled on an individual customer basis. The Group has its own systems to conduct a permanent evaluation of credit performance of all of its debtors, and the determination of risk limits with respect to third parties, in line with best practices using for such end internal customer records and external data sources.

Financial instruments that potentially expose the Group to a credit concentration risk consist primarily of cash and cash equivalents, trade receivables and other receivables. The Group invests excess cash primarily in high liquid investments with financial institutions with a strong credit rating both in Argentina and abroad. In the normal course of business and based on ongoing credit evaluations to its customers, the Group provides credit to its customers and certain related parties. Likewise, the loss for doubtful trade accounts is charged to the Statement of Comprehensive Income, based on specific information regarding its clients.

The provisions for doubtful accounts are measured by the criteria expressed in Note 2.3.9.1.

The maximum exposure to credit risk of the Group of December 31, 2020, based on the type of its financial instruments and without excluding the amounts covered by guarantees is set forth below:

| | Maximum exposure as of December 31, 2020 |
|---|---|
| Trade receivables | 9,082,345 |
| Other receivables | 7,076,212 |
| Cash and cash equivalents restricted | 3,741,094 |
| | **19,899,651** |

Considering the maximum exposure to the risk, trade receivables and other receivables related to CAMMESA accounts for approximately 61% of these receivables. Financial assets past due as of December 31, 2020 represents 12.4% of total. At such date, the provision for doubtful other receivables is not significant and includes certain tax credits.

## 6. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables show the financial assets and liabilities by category of financial instrument and a reconciliation with the corresponding accounts in the financial statement, as appropriate. Since the accounts “Trade receivables”, “Other receivables”, “Trade payables” and “Other financial liabilities” contain financial instruments, as well as non-financial assets and liabilities (such as taxes and advances to property, plant and equipment), the reconciliation is shown within the “Non-financial assets” and “Non-financial liabilities” columns.

### Financial Assets

| | December 31, 2020 | | | |
|---|---|---|---|---|
| | **Financial assets at amortized cost** | **Financial assets at fair value through profit or loss** | **Non-financial assets** | **Total** |
| Other receivables | 1,213,910 | - | 5,862,302 | 7,076,212 |
| Restricted cash and cash equivalents (Note 17) | 3,741,094 | - | - | 3,741,094 |
| Trade receivables | 9,082,345 | - | - | 9,082,345 |
| Cash and cash equivalents | 6,639,324 | 7,657,270 | - | 14,296,594 |
| | **20,676,673** | **7,657,270** | **5,862,302** | **34,196,245** |

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | **Financial assets at amortized cost** | **Financial assets at fair value through profit or loss** | **Non-financial assets** | **Total** |
| Other receivables | 934,940 | - | 3,213,132 | 4,148,072 |
| Restricted cash and cash equivalents (Note 17) | 2,448,153 | - | - | 2,448,153 |
| Trade receivables | 6,857,677 | - | - | 6,857,677 |
| Cash and cash equivalents | 14,611,487 | 89,000 | - | 14,700,487 |
| | **24,852,257** | **89,000** | **3,213,132** | **28,154,389** |

### Financial Liabilities

| | December 31, 2020 | | |
|---|---|---|---|
| | **Financial liabilities at amortized cost** | **Financial liabilities at fair value through comprehensive income** | **Total** |
| Loans | 87,886,276 | - | 87,886,276 |
| Leases liabilities | 1,090,079 | - | 1,090,079 |
| Other financial liabilities | - | 81,805 | 81,805 |
| Trade payables | 7,666,602 | - | 7,666,602 |
| | **96,642,957** | **81,805** | **96,724,762** |

| | December 31, 2019 | | |
|---|---|---|---|
| | Financial liabilities at amortized cost | Financial liabilities at fair value through comprehensive income | Total |
| Loans | 60,505,278 | - | 60,505,278 |
| Leases liabilities | 930,855 | - | 930,855 |
| Other financial liabilities | - | 20,254 | 20,254 |
| Trade payables | 9,228,792 | - | 9,228,792 |
| | **70,664,925** | **20,254** | **70,685,179** |

Gains and losses on financial instruments are allocated to the following categories:

| | For the fiscal year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | Financial assets / liabilities at amortized cost | Financial assets at fair value through profit or loss | Non-financial assets / liabilities | Total |
| Interest income and other | 141,973 | 994,745 | - | 1,136,718 |
| Interest loss and other | (4,454,799) | - | - | (4,454,799) |
| Finance accretion | (104,908) | - | - | (104,908) |
| Other financial income | (179,715) | 3,448,920 | - | 3,269,205 |
| Net exchange differences | (1,640,348) | (931,677) | 711,026 | (1,860,999) |
| | **(6,237,797)** | **3,511,988** | **711,026** | **(2,014,783)** |

| | For the fiscal year ended December 31, 2019 | | | |
|---|---|---|---|---|
| | Financial assets / liabilities at amortized cost | Financial assets at fair value through profit or loss | Non-financial assets / liabilities | Total |
| Interest income and other | 362,945 | 82,240 | - | 445,185 |
| Interest loss and other | (2,961,039) | - | - | (2,961,039) |
| Finance accretion | (35,483) | - | - | (35,483) |
| Other financial income | (78,968) | 1,440,971 | - | 1,362,003 |
| Net exchange differences | (1,245,431) | (40,223) | 414,827 | (870,827) |
| | **(3,957,976)** | **1,482,988** | **414,827** | **(2,060,161)** |

## 7. QUANTITATIVE AND QUALITATIVE INFORMATION ON FAIR VALUES

### 7.1. Information on the fair value of financial assets and liabilities by category

#### 7.1.1. Instruments at amortized cost

The estimated fair value of loans, considering interest rates offered to the Group for its financial loans, amounted approximately to 79,949,710 and 56,895,329 as of December 31, 2020 and 2019, respectively.

The fair value of other receivables, trade receivables, cash and cash equivalents, restricted cash and cash equivalents, trade payables, leases liabilities and other financial liabilities do not differ significantly from their book value.

#### 7.1.2. Instruments at fair value

The fair value of mutual funds is based on the market price at the end of the present fiscal year.

### 7.2. Valuation techniques

The fair value reported in connection with the abovementioned financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Management assessed that the fair values of current trade receivables, other financial assets and other current receivables and trade payables, other liabilities and variable rate loans, approximates the carrying amounts mainly due to the short-term maturities of these instruments and to the fact that the loans mainly have variable interest rates.
- Fair value of fixed rate loans is calculated by the appropriated valuation technics that use observable market data.
- Fair value of mutual funds is based on price quotations as of the end of each fiscal year .
- Fair value of other financial liabilities (hedge instruments) is calculated using appropriate valuation techniques that don't use observable market data. The valuation model estimates the present value of the swap through a forecast of the flow of certain and estimated future funds using a forward rate curve and discounting those future cash flows using a discount rate curve. The forward rate curve is built from information available and published in the market for specific terms and currencies, using in turn the interpolation methodology for each year in which there is no information available in the market in order to obtain a continuous curve.

### 7.3. Fair value hierarchy

#### 7.3.1. Assets and liabilities at fair value

As of December 31, 2020 and 2019, the Group maintained the following financial assets and liabilities measured at fair value in its consolidated statement of financial position:

| | December 31, 2020 | |
|---|---|---|
| **Financial assets** | **Level 1** | **Total** |
| Cash and cash equivalents: | | |
| - Mutual funds | 7,657,270 | 7,657,270 |
| | **7,657,270** | **7,657,270** |

| | December 31, 2020 | |
|---|---|---|
| **Financial liabilities** | **Level 3** | **Total** |
| Other financial liabilities | | |
| - Hedging instruments | 81,805 | 81,805 (1) |
| | **81,805** | **81,805** |

(1) As of December 31, 2020 5,962 were classified as Non-current liabilities and 75,843 were classified as Current liabilities.

| | December 31, 2019 | |
|---|---|---|
| **Financial assets** | **Level 1** | **Total** |
| Cash and cash equivalents: | | |
| - Mutual funds | 89,000 | 89,000 |
| | **89,000** | **89,000** |

| | December 31, 2019 | | |
|---|---|---|---|
| **Financial liabilities** | **Level 3** | **Total** | |
| Other financial liabilities | | | |
| - Hedging instruments | 20,254 | 20,254 | (1) |
| | **20,254** | **20,254** | |

(2) As of December 31, 2019 10,430 were classified as Non-current liabilities and 9,824 were classified as Current liabilities.

There have been no transfers of financial assets between different fair value hierarchies during the years ended December 31, 2020 and 2019.

### 7.3.2. Evolution of measures at fair value of Level 3

The following is an evolution of the financial liabilities measured at fair value:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Amount at the beginning of the fiscal year | (20,254) | 69,901 |
| Change in fair value | (61,551) | (90,155) |
| **Amount at the end of the fiscal year** | **(81,805)** | **(20,254)** |

## 8. INTANGIBLE ASSETS

Changes in the Group’s intangible assets for the fiscal years ended December 31, 2020 and 2019 are as follows:

| | Intangible assets |
|---|---|
| **Balances as of December 31, 2018** | **196,835** |
| Cost | |
| Translation effect | 116,164 |
| Cost | 312,999 |
| **Balances as of December 31, 2019** | **312,999** |
| Cost | |
| Translation effect | 127,001 |
| Cost | 440,000 |
| **Balances as of December 31, 2020** | **440,000** |

## 9. PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings | Production facilities, machinery, equipment and spare parts of power plants | Transportation equipment | Materials and equipment in ware house | Work in progress | Furniture, fixtures, computer and communication equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost | 58,134 | 33,421,337 | 26,475 | 1,213,438 | 7,529,575 | 32,998 | 42,281,957 |
| Accumulated depreciation | (7,593) | (4,601,762) | (10,021) | - | - | (12,116) | (4,631,492) |
| **Balances as of December 31, 2018** | **50,541** | **28,819,575** | **16,454** | **1,213,438** | **7,529,575** | **20,882** | **37,650,465** |
| Cost | | | | | | | |
| Increases | 9,667 | 153,757 | 15,217 | 2,003,827 | 22,184,216 [1] | 8,202 | 24,374,886 |
| Translation effect | 33,832 | 19,887,884 | 21,462 | 885,885 | 9,396,373 | 15,716 | 30,241,152 |
| Transfers | - | 2,818,852 | - | (1,016,090) | (1,802,762) | - | - |
| Disposals and reclassifications | - | (365,454) [2] | (183) | (107,870) | (3,535,629) [3] | (2,612) | (4,011,748) |
| Accumulated depreciation | | | | | | | |
| Increases | (2,435) | (2,792,977) | (8,759) | - | - | (2,843) | (2,807,014) |
| Translation effect | (5,080) | (3,407,803) | (7,443) | - | - | (7,784) | (3,428,110) |
| Disposals and reclassifications | - | - | 183 | - | - | - | 183 |
| Cost | 101,633 | 55,916,376 | 62,971 | 2,979,190 | 33,771,773 | 54,304 | 92,886,247 |
| Accumulated depreciation | (15,108) | (10,802,542) | (26,040) | - | - | (22,743) | (10,866,433) |
| **Balances as of December 31, 2019** | **86,525** | **45,113,834** | **36,931** | **2,979,190** | **33,771,773** | **31,561** | **82,019,814** |
| Cost | | | | | | | |
| Increases | 3,094 | 358,069 | 4,824 | 732,076 | 13,336,401 [1] | - | 14,434,464 |
| Translation effect | 41,317 | 26,772,110 | 25,779 | 1,117,273 | 13,957,248 | 22,891 | 41,936,618 |
| Transfers | - | 49,061,245 | - | (796,763) | (48,272,429) | 7,947 | - |
| Disposals and reclassifications | - | (30,419) | - | (92,636) | 8,828,464 | (158) | 8,705,251 |
| Accumulated depreciation | | | | | | | |
| Increases | (2,001) | (4,639,879) | (13,645) | - | - | (6,474) | (4,661,999) |
| Translation effect | (6,597) | (5,298,945) | (13,162) | - | - | (10,477) | (5,329,181) |
| Disposals and reclassifications | - | - | - | - | - | 72 | 72 |
| Cost | 146,044 | 132,077,381 | 93,574 | 3,939,140 | 21,621,457 | 84,984 | 157,962,580 |
| Accumulated depreciation | (23,706) | (20,741,366) | (52,847) | - | - | (39,622) | (20,857,541) |
| **Balances as of December 31, 2020** | **122,338** | **111,336,015** | **40,727** | **3,939,140** | **21,621,457** | **45,362** | **137,105,039** |

(1) Includes 2,165,218 and 1,142,274 of financial cost related to financing from third parties for extended works in progress for fiscal years ended December 31, 2020 and 2019, respectively.
(2) Includes 282,278 corresponding to machinery and equipment reclassified to Right of use assets due to IFRS 16 application (See Note 10).
(3) Corresponds to work in progress reclassified to Assets held for disposal (See Note 4).
(4) Corresponds to work in progress related to assets held for disposal as of June 30, 2020 reclassified to Property, plant and equipment form that date thereon.

## 10. RIGHT OF USE ASSETS

Changes in Group's right of use assets for the fiscal years ended December 31, 2020 and 2019 due to the application of IFRS 16 are as follows:

| | Buildings | Land | Machinery and equipment | Total |
|---|---|---|---|---|
| **Balances as of January 1, 2019 due to the initial application of IFRS 16** | **56,313** | **149,693** | **199,092** | **405,098** |
| Cost | | | | |
| Increases | - | 64,640 | - | 64,640 |
| Reclassifications [(1)] | - | - | 282,278 | 282,278 |
| Translation effect | 33,233 | 90,929 | 284,084 | 408,246 |
| Accumulated depreciation | | | | |
| Increases | (27,006) | (4,993) | (36,642) | (68,641) |
| Translation effect | (6,574) | (742) | (18,595) | (25,911) |
| Cost | 89,546 | 305,262 | 765,454 | 1,160,262 |
| Accumulated depreciation | (33,580) | (5,735) | (55,237) | (94,552) |
| **Balances as of December 31, 2019** | **55,966** | **299,527** | **710,217** | **1,065,710** |
| Cost | | | | |
| Translation effect | 36,333 | 123,861 | 310,585 | 470,779 |
| Accumulated depreciation | | | | |
| Increases | (39,617) | (13,906) | (93,716) | (147,239) |
| Translation effect | (21,213) | (4,992) | (28,715) | (54,920) |
| Cost | 125,879 | 429,123 | 1,076,039 | 1,631,041 |
| Accumulated depreciation | (94,410) | (24,633) | (177,668) | (296,711) |
| **Balances as of December 31, 2020** | **31,469** | **404,490** | **898,371** | **1,334,330** |

(1) Reclassifications from Property, plant and equipment, according to IFRS 16. See Note 9.

## 11. INVESTMENT IN JOINT VENTURES

The following table shows the value of the investments in joint ventures at an aggregate level, as of December 31, 2020 and 2019:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Amount of investments in associates and joint ventures | 5,410,422 | 4,064,410 |
| **Total** | **5,410,422** | **4,064,410** |

The main movements during the fiscal years ended December 31, 2020 and 2019, which affected the value of the aforementioned investments, correspond to:

| | Investments in joint ventures |
|---|---|
| **Balance as of December 31, 2018** | **1,948,390** |
| Income on investments in associates and joint ventures | 778,173 |
| Translation effect | 1,337,847 |
| **Balance as of December 31, 2019** | **4,064,410** |
| Income on investments in associates and joint ventures | 355,876 |
| Dividend distribution | (374,849) |
| Other comprehensive income | 1,364,985 |
| **Balance as of December 31, 2020** | **5,410,422** |

The following table shows the principal amounts of the results of the investments in joint ventures of the Group, calculated according to the equity method therein, for the fiscal years ended December 31, 2020 and 2019. The Group has adjusted, if applicable, the figures reported by these companies to adapt them to the accounting principles used by the Group for the calculation of the equity method as of such dates:

| | Joint ventures | |
|---|---|---|
| | **December 31, 2020** | **December 31, 2019** |
| Net profit for the fiscal year | 355,876 | 778,173 |
| Other comprehensive income for the fiscal year | 1,364,985 | 1,337,847 |
| **Comprehensive income for the fiscal year** | **1,720,861** | **2,116,020** |

**Inversora Dock Sud S.A.**

The following table presents summary financial information for investments in IDS as of December 31, 2020 and 2019:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Non-current assets | 12,630,257 | 9,462,936 |
| Current assets | 36,892 | 21,397 |
| **Total assets** | **12,667,149** | **9,484,333** |
| | | |
| Non-current liabilities | 36,567 | - |
| Current liabilities | 7,652 | 1,888 |
| **Total liabilities** | **44,219** | **1,888** |
| | | |
| **Shareholders' equity** | **12,622,930** | **9,482,445** |
| **Investment book value** | **5,410,188** | **4,064,176** |

The following table shows information of investment in joint ventures as of December 31, 2020 and 2019:

| | | | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|---|---|
| Name and issuer | Class | Face value | Amount | Book value | Cost | Book value | Cost |
| **Investments under joint control:** | | | | | | | |
| Inversora Dock Sud S.A. | Ordinary Shares | 1 | 355,270,372 | 5,410,188 | 538,065 | 4,064,176 | 538,065 |
| **Other companies:** | | | | | | | |
| Miscellaneous [(1)] | | | | 234 | 143,719 | 234 | 143,719 |
| | | | | **5,410,422** | **681,784** | **4,064,410** | **681,784** |

(1) Includes Y-GEN Eléctrica III S.R.L., Y-GEN Eléctrica IV S.R.L., Y-Luz Inversora S.A.U. and Luz del Río S.A.

| Name and issuer | Issuers' information | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Last available financial statements | | | | Holding in capital stock |
| | Registered address | Main business | Date | Capital stock | Net profit / (loss) | Shareholders' equity | |
| **Investments under joint control:** | | | | | | | |
| Inversora Dock Sud S.A. | San Martín 140, P.2°, Bs. Aires. | Realization of financial and investment operations. | 12.31.2020 | 828,942 | 696,364 | 14,238,675 | 42.86% |

## 12. OTHER RECEIVABLES

| | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Loans and advances to employees | - | 5,479 | - | 7,178 |
| Advances to suppliers of property, plant and equipment | 3,028,631 | - | 1,364,723 | - |
| Minimum presumed income tax | 167,219 | - | 167,219 | - |
| Related parties (Note 32) | - | 71,085 | - | 482,412 |
| Tax credits | 341,109 | 2,147,236 | - | 1,503,184 |
| Advances to suppliers and custom agents | - | 97,622 | - | 135,957 |
| Trust | - | 1,005,765 | - | 445,350 |
| Prepaid insurance | - | 34,067 | - | 8,060 |
| Prepaid expenses | - | 31,407 | - | 24,951 |
| Miscellaneous | - | 149,648 | - | 12,094 |
| | **3,536,959** | **3,542,309** | **1,531,942** | **2,619,186** |
| Allowance for doubtful other receivables | - | (3,056) | - | (3,056) |
| | **3,536,959** | **3,539,253** | **1,531,942** | **2,616,130** |

## 13. TRADE RECEIVABLES

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | Current | Current |
| Trade receivables from third parties | 476,113 | 96,056 |
| Related parties (Note 32) | 8,655,004 | 6,810,393 |
| | **9,131,117** | **6,906,449** |
| Allowance for doubtful trade receivables | (48,772) | (48,772) |
| | **9,082,345** | **6,857,677** |

The following is the evolution of the allowance for doubtful trade receivables during the fiscal years ended December 31, 2020 and 2019:

| | Allowance for doubtful trade receivables |
|---|---|
| **As of December 31, 2018** | - |
| Increases with impact on net income | 48,772 |
| **As of December 31, 2019** | **48,772** |
| Increases with impact on net income | - |
| **As of December 31, 2020** | **48,772** |

## 14. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of financial position and the consolidated statement of cash flow, cash and cash equivalents comprise the following items:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Mutual funds | 7,657,270 | 89,000 |
| Fixed interest deposits | 2,781,652 | 14,551,853 |
| Cash and bank deposits | 3,857,672 | 59,634 |
| | **14,296,594** | **14,700,487** |

Bank balances accrue interest at variable rates based on the bank deposits daily rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash needs of the Group and bear interest at the respective fixed rates for short-term deposits.

Likewise, the restricted cash and cash equivalents line of the consolidated statement of financial position as of December 31, 2020 and 2019 includes 3,741,094 and 2,448,153, respectively, corresponding to restricted financial assets that are not considered cash and cash equivalents for the purposes of the consolidated statement of cash flow.

English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.



## 15. INCOME TAX

The calculation of the income tax expense for the fiscal years ended December 31, 2020 and 2019 is as follows:

| | For the fiscal year ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Current income tax | (652,981) | - |
| Deferred income tax | (3,143,951) | (2,358,969) |
| **Income Tax** | **(3,796,932)** | **(2,358,969)** |

The reconciliation between the charge to income tax expense for the fiscal years ended December 31, 2020 and 2019 and the one that would result from applying the prevailing tax rate on income before income tax arising from the consolidated statements of comprehensive income for those fiscal years is as follows:

| | **December 31, 2020** | **December 31, 2019** |
|---|---|---|
| Profit for the fiscal year before income tax | 9,707,580 | 6,585,545 |
| Statutory tax rate | 30% | 30% |
| At statutory tax rate | (2,912,274) | (1,975,664) |
| Effect by change of tax rate (1) | (78,301) | (37,609) |
| Income on investments in joint ventures | 106,763 | 233,452 |
| Effect of tax inflation adjustment in monetary assets and liabilities | (5,392,239) | (2,897,886) |
| Exchange differences | 6,239,395 | 3,955,925 |
| Effects of the valuation of non-monetary assets in its functional currency | (1,512,299) | (1,584,902) |
| Other | (247,977) | (52,285) |
| **Income tax for the fiscal year** | **(3,796,932)** | **(2,358,969)** |

(1) Corresponds to the effect of applying the change of the tax rate established by Law No. 27,430 to the deferred assets and liabilities (as described in Note 31) according to the estimated term of realization or settlement, respectively.

### Deferred income tax

Breakdown of deferred income tax is as follows:

| | **December 31, 2020** | **December 31, 2019** |
|---|---|---|
| **Deferred tax assets** | | |
| Provisions for doubtful receivables | 15,548 | 15,548 |
| Tax loss carryforwards | 5,935,836 | 2,892,349 |
| Subsidiaries hedging instruments | 21,152 | 5,272 |
| Right of use assets | 128,877 | 65,208 |
| Miscellaneous | 31,893 | 31,870 |
| **Total deferred tax assets** | **6,133,306** | **3,010,247** |
| **Deferred tax liabilities** | | |
| Property, plant and equipment | (9,565,276) | (6,506,444) |
| Effect of tax inflation adjustment in monetary assets and liabilities | (6,344,210) | (2,191,168) |
| **Total deferred tax liabilities** | **(15,909,486)** | **(8,697,612)** |
| **Total net deferred tax** | **(9,776,180)** | **(5,687,365)** |

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As of December 31, 2020, the Group recorded deferred assets of 557,598 and deferred liabilities of 10,333,778. As of December 31, 2019, the Group recorded deferred liabilities of 5,687,365.

Deferred tax assets and liabilities are disclosed net when: a) a legal right to compensate asset and liabilities exists and; b) when tax assets and liabilities are against the same tax authority.

As of December 31, 2020, the Group estimated an accumulated tax loss carryforward of 5,935,836 at the estimated recovery tax rate. Deferred income tax assets are recognized for tax loss carryforwards to the extent their set off through future taxable profits is probable. Tax loss carryforwards in Argentina expire within 5 years.

In order to fully realize the deferred income tax asset, the Group will need to generate taxable income. Based upon the projections for future over the years in which the deferred income tax are deductible, Management of the Company believes that as of December 31, 2020 it is probable that the Group will realize all of the deferred income tax assets.

As of December 31, 2020, Group's tax loss carryforwards at the expected recovery rate were as follows:

| Date of generation | Date of expiration | Amount |
|---|---|---|
| 2018 | 2023 | 850,384 |
| 2019 | 2024 | 1,781,106 |
| 2020 | 2025 | 3,304,346 |
| | | **5,935,836** |

As described in Note 2.3.6.1 to these financial statements, as of December 31, 2018 YPF Energía Eléctrica recorded a tax loss carry-forward and a gain accounting net income. Therefore, it has recognized a credit for the Minimum Presumed Income Tax of 167,219, which may be used until 2028.

The evolution of net deferred tax asset and liability as of December 31, 2020 and 2019 is as follows:

| | Deferred income tax liability | Deferred income tax asset |
|---|---|---|
| **Balance as of December 31, 2018** | **(2,376,500)** | 30 |
| Other comprehensive income | 23,261 | - |
| Translation effect on business combination assets | (952,129) | - |
| Reclassification to assets held for disposal (Note 4) | - | 17,284 |
| Charge to net income of the fiscal year | (2,381,997) | (17,314) |
| **Balance as of December 31, 2019** | **(5,687,365)** | - |
| Other comprehensive income | 15,880 | - |
| Translation effect on business combination assets | (983,832) | - |
| Reclassification to assets held for disposal (Note 4) | - | 134,515 |
| Charge to net income of the fiscal year | (3,678,461) | 423,083 |
| **Balance as of December 31, 2020** | **(10,333,778)** | **557,598** |

## 16. LEASES LIABILITIES

The evolution of the lease liability during the fiscal years ended December 31, 2020 and 2019 is as follows:

| | Leases liabilities |
|---|---|
| **Lease liability as of January 1, 2019 due to the initial application of IFRS 16** | **405,098** |
| Increases | 64,640 |
| Reclassifications | 210,166 |
| Finance accretion | 35,483 |
| Payments | (123,167) |
| Translation effect | 338,635 |
| **Lease liability as of December 31, 2019** | **930,855** |
| Finance accretion | 104,908 |
| Payments | (140,694) |
| Translation effect | 195,010 |
| **Lease liability as of December 31, 2020** | **1,090,079** |

The following is a breakdown of the lease liabilities recorded by the Group as of December 31, 2020 and 2019, with identification of the term of the lease and each rates:

| Lease term | Annual effective rate used | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Two to three year | 9.87% | 35,354 | 59,374 |
| Three to four year | 7.75% - 8.35% | 230,900 | 254,017 |
| More than five years | 9.88% - 10.2% | 823,825 | 617,464 |
| **Total** | | **1,090,079** | **930,855** |

The financial accretion accrued in the year ended December 31, 2020 and 2019, arising from lease contracts is exposed in the line "Financial accretion" in the line “Financial loss” included in "Net financial results" of the statement of comprehensive income (Note 22).

As of December 31, 2020 and 2019, the maturities of the liabilities related to lease agreements are:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Up to one year | 227,930 | 202,812 |
| **Current leases liabilities** | **227,930** | **202,812** |
| One to five years | 436,620 | 463,226 |
| From the 6th year onwards | 425,529 | 264,817 |
| **Non-current leases liabilities** | **862,149** | **728,043** |
| **Total** | **1,090,079** | **930,855** |

## 17. LOANS

| | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | Interest rate [(1)] | Non-current | Current | Non-current | Current |
| Negotiable obligations | 0.00%-10.24% | 37,296,657 | 14,212,033 | 29,927,887 | 692,283 |
| Loans | 6.99%-10.2% | 21,558,970 | 14,818,616 | 20,807,146 | 9,077,962 |
| | | **58,855,627** | **29,030,649** | **50,735,033** | **9,770,245** |

(1) Applicable rate as of December 31, 2020.

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The breakdown of the Group's borrowings during the fiscal years ended on December 31, 2020 and 2019 is as follows:

| | Loans |
|---|---|
| **Amount as of December 31, 2018** | **24,770,978** |
| Proceeds from loans | 22,351,072 |
| Payments of loans | (9,029,129) |
| Payments of interest | (2,645,484) |
| Accrued interest (1) | 3,740,313 |
| Translation effect | 21,527,694 |
| Reclassifications (2) | (210,166) |
| **Amount as of December 31, 2019** | **60,505,278** |
| Proceeds from loans | 9,759,720 |
| Payments of loans | (12,001,606) |
| Payments of interest | (5,520,341) |
| Accrued interest (1) | 6,230,388 |
| Translation effect | 24,615,872 |
| Reclassifications (3) | 4,296,965 |
| **Amount as of December 31, 2020** | **87,886,276** |

(1) Includes capitalized financial costs and transaction costs that amount 329,260 and 84,612, for the fiscal years ended December 31, 2020 and 2019, respectively.

(2) Corresponds to reclassification of lease liabilities according to IFRS 16 (Note 16).

(3) Corresponds to the reclassification of the loans of Luz del León S.A. as of June 30, 2020.

**Main loans of the Group**

**Program for the Issuance of Negotiable Obligations**

On March 16, 2018, the Shareholders' Meeting approved the general terms and conditions of the Program (the "Program") for the issuance of Simple Negotiable Obligations (not convertible into shares) in accordance with the Negotiable Obligations Law (Ley de Obligaciones Negociables) as amended, for an aggregate nominal value of up to US$ 1,500 million (or its equivalent in other currencies).

On April 17, 2019, the Board of Directors of National Securities Commission (CNV) approved the YPF EE registration into the Public Offering regime for securities, and the launch of the Program. On April 30, 2019, the Board of Directors of YPF EE approved, within the framework of the Global Program, the issuance and placement by public offering of negotiable obligations for an amount of up to US$ 100 million (or its equivalent in other currencies), in one or more classes and / or series, in the terms that are determined in the respective price supplements.

**Negotiable Obligations**

**Local issuance**

On May 7, 2019, the Company issued Class I Negotiable Obligations, under the mentioned Global Program. The placement reached US$ 75 million, at a 10.24% fixed rate with a maturity date on May 2021 and interest payable quarterly since August 10, 2019.

In addition, on June 12, 2019, the Company issued additional NO for an amount of US$ 25 million, which accrue interests at a fixed rate of 10.24%, with a maturity date on May 2021 and interest payable quarterly since August 10, 2019.

The obtained financing from both emissions was allocated to the investments the Group is currently developing. Such financing have clauses of financial commitments (covenants) throughout their term that include interest coverage and leverage ratios, among others usual for this type of issuances.

On June 24, 2020, the Company issued Class III Negotiable Obligations, under the Global Program for the issuance of Negotiable Obligations. The placement reached US$ 50 million, at a 1.49% fixed rate with a maturity date on December 2021 and interest payable quarterly since September 24, 2020.

The obtained financing from the issuance was allocated to the investments the Group is currently developing.

On October 28, 2020, the Company issued Class IV and V Negotiable Obligations, under the Global Program for the issuance of Negotiable Obligations. The placements reached US$ 30 million and US$ 20 million, at a 0% and 1% fixed rate with a maturity date on October 2022 and October 2023, respectively. Interest is payable quarterly since January 28, 2021.

The financing obtained from the issuance will be allocated to the investments the Group is currently developing and/or the refinancing of liabilities, including the cancellation of the loan entered into with Inter-American Investment Corporation (IIC) e Inter-American Development Bank (IDB) on December 2, 2016 by an amount of US$ 200 million.

The payments of capital, interest services and other sums that correspond under the Negotiable Obligations will be made in pesos at the applicable exchange rate, as defined in the price supplement.

**International issuance**

On July 25, 2019, within the framework of the Public Offering regime for securities granted by the CNV to the Program described in Note 1, , the Company made an international issuance of negotiable obligations Class II for an amount of US$ 400 million which pay a 10% coupon semiannually and which capital will be amortized in a single payment on July 25, 2026. The semi-annual interest payment dates will be July 25 and January 25 of each year, beginning in January 2020 and ending in July 2026.

At any time or periodically before July 25, 2023, the Company, at its option, may allocate net cash funds obtained from one or more Share Offers to redeem up to 35% of the total face value of the NO in circulation, at a redemption price of 110% plus interest accrued, if any.

Such financing have clauses of financial commitments (covenants) throughout their term that include interest coverage and leverage ratios, among others usual for this type of issuances.

**Inter-American Investment Corporation Loan**

In December 2016, the Company and the Inter-American Investment Corporation (IIC), on behalf of the Inter-American Development Bank (IDB), signed an agreement to fund the construction of a wind farm. The aggregate loan amount is US$ 200 million and is structured in two tranches of US$ 100 million, maturing in 7 and 9 years, respectively, and is destined to fund exclusively the project of constructions "Parque Eólico Manantiales Behr". The capital amortization will be performed in two quarterly payments beginning in February 2020. The loan was structured in two tranches, with the following detail:

| Tranche | Amount in US$ | Rate |
|---|---|---|
| A | 31,075,076 | 3 month Libor + 5.125% |
| A | 12,539,359 | 7.16% |
| A | 18,000,032 | 7.05% |
| A | 19,506,895 | 7.27% |
| A | 18,878,638 | 7.87% |
| B | 100,000,000 | 3 month Libor + 4.8% |
| **Total** | **200,000,000** | |

**Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Export Development Canada Loan**

On June 14, 2017, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC and Export Development Canada, approved the granting of a loan for Y-GEN to carry out a construction project of Loma Campana II thermal power plant with an installed power of 107 MW in the Province of Neuquén; and for Y-GEN II to undertake a construction project of El Bracho thermal power plant with an installed capacity of 267 MW in the Province of Tucumán.

The committed amount of the aforementioned loan is US$ 219.5 million (US$ 70 million destined to Y-GEN and the remaining amount of US$ 149.5 million to Y-GEN II). However, disbursements currently made totaled US$ 211,973,875 (US$ 70,000,000 for Y-GEN and US$ 141,973,875 for Y-GEN II).

The agreed interest rate is 3-month LIBOR + 4.00% until the construction completion date and, thereafter, 3-month LIBOR + 5.75% until maturity and the term for principal repayment is 5 years (includes a 15-month grace period) with repayment of principal in 15 quarterly installments beginning on September 30, 2018, and one installment for the remaining balance of principal at the end of a 5-year term on June 30, 2022.

In connection with the loan, Y-GEN and Y-GEN II have agreed, among other things, to contract hedging instruments as a means of protection against LIBOR fluctuations. As a result, in June 2017, the said companies executed an interest rate hedge agreement with Citibank N.A., London Branch for a 5-year term, coverage that started to apply since December 31, 2017, over an initial notional amount of approximately US$ 156 million (US$ 106 million corresponding to Y-GEN II, and the remaining amount of US$ 50 million to Y-GEN). The interest rate hedge provides that the companies will pay fixed amounts at a rate set at 1.947% and they will receive variable amounts subject to 3-months LIBOR.

As of December 31, 2020 and 2019, the Company had booked a result, net of income tax, of (33,209) and (78,572) respectively as Other Comprehensive Income, included in the Statement of Comprehensive Income, generated by the measurement of the mentioned hedging instruments at fair value.

The loan contract also includes certain restrictive commitments (usually named "covenants"); the Companies have to maintain a 70% - 30% ratio between the amounts obtained under the loan and the capital contributions made prior to each disbursement period, both measured in US dollars at the time they were respectively made, and also, from the date of the first principal installment repayment, they must meet a principal repayment coverage ratio measured on the basis of certain cash flows generated during the fiscal year ended at each measurement date and the principal repayments for such period, which may not be below 1.05.

As to the guarantees which are standard for this type of financing, the following may be mentioned:

- Construction guarantee until the construction completion date by GE.
- Guarantee of Members' capital contributions (today, the single shareholder).
- Foreign reserve accounts after the construction completion date, which as of December 31, 2020 and 2019 amounts 3,741,094 and 2,448,153 respectively, and are disclosed in the "Cash and cash equivalents restricted" line item of the consolidated statement of financial position.
- Guarantee from the partners regarding the reserves until the latter reach the minimum required.
- Pledge of equipment installed in both plants.
- Pledge of the units of the Members of Y-GEN and of the Members of Y-GEN II (currently on the shares of the single shareholder).
- Pledge of the offshore bank accounts of Y-GEN and Y-GEN II.
- Assignment in trust as guarantee of all the rights of Y-GEN and Y-GEN II.

On October 18, 2018, the aforementioned partners guarantee on the reserve account was released upon reaching the minimum required funds.

**Citi NY Loans**

In March 2018, the Company took out a loan from Citibank NY for a total amount of US$ 30 million with quarterly interest at 3-month LIBOR rate + 1.6%, and principal bullet repayment at maturity, on August 28, 2018. After such date, the Company extended the maturity of the loan through February 28, 2019, at 3-month LIBOR rate + 2.25%. On the due date, the Company renewed such loan up to February 26, 2021 at 3-month LIBOR rate + 4.875%. Finally, on February 26, 2021 the due date was extended to March 5, 2021 and has already been agreed with the bank the payment as of that date of US$ 12 million, corresponding to 40% of the outstanding balance, and the extension of US$ 18 million, corresponding to 60% of the outstanding balance, until March 6, 2023.

On June 28, 2018, the Company took out a second loan with the same bank for a total amount of US$ 30 million with quarterly interest at 3-month LIBOR rate + 1.85%, and principal bullet repayment at maturity, on June 28, 2019. On the due date, the Company renewed such loan up to September 30, 2019 at 3-month LIBOR rate + 3.95%, that has been cancelled at that date.

The funds of both loans are intended to finance working capital. Related contracts have clauses of financial commitments (covenants) throughout their term that include interest coverage and leverage ratios.

**Loans with Banco de Galicia y Buenos Aires S.A.**

On August 17, 2018, the Company took out a loan from Banco de Galicia y Buenos Aires S.A. for a total amount of US$ 20 million with annual interest at a fixed rate of 5.00% and bullet repayment of principal at maturity, on August 17, 2019, that has been cancelled at that date.

In addition, on September 3, 2018, the Company took out a second loan from the same bank in the amount of US$ 20 million with quarterly interest at a fixed rate of 8.35% maturing on September 3, 2021.The principal amount of the loan is payable in nine quarterly installments as from month 12.

The proceeds of both loans were used to finance investment projects, including working capital.

The agreements related to said loans have financial commitment clauses (covenants) throughout the terms of the loans, which include leverage ratio and debt coverage ratio.

**Loan with BBVA Banco Francés S.A.**

On August 17, 2018, the Company obtained a loan from BBVA Banco Francés S.A. for an aggregate amount of US$ 30 million with biannual interest at an 8.40% fixed rate and final maturity on August 17, 2021. The principal of the loan is repayable in three annual installments.

The proceeds of such loan were used to finance working capital and investments, and capital assets.

The agreements related to said loans have financial commitment clauses (covenants) throughout the terms of the loans, which include leverage ratio and debt coverage ratio

**Loan with Itaú Unibanco S.A., Nassau Branch**

On September 24, 2018, the Company obtained a loan from Itaú Unibanco S.A., Nassau Branch, for an aggregate amount of US$ 50 million with quarterly interest at 3-month LIBOR rate + 5.00% and bullet repayment of principal at maturity, on September 24, 2019.

On June 21, 2019, the Company pre-cancelled US$ 10 million corresponding to such loan and took out a new loan with Banco Itaú Argentina S.A. for the same amount, with maturity on December 18, 2019 and a fixed interest rate of 7.25%, that has been cancelled at that date.

On July 3, 2019, the Company pre-cancelled US$ 10 million corresponding to such loan and took out a new loan with Banco Itaú Argentina S.A. for the same amount, with maturity on December 30, 2019 and a fixed interest rate of 7.75%. Such loan was cancelled the first business day after the due date (January 2, 2020).

The proceeds of these loans were used to cover general financing needs.

The agreements related to said loans had financial commitment clauses (covenants) throughout the terms of the loans, which included leverage ratio and debt coverage ratio.

**Syndicated loan granted by Banco Latinoamericano de Comercio Exterior S.A. and Industrial and Commercial Bank of China (Argentina) S.A.**

On November 29, 2018, the Company obtained a syndicated loan from Banco Latinoamericano de Comercio Exterior S.A. and Industrial and Commercial Bank of China S.A. (Argentina) as placement agents. The aggregate loan amount is US$ 75 million with quarterly interest at a 3 month Libor rate + 5.75% and final maturity on November 23, 2021. The principal amount of this loan is repayable in four equal monthly installments in months 29, 24, 30 and 36.

The funds of this loan were used to finance capital investments and other general funding needs.

The agreements related to said loans have financial commitment clauses (covenants) throughout the terms of the loans, which include leverage ratio and debt coverage ratio.

Banco Latinoamericano de Comercio Exterior S.A. acts as administrative agent of this syndicated loan.

**HSBC Loan**

On March 2 and 18, 2020, HSBC USA N.A. granted a loan for a total amount of US$ 27.4 million with quarterly interest at a variable rate of Libor 6M + 1.10% and final maturity on September 27, 2025. The principal of such

loan amortizes in ten semi-annual installments beginning on March 27, 2021.The funds from such loan were used to finance the Manantiales Behr Thermal Power Plant project.

The loan agreement has financial commitments (covenants) throughout its term, which include interest coverage ratios and a leverage ratio.

**DFC – BNP Paribas loan - Luz del León S.A.**

On January 14, 2020 Luz de León S.A. entered into a financial agreement with DFC and BNP Paribas Fortis SA/NV (hereinafter "BNP Paribas") for up to US$ 150 million. Under this contract DFC would disburse, subject to the compliance of certain conditions, US$ 50 million and BNP Paribas, also subject to certain conditions, up to US$ 100 million. This contract is under the framework of a "Project Finance" modality and the tranche corresponding to BNP Paribas will be guaranteed by the German export credit agency Euler Hermes Aktiengesellschaft. BNP's first disbursement by approximately US$ 80.5 million was received on February 2020.

The loan accrues a fixed interest rate of 3.31% with final maturity on September 15, 2034. Principal will be amortized semiannually beginning on March 15, 2021. The funds from such loan will be used to finance the Cañadón León wind farm project.

The loan agreement has financial commitments (covenants) throughout its term, which include interest coverage ratios and a leverage ratio.

## 18. TRADE PAYABLES

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | Current | Current |
| Trade [(1)] | 1,564,380 | 1,423,040 |
| Related parties (Note 32) [(1)] | 6,102,222 | 7,805,752 |
| | **7,666,602** | **9,228,792** |

(1) Trade payables are non-interest bearing and are normally settled on 90-day terms.

## 19. REVENUES

| | For the fiscal years ended December 31, | |
|---|---|---|
| **Type of good or services** | **2020** | **2019** |
| Energía Base [(1)] | 6,736,948 | 7,037,934 |
| Revenues under PPA | 12,971,452 | 7,910,556 |
| Steam sales | 1,383,735 | 1,109,936 |
| Other income for services | 324,091 | 55,489 |
| | **21,416,226** | **16,113,915** |

(1) Includes 1,680,273 and 2,949,413 related to fuel costs and other production cost recognition corresponding to the fiscal years ended December 31, 2020 and 2019 respectively, according to the current regulatory framework.

| | For the fiscal years ended December 31, | |
|---|---|---|
| **By Customer** | **2020** | **2019** |
| CAMMESA [1] | 14,914,117 | 12,010,183 |
| YPF S.A.[1] | 4,989,680 | 3,587,598 |
| U.T. Loma Campana [1] | 146,675 | 127,587 |
| Profertil S.A. [1] | 369,820 | 119,587 |
| Coca- Cola FEMSA de Buenos Aires S.A. | 134,095 | 70,061 |
| Toyota Argentina S.A. | 164,421 | 63,749 |
| CT Barragán S.A. .[1] | 128,818 | 35,564 |
| CAF S.A. | 165,845 | - |
| Holcim Argentina S.A. | 118,678 | - |
| Other | 284,077 | 99,586 |
| | **21,416,226** | **16,113,915** |

(1) Related parties (Note 32).

**Target Market**

The Group's revenues are aimed at the domestic market as a whole.

## 20. EXPENSES BY NATURE

The Group presents the statement of comprehensive income by classifying expenses according to their function as part of the "Production costs" and "Administrative and selling expenses" lines. The following additional information is disclosed as required, on the nature of the expenses and their relation to the function within the Group for the fiscal years ended December 31, 2020 and 2019:

| | For the fiscal year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | **Production costs** | | **Administrative and selling expenses** | **Total** |
| Depreciation of property, plant and equipment | 4,653,075 | | 8,924 | 4,661,999 |
| Depreciation of right of use assets | 98,103 | | 49,136 | 147,239 |
| Consumable materials and supplies | 190,052 | | 6,659 | 196,711 |
| Banking expenses | - | | 4,374 | 4,374 |
| Rentals | 2,561 | | 6,667 | 9,228 |
| Fees and compensation for services | 3,662 | | 135,221 | 138,883 |
| Other personnel expenses | 22,068 | | 144,968 | 167,036 |
| Preservation, repair and maintenance | 649,353 | | 11,433 | 660,786 |
| Insurance | 333,358 | | 914 | 334,272 |
| Salaries and social security taxes | 966,569 | | 646,293 | 1,612,862 |
| Operation services and other contracts | 408,296 | | 135,929 | 544,225 |
| Transportation, products and charges | 754,573 | (1) | 157 | 754,730 |
| Fuel, gas, energy and miscellaneous | 1,919,007 | (1) | - | 1,919,007 |
| Taxes, rates and contributions | 11,682 | | 941,317 | 952,999 |
| Publicity and advertising expenses | - | | 5,791 | 5,791 |
| Miscellaneous | 994 | (1) | 6,954 | 7,948 |
| **Total** | **10,013,353** | | **2,104,737** | **12,118,090** |

| | For the fiscal year ended December 31, 2019 | | | |
|---|---|---|---|---|
| | Production costs | | Administrative and selling expenses | Total |
| Depreciation of property, plant and equipment | 2,802,383 | | 4,631 | 2,807,014 |
| Depreciation of right of use assets | 39,643 | | 28,998 | 68,641 |
| Consumable materials and supplies | 134,233 | | 6,466 | 140,699 |
| Banking expenses | - | | 5,159 | 5,159 |
| Rentals | 943 | | 5,611 | 6,554 |
| Fees and compensation for services | 19,862 | | 80,308 | 100,170 |
| Other personnel expenses | 47,209 | | 84,511 | 131,720 |
| Preservation, repair and maintenance | 328,271 | | 1,871 | 330,142 |
| Insurance | 163,973 | | 87 | 164,060 |
| Salaries and social security taxes | 590,608 | | 375,975 | 966,583 |
| Operation services and other contracts | 245,670 | | - | 245,670 |
| Transportation, products and charges | 673,738 | (1) | - | 673,738 |
| Fuel, gas, energy and miscellaneous | 2,421,554 | (1) | - | 2,421,554 |
| Provision for doubtful trade receivables | - | | 48,772 | 48,772 |
| Taxes, rates and contributions | 11,607 | | 646,658 | 658,265 |
| Publicity and advertising expenses | - | | 5,494 | 5,494 |
| Miscellaneous | 221,559 | (1) | 34,739 | 256,298 |
| **Total** | **7,701,253** | | **1,329,280** | **9,030,533** |

(1) Includes 1,680,273 and 2,480,940 related to fuel costs and other production cost recognition corresponding to the fiscal years ended December 31, 2020 and 2019 respectively, according to the current regulatory framework.

## 21. OTHER OPERATING RESULTS, NET

| | For the fiscal years ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Commercial interests - CAMMESA Note 32) [(1)] | 670,681 | 71,337 |
| Penalties (Note 32) | 1,169,798 | - |
| Miscellaneous | 227,872 | 101,789 |
| | **2,068,351** | **173,126** |

(1) See Note 2.3.

## 22. NET FINANCIAL RESULTS

| | For the fiscal years ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Finance income** | | |
| Interest income | 1,136,718 | 445,185 |
| Exchange rate differences | 4,385,784 | 2,961,519 |
| Other finance income | 3,448,920 | 1,440,971 |
| **Total finance income** | **8,971,422** | **4,847,675** |
| **Finance loss** | | |
| Interest loss | (4,454,799) | (2,961,039) |
| Exchange rate differences | (6,246,783) | (3,832,346) |
| Finance accretion | (104,908) | (35,483) |
| Other finance expense | (179,715) | (78,968) |
| **Total finance loss** | **(10,986,205)** | **(6,907,836)** |
| **Total net financial results** | **(2,014,783)** | **(2,060,161)** |

## 23. SHAREHOLDERS' EQUITY

On March 20, 2018, the Ordinary and Extraordinary General Shareholders' Meeting resolved to increase the capital stock by 936,767 from 2,810,303 to 3,747,070, setting a share premium of US$ 0.243934955 per share. This increase was represented by 936,767,364 Class B book entry ordinary shares, with a par value 1 with the right to one vote per share. The total subscription price of the new shares by GE EFS Power Investment B.V amounts to US$ 275 million comprised as follows: a) US$ 135 million paid on that date, and b) US$ 140 million on March 20, 2019.

In this way, as of December 31, 2020 the shareholders of YPF EE after the issuance of shares is as follows:

| Shareholder | Number of Shares | Participation in the capital stock | Class of Share |
|---|---|---|---|
| YPF | 2,723,826,879 | 72.69218% | A |
| OPESSA | 86,476,112 | 2.30783% | A |
| GE EFS Power Investment B.V. | 936,767,364 | 24.99999% | B |
| **Total** | **3,747,070,355** | **100.00000%** | |

**Pledge of the Company's shares**

On February 12, 2021, YPF S.A. had imposed 1,873,535,178 Class A common shares of the Company with a real right of pledge in first grade privilege in favour of the Citibank N.A. Branch, established in the Argentinian Republic, as an warranty agent and in benefit of certain beneficiaries, in virtue of the Contract of Pledge and fiduciary transfer with the purpose of the Warranty performed by YPF S.A. on February 12, 2021. The mentioned quantity of shares are representative of 50% of the subscribed capital and 50% of the Company's votes. This Shares' Pledge will be subject to what is established by the Statute and the Company's Shareholders' Agreement.

## 24. EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing net income for the year attributable to equity holders of the parent by the weighted average number of ordinary shares during the period. There are no transactions or items generating a dilution effect.

The following reflects information on income and the number of shares used in the earnings per share computations:

| | For the fiscal years ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Net profit for the year attributable to holders of the parent company: | **5,910,648** | **4,226,576** |
| Weighted average number per share (in thousands) | **3,747,070** | **3,747,070** |
| Basic and diluted earnings per share | | |
| - Basic and diluted | 1.577 | 1.128 |

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of issuance of these consolidated financial statements that may produce a dilution effect.

## 25. RESTRICTION ON RETAINED EARNINGS

Pursuant to the Argentine Companies Act and the corporate bylaw, 5% of the net profit for the year must be allocated to the legal reserve until such reserve reaches 20% of the capital stock.

Consequently, the net profit for the year ended December 31, 2020 are restricted in 260,051.

In accordance with General Resolution 609 of the CNV the Special reserve RG Nº 609 was created, which contains the positive difference resultant of the initial balance of the accumulated results exposed in the financial statements of the first closing of the fiscal year of IFRS application and the final balance of the results not allocated at the end of the last fiscal year under the previous accounting standards. Special reserve RG Nº 609 is not allowed to be distributed in cash or in kind and it can only be dipped into a capitalization or an absorption of any negative balances of retained earnings.

English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV"). In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.



## 26. ASSETS AND LIABILITIES IN CURRENCY IN CURRENCIES OTHER THAN THE ARGENTINE PESO

The following table provides the assets and liabilities in currencies other than the peso for the financial statement as of December 31, 2020 and 2019:

| Account | December 31, 2020 | | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | Class & amount of currencies other than AR$ (in thousands) | | Exchange rate [1] | Booked amount in pesos | Class & amount of currencies other than AR$ (in thousands) | | Booked amount in pesos |
| **CURRENT ASSETS** | | | | | | | |
| Other receivables | - | - | - | - | US$ | 7,137 | 426,008 |
| Trade receivables | US$ | 82,269 | 83.95 | 6,906,483 | US$ | 86,081 | 5,138,175 |
| Restricted cash and cash equivalents | US$ | 44,563 | 83.95 | 3,741,094 | US$ | 41,014 | 2,448,153 |
| Cash and cash equivalents | US$ | 68,481 | 83.95 | 5,748,980 | US$ | 243,797 | 14,552,243 |
| **Total of current assets** | | | | **16,396,557** | | | **22,564,579** |
| **Total of Assets** | | | | **16,396,557** | | | **22,564,579** |
| **NON-CURRENT LIABILITIES** | | | | | | | |
| Loans | US$ | 724,372 | 84.15 | 60,955,904 [2] | US$ | 858,226 | 51,399,155 [2] |
| Leases liabilities | US$ | 10,245 | 84.15 | 862,149 | US$ | 12,154 | 728,043 |
| Provisions | US$ | 492 | 84.15 | 41,402 | US$ | - | - |
| Other financial liabilities | US$ | 71 | 84.15 | 5,962 | US$ | 174 | 10,430 |
| **Total of Non-current liabilities** | | | | **61,865,417** | | | **52,137,628** |
| **CURRENT LIABILITIES** | | | | | | | |
| Trade payables | US$ | 65,406 | 84.15 | 5,503,915 | US$ | 90,761 | 5,243,429 |
| | € | 1,002 | 103.53 | 103,737 | € | 24,301 | 1,633,756 [3] |
| Loans | US$ | 351,671 | 84.15 | 29,593,115 [3] | US$ | 164,536 | 9,854,061 |
| Leases liabilities | US$ | 2,709 | 84.15 | 227,930 | US$ | 3,386 | 202,812 |
| Other financial liabilities | US$ | 901 | 84.15 | 75,843 | US$ | 164 | 9,824 |
| **Total of current liabilities** | | | | **35,504,540** | | | **16,943,882** |
| **Total of liabilities** | | | | **97,369,957** | | | **69,081,510** |

(1) At the Banco de la Nación Argentina exchange rate prevailing as of December 31, 2020.

(2) Correspond to the nominal amount owed, which are disclosed in the caption "Loans" for the amount of 58,855,627 and 50,735,033 as of December 31, 2020 and 2019 respectively, net of transaction fees and cost.

(3) Corresponds to the nominal amount owed, which is exposed in Loans in the amount of 29,030,649 and 9,770,245 as of December 31, 2020 and 2019 respectively, net of commissions and transaction fees.

## 27. MAIN CONTRACTUAL COMMITMENTS AND GUARANTEES GRANTED

The main contractual commitments assumed and guarantees granted by the Group are disclosed below:

### a) Agreements entered into with CAMMESA - Loma Campana generation project

On October 28, 2015, a financing and receivables assignment agreement was entered into between the Company and CAMMESA to settle the payables to the Company under the 2008-2011 "Agreement to ensure generation availability and project technical operation, increase thermal generation availability and adjust the compensation for generation".

The purpose of the agreement signed with CAMMESA is to install a turbo gas generating unit in a new plant located in Loma Campana, in the Loma Campana field, Añelo, Province of Neuquén (hereinafter, the "Project").

By virtue of this agreement, CAMMESA provided the Company with financing equal to the receivables pursuant to SE Resolution No. 406/2003 due as of the date of the agreement plus the receivables under SE Resolution No. 95/2013 accumulated through December 2015, plus the related interest (jointly, the "receivables"). The Company undertook to use them solely and exclusively to implement the project.

As of December 31, 2017, the Company received an advance payment of the agreed-upon financing for approximately 747 million, which was used to implement the project and by virtue of which CAMMESA, after verifying that the amounts were used as defined in the agreement, issued the definitive settlements of sales related to the unpaid receivables in order to apply them for settling the financing in proportion to the amounts transferred as partial advances. Due to the agreement signed with CAMMESA in August 2019, as of December 31, 2019, the Company did not maintain outstanding balances related to the receivables previously mentioned. (See Note 28).

### b) Manantiales Behr Wind Farm

In 2016, the Company designed and started to build the Group's first wind farm. The wind farm was built in YPF's field called "Manantiales Behr", which is located 20 kilometers away of the City of Comodoro Rivadavia, Province of Chubut. The wind farm consist of 30 V112 3.3 MW Vestas mills.

The work began in September 2016 and was divided into two stages. The first stage of the wind farm obtained the commercial operation permit on July 25, 2018 and the second stage obtained the commercial operation permit on December 22, 2018.

The energy generated is mainly made available to YPF through a power supply contract denominated in US dollars, for a 15-year term which will allow YPF to meet its regulatory obligations regarding the percentage of renewable energy required under Law No 27,191. The remaining generation will be sold on the MATER to specific industries.

### c) Loma Campana II and El Bracho Projects

On May 13, 2016, the companies Y-GEN and Y-GEN II were organized to make a tender in the bidding process published by the Resolution 21/2016 of Ministry of Energy and Mining, which called for bids to generate thermal energy and power, which, if awarded, would sign a power sales agreement with CAMMESA for a 10-year term each, as offered, and with a price stated in US dollars. The companies organized made bids to build new thermal generation plants in Neuquén (Loma Campana, Añelo) and in Tucumán (El Bracho), which were finally awarded.

As of December 31, 2020 and 2019, 100% of both companies' capital stock is related to the Company.

In agreement with Resolution No. 21/2016 issued by the Ministry of Energy, Y-GEN and Y-GEN II provided CAMMESA with performance bonds for US$ 51,723,732, to secure compliance with its obligations under the power purchase agreements signed in August and July 2016, respectively.

The Loma Campana II thermal plant located in the Province of Neuquén and operated by Y-GEN with an installed power of 107 MW, was authorized to operate on November 30, 2017.

Moreover, on January 27, 2018, the thermal plant El Bracho located in the Province of Tucumán and operated by Y-GEN II with an installed power of 274 MW, was authorized to operate.

These projects were funded as a "project finance". The description of this project finance is detailed in Note 17.

In the bidding process launched by Resolution SEE No. 287/2017, Y-GEN II was awarded a new PPA for 15 years with CAMMESA, for the closing of the gas turbine cycle of thermal plant El Bracho resulting from the previous bidding process called under SEE Resolution No. 21/2016, which added 199 MW of installed capacity to the already operative 274 MW (Note 1). A remunerative price denominated in US Dollars is fixed for the generated power and energy.

### d) La Plata Co-generation I

With the purchase from Central Puerto S.A. of the 128 MW co-generation plant located in La Plata Industrial Complex, owned by YPF , the Company is committed under a 15-year steam supply contract to deliver between 190 and 210 tons per hour. The electric power generated by this plant will be delivered to the MEM and its price is established in accordance with SEE Resolution No. 31/2020.

### e) La Plata Co-generation II

Also, under the bidding process decided by SEE Resolution No. 287/2017, YPF EE was awarded a 15-year PPA with CAMMESA through the construction project of a new co-generation power plant in La Plata Refinery, owned by YPF The price for the generated power and energy is stated in US Dollars. On October 27, 2020, CAMMESA granted the COD of the La Plata Cogeneration Thermal Power Plant up to a total maximum power of 89.2 MW, from the Cogenerator Agent YPF Energía Eléctrica S.A. With the purpose of ensuring the committed commercial operation date, the Company has granted to CAMMESA a surety bond in the amount of US$ 8,352,144. This was terminated since January 22, 2021, date on which CAMMESA notified the insurer the liberation of the policy.

### f) The Cañadón León wind farm

In the second bidding process known as "RenovAR 2.0", the Company was awarded a 20-year PPA with CAMMESA through the construction of Cañadón León Wind Farm with an installed capacity of 99 MW, that will be located in the Province of Santa Cruz, 25 kilometers away from the City of Caleta Olivia and about 100 kilometers away from the Manantiales Behr Wind Farm. This PPA with CAMMESA, for 99 MW, is for a 20 years term and has a price denominated in US dollars. The remaining energy (23 MW) will be delivered to YPF S.A., under a PPA in the MATER for a period of 15 years, also denominated in US dollars.

Likewise, the Company has furnished a bid bond for an amount of US$ 3,465,000 by means of surety bond.

### g) Los Teros wind farm

During the fiscal year ended December 31, 2020, the Company has ended the construction of Los Teros Wind Farm. This wind farm have an installed capacity of 123 MW and has obtained priority dispatch in the MATER for its whole capacity. With the purpose of ensuring dispatch priority of the energy generated by such MWs, a surety bond has been furnished in the amount of US$ 18,050,000 corresponding to the first stage and US$ 12,587,500 for the second stage (the liberation of the policy was notified by CAMMESA on January 20, 2021). The Company has signed contracts for 100% of the energy to be generated by the wind farm, through PPAs, denominated in US dollars, with YPF S.A. (approximately 25%) and with other industrial users of private sector, with terms between 5 and 20 years..

### h) Los Teros II wind farm

The Company is currently building Los Teros II Wind Farm. This wind farm will have an installed capacity of 52 MW and has obtained priority dispatch in the MATER for its whole capacity. In order to secure the dispatch priority for that MWs, it has granted a surety bond in the amount of US$ 12,500,000. As of the date of issuance of these consolidated financial statements, the Company has signed contracts for approximately 85% of the energy to be generated by the wind farm, through PPAs, denominated in US dollars, with YPF S.A. (approximately 56%) and with various other industrial users of the private sector, with terms between 10 and 15 years. Likewise, the Company is in the process of signing PPAs for the remaining 15%.

The commercial operation of both stage is expected in 2Q 2021.

## 28. AGREEMENT ON THE REGULARIZATION OF RECEIVABLES

Resolution SE No. 95/13, which was enacted in February 2013, set electric power prices that were updated annually. Under this framework, generators received remuneration consisting of (i) fixed payments based on availability and calculated based on a pre-established fixed rate per MW, (ii) variable payments based on generation of each unit calculated based on a fixed rate per MWh that varied according to the type and size of technology and the fuel used to generate energy, and (iii) remuneration for non-recurring maintenance, which was paid in the form of sale settlement with a maturity date to be determined ("LVFVD").

Regarding the variable payments mentioned above, a portion of the remuneration was paid directly to the relevant generation agents, while the other portion would to be set aside for a trust fund and reinvested in new infrastructure projects in the electric power sectors as defined by the Secretariat of Electric Energy ("Trust on Additional remuneration"). Finally, the portion to be allocated to the trust fund was implemented through LVFVD.

On August 16, 2019, CAMMESA and the Company entered into a final agreement to settle the LVFVD receivables. As a result of such agreement, an 18% reduction was set on the outstanding capital plus interest accrued as of the date of the agreement. Moreover, the Company waived any complaint related to such receivables.

Pursuant to the executed agreement, during August 2019, the Company collected 1,327,072 and booked a net profit of 611,025, which was recognized under the item "Regularization of Receivables" of the consolidated income statement for fiscal year ended December 31, 2019.

## 29. CONTINGENT LIABILITIES

### a) El Bracho Thermal Power Plant

On December 20, 2017, Y-GEN II entered into a Construction Contract with General Electric International Inc. Suc. Arg. ("GESA") ("Construction Contract"), an Equipment Supply Contract with General Electric Parts & Products GmbH ("GEPP") ("Supply Contract") and an Integration Agreement entered into with such companies in order to coordinate the Construction Contract and the Supply Contract ("Integration Agreement") for the work of the project to close the cycle of the El Bracho Thermal Plant.

Thus, and within the framework of the Construction Contract, Supply Contract and Integration Agreement, since March 13, 2020, GESA, GEPP and Y-GEN II exchanged several letters related to the effects of COVID-19

on the Contracts. In those letters, GESA and GEPP argued that the COVID-19 situation might constitute a change of law and/or force majeure event under the Construction Contract and Supply Contract, and, therefore, Y-GEN II was bound to bear the higher costs and larger terms arising from such situation. Y-GEN II rejected the argument that such events might constitute a change of law under these contracts and stated, among other reasons, that GESA and GEPP had to prove compliance with the legal and contractual requirements for such circumstances to constitute an event of force majeure. Besides, Y-GEN II stated, among other arguments, that should the situation constitute a force majeure event, each party had to face its own costs.

Notwithstanding that Y-GEN II has repeatedly rejected the requests made by GESA for a change of law, on October 9, 2020 that contractor submitted a change order based on an alleged change of law event for the approximate sum of US$ 3.3 million and $ 119 million.

On December 30, 2020, the Company, GESA and GEPP reached an agreement by means of which the parties reconciled all pending disputes regarding the claims derived from the COVID-19 pandemic, waived GE to make any claim in relation to the foregoing. Through this agreement, the Company recognized higher costs of approximately US$ 5.2 million, while GE acknowledged contractual fines amounting to approximately US$ 6.7 million.

In turn, it is also worth mentioning that, under the Wholesale Demand Contract entered into between Y-GEN II and CAMMESA on December 19, 2017 pursuant to SEE Resolution No. 287-E/2017 and SEE Resolution No. 926-E/2017 ("El Bracho PPA"), on March 27 of the current year, Y-GEN II notified CAMMESA on possible delays in the terms scheduled for execution of works caused by the health and epidemiological emergency triggered by COVID-19 pandemics, thus requesting the corresponding extension of the term for commercial operation under El Bracho PPA.

Therefore, on April 6, CAMMESA replied that, under El Bracho PPA terms and conditions, the scope and effects of the force majeure event shall be applicable only as from the effective date of such agreement, that is, after the commercial operation (finally occurred on October 23, 2020).

Despite that fact, as mentioned in Note 30, on June 10, 2020, the Secretary of Energy instructed CAMMESA to temporarily suspend intimations for non-compliance with the Scheduled Dates of Work Progress – as defined in the El Bracho PPA – regarding both, the increase in the guarantee of compliance with the contract and the imposition of fines, for the period from March 12 to September 12, 2020. It is worth mentioning that the project reached its commercial operation date on October 23, 2020 and, therefore, all foreseen due dates under PPA El Bracho were met, as these due dates were being extended.

**b) San Miguel de Tucumán Thermal Plant**

On June 26, 2018, the Company entered into a service contract with General Electric International Inc., Sucursal Argentina ("GESA") ("Service Contract") and a parts supply and repair abroad with General Electric International Inc. ("GEII"), GE Global Parts & Products GmbH ("GEPP") ("Supply and Repair Contract") and an Integration Agreement entered into with such companies in order to coordinate the Service Contract and the Supply and Repair Contract ("Integration Agreement") for the maintenance of the San Miguel de Tucumán Thermal Plant.

Thus, and within the framework of the Service Contract, Supply and Repair Contract and Integration Agreement, since March 18, 2020, GESA, GEPP, GEII and the Company exchanged several letters regarding the COVID-19 effects.

In those letters GESA, GEPP y GEII argued that the COVID-19 situation might constitute a force majeure event under their respective contracts, and, therefore, the Company was bound to bear the higher costs and larger terms arising from such situation. On the other hand, the Company rejected the argument that such events might constitute a force majeure event under these contracts because, among other reasons: (i) the operation and maintenance of power generation assets were considered, from the very beginning, as an activity excluded from mandatory isolation; and (ii) the circumstances invoked by GESA, GEPP and GEII constituted a risk inherent to its own activity.

The Company indicated, among other reasons, that GESA, GEPP and GEII had not proved how its duties were affected, as required under the corresponding contracts, or that the events could not be prevented. Moreover, GESA, GEPP and GEII did not prove either that it was implementing any mitigation duties.

At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

**c) Loma Campana I Power Plant**

On November 2, 2015, the Company entered into an Equipment Supply and Repair Contract with GE Packaged Power Inc. ("GEPP") ("Supply and Repair Contract"), a Service Contract with General Electric International Inc. ("GEII") ("Construction Contract") and for maintenance of Loma Campana I Power Plant and an Integration Agreement entered into with such companies in order to coordinate the Supply and Repair Contract and Construction Contract dated December 23, 2019 ("Integration Agreement").

Thus, and within the framework of the Construction Contract, Supply and Repair Contract and Integration Agreement, since March 30, 2020, GEPP, GEII and the Company exchanged several letters related to the effects of COVID-19 on the Contracts.

In those letters, GEPP and GEII argued that the situation posed by COVID-19 might constitute a change of law and/or force majeure event under the Construction Contract and Supply and Repair Contract, and, therefore, the Company was bound to bear the higher costs and larger terms arising from such situation. The Company rejected the argument that such situation might constitute a change of law event under the Contract, because, among other reasons, (i) the operation and maintenance of power generation assets were considered, from the very beginning, as an activity excluded from mandatory isolation; and (ii) the circumstances invoked by GEPP and GEII constituted a risk inherent to its own activity.

Besides, the Company also indicated that GEPP and GEII had not proved how its duties were affected, as required under both the Supply and Repair Contract and Construction Contract, respectively, or that the events could not be prevented. Moreover, GEPP and GEII did not prove either that it was implementing any mitigation duties.

At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

**d) Loma Campana II Power Plant**

On December 21, 2016, Y-GEN entered into an Equipment Supply and Repair Contract with GE Packaged Power Inc. (“GEPP”) (“Supply and Repair Contract”), a Service Contract with General Electric International Inc. (“GEII”) (“Service Contract”) and an Integration Agreement entered into with such companies in order to coordinate the Supply and Repair Contract and the Service Contract (“Integration Agreement”) for maintenance of Loma Campana II Power Plant.

Thus, and within the framework of the Supply and Repair Contract, the Service Contract and the Integration Agreement, since March 30, 2020, GEPP, GEII and Y-GEN exchanged several letters related to the effects of COVID-19.

In those letters, GEPP and GEII argued that the situation posed by the COVID-19 might constitute a change of law and/or force majeure event under the Supply and Repair Contract and the Service Contract, respectively, and, therefore, Y-GEN was bound to bear the higher costs and larger terms arising from such situation. Y-GEN rejected that such situations might constitute a change of law event under these contracts, because, among other reasons, (i) the operation and maintenance of power generation assets was, from the very beginning, considered an activity excluded from mandatory isolation; and (ii) the circumstances invoked by GEPP and GEII constituted a risk inherent to its own activity.

Y-GEN also indicated that GEPP and GEII had not proved that its duties were affected, as required under both the Supply and Repair Contract and the Service Contract, or that the events could not be prevented. Moreover, GEPP and GEII did not prove either that it was implementing any mitigation duties.

At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

**e) La Plata Co-Generation I**

On December 21, 2018, the Company entered into: (an Equipment Supply Contract with GE Global Parts and Products GmbH (“GEPP”) (“Supply and Repair Contract”), a Service Contract with General Electric International Inc. Suc. Arg. (“GESA”) (“Service Contract”) and an Integration Agreement entered into with such companies in order to coordinate the Supply and Repair Contract and the Service Contract (“Integration Agreement”) for maintenance of La Plata Co-Generation I plant.

Thus, and within the framework of the Supply and Repair Contract, the Service Contract and the Integration Agreement, since March 30, 2020, GEPP and GESA and the Company exchanged several letters related to the effects of COVID-19.

In those letters, GEPP and GESA argued that the COVID-19 situation might constitute a change of law and/or force majeure event under the Supply and Repair Contract and the Service Contract, and, therefore, the Company was bound to bear the higher costs and larger terms arising from such situation. The Company rejected that such situations might constitute a change of law and/or force majeure event under these contract, because, among other reasons, (i) the operation and maintenance of power generation assets was considered, from the very beginning, as an activity excluded from mandatory isolation; and (ii) the circumstances invoked by GEPP and GESA constituted a risk inherent to its own activity.

Besides, the Company also indicated that GEPP and GESA had not proved how its duties were affected, as required under the both the Supply and Repair Contract and the Service Contract, or that the events could not be prevented. Moreover, GEPP and GESA did not prove either that it was implementing any mitigation duties.

At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

**f) La Plata Co-Generation II**

The construction contract of La Plata Co-Generation II power plant is divided into two contracts: the Assembly and Construction Contract entered into between the Company and A-Evangelista S.A. ("AESA") on February 16, 2018 ("Construction Contract"), and the Equipment Supply Contract entered into with GE Global Parts & Products GmbH ("GEPP") on December 29, 2017 ("Supply Contract").

Thus, under the Construction Contract, since March 23, 2020, AESA and the Company exchanged letters related to the effects of COVID-19 regarding the performance of the Construction Contract. AESA argued that the COVID-19 situation might constitute an event of force majeure under the Construction Contract and attempted to transfer a claim made by GEPP for change of law event, based on which, the Company had to bear the higher costs and larger terms arising from such situation. The Company rejected the arguments claiming the existence of a change of law event and stated that AESA had to prove the compliance with the contractual and legal requirements for such circumstances to constitute an event of force majeure under this contract. The Company also stated that, should an event of force majeure should be proved under the Construction Contract, each party had to face its own costs.

For its part, the Company considers that the delays in the COD of the project are attributable to the Contractor and that therefore that Contractor owes the contractually agreed penalties. The contract in question provides that the COD of the project should have been achieved on June 29, 2020 and that in the event of an unjustified delay, a fine of US$ 80,000 per day will be applied.

On December 30, 2020, the Company and AESA reached an agreement by means of which the parties reconciled all pending disputes among themselves regarding claims arising from the COVID-19 pandemic, AESA waived to make any claim in relation to what exposed. Through this agreement, the Company recognized higher costs of approximately 126.4 million of Argentine peso and US$ 0.8 million, while AESA acknowledged contractual fines amounting to approximately US$ 3.5 million.

Under the Supply Contract, since March 20, 2020 the Company and GEPP exchanged several letters in relation to the effects of COVID-19 on the duties arising under such contract. GEPP argued that the COVID-19 situation might constitute a change of law and/or force majeure event under the Supply Contract. On the other hand, the Company rejected that the situation posed by COVID-19 might constitute an event of force majeure under the Contract, because, among other arguments, GEPP had to prove the compliance of the legal and contractual requirements for such circumstances to be considered an event of force majeure under the Supply Contract. At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

Likewise, on December 30, 2020, the Company and GEPP reached an agreement by means of which the parties reconciled all pending disputes among themselves regarding claims arising from the COVID-19 pandemic, GEPP waived to make any claim in relation to what exposed.

In turn, it is also worth mentioning that, within the framework of the Wholesale Supply Contract entered into between the Company and CAMMESA, on December 19, 2017 pursuant to SEE Resolution No. 287-E/2017 and SEE Resolution No. 926-E/2017 ("La Plata Co-Generation II PPA"), on March 27 of the current year, the Company notified CAMMESA on possible delays in the terms scheduled for execution of works caused by the health and epidemiological emergency triggered by COVID-19 pandemics, thus requesting the corresponding extension of the term for commercial operation under La Plata Co-Generation II PPA.

Therefore, on April 6, CAMMESA replied that, under La Plata Co-Generation II PPA terms and conditions, the scope and effects of the force majeure event shall be applicable only as from the effective date of such agreement, that is, after the commercial operation, which finally occurred on October 27, 2020.

Despite that fact, as mentioned in Note 30, on June 10, 2020, the Secretary of Energy instructed CAMMESA to temporarily suspend intimations for non-compliance with the Scheduled Dates of Work Progress – as defined in the PPA La Plata Co-Generation II – regarding both, the increase in the guarantee of compliance with the contract and the imposition of fines, for the period from March 12 to September 12, 2020. It is worth mentioning that this project reached its commercial operating date on October 10, 2020 for its operation with gas, while on October 27 of the same year it was enabled for its operation with gas oil as an alternative fuel and that, therefore, the terms established under the La Plata Cogeneration II PPA were met, as said terms were extended.

**g) Manantiales Behr Thermal Power Plant**

On December 28, 2018, the Company entered into an Equipment and Supply Contract with Wärstsilla Projects Oy ("Wartsila Oy") ("Supply Contract"), a Bidding Offer 1/2018 –Assembly and Start-up Contract of Manantiales Behr Thermal Power Plant with Wartsila Argentina S.A. ("Wartsila Arg.") ("Construction Contract") and an Integration Agreement entered into with such companies in order to coordinate the Supply Contract and Construction Contract ("Integration Agreement").

Thus, and within the framework of the Supply Contract, the Construction Contract and the Integration Agreement, since March 13, 2020, Wartsila Oy, Wartsila Arg. and the Company exchanged several letters related to the effects of COVID-19.

In those letters, Watrsila Oy and Wartsila Arg. argued that the COVID-19 situation might constitute a force majeure event under the Supply Contract and the Construction Contract, respectively, and that, therefore, the Company was bound to bear the higher costs and larger terms arising from such situation. The Company stated, among other arguments, that Wartsila Oy and Wartsila Arg. had to prove compliance with the contractual and legal requirements for such circumstances to constitute an event of force majeure under these contracts. The Company stated that, should the force majeure event be confirmed, each party had to face its own costs.

At present, Wartsila Arg. maintains a claim for higher costs due to longer permanence as a result of the situation arising from COVID-19 that the Company has not accepted and that Wartsila Arg. has not yet quantified.

Besides, we inform that, under power purchase contract entered into with YPF S.A., the latter has been informed about the existence of an event of force majeure as a consequence of the health crisis caused by the coronavirus pandemic, and that therefore, the scheduled date for the commercial operation of the plant might be affected.

At present, the Company’s management cannot estimate the impact in the financial statements of the previously described situation.

**h) Cañadón León Wind Farm**

On February 27, 2019, LDL entered into a Contract for the Assembly and Start-up of the Cañadón León Wind Farm and Services with General Electric International Inc. Suc. Arg. (“GESA”) (“Construction Contract”), an Equipment Supply Contract with GE Wind Energy GmbH (“GEWE”) (“Supply Contract”) and an Integration Agreement entered into with such companies in order to coordinate the Construction Contract and Supply Contract (“Integration Agreement”).

Thus, and within the framework of the Construction Contract, Supply Contract and the Integration Agreement, since March 20, 2020, GESA, GEWE and LDL exchanged several letters related to the effects of COVID-19.

In those letters, GESA and GEWE argued that the COVID-19 situation might constitute a change of law and/or force majeure event under the Construction Contract and Supply Contract, respectively, and, therefore, LDL was bound to bear the higher costs and larger terms arising from such situation. LDL rejected that such situations might constitute a change of law event under the corresponding contracts and stated, among other arguments, that GESA and GEWE had to prove compliance with the legal and contractual requirements for such circumstances to constitute an event of force majeure under their corresponding contracts. Besides, LDL stated that should the situation constitute a force majeure event, each party had to face its own costs.

On October 7, 2020, GESA sent an injunction to LDL to initiate negotiations in order to resolve the dispute over the higher costs caused by the COVID-19 pandemic. In that letter, GESA estimated his cost overruns derived from the COVID-19 pandemic in the sum of approximately US$ 6 million. Likewise, it filed a claim for higher costs related with weather issues by approximately US$ 3.6 million. Additionally, GESA requested that LDL begin negotiations for a period of 60 days under the warning of suspending the works and eventually terminating the contract. The Group's Management considers that the notice made by GESA is completely unfounded and inadmissible, in the first place because - even considering the pandemic as a Law Change event, a circumstance that the Company categorically denies - GESA has not complied with any of the contractual requirements for the purposes of raise said claim (it clearly emerges from its communication in which GESA is not even able to intimidate the payment of a certain and determined amount), (ii) there is no default by the Client as the approval or rejection of a Change Order cannot configure a breach of the Contract, (iii) the rejection of a change Order is not listed among the specific events that allow contractual resolution under art. 34.7, eventually giving rise exclusively to the dispute resolution procedure, and (iv) the Contract expressly provides that the submission of a dispute by either Party to the dispute resolution procedures will not entitle the Parties to suspend compliance with their duties.

On November 9, 2020, GESA sent LDL a new notification confirming its position to continue in the search for a common solution regarding the recognition of the higher costs caused as a result of the COVID-19 pandemic, climate issues and others pending claims in relation to the project. It should be noted that in said notification GE estimated an additional cost for the issues listed for an approximate amount of US$ 32 million, reserving the right to extend it, as well as to extend the terms and scope of the Contracts. This communication was answered by LDL in the terms explained above.

On January 8, 2021, GESA notified LDL of the termination of the Construction Contract for alleged essential and deliberate breach of the Construction Contract by LDL derived from the non-approval of certain change orders in relation to the recognition of higher costs caused as a result of the COVID-19 pandemic, climate issues and other pending claims regarding the project. On this occasion, GESA estimated that the higher costs caused by the COVID-19 pandemic amounted to an approximate amount of US$ 12,760,000.

Given this notification, LDL supports once again its position in relation to said claims according to the grounds previously detailed. Due to the above mentioned, LDL ordered GESA to retract the notification of the resolution issued, being that uncaused, abusive, unfounded and contrary to the law, and, likewise, it ordered that GESA proceed to continue with the execution of the works to complete the work in a whole in accordance with the provisions of the Construction Contract, under penalty of making it responsible for all damages that said resolution could cause to LDL.

For its part, GESA ratified the notified contractual resolution, having made it effective on January 25, 2021. It is important to note that, although GESA has ratified the resolution without cause, LDL temporarily agreed that GESA's subcontractors continue with the work in order not to affect the current schedule. Meanwhile, LDL is in negotiations with these subcontractors to continue the work until its completion.

Likewise, without prejudice to maintaining and ratifying LDL's position regarding the lack of legitimacy of the resolution provided, LDL has agreed with GESA an independent service contract that ensures the mechanical completion of the wind turbines and it is in final negotiations to agree with GESA commissioning services for the wind farm.

Finally, it should be noted that the mentioned situation will not generate negative consequences under the contract of the project's financing as long as the contract resolved by GESA is being replaced by other contracts with subcontractors that cover the necessary scope to the termination of the work in progress within the due dates agreed with the financial debtors. To that end, these debtors granted a due date with maturity on April 1, 2021, to renegotiate and make effective the replacement of the mentioned contracts. This due date could be renewed, if considered necessary, so LDL does not neglect its contractual commitments.

Under the executed renewable power purchase contracts, energy off-takers were notified about the existence of a force majeure event as a consequence of the health crisis caused by the coronavirus pandemic, which might affect the scheduled commercial operation date of the wind farm. On October 16, 2020, LDL sent YPF S.A. an offer letter in which it proposes to modify the committed commercial operation date, setting it for April 30, 2021 in line with the estimated date for completion of the project. This offer was accepted by YPF S.A. on October 29, 2020.

Regarding the relevant portion of the Renewable Electric Energy Supply Contract between LDL and CAMMESA on November 23, 2018 ("Cañadón León PPA"), on March 27, 2020, LDL notified CAMMESA on possible delays in the terms scheduled for execution of works caused by the health and epidemiological emergency triggered by COVID-19 pandemics, thus requesting the corresponding extension of the term for commercial operation under Cañadón León PPA.

Therefore, CAMMESA requested Luz del León S.A. to submit a detailed report on the effects that the events reported have on the critical development of the construction of the wind farm, and also to attach the supporting elements as evidence of the occurrence of such event.

However, as mentioned in Note 30.1, on June 10, 2020, the Secretary of Energy instructed CAMMESA to temporarily suspend intimations for non-compliance with the Scheduled Dates of Work Progress – as defined in the PPA Cañadón León – regarding both, the increase in the guarantee of compliance with the contract and the imposition of fines, for the period from March 12 to September 12, 2020. Subsequently, on September 10, 2020, the terms provided in the instruction dated June 10, 2020 were extended until November 15, 2020. Finally, during the month of December 2020, the due dates will be extended until December 30, 2020. In order to access this new extension, both LDL and the financial creditors waived any claim that they may have against government authorities derived from COVID-19 for the period from March 12, 2020 to December 30, 2020.

Finally, due to the new exchange regulations issued recently by the BCRA, LDL signed a "Standstill Agreement" with its financial creditors under the loan signed with the United States International Development Finance Corporation ("DFC") and BNP Paribas Fortis SA / NV ("BNP"), under which BNP has disbursed to date the sum of US$ 80,467,995. Thus, LDL did not make the interest payment scheduled for September 15, 2020 for an approximate sum of US$ 1,353,941, having obtained the corresponding waiver.

Finally, on December 12, 2020, LDL agreed an amendment to the loan so that the interest and capital payments scheduled for March 2021 is carried out in September 2021.

At present, the Company's Management cannot estimate the impact in the financial statements of the previously described situation.

**i) High Voltage Line 132kV Santa Cruz Norte Caleta Olivia**

The Cañadón León Wind Farm will be connected to the Argentine Distribution System through the construction of a 132-kV-line and the expansion of Santa Cruz Norte – Caleta Olivia Transformer Station.

The work for the expansion of the Santa Cruz Norte Caleta-Olivia 132-kV line, located in the Province of Santa Cruz (the "Work"), was originally awarded to CPC S.A. under the National Bidding Process No. 01/2017. Later, due to CPC S.A.'s financial and economic problems, CPC S.A. informed the Management Committee of the Trust Fund for Federal Electric Transportation ("CAF") on the impossibility to continue the Work and proposed assigning the contract in question.

Given these facts, on April 4, 2019, the contract entered into between CAF and CPC S.A. for the execution of the Work on May 30, 2017 was assigned to the Company so that the latter may continue with the execution of the Work.

Therefore, on May 21, 2019, the Company entered into a construction and expansion contract with TEL3 S.A. ("TEL3") for the construction of the Work.

On March 20, 2020, TEL3 notified the Company about a force majeure event as a consequence of the coronavirus pandemic and the restrictions imposed under national, provincial and municipal regulations. It also informed that for such reasons, the performance of on-site works and the construction schedule might be affected and that, due to the health requirements ordered by government authorities, the costs established in the contracts might be modified, claiming the higher costs incurred as a consequence thereof.

The Company requested TEL3 to do comply with the legal and contractual requirements for the situation to constitute a force majeure event and to prove the impact of the events on TEL3 obligations.

On January 29, 2021, the Company and TEL3 reached an agreement by means of which the parties reconciled all pending disputes among themselves regarding claims derived from the COVID-19 pandemic, TEL3 waived to make any claim in relation to what exposed.

Since March 24, 2020, the Company send notifications to CAF about possible delays in the scheduled terms for the execution of the construction work caused by the events of force majeure as a consequence of the health and epidemiological emergency derived from the COVID-19 pandemic. The Company has not yet received an answer from CAF in this respect.

**j) Los Teros I Wind Farm**

On July 4, 2018, the Company entered into a contract for the assembly and start-up of Los Teros I wind farm with General Electric International Inc. Sucursal Argentina ("GESA") ("Construction Contract"), an Equipment Supply Contract with GE Wind Energy Equipment Manufacturing Co., Ltd ("GEWE") on July 4, 2018 ("Supply Contract") and an Integration Agreement entered into with such companies in order to coordinate the Construction Contract and Supply Contract ("Integration Agreement").

Thus, since March 18, 2020, and under the Construction Contract, the Supply Contract and the Integration Agreement, GESA, GEWE and the Company exchanged several letters in relation to the effects of the COVID-19 on the Contracts. In those letters, GESA and GEWE argued that the COVID-19 situation might constitute a change of law and/or force majeure event under the Construction Contract and the Supply Contract, and that, therefore, the Company had to bear the higher costs and larger terms caused by such situation. The Company rejected that such events might constitute a change of law event under these contracts and stated that GESA and GEWE had to prove compliance with the contractual and legal requirements for such situations to constitute an event of force majeure under these contracts, stating that, if so proved, each party had to face its own costs. The Company informed GESA and GEWE that being the latter in default of its fundamental duties under these contracts, it is not entitled to allege the existence of a force majeure or change of law event and that, therefore, it may not be released from its responsibility despite the possible existence of an Act of God or the impossibility to perform its duties as a consequence thereof.

On October 2, 2020, the Provisional Reception of the Work was reached, with the Parties maintaining various cross-claims linked to the events that caused the delay in the completion of the works within the promised deadlines. As GESA considers that the delays are not attributable to it, the Company understands that they are the responsibility of the Contractor and therefore the application of the penalties provided in the Contract for the total months of delay of the project corresponds. It should be noted that the date established in the Contracts to achieve the Provisional Reception of the Work were the following: 19 wind turbines on September 13, 2019 and 13 wind turbines on October 25, 2019. Likewise, the Contracts provide for the following penalties for delay in reaching the Provisional Reception of the Work: (i) in the event that CAMMESA imputed a penalty to the Company for the delay of the work, US$ 500 per wind turbine per day of delay during the first 45 days and US$ 2,500 per wind turbine per day of delay in the future (ii) otherwise US$ 2,500 per wind turbine per day of delay after 60 days of delay. To date, the Company has withheld payments for the approximate sum of US$ 11.6 million on account of said penalties.

On the other hand, and in relation to the power off-takers of Los Teros Wind Farm, we inform that, as of the date of these consolidated financial statements, the Company has contracts for 100% of the energy to be generated by the farm, by means of private supply contracts, in US Dollars, with YPF S.A. (about 25%) and with

other industrial users of the private sector, with terms ranging from 5 to 20 years (Note 4.d. to the annual consolidated financial statements).

Therefore, in the context of the situation described above, the Company has sent notices to the counterparties under the respective supply contracts informing about the existence of a force majeure event caused by the health crisis derived from the coronavirus pandemic, and that as a consequence thereof, the term committed for the commercial operation date of the wind farm might be affected.

On March 27, 2020, the Company notified CAMMESA, within the framework of the dispatch priority assigned under Resolution 281/2017, that, as a consequence of the epidemiological emergency, the term committed for that commercial operation should be affected. The Company has not yet received a reply from CAMMESA.

Finally, as mentioned in Note 30.1, on June 10, 2020 the Secretary of Energy instructed CAMMESA to temporarily suspend intimations regarding non-compliance with the Expected Date of Commercial Authorization (FPHC) of projects with dispatch priority assigned under the terms of Resolution 281/2017 and the collection of payments provided for in article 11 of the annex to the aforementioned resolution, for the period from March 12 to September 12, 2020, thus maintaining the respective assigned dispatch priority. Subsequently, on September 10, 2020, the terms provided in the instruction dated June 10, 2020 were extended until November 15, 2020. In order to access this new extension, Company waived any claim that they may have against government authorities derived from COVID-19 for the period from March 12, 2020 to November 15, 2020.

It is noteworthy that the project reached the commercial operation date of the entire wind farm on October 2, 2020. Therefore, the deadlines set in the framework of the dispatch priority assigned according to Resolution S.E.E. 281/2017, as said terms were extended.

**k) Los Teros II Wind Farm**

The Company entered into a contract for civil works and electro-mechanics with Milicic S.A. ("Milicic") on July 5, 2019 ("Construction Contract") and, on February 6, 2020, an equipment supply contract with GE Wind Energy GmbH ("GEWE") ("Supply Contract") and, on the same date, a contract for the Commissioning, Assembly and Start-up of Los Teros II Wind Farm with General Electric International Inc. Sucursal Argentina ("GESA") ("Assembly and Start-up Contract").

Thus, under the Assembly and Start-up Contract and the Supply Contract, since April 3, 2020, GESA, GEWE and the Company exchanged several letters regarding the COVID-19 effects.

The Company took note of GEWE and GESA's force majeure statement and declared that the Parties' obligations under the corresponding contracts were suspended, including, among others, the Supply Contract payments to GEWE.

Also, the Company informed GEWE that the invoices issued by the latter for a total amount of US$ 29,613,241.67 were rejected as, on the one hand, GEWE was not entitled to issue such invoices since it did so without the Company's prior testing of the equipment sold and without the prior approval of the respective work certificates for their issuance, and, on the other hand, because, as indicated above, the parties' contractual obligations were suspended.

GEWE then rejected the suspension of the contractual duties and requested the payment of the rejected invoices.

GEWE and GESA declared the suspension in the performance of its duties under the Supply Contract and the Assembly and Start-up Contract due to an event of force majeure prior to the issuance of the invoices, wherefore, as of such date both parties' obligations were already suspended.

Just dated June 24, 2020 and in conjunction with a notice of termination for alleged default, GEWE confirmed that all equipment was ready for delivery. As a consequence of said confirmation, the Company understood that the effects of the declared force majeure had ceased and proceeded to the payment of the invoices in question and the payment under protest of the interests, requiring that all obligations under the contracts be resumed immediately and the equipment are delivered to the Company in accordance with the terms of the Supply Contract and the Assembly and Start-up Contract.

On August 21, 2020, the Parties reached an agreement for the shipping and delivery on site of all the equipment committed under the Contract and setting new dates for the provisional reception of work according to the following detail: (i) 4 wind turbines on March 15, 2021, (ii) 3 additional wind turbines to the first 4 on March 31, 2021 and (iii) 6 additional wind turbines to the first 7 on April 13, 2021. In said agreement, the higher costs claimed by GEWE caused by the deferral of the delivery of the equipment were settled and the Company undertook to negotiate in good faith the impacts that it would have caused to GESA under the Onshore Contract. It should be clarified that GESA claims higher costs for the suspension of the Onshore Contract related to the dispute indicated above for an approximate sum of US$ 2.4 million, which have been fully rejected by the Company because of the arguments already described above.

On the other hand, on March 20, 2020, Milicic informed the Company, under the Construction Contract, the occurrence of an event of force majeure as a consequence of the CODIV-19 pandemic. The Company replied such notice requesting Milicic to prove compliance with the legal and contractual requirements for such situation to constitute a force majeure event.

Besides, on January 15, 2020, the Company entered into a contract for the expansion of field 8 of Los Teros II Wind Farm (the "Expansion Contract") with Capitanich Construcciones S.A. ("Capitanich"). Under such contract, on March 27, 2020, Capitanich notified the Company about an event of force majeure caused by the regulations imposed by the Necessity and Urgency Decree No. 297/2020. The Company answered such notice on March 30, 2020, informing Capitanich that it had to prove compliance with the requirements established under the applicable law and the Expansion Contract for the situation to constitute an event of force majeure. Besides, it was informed that should compliance with such requirements be proved, the extension of the term would be accepted, but the transfer of higher costs would not. At present, the Company has not received a certain and quantified claim for higher costs related with the communications indicated above and considers that the claims are inadmissible.

On December 4, 2020, Capitanich filed a lawsuit against Ges Argentina S.A., desisting in its claim to initiate actions against the Company.

As of the date of these financial statements, the Company has contracts for about 85% of the power to be generated by the wind farm, through supply contracts in US dollars, with YPF S.A. (about 56%) and several industrial users of the private sector, with terms ranging from 10 to 15 years.

In consideration of the above, under the executed contracts for the purchase of renewable electric power, the Company notified its counterparties about the existence of an event of force majeure as consequence of the health crisis caused by the coronavirus pandemic, due to which, the date scheduled for the commercial operation of the wind farm might be affected.

On March 27, 2020, the Company notified CAMMESA that, within the framework of the priority dispatch awarded pursuant to Resolution No. 281/2017, and due to the epidemiological emergency, the term committed for the commercial operation will be affected.

On June 10, 2020, the Secretary of Energy instructed CAMMESA to temporarily suspend intimations regarding non-compliance with the Expected Date of Commercial Authorization (FPHC) of projects with dispatch priority assigned under the terms of Resolution 281/2017 and the collection of payments provided for in article 11 of the annex to the aforementioned resolution, for the period from March 12 to September 12, 2020, thus maintaining the respective assigned dispatch priority. Subsequently, on September 10, 2020, the terms provided in the instruction dated June 10, 2020 were extended until November 15, 2020. Finally, during the month of December 2020, the due dates will be extended until December 30, 2020. In order to access this new extension, Company waived any claim that they may have against government authorities derived from COVID-19 for the period from March 12, 2020 to December 30, 2020.

At present, the Company's management cannot estimate the impact in the financial statements of the previously described situation.

## 30. REGULATORY FRAMEWORK

### 30.1. Regulatory framework for the electric industry

Law No. 24,065, passed in 1992 and regulated by Executive Order No. 1,398/92, has established the current basic regulatory framework for the electricity sector (the "Regulatory Framework"). This Regulatory Framework is supplemented by the SE's regulations for the generation and commercialization of electric power, including the former SEE Resolution No. 61/1992 "Procedures for Operations Scheduling, Load Dispatch and Price Calculation", as amended and supplemented.

The ENRE is the agency that regulates, oversees and controls the electric power industry and, in such capacity, it is responsible for the enforcement of Law No. 24,065.

CAMMESA is responsible for the technical dispatch, planning and economic organization of the SADI and the MEM that also acts as a collection agency for all MEM agents.

By the end of 2015, Decree 134/2015 was enacted, in which, given the situation of the Argentine electricity system, the PEN declared the Emergency of the National Electricity Sector. This Decree instructs the MEM to prepare and put into effect an action plan in relation to the segments of generation, transport and distribution of electrical energy in order to adapt the quality and safety of the electricity supply and guarantee the provision of the service public of electricity in adequate technical and economic conditions.

Among the main amending and supplementing regulations governing the sector, the following resolutions are noteworthy, with regard to the electric power generation business:

- **SE Resolution No. 95/2013**: established a new remuneration scheme based on: a) remuneration of fixed costs, b) remuneration of variable non-fuel costs, c) direct additional remuneration and d) indirect additional remuneration, which would be destined to create a trust for the development of electric power infrastructure works. To access these remunerations it was necessary to accept the terms and conditions established by the regulation. The Company accepted this regime on October 17, 2013 and retroactively as of February 1, 2013. The resolution also suspended, until the SE states otherwise, the signing of new contracts and / or the renewal of existing contracts between generators and large users (with the exception of the contracts framed in Resolution SE No. 1281 / 2006 "Energía Plus" and Resolution SE No. 220/2007, among others). It also provided that, from the date of expiration of existing contracts, large users should make their energy purchases through CAMMESA.

- **Resolution SE No. 529/2014**: this resolution replaced the compensation scheme contemplated in Resolution SE No. 95/2013, increasing the rate schedule of the four remuneration concepts established therein. Regarding to fixed costs remuneration, it established an increase related to the availability of each Generating Agent. It also incorporated a new remuneration scheme for non-recurring maintenance whose objective was the financing of major maintenance subject to approval by the SE. This resolution was retroactively applied from the economic transactions corresponding to the month of February 2014 for those generators that have adhered to Resolution SE No. 95/2013, as is the case of the Company.

- **Resolution SE No. 482/2015:** this resolution defined adjustments in the compensation scheme contemplated in Resolution SE No. 529/2014, increasing the rate schedule of the five remunerative concepts established therein. It also incorporated a new specific contribution scheme called "Resources for Investments of FONINVEMEM 2015-2018" to be assigned to those generators participating in the investment projects approved or to be approved by the SE and established a new incentive scheme for the Production of Energy and Operational Efficiency for the generating agents included. This resolution is retroactively applied from the economic transactions corresponding to the month of February 2015 for those generators that have adhered to Resolution SE No. 95/2013, as is the case of the Company.

- **SEE Resolution No. 21/2016:** convenes Generators, Self-Generators and Co-Generators to bid for the provision of additional thermal generation and associated electric power production capacity, with the commitment to make it available at the MEM in summer (2016/2017 and 2017/2018) and winter 2017.

- **Resolution of the SEE No. 22/2016:** the SEE modified Resolution SE No. 482/2015 and adjusted the components of the remuneration received by the generating agents that have adhered to Resolution SE No. 95/2013, 529/14 and 482/2015. The resolution modified the remunerative components of the economic transactions retroactive to February 2016.

- **SEE Resolution 19/2017:** dated February 2, 2017, established that the Agents of the MEM may declare Guaranteed Availability Offers to subscribe Guaranteed Availability Commitments (CoDiG), for the power and energy of the installed generating units, in accordance with the provisions of this Resolution. The power that may be subject to Guaranteed Availability Offers will be remunerated based on a payment for monthly available power subdivided into a real available power, a guaranteed power offered, and an assigned power; and another for energy generated and operated. The remunerations will be calculated in US dollars convertible to Argentine pesos at the exchange rate corresponding to the last business day of the month to which the operation corresponds, and the Sale Liquidations will have an expiration date.

In addition, in reference to the payment of economic transactions, the Secretariat of Electric Energy later established that the commercial document contemplating the exchange rate of the date prior to the expiration date should be attached thereto. Likewise, a mechanism of Incentives for Operating Efficiency is established for thermal power plants based on compliance with fuel consumption targets.

- **SEE Resolution No. 287-E/2017:** under this resolution an open call for tenders was launched to incorporate new efficient electric energy generation through the Closing of Open Cycles and Co-Generation, where 40 offers were received for more than 3,300 MWs of power.
- **SEE Resolution No 820-E/2017:** under this resolution, 3 co-generation projects were awarded for 506 MWs corresponding to the first round. Subsequently, in October, by Resolution No. 926/17, 9 additional projects were awarded (1 Co-generation + 8 Closing of Cycles) for a total of 1,304 MWs corresponding to the second round.
- **Resolution No. 1,085-E/2017:** issued in November 2017, sets forth that as from December 2017, Transmission System-related costs will be distributed according to demand, deducting costs allocated to Generators: Connection and Transformation Costs. Transmission prices are stabilized and payable by Distributors and calculated in the Seasonal Tariff Schedules and Quarterly Tariff Reschedules. Each Distributor will have a stabilized price for Transmission by Extra-High Voltage Lines and for Transmission by Trunk Distribution.
- **Resolution 1-E/2018:** in January 2018, that introduces changes in the dispatch priority allocation mechanism and determines that projects where purchase orders have already been issued for all the electromechanical items of equipment —prior to issuance of Resolution No. 281/2017— will be given priority for dispatch.
- **Resolution No. 46-E/2018:** establishes the new prices at the entry point into the transportation system for natural gas, for each basin of origin, which will be related to natural gas purchases used for to the power generation to be commercialized within the MEM or, in general, used for the power distribution public service. Average maximum price 4.2US$/MMBtu.
- **Resolution 70-SGE/2018:** This resolution issued in November 2018, allows generators to purchase their own fuel on an optional basis. The request to declare the production variable cost (PVC) is voluntary and renewable on each fortnight for the authorized groups. The costs of generation with their own fuels will be valued according to the recognition of the variable production costs recognized by CAMMESA.
- **Resolution 25-SGE/2018:** Through this Resolution IEASA is instructed to sell to CAMMESA the fuels required by the latter to supply the demand, at the acquisition and commercialization cost of such fuels, declaring to CAMMESA such costs on the same dates on which generators have to declare the Production Variable Costs.
- **Resolution MDP 12/2019:** On December 27, 2019, through the publication of Resolution No. 12/2019 of the Ministry of Productive Development was repealed the Resolution SGE No. 70/2018 previously mentioned since December 30, 2019 thereon, and restores the validity of Article 8 of Resolution No. 95 dated March 22, 2013 of the former Secretariat of Energy and the validity of Article 4 of Resolution No. 529 dated May 20, 2014 of the former Secretariat of Energy of the former Ministry of Federal Planning, Public Investment and Services.

- **Resolution 1-SRRyME/2019:** On February 28, 2019, with the purpose of securing sustainability of the wholesale electricity market, the Secretariat of Renewable Resources and Electricity Market issued Resolution No. 1-SRRyME/2019, pursuant to which the remuneration criteria established in Resolution 19/2017 of the former Secretary of Electric Energy were adjusted to economically reasonable and efficient conditions, which may be assigned and/or transferred to the demand.

Like Resolution No. 19/2017, Resolution No. 1 was be provisionally applied until gradual definition and implementation of the regulatory mechanisms to achieve the autonomous, competitive and sustainable operation of the electricity market that would allow for the free interaction of supply and demand, and a technical, economic and operating functioning towards the integration of the different generation technologies to ensure a reliable system at a minimum cost.

The remuneration to authorized thermal generators was composed of a payment for the monthly available power, a payment for generated power and another for operated power.

a. Remuneration for available power

Power availability remuneration is subdivided into a base price associated to Actual Power Availability (DRP, by its acronym in Spanish) and a price for guaranteed power in compliance with the Offered Guaranteed Power (DIGO, by its acronym in Spanish). Power remuneration will be adjusted depending on the actual usage factor of generation equipment.

The DRP remuneration ranged from 3,050 to 5,200 U$S/MW-month, according to the technology made available for the system and the DIGO remuneration was 7,000 U$S/MW-month for winter and summer periods and 5,500 U$S/MW for the rest of the year.

b. Remuneration for Generated Energy

The remuneration for conventional thermal generation would contemplate as a maximum, per type of fuel consumed by each generation unit, the non-fuel variable costs, which are 4 U$S/MW hour for equipment consuming Natural Gas, 7 U$S/MW hour for Fuel Oil or Gasoil, 10 U$S/MW hour for Biofuels and12 U$S/MW hour for mineral coal.

c. Remuneration for Operated Energy

Additionally, generators would receive a monthly remuneration for Operated Energy, represented by the integration of hourly power capacities for the period, valued at 1.4 U$S/MWh for any type of fuel. The hourly volume of Operated Energy must correspond to the optimum dispatch in order to comply with the energy and reserves assigned.

A generation plant that has declared the option to purchase fuels for the generation of energy, which upon request does not have sufficient fuel for the delivery, will lose its delivery order until, if necessary, CAMMESA shall assign fuel to it for its operation, and the remuneration concepts mentioned above will be reduced by 50% of their value.

Remuneration was denominated in US Dollars and was payable at the reference exchange rate of the date prior to maturity date.

- **Resolution SE-MDP No. 31/2020:** On February 26, 2020, the Secretariat of Energy published in the Official Gazette Resolution SE No. 31/2020 that adjusted the remuneration criteria for the generation not committed in any type of contract established by the Resolution SRRyME 1/2019 previously mentioned, to economically reasonable and efficient conditions which may be assigned and/or transferred to the demand.

Through this resolution, it was established that all the concepts on which the included generators are remunerated will be denominated in Argentine pesos and will be updated on a monthly basis by a weighted average of the CPI (60%) and the WPI (40%) published by INDEC.

The remuneration of thermal generators consists of payments for: (a) power, (b) energy generated and operated (associated with the rotating power in each hour), and (c) energy generated in hours of maximum thermal requirement.

d. Power

Power will be remunerated based on the availability of real power (base power - only for those generators that cannot guarantee power availability) or compliance with the guaranteed power (DIGO), discounting scheduled maintenance and valued at the following prices as applicable.

The base power remuneration will be in a price range from 100,650 to 171,600 AR$/MW-month (47% lower than Resolution 1/2019), according to the technology and scale of the generation equipment made available to the system. DIGO power remuneration will be 360,000 AR$/MW-month for summer and winter periods and 270,000 AR$/MW for the rest of the year (-17% and 21% compared to Resolution 1/19, respectively).

This remuneration will be affected by the usage factor of the generation equipment.

e. Energy

For generation from conventional thermal plants, it will be recognized, by type of fuel consumed, for non-combustible, variable costs 240 AR$/MWh for equipment operating with Natural Gas, 420 AR$/MWh for Fuel Oil and Gas Oil, 600 AR$/MWh for Biofuels and 720 AR$/MWh for equipment with mineral coal. In all cases there is a 3% reduction compared to Resolution 1/2019.

Additionally, a remuneration of 84 AR$/MWh (-3% compared to Resolution 1/2019) is recognized for the rotating power in each hour that corresponds to the optimal dispatch. Like for the energy generated with gas, fuel oil and gas oil, there is a 3% reduction in prices.

When a generation unit is dispatched outside the optimum dispatch (for operational reasons not attributable to forced generation due to transport, voltage control or safety requirements), it will be recognized generated and operated energy at 60% of the net installed power, independently of energy delivered by the generation unit.

f. Energy generated in the hours of maximum thermal requirement

A new remuneration was established for the average power actually delivered (energy generated) in the hours of maximum thermal requirement. During summer and winter, 1,800 AR$/MWh will be paid to the generation during the first 25 hours of maximum thermal requirement and 900 AR$/MWh during the following 25. During

the rest of the year, the 300 AR$/MWh will be paid by generation during the first 25 hours of maximum thermal requirement.

Resolution 31/2020 entered into force and is applicable from the economic transactions corresponding to February 2020.

**Renewable energy sources**

In 2006, Law No. 26,190 was enacted, which established a National Promotion Regime for the use of renewable energy sources for the production of electricity, complementary to the regime established by Law No. 25,019 and its regulatory standards, which had already declared of national interest wind and solar power generation.

In October 2015, Law No. 27,191 was enacted, which amended Law No. 26,190, " National Scheme for Promotion of the Use of Renewable Energy Sources for Electric Power Production ". Amendments to this law seek to establish a legal framework encouraging investments in renewable energies and promoting the diversification of the national energy matrix, increasing the share of renewable sources in the Argentine electricity market. Additionally, this law that, among other measures, requires Large Users to reach a minimum 8% of their electricity energy consumption with energy from renewable sources in 2018 and 20% in 2025. The laws are regulated in 2016 by a PEN Executive Order No. 53 establishing that, those who elect to comply by purchasing or by through self-generation or cogeneration, must expressly express their decision before the Application Authority in terms the latest determines. Otherwise, they will automatically be included in the joint purchase mechanism that CAMMESA will carry out.

Among the main provisions of Law No. 27,191 and its regulations, the following can be highlighted:

- Projects entitled, including self-generators and co-generators (non-fossil), will be able to access the promotion scheme.
- A public trust fund called the Fund for the Development of Renewable Energies will be created, which will be constituted, among other trust assets, by resources from the National Treasury (not less than 50% of the savings in fossil fuels due to the incorporation of renewable sources).
- A specific charge will be applied to the users to guarantee the fulfillment of the contracts, in $ / MWh, being excepted those Large Users (GU) that acquire the renewable energy by means of contracts with a generator, marketer or distributor (not CAMMESA) or by own generation.
- Those users that have one or multiple electric power demand points with independent meters are all registered, all registered with the same CUIT in the MEM or with the distributors, if in the sum of all the demand points they reach or exceed 300 kW of average power contracted in the calendar year, even if, in all or some of the demand points considered individually, they do not reach this value. The obligation governs as a percentage (%) of the total sum of their consumption.
- Only security and quality charges will be incorporated to the renewable´s energy price. The price will not incorporate transitory cost of dispatch (STD), additional transitory cost of dispatch (ad STD), cost of fuel (SC), etc.
- Can be met through: Individual contracting, self-generation or Cogeneration of renewable sources.

- The price will be established by CAMMESA as prorated by the total amount of the contracts and is reached by the price limit set in the Law (113 US$ / MWh).
- **Resolution 281-E/2017:** this Resolution issued in August 2017 regulates the Renewable Energy Term Market (MATER) for MEM Large Users, setting forth the guidelines for self-generation and the agreements for the purchase of electric energy from renewable sources; the Resolution applies to Large Users with an average annual demand per connection point above 300 kW, and to generators, co-generators and self-generators entering the MEM as from January 2017.

The Forward Market regulation sets forth the following noteworthy provisions:

- It establishes dispatch priorities and an allocation mechanism.
- It creates commercialization and administration positions for Large Users intending to participate in CAMMESA's joint purchase scheme.
- It sets forth that Large Users opting out of CAMMESA's joint purchase scheme:
  - shall be subject to monitoring of their compliance with Law No. 27,191.
  - shall no longer pay for the renewable source generation acquired by CAMMESA.
  - shall no longer pay for Commercialization and Administration charges.
  - shall be entitled to discounts in capacity charges.
- No reserve power capacity is required for power purchase agreements executed within this scheme.
- It defines that the exclusion of joint purchases will have a minimum term of 5 years from the date the exclusion was declared.
- Allows the entitlement of renewable contracts to base or surplus demand.
- Defines that transport charges and those of primary frequency regulation will be recognized and absorbed by CAMMESA.
- It establishes the methodology for monitoring compliance and the imposition of penalties for breach, based on Gas Oil generation costs.
- **Temporary suspension of calculation of contracts execution deadlines**

On June 10, 2020, the Secretary of Energy, through Note "NO-2020-37458730-APN-SE # MDP" instructed CAMMESA to temporarily suspend - from March 12, 2020 to September 12, 2020 - the computation of terms corresponding to the execution of the contracts signed in the framework of the RenovAr Program (Rounds 1, 1.5, 2 and 3), Resolution SE N ° 712/2009, Resolution MEyM N ° 202/2016 and Resolution SEE N ° 287/2017, and of the projects within the framework of the former MEyM Resolution N ° 281/2017, exclusively, for those cases in which the commercial authorization has not been reached at the beginning of the suspension. Subsequently, on September 10, 2020, the Note "NO-2020-60366379-APN-SSEE#MEC" was issued which instructs to extend the aforementioned deadlines until November 15, 2020. Finally, during the month of December 2020, through notes "NO-2020- 90839644-APN-SE#MEC" and "NO-2020-88681913-APN-SE#MEC" the due dates were extended again until December 30, 2020.

Consequently, intimations for non-compliance on the dates of commercial authorization or intermediate milestones is temporarily suspended. However, CAMMESA must carry out all the necessary acts and procedures in order to preserve the validity of the rights that assist it in the framework of the Contracts concluded, and may require, where appropriate, the renewal of guarantees and any action to protect its rights, as well as the rights of the Ministry of Energy and the National State.

**30.2. Exchange Market Regulation**

On September 1, 2019, the Argentine Government issued Executive Decree No. 609/2019 ("Decree 609") which established certain restrictions in the foreign exchange currency market. Decree 609 was further regulated by Communication "A" 6770 of the Argentine Central Bank, also issued on September 1, 2019, which was amended and supplemented by subsequent Communications (jointly "Communication "A" 6770").

The temporary restrictions would be in force until December 31, 2019, but its validity was later extended.

Communication 6770 regulates the inflow and outflow of foreign exchange currencies in the market. This regulation maintains full freedom to extract US dollars from bank accounts, both for individuals and legal entities, and there is no restriction to travelling abroad.

In addition, this new regulation states that:

- BCRA prior approval will be required for access to the local foreign currency exchange market for transfer of earnings and dividends abroad and build-up foreign assets in the case of legal entities.
- new financial debts contracted abroad that are disbursed later than September 1, 2019 must be settled in the local exchange market.
- there are no restrictions on the purchase of foreign currency for foreign trade purposes.
- there are no restrictions on the purchase of foreign currency for imports from third parties.
- BCRA's previous approval will be required to access the local foreign currency exchange market in order to repay debts with foreign related parties.

Later the BCRA through the communication "A" 7001 of April 30,2020, established that in transactions corresponding to remittances by the exchange market, it will be necessary to present an affidavit stating that: (i) during the previous 30 days there were no sales of securities with liquidation in foreign currency or transfer of these to depository entities based abroad, and (ii) to commit to not performing sales of securities with liquidation in foreign currency or transfer of these to depository entities based abroad since the moment that requires the access and for the following 30 days.

On May 28, 2020, the BCRA, through Communication "A" 7030 (the "Communication 7030"), established additional requirements for making payments to the local exchange market aimed at restricting access to legal entities and resident human persons who keep liquid external assets available, as well as measures aimed at limiting the purchase of foreign currency for the payment of imports and the extension of the terms before and after the date of access to the market, in case of having arranged sale of securities with liquidation in foreign currency or transfers thereof to depository entities abroad.

Additionally, Communication 7030 included a new obligation to enter and settlement in the event of collection abroad of funds from loans granted to third parties, fixed-term deposits or sale of any asset constituted as of May 8, 2020 and established the requirement to obtain prior agreement from the BCRA to access the local

exchange market in the event of cancellations of debt capital services abroad when the creditor is a related party of the debtor.

The BCRA, through Communication "A" 7106 dated September 15, 2020 (the **"**Communication 7106**")**, established new restrictions to access to the Argentine exchange market for (i) cancellation of principal owed under financial indebtedness abroad; (ii) debt securities denominated in foreign currency and (iii) foreign payments for the use of credit cards, debit cards and prepaid cards for residential natural persons.

For their part, the CNV and the AFIP, through General Resolution No 856/2020 (the "Resolution 856") and the General Resolution No 4815/2020, respectively, issued regulations in line with the measures included in the Communication 7106.

Subsequently, through Communication "A" 7142 dated October 19, 2020 ("Communication 7142") and the CNV through General Resolution No. 862/2020 ("Resolution 862") established new regulations aimed to make operations with negotiable securities more flexible.

In this regard, the following restrictions were imposed:

- **Cancellation of principal derived from financial indebtedness abroad and debt securities denominated in foreign currency**

Communication 7106 established that legal entities from the non-financial private sector and financial entities with principal payments scheduled between October 15, 2020 and March 31, 2021 derived from (i) financial indebtedness incurred with creditors abroad, which do not qualify as related party of the debtor; (ii) financial indebtedness incurred by financial entities abroad; and (iii) debt securities denominated in foreign currency, must file with the Central Bank a refinancing plan based on the following criteria:

**(a)** the net amount for which access to the local exchange market will be granted, in the original terms of such indebtedness, will not exceed 40% of the principal amount becoming due.

**(b)** the remaining principal amount must be refinanced with new foreign indebtedness with an average life of at least 2 years.

In relation to the refinancing granted by the original creditor, it is admitted the computation of new financial indebtedness abroad granted by other creditors, which, in turn, it must be settled in the local exchange market. In the case of debt securities issued in foreign currency with public registration in Argentina, new issuances of securities also be admitted to the extent that the proceeds are settled in the local exchange market.

The debt refinancing plan with principal maturities to be registered until December 31, 2020, must be filed with the Central Bank prior to September 30, 2020. In the case of indebtedness maturing between January 1, 2021 and March 31, 2021, the refinancing plan must be filed with the Central Bank, at least 30 calendar days before the maturity of the principal subject to refinancing.

The foregoing does not apply when**:** (i) indebtedness incurred with international organizations or their associated agencies or guaranteed by them; (ii) indebtedness granted to the debtor by official credit agencies or guaranteed by them; (iii) the amount by which the debtor would access to the local exchange market for the payment of principal shall not exceed the equivalent of US$ 1 million per month.

Later, the Central Bank, through Communication "A" 7133 dated October 9, 2020 (the **"**Communication 7133**"**), established new measures to access to the Argentine exchange market for pre-payment of financial indebtedness incurred with creditors abroad and debt securities denominated in foreign currency, stating that:

- In case of pre-payments of principal and interests derived from financial indebtedness incurred with creditors abroad and debt securities denominated in foreign currency reached by the debt refinancing process, access to the local exchange market may be granted up to 30 calendar days prior to the maturity date of the principal and interest, to the extent that: (i) the amount of interest paid does not exceed the amount of interest accrued for the refinanced indebtedness until the date the refinancing was executed; and; (ii) the aggregate principal amount of new indebtedness may not exceed the aggregate principal amount of the refinanced debt.
- In case of pre-payments of principal and interests derived from financial indebtedness incurred with creditors abroad and debt securities denominated in foreign currency under the framework of exchange offers, access to the local exchange market may be granted prior to the maturity date of such interests, to the extent that: (i) the amounts paid before maturity corresponds to interest accrued at the closing date of the exchange offer; (ii) the average life of the new securities will be greater than the remaining average life of the exchanged securities; and (iii) the aggregate principal amount of the new securities may under no circumstances exceed the aggregate principal amount of the exchanged securities.
- The refinancing process established by Communication 7106 will be considered duly completed when the debtor accesses the local exchange market to cancel principal in an amount exceeding 40% of the principal amount due, to the extent that the debtor registers settlements in the local foreign exchange market as of October 9, 2020, for an amount equal to or exceeding the 40%, by way of: a) new financial indebtedness abroad; (b) new issuance of securities in international capital markets; and (c) new issuance of securities in foreign currency with public registration in Argentina to the extent that the proceeds are settled in the local exchange market to Argentine pesos.

Likewise, the CNV through General Resolution No. 861/2020 of October 8, 2020, (i) modified the regulations on primary placement of negotiable securities in order to allow the issuance of new negotiable obligations, the subscription price of which is integrated in kind with negotiable securities (previously privately placed or other pre-existing credits) up to a percentage of the issue amount of the new negotiable obligations; and (ii) regulated debt refinancing through swaps.

On February 25, 2021, the BCRA issued Communication "A" 7230, extending point 7 of Communication 7106 for those with capital maturities scheduled between April 1 and December 31, 2021. The refinancing plan must be submitted to the BCRA by March 15, 2021 for capital maturities scheduled between April 1 and April 15, 2021. In all other cases, it must be presented at least 30 days before the maturity of capital to be refinanced.

In addition, since April 1, 2021, the amount per calendar month by which the debtor would access the foreign exchange currency market for the cancellation of principal of indebtedness covered by point 7 of Communication 7106 rises from US$ 1 million to US$ 2 million.

Finally, the presentation of the restructuring plan will not be necessary to cancel:

- Indebtedness originated since January 1, 2020 and whose funds have been deposited and settled on the local exchange market,
- Indebtedness originated since January 1, 2020 and constituting refinancing of capital maturities after that date, to the extent that refinancing has enabled to achieve the parameters of point 7 of Communication 7106.
- The remaining maturities already refinanced while such refinancing has enabled to reach the parameters set out in point 7 of Communication 7106.

As of the date of issuance of these Consolidated Financial Statements, the Group has two financings affected by these communications: (i) a financial loan with Citibank NA for a remaining value of 30 million dollars maturing on March 5, 2021 (for the one that has already been agreed with the bank the extension of 60% of the same until March 6, 2023) and; (ii) Class I ON Notes for a remaining value of 100 million dollars maturing on May 10, 2021.

Nevertheless, the Company does not anticipate any negative impact by the extension of this communication.

**Transactions with securities**

In addition to the stipulated in the Communication 7106, the CNV through Resolution 856, provided for a series of measures regarding the existing parking periods for the settlement of securities for both natural and legal persons.

In this regard, by virtue of the Resolution 856 and Communication 7106, then modified by Resolution 862 and Communication 7142, respectively, the restrictions to perform securities were modified according to whats it's detailed in these laws.

In relation to the maturities to occur in January, February and March 2021, the Company has cancelled its obligations with its financial creditors.

### 30.3. Other Regulations

– CNV Regulatory Framework (N.T. 2013)

By Resolution No. 622/2013 issued on September 5, 2013, the CNV approved the RULES (N.T. 2013) applicable to companies that are subject to CNV's control, pursuant to the provisions of the Capital Markets Law No. 26,831, and Regulatory Decree No. 1,023 dated August 1, 2013. This Resolution overrides previous CNV rules (N.T. 2001 as amended) and General Resolutions No. 615/2013 and No. 621/2013, as from the effective date of the RULES (N.T. 2013).

In accordance with section 1, Chapter III, Title IV of the General Resolution, the notes to the consolidated financial statements For the year ended December, 2018, disclosing the information required by the Resolution in the form of Exhibits, are detailed below.

| | |
|---|---|
| Exhibit A – Fixed Assets | Note 8 Property, plant and equipment |
| Exhibit B – Intangible assets | Note 9 Intangible assets |
| Exhibit C – Investments in shares | Note 11 Investments in associates and joint ventures |
| Exhibit D – Other Investments | Note 6 Financial instruments by category |
| Exhibit E – Provisions | Note 12 Other receivables |
| Exhibit G – Assets and liabilities in foreign currency | Note 26 Assets and liabilities in other currencies than Argentine peso |

## 31. TAX REFORM

Laws No. 27,430 and 27,432 were published in the Official Gazette on December 29, 2017, and significantly modified several taxes. Also, on December 23, 2019 Law No. 27,541 was published in the Official Gazette, modifying some aspects of the laws previously mentioned. The main modifications are the following:

- **Income Tax**

- **Corporate tax rate and withholdings on dividends**

By means Law No. 27,430 the general income tax rate applicable to corporations was reduced from 35% to 30% for fiscal years on or after beginning January 1, 2018 and ending December 31, 2019 inclusive, and would be reduced to 25% for those fiscal years beginning on or after January 1, 2020 onwards.

Moreover, a withholding on dividends was established for foreign individuals and beneficiaries, which would be 7% for those fiscal years beginning on or after January 1, 2018 and ending on December 31, 2019, and 13% for those fiscal years beginning on or after January 1, 2020 onwards.

Finally, the tax equalization (a 35% withholding is applicable when dividends exceed the amount of the taxable income) is no longer applied on the income accrued as of January 1, 2018.

Law No. 27,541, enacted in December 2019, established the suspension of the corporate tax reduction for the fiscal years beginning on or after January 1, 2020 and the consequently increase of withholding to dividends to 13%.

- **Special tax – Tax Revaluation under Law No. 27,430**

Law No. 27,430 establishes that a tax revaluation of property, plant and equipment, may be made according to the mechanisms provided therein.

The Company timely implemented the tax revaluation.

- **Capital gains for foreign beneficiaries**

The law 27,430 establishes a 15% withholding on capital gains derived from the sale of shares or other similar securities (calculated on the actual or presumed gains equivalent to 90% of the sale price). The law establishes an exemption applicable to foreign beneficiaries who sell listed shares under the supervision of the CNV. Furthermore, an exemption is established for the interest and sale results of government bonds, NO and ADRs. These exemptions will only apply to non-resident foreign beneficiaries whose funds do not derive from non-cooperating jurisdictions. Finally, such exemption does not apply to those benefits derived from the securities known as Lebacs.

In the case of ADRs, the law defines that the source thereof is given by the residence of the issuer of the respective shares.

- **Indirect transfers made by the Foreign Beneficiaries**

The law 27,430 establishes a tax on the indirect sale of assets located in Argentina. In particular, such tax will be levied on sales or transfers made by foreigners who own a company also abroad who owns assets in the country, when such assets are significant, i.e., when the following conditions are met: (i) at least 30% of the value of the shares in the foreign company derives from assets located in Argentina; and (ii) the transferred shares represent at least 10% of the assets of the foreign company.

The applicable rate will be 15% (calculated on real net profit or presumed net profit equivalent to 90% of the sale price) in the proportion corresponding to Argentine assets.

- **Other modifications**

SE replaces the tax transparency rules contemplating broader situations and introduces the presumed dividend concept. Moreover, SE ratifies the taxability of the sales of shares of Argentine companies made by non-residents as of the effectiveness of Law No. 26,983, although it establishes the taxation of results in the cases of sales made through stock exchanges or similar markets, when the stockbroker did not withhold the tax.

- **Tax on bank debit and credits**

The PEN may fix the tax percentage to be computed as payment on account of the income tax, which will be progressively increased by up to 20% per year as of January 1, 2018, and it may also establish that this tax will be fully computed as payment on account of the income tax in 2022.

- **Value added tax**

A system of refund of tax paid for investments in property, plant and equipment is established, subject to the future generation of tax debits, in order to reduce the financial cost generated by the accumulation of tax credits of new investments.

- **Social Security**

There will be a minimum monthly salary exempt from employer contributions, while the rate of the same will be unified around 19.5%, although VAT tax credits will be eliminated for employment in secondary areas. These changes will occur by 2022, gradually converging from the current situation.

Other than as mentioned in Note 15 with respect to income tax, the mentioned modifications do not have a significant effect on the financial statements of the Group.

## 32. RELATED PARTIES INFORMATION

The following table show the balances with related parties as of December 31, 2020 and 2019:

| | As of December 31, 2020 | | |
|---|---|---|---|
| | Other receivables | Trade receivables | Trade payables |
| | Current | Current | Current |
| **Joint controlling shareholder:** | | | |
| YPF S.A. | 59,013 | 2,802,680 | 1,358,864 |
| **Associates:** | | | |
| Refinería del Norte S.A. | - | 42,633 | - |
| Metroenergía S.A. | - | 4,588 | - |
| A-Evangelista S.A. | 8,291 | - | 185,338 |
| U.T. Loma Campana | - | 23,692 | 39,371 |
| C.T. Barragán S.A. | - | 15,153 | - |
| GE International Inc. | - | - | 1,483,725 |
| GE Global Parts and Products GmbH | - | - | 1,562,716 |
| GE International Inc. Sucursal Argentina | 3,781 | - | 438,100 |
| GE Packaged Power Inc. | - | - | 452,054 |
| GE Water & Process Technologies SC | - | - | 16,851 |
| GE Wind Energy Equipment | - | - | 317,994 |
| GE Wind GmbH | - | - | 84,678 |
| GE Senging & Inspection Technologies | - | - | 2,948 |
| Innio Jenbacher GmbH & CO. OG. | - | - | 11,641 |
| Profertil S.A. | - | 193,848 | - |
| Alstom Power Inc. | - | - | 15,431 |
| Grid Solutions Argentina S.A. | - | - | 128,185 |
| Jenbacher International B.V. | - | - | 4,326 |
| **Argentine federal government-controlled entities:** | | | |
| CAMMESA | - | 5,572,410 | - |
| **Total** | **71,085** | **8,655,004** | **6,102,222** |

English translation of the consolidated financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV").
In case of discrepancy, the consolidated financial statements filed with the CNV prevail over this translation.



| | As of December 31, 2019 | | |
|---|---|---|---|
| | **Other receivables** | **Trade receivables** | **Trade payables** |
| | **Current** | **Current** | **Current** |
| **Joint controlling shareholder:** | | | |
| YPF S.A. | - | 2,433,056 | 1,539,563 |
| **Associates:** | | | |
| Refinería del Norte S.A. | - | 51,271 | - |
| Metroenergía S.A. | - | 4,588 | 226,649 |
| A-Evangelista S.A. | - | - | 964,087 |
| U.T. Loma Campana | - | 32,731 | 24,513 |
| C.T. Barragán S.A. | 21,705 | - | - |
| GE International Inc. | - | - | 517,837 |
| GE Global Parts and Products GmbH | 426,699 | - | 3,172,655 |
| GE International Inc. Sucursal Argentina | - | - | 616,354 |
| GE Packaged Power Inc. | - | - | 90,604 |
| GE Water & Process Technologies SC | - | - | 10,629 |
| GE Wind Energy Equipment | - | - | 639,848 |
| GE Senging & Inspection Technologies | - | - | 1,870 |
| GE Jenbacher GMBH & CO OG | - | - | 1,143 |
| Profertil S.A. | - | 32,578 | - |
| **Argentine federal government-controlled entities:** | | | |
| CAMMESA | 34,008 | 4,256,169 | - |
| **Total** | **482,412** | **6,810,393** | **7,805,752** |

SANTIAGO MARTÍNEZ TANOIRA
President

The following table shows transactions with related parties for the fiscal years ended December 31, 2020 and 2019:

| | For the fiscal years ended December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | | | | 2019 | | | |
| | Revenues | Purchases of goods and services | Other operating results, net | Interest gain (loss) net and others | Revenues | Purchases of goods and services | Other operating results, net | Interest gain (loss) net and others |
| **Joint controlling shareholder:** | | | | | | | | |
| YPF S.A. | 4,989,680 | 1,938,669 | 1,378 | - | 3,587,598 | 2,038,992 | - | - |
| **Associates:** | | | | | | | | |
| A-Evangelista S.A. | - | 1,420,799 | 294,175 | - | - | 2,725,555 | - | - |
| U.T. Loma Campana | 146,675 | 1,823 | - | - | 127,587 | - | - | - |
| C.T. Barragán S.A. | 128,818 | - | - | - | 35,564 | - | - | - |
| GE International Inc. | - | 2,420,479 | - | - | - | 1,739,149 | - | - |
| GE Global Parts and Products GmbH | - | 263,787 | 43,670 | (18,366) | - | 4,711,726 | - | - |
| GE Water & Process Technologies S.C. | - | 56,493 | - | - | - | 16,559 | - | - |
| GE Intelligent Platforms | - | - | - | - | - | - | - | - |
| GE Wind Energy Equipment | - | 69,187 | - | - | - | 1,995,797 | - | - |
| GE Wind GmbH | - | 2,479,777 | - | - | - | - | - | - |
| GE Packaged Power Inc. | - | 454,117 | 267,091 | - | - | 318,845 | - | - |
| GE International Inc. Suc.Argentina | - | 1,602,462 | 564,862 | - | - | 3,052,850 | - | - |
| GE Senging & Inspection Technologies | - | 2,825 | - | - | - | 1,548 | - | - |
| Innio Jenbacher GmbH & CO. OG. | - | 11,157 | - | - | - | 22,460 | - | - |
| GE Energy Parts Inc. | - | - | - | - | - | - | - | - |
| Metroenergía S.A. | - | - | - | - | - | 203,855 | - | - |
| YPF Tecnología S.A. | - | - | - | - | - | 454 | - | - |
| Profertil S.A. | 369,820 | - | - | - | 119,587 | - | - | - |
| Alstom Power Inc. | - | 53,843 | - | - | - | - | - | - |
| Grid Solutions Argntina S.A. | - | 440,653 | - | - | - | - | - | - |
| Jenbacher International B.V. | - | 13,907 | - | - | - | - | - | - |
| **Argentine federal government-controlled entities:** | | | | | | | | |
| CAMMESA | 14,914,117 | 169,023 | 670,681 | - | 12,010,183 | 283,179 | 71,337 | 611,025 [1)] |
| **Total** | **20,549,110** | **11,399,001** | **1,841,857** | **(18,366)** | **15,880,519** | **17,110,969** | **71,337** | **611,025** |

(1) Corresponds to the result form regularization of receivables (Note 28).

Regarding the business of generation and sale of electricity, the Company's main customer is CAMMESA, an entity controlled by National Government. Taking into consideration that National Government is also YPF's controlling shareholder, CAMMESA is considered a related party.

**Remuneration of the Administration**

During the fiscal year ended December 31, 2020 and 2019, the Director's fees and the remuneration to key executives amounted to 216,376 and 131,732, respectively, being the same short-term benefits and the only benefits granted to directors and key executives.

## 33. COVID-19 PANDEMIC IMPACT

On March 11, 2020, the World Health Organization declared the Coronavirus (Covid-19) outbreak a Pandemic, given its fast propagation worldwide, affecting 190 countries. Most governments are implementing restrictive actions to contain its propagation.

On March 12, 2020, in Argentina, where the Company operates, Argentina's Executive Branch (PEN) issued Decree No. 260/2020, as amended, establishing the health emergency to control the crisis caused by the COVID-19, and on March 19, 2020 the PEN issued Decree No.297 declaring the mandatory and preventive social isolation, which was extended consecutively until the mandatory and preventive social distancing was effective, which is still in force. Power generation was declared an essential service and was allowed to operate since the beginning of the isolation, while electric infrastructure works were declared essential since April 6, 2020. Among the measures derived from the pandemic were included, among others, the prohibition of dismissals without cause, or for reasons of work reduction or force majeure, general restriction to the free circulation of persons not engaged in essential activities, general travel restrictions, visa suspensions, partial or total closing of public and private institutions, suspension of sport events and restrictions to museums and tourist attractions.

Through Decree 576/2020, on June 29, 2020 the PEN determined more restrictive measures in the area of the City of Buenos Aires and surroundings (AMBA) and allowed the provincial governments to release or restrict activity according to certain parameters of evolution of Covid. Although all the provinces and cities have allowed the activity of essential services, many apply restrictions or periods of isolation that hinder the normal development of the activities of the Company and its contractors.

These measures due to the Covid-19 pandemic are having a significant impact on national, regional and global economy, due to difficulties in the supply chains and the significant increase of economic uncertainty, evidenced by a higher volatility in asset prices, exchange rates and a decline in long-term interest rates.

Notwithstanding that as of the date of issuance of these consolidated financial statements, there have not been significant present impacts, there is still uncertainty regarding the final impacts that these events could have on the assets and financial position of the Company, on its results or its cash flows. Hence, the Company's Management considers that the situations described above do not impact the application of the accounting policies corresponding to a going concern in the preparation of the consolidated financial statements as of December 31, 2020.

The potential impacts from the uncertainty previously mentioned that might be expected on the Group's activity are the following:

- Decrease in our power generation sales as a consequence of a general decline in electric power demand;
- Collection difficulties from power distribution companies, by CAMMESA affecting its capacity to meet its payment commitments with the Group;
- Impairment in the financial position of the Group's wholesale customers, adversely affecting their capacity to pay the accounts due to the Group and, therefore, affecting the Group's financial position;
- Delays in the execution of our development projects due to mobilization problems faced by our contractors and possible higher construction costs, affecting the Group's financial condition and exposing the Group to the potential claims and penalties;

- Difficulties in the supply chain, due to the suspension in the production of the basic supplies used by the Company in its production process and impact on associated expenses.

The Company's Management has implemented health measures – with Covid-19 prevention protocols applicable both for operations and work projects -.to guarantee continuity of its activities, ensuring production and seeking minimization of costs, optimization of current contracts and securing earnings. The Group's Management will conduct an assessment to analyse how the aforementioned situations and possible future events might impact on its assets and financial position, the results of its operations and the respective cash flows.

## 34. SUBSEQUENT EVENTS

As of the date of issuance of these consolidated financial statements, there have not been other subsequent events whose effect on the financial position or results of operations as of December 31, 2020, or its exposure in a note to these consolidated financial statements, if corresponds, have not been considered in them according to IFRS.