YPF LUZ

YPF ENERGÍA ELÉCTRICA S.A.

DIRECTORS' ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 AND 2020

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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 or LDL	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 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

Macacha Güemes 515, 3rd Floor – Autonomous City of Buenos Aires – Argentina

Fiscal year

N° 9 beginning on January 1, 2021.

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 consolidated financial statements filed with the CNV prevail over this translation.

YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2021 AND 2020

(Amounts expressed in thousands of Argentine pesos)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	8	172,666,612	137,105,039
Intangible assets	9	505,655	440,000
Right of use assets	10	1,671,866	1,334,330
Investments in joint ventures	11	7,332,158	5,410,422
Other receivables	12	362,071	3,536,959
Deferred income tax assets, net	15	1,228,603	557,598
Total non-current assets		**183,766,965**	**148,384,348**
Current assets			
Other receivables	12	3,696,160	3,539,253
Trade receivables	13	11,219,351	9,082,345
Restricted cash and cash equivalents	14	944,879	3,741,094
Cash and cash equivalents	14	8,989,141	14,296,594
Total current assets		**24,849,531**	**30,659,286**
TOTAL ASSETS		**208,616,496**	**179,043,634**
SHAREHOLDERS' EQUITY			
Shareholders' contributions		8,411,982	8,411,982
Reserves, other comprehensive income and non-retained earnings		86,367,472	62,382,821
TOTAL SHAREHOLDERS' EQUITY		**94,779,454**	**70,794,803**
LIABILITIES			
Non-current liabilities			
Provisions		308,693	132,636
Deferred income tax liability, net	15	13,400,498	10,333,778
Leases liabilities	16	1,063,309	862,149
Loans	17	65,853,903	58,855,627
Other financial liabilities		-	5,962
Total non-current liabilities		**80,626,403**	**70,190,152**
Current liabilities			
Taxes payable		206,918	132,628
Income tax payable		5,248,145	466,866
Salaries and social security		985,975	458,161
Leases liabilities	16	241,409	227,930
Loans	17	19,723,237	29,030,649
Other financial liabilities		7,064	75,843
Trade payables	18	6,797,891	7,666,602
Total current liabilities		**33,210,639**	**38,058,679**
TOTAL LIABILITIES		**113,837,042**	**108,248,831**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**208,616,496**	**179,043,634**

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

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YPF ENERGÍA ELÉCTRICA S.A.

YPF LUZ

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts expressed in thousands of Argentine pesos)

		For the fiscal years ended December 31,	
	Notes	**2021**	**2020**
Revenues	19	42,022,697	21,416,226
Production costs	20	(20,076,631)	(10,013,353)
Gross profit		**21,946,066**	**11,402,873**
Administrative and selling expenses	20	(2,745,536)	(2,104,737)
Other operating results, net	21	**2,163,167**	2,068,351
Operating profit		21,363,697	**11,366,487**
Income from equity interest in joint ventures	11	(249,803)	355,876
Net financial results			
- Financial income	22	5,984,687	8,971,422
- Financial costs	22	(12,731,772)	(10,986,205)
Net financial results	22	(6,747,085)	(2,014,783)
Profit before income tax		**14,366,809**	**9,707,580**
Income tax	15	(8,048,674)	(3,796,932)
Net profit for the fiscal year		**6,318,135**	**5,910,648**
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
Translation differences	2.3.18	16,034,582	19,358,365
Items that may be reclassified to net income in subsequent fiscal years:			
Joint ventures' net monetary position results	2.3.18	2,756,042	1,365,095
Translation differences from joint ventures	2.3.18	(1,188,506)	(1,494,061)
Fair value changes on derivatives instruments, net of tax effect (1)	2.3.18	64,398	(33,209)
Net variation of other comprehensive income for the fiscal year		17,666,516	19,345,395
Total comprehensive income for the fiscal year		**23,984,651**	**25,256,043**
Net income for the fiscal year attributable to shareholders		**6,318,135**	**5,910,648**
Total comprehensive income for the fiscal year attributable to shareholders		**23,984,651**	**25,256,043**
Earnings per share:			
- Basic and diluted (ARS)	24	1.686	1.577

(1) Net of income tax charges for the fiscal years ended December 31, 2021 and 2020 by (18,649) and 15,880, respectively.

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

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YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts expressed in thousands of Argentine pesos)

	For the fiscal year ended December 31, 2021								
	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, 2021	3,747,070	4,604,483	60,429	489,355	11,532	9,095,741	46,875,545	5,910,648	70,794,803
As decided by the General Ordinary Shareholders’ Meeting on April 28, 2021:									
- Appropriation to legal reserve	-	-	-	260,059	-	-	-	(260,059)	-
- Appropriation to reserve for future investments	-	-	-	-	-	5,650,589	-	(5,650,589)	-
Other comprehensive income for the fiscal year	-	-	-	-	-	-	17,666,516	-	17,666,516
Net profit for the fiscal year	-	-	-	-	-	-	-	6,318,135	6,318,135
As of December 31, 2021	**3,747,070**	**4,604,483**	**60,429**	**749,414**	**11,532**	**14,746,330**	**64,542,061**	**6,318,135**	**94,779,454**

(1) Corresponds to the initial adjustment arising from the IFRS implementation. See Note 2.3.18.

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

SANTIAGO MARTÍNEZ TANOIRA
President

YPF ENERGÍA ELÉCTRICA S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(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**	**5,910,648**	**70,794,803**

(1) Corresponds to the initial adjustment arising from the IFRS implementation. See Note 2.3.18.

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

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YPF ENERGÍA ELÉCTRICA S.A.

YPF LUZ

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts expressed in thousands of Argentine pesos)

	For the fiscal years ended December 31,	
	2021	**2020**
OPERATING ACTIVITIES		
Net profit for the fiscal year	6,318,135	5,910,648
Adjustments to reconcile net profit to net cash flows from operating activities:		
Income from equity interest in joint ventures	249,803	(355,876)
Depreciation of property, plant and equipment	8,989,024	4,661,999
Depreciation of right of use assets	150,748	147,239
Amortization of intangible assets	29,233	-
Decreases of property, plant and equipment	394,169	123,141
Net financial results	6,747,085	2,014,783
Net increase in provisions	12,684	73,936
Charge on income tax	8,048,674	3,908,359
Charge on income tax related with assets held for disposal	-	(111,427)
Provision of materials and equipment in warehouse	69,641	-
Dividends collected	584,503	374,849
Changes in operating assets and liabilities**:**		
Trade receivables	(1,651,086)	(452,309)
Other receivables	457,490	(1,963,166)
Trade payables	(1,086,864)	(2,931,594)
Salaries and social security	527,814	190,700
Taxes payable	(872,336)	521,285
Assets and liabilities held for disposal	-	(727,274)
Income tax payments	(766,042)	-
Interest collected	1,219,234	848,638
Net cash flows from operating activities	**29,421,909**	**12,233,931**
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,767,902)	(11,696,778)
Acquisition of property, plant and equipment related with assets held for disposal	-	(1,478,081)
Advances to suppliers of property, plant and equipment	(24,046)	(1,775,936)
Advances to suppliers of property, plant and equipment related with assets held for disposal	-	(34,400)
Acquisition of financial assets	(471,969)	(7,481,898)
Settlements of financial assets	829,150	10,930,818
Restricted cash and cash equivalents	3,296,838	(164,173)
Net cash flows used in investing activities	**(9,137,929)**	**(11,700,448)**
FINANCING ACTIVITIES		
Proceeds from loans	39,541,924	9,759,720
Proceeds from loans related with assets held for disposal	-	3,685,453
Payments of loans	(59,938,796)	(12,001,606)
Payments of leases liabilities	(255,274)	(140,694)
Payment of interest and other financial costs	(7,469,842)	(5,712,178)
Net cash flows from financing activities	**(28,121,988)**	**(4,409,305)**
Net decrease in cash and cash equivalents	(7,838,008)	(3,875,822)
Effect of exchange difference variations and financial results on cash and cash equivalents	2,530,555	3,450,735
Cash and cash equivalents of assets held for disposal	-	21,194
Cash and cash equivalents at the beginning of fiscal year (Note 14)	14,296,594	14,700,487
Cash and cash equivalents at the end of the fiscal year (Note 14)	**8,989,141**	**14,296,594**

Non-cash transactions	**2021**	**2020**
Acquisitions of property, plant and equipment payable at the end of the fiscal year	3,078,129	4,602,842
Acquisitions of property, plant and equipment related to assets held for disposal outstanding at the end of the fiscal year	-	442,150
Acquisitions of property, plant and equipment related to dismantlement provisions	103,833	-
Transfers of advances to suppliers of property, plant and equipment	3,056,351	1,103,354
Capitalised borrowing cost	521,496	2,059,644
Negotiable Obligations paid in kind	6,615,069	-

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

SANTIAGO MARTÍNEZ TANOIRA
President

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

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 Macacha Güemes N° 515, 3rd Floor, Autonomous City of Buenos Aires.

YPF EE and the companies that make up the business Group are mainly engaged in generating and selling electric power through the following assets:

Power Plant	Location (Province)	Installed Capacity (MW)	Regulatory Framework	Technology
Tucumán Thermal Power Plant (1)	Tucumán	447	Energía Base	Combined Cycle
San Miguel de Tucumán (1)	Tucumán	382	Energía Base	Combined Cycle
El Bracho TG (1)	Tucumán	274	PPA with CAMMESA (5)	Open Cycle
El Bracho TV (1)	Tucumán	199	PPA with CAMMESA	Steam Turbine
Loma Campana I	Neuquén	105	PPA with YPF (6)	Open Cycle
Loma Campana II	Neuquén	107	PPA with CAMMESA (5)	Open Cycle
Loma Campana Este (2)	Neuquén	17	PPA with YPF	Moto Generators
La Plata Cogeneration I	Buenos Aires	128	Energía Base (3)	Cogeneration
La Plata Cogeneration II	Buenos Aires	90	CAMMESA – YPF (3)	Cogeneration
Central Dock Sud (4)	Buenos Aires	279	Energía Base	Combined Cycle / Open Cycle
Manantiales Behr Wind Farm	Chubut	99	PPA with YPF and other large users (7)	Wind Farm
Los Teros I Wind Farm	Buenos Aires	123	MATER	Wind Farm
Los Teros II Wind Farm (8)	Buenos Aires	52	MATER	Wind Farm
Manantiales Behr Thermal Power Plant	Chubut	58	PPA with YPF	Moto Generators
Cañadón León Wind Farm (9)	Santa Cruz	123	CAMMESA / MATER (YPF)	Wind Farm
Total		**2,483**		

(1) Part of Tucumán Generation Complex.
(2) Not connected to SADI.
(3) Steam sales are contracted with YPF.
(4) It represents our indirect participation of 30% in Central Dock Sud through Inversora Dock Sud S.A., that has a Combined Cycle with an installed capacity of 797.5 MW and two Open Cycle turbines with an installed capacity of 36 MW each, in addition to a participation of 0.13% in Termoeléctrica San Martín, 0.14% Termoeléctrica Manuel Belgrano and 1.92% in Central Vuelta de Obligado S.A.
(5) Resolution No. 21/2016.
(6) Distributed self-generator.
(7) This Wind Farm's generation is under 10 PPA contracts with the private sector. The term of these contracts have effectiveness up to 21 years.
(8) Between May and the beginning of June, CAMMESA granted the COD in stages, to achieve the full commercial operation of the plant.
(9) In December 2021, CAMMESA granted the COD in two stages, to achieve the full commercial operation of the plant.

The Group's generation capacity, at the date of issuance of these consolidated financial statements, represents 5.8% of the installed capacity and 8.2% of the energy demanded in Argentina, according to information published by CAMMESA.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Additionally, the Group has the following project under construction:

Power Plant	Location (Province)	Installed Capacity (MW)	Buyers	Technology
Zonda Solar Farm	San Juan	100 (1)	MATER	Solar Farm
Total		**100**		

(1) Corresponds to the first stage of the project.

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 447 MW and the San Miguel de Tucumán Thermal Power Plant, with a capacity of 382 MW. 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 Secretariat of 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 reached a capacity combined total of 473 MW.

This 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 105 MW 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.

In 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.

On the other hand, 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 II Thermal Power Plant up to a total maximum power of 90.2 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 MW 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, on March 27, 2021, CAMMESA granted the commercial operation date (COD) of 35.1 MW corresponding to 3 of the 5 engines of the Behr Manantiales Engine Project, located next to the Manantiales Behr Wind Farm in the province of Chubut, Argentina. Likewise, the commercial operation date of the remaining engines to reach a total power of 58 MW was obtained during, 2021. The Company 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. The new thermal plant complements the energy generated by the Manantiales Behr Wind Farm and thus allowed the Company to establish its first hybrid generation system (thermal and wind).

Renewable sources

The Company owns Manantiales Behr Wind Farm, with 99 MW 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.

Additionally, the Group is the owner of the "Los Teros" Wind Farm 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. Subsequently, the commercial authorization of the remaining wind turbines was obtained, reaching its total power of 123 MW.

On the other hand, the Group is owner of "Parque Eólico Los Teros II" (Los Teros II Wind Farm) located in the town of Azul, province of Buenos Aires. Between May 21 and June 3, 2021 CAMMESA granted in stages the commercial operation date of Los Teros II Wind Farm. This second stage of the project adds 52 MW of installed power to the Azul wind farm, which now reaches 175 MW in total and began operating at 100% through PPAs denominated in US dollars with YPF (approximately 56%) and several industrial users of private sector with terms between 10 and 15 years.

Likewise, 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 102 MW of capacity. It is located in the

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Province of Santa Cruz, 25 kms. from the city of Caleta Olivia, and approximately 100 kms from "Parque Eólico Manantiales Behr". The PPA with CAMMESA for 102 MW is for a term of 20 years and a price denominated in US dollars. Additionally, the wind farm has an ampliation of 21 MW, that will be delivered to YPF, under a PPA in the MATER for a period of 15 years, also denominated in US dollars, reaching a total installed power of 123 MW.

On December 15, 2021, the wind farm reached the commercial operation date of 23 of its wind turbines. On December 22, 2021, it reached the commercial operation of the 6 remaining wind turbines, reaching its total installed capacity.

In February 2022, the Company started the construction of the first stage of the Zonda Solar Farm, located in the Iglesia department, province of San Juan.

In this first stage the Company will construct 100 MW single-axis solar tracked support structures (E-W), the solar farm substation and the high voltage line that will connect it to SADI, and it involves the installation of approximately 170,000 solar panels that will allow to generate energy for more than 300 GWh annually, to supply MATER.

The work is going to be carried out within 14 months and is expected to be generating energy since the second quarter of 2023. The final project could have an ampliation to more than 300 MW in further stages subject to the availability of electric transportation in the area.

Shareholders of the Company

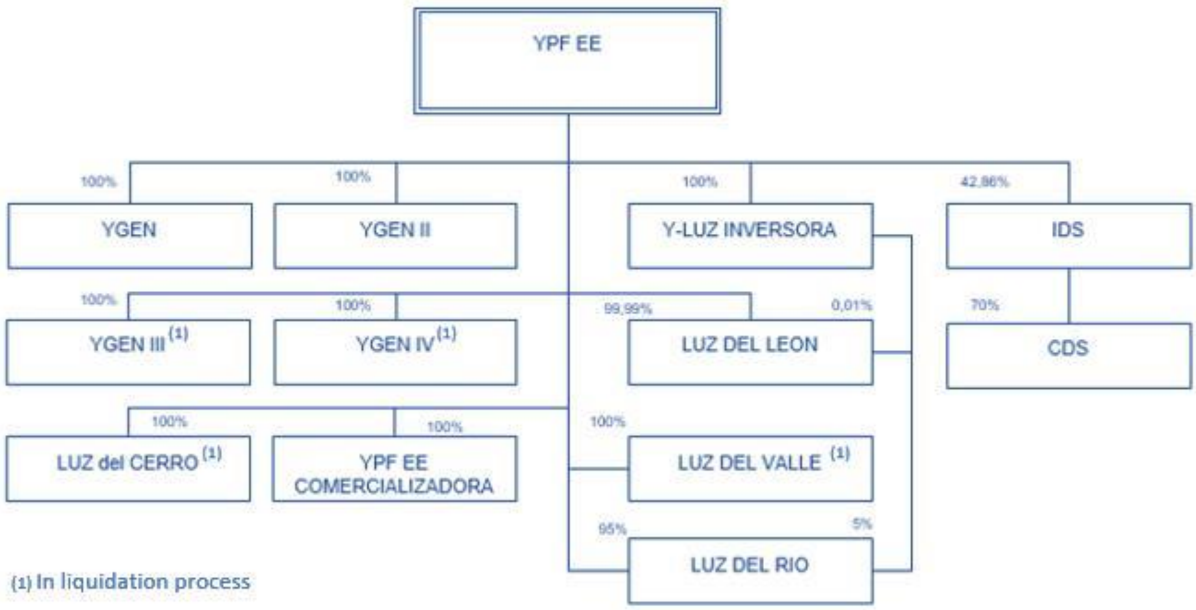
The Company is jointly controlled by YPF and GE EFS Power Investments B.V. ("GE EFS") jointly by means of a Shareholders agreement (Note 23). GE EFS is a subsidiary of EFS Global Energy B.V. (both companies are indirectly controlled by GE Company). Shares issued by GE EFS were transferred to BNR Infrastructure 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 corresponding voting rights.

As of December 31, 2021 and 2020, the Company's Shareholders are:

Shareholder	Share of Capital	Main activity	Country of origin
YPF	72.69218%	Energy	Argentina
OPESSA	2.30783%	Oil sales	Argentina
GE EFS Power Investment B.V.	24.99999%	Infrastructure, financial services and others	U.S.A.
Total	**100.00000%**		

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, 2021:



2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Professional accounting standards

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, 2021 was approved by the Board of Directors on March 2, 2022.

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. (in liquidation process), Luz del Río S.A., Luz del Valle S.A. (in liquidation process), Luz de León S.A., Y-Luz Inversora S.A.U., YPF EE Comercializadora, Y-GEN III (in liquidation process) and Y-GEN IV (in liquidation process), 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 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.

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

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

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 11, 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:

	12.31.2021	**12.31.2020**
Argentine peso (ARS)	102.62	84.05

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 fulfil 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 interests are accrued in case of delays in credits' collection. 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.

2.3.6. 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 and expense is included in "net financial results" in the consolidated statement of comprehensive income.

2.3.7. Taxes

2.3.7.1. 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 2021 and 2020 is 35% and 30%, respectively (see Note 30).

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.

2.3.7.2. 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 fiscal 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 30).

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, 2021 and 2020, the Group has applied the tax inflation adjustment procedure in the estimation of annual effective rate. The effect of tax inflation adjustment for fiscal year 2020 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. Starting fiscal year 2021, the impact of tax inflation adjustment is completely recognized on the fiscal year.

Uncertainty about income tax treatment - IFRIC 23

On June 7, 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.

2.3.7.3. 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.

2.3.8. Property, plant and equipment

2.3.8.1. 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.

2.3.8.2. 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.

Likewise, 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.

During the fiscal year ended December 31, 2021, the Group registered 69,641 as a provision for materials and equipment in warehouse, presented within the caption "Other operating results, net" of the statements of comprehensive income, as a result of its obsolescence analysis.

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 fiscal 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 farms.

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 Restricted cash and cash equivalents (YPF EE reserve account, in connection whit the BNP Paribas Fortis SA/NV, and 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, 2021 and 2020, 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, 2021 and 2020, 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 within the caption "Cash and cash equivalents".

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, Leases liabilities 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, 2021 and 2020, 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 cancelled, 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, 2021 and 2020, 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, labour, 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 .

- **Provision for assets retirement**

Liabilities related to retirement of assets in generation fields require that the Group estimate costs and timing of such retirement. Changes in technology, costs, the accretion rate used for the calculation and legal framework may cause differences between future real cost and estimations. Such estimations are reviewed at least once a year or in the event such changes in the assessment conditions could generate significant impacts on the amount of the provision.

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 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, and 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.

Additionally, the Group has awarded long-term benefits to employees, that reach certain Group executive employees, managers and key personnel, and consist in giving each employee benefits with the condition that they remain as part of the Company during the period previously defined in this plan.

2.3.16. Investment in joint ventures

The Group's investments in 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 joint ventures is included in Note 11.

2.3.17. 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-cancellable 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.

2.3.18. 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.

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.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

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, 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**
Currency adjustment translation	14,846,076	-	-	14,846,076
Joint ventures' net monetary position results	-	2,756,042	-	2,756,042
Income from hedging instruments	-	-	175,370	175,370
Less: Income reclassification for valuation of hedging instruments charged to results of the fiscal year	-	-	(92,323)	(92,323)
Income tax related to components of other comprehensive results for the fiscal year	-	-	(18,649)	(18,649)
Net variation of the fiscal year	14,846,076	2,756,042	64,398	**17,666,516**
Balance as of December 31, 2021	**60,441,916**	**4,121,137**	**(20,992)**	**64,542,061**

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.

2.3.19. 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 statements 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

2.5.1. New standards and interpretations issued by the IASB which are not effective as of December 31, 2021 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 Group reasonably foresees will be applicable in the future are indicated. In general, the Group intends to adopt these standards, as appropriate, when they become effective.

- **Amendments of limited scope to the IFRS**

The IASB issued a set of limited scope amendments to the IFRS on February 12, 2021.

The individual amendments are:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

It amends IAS 1 in the following ways:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Definition of Accounting Estimates (Amendments to IAS 8)

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or

expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The amendments are all effective for annual reporting periods beginning on or after January 1, 2023 and earlier application is permitted.

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

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

Amendments in the 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 will be applied retroactively. Early adoption is permitted.

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

- **Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)**

On May 7, 2021 was issued an amendment to IAS 12 "Income Tax" related to deferred tax from assets and liabilities arising from a single transaction.

The IFRS Interpretations Committee received a submission about the recognition of deferred tax in relation to leases (when a lessee recognises an asset and a liability at the lease commencement) and decommissioning obligations (when an entity recognises a liability and includes the decommissioning costs in the cost of the item of Property, plant and equipment). The submitted fact pattern assumed that lease payments and decommissioning costs were deductible for tax purposes when paid and identified different approaches in practice.

Before the amendments, it was not clear whether IAS 12 required recognition of deferred taxes for these temporary differences or whether the initial recognition exemption applied. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and early adoption is permitted. The amendment is applicable to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The Company's Board of Directors anticipates that the adoption 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, 2021

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, 2021. The aforementioned new standards and interpretations that have had an effect on these consolidated financial statements are described below:

- **COVID-19 related rent concessions (Amendment to IFRS 16)**

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 June 1, 2020 and are to be applied retrospectively. Earlier application is permitted.

The aforementioned amendment had not an impact on the interim financial statements of the Group.

- **Interest Rate Benchmark Reform — Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 17 and IFRS 16 (the "Reform")**

In August 2020, the IASB issued amendments effective for annual reporting periods beginning on or after January 1, 2021. These amendments address issues when the LIBOR reference rate is effectively replaced and relate to the following key areas:

Financial assets, financial liabilities and lease liabilities: A practical expedient was issued for financial assets and liabilities measured at amortized cost, which are modified as a direct result of the Reform. As a practical expedient, the IASB provides that the modification of these financial instruments be estimated prospectively at the updated effective interest rate. To this end, the change is required to be a direct consequence of the Reform and the basis used to determine cash flows is economically equivalent to the prior basis to the rate replacement.

Hedge accounting: The IASB issued practical expedient in addition to those issued in Phase 1, so that the Reform does not result in the interruption of hedge accounting or the designation of a new hedging relationship. The hedging relationships (and related documentation) must be modified to reflect the effects on (i) the hedged item, (ii) the hedging instrument, and (iii) the risk covered. Any measurement adjustment resulting from the modifications is recognized as part of the ineffectiveness.

Disclosure: Information is required to enable the user to understand the nature and extent of the risks to which the entity is exposed generated by the Reform and how such risks are managed,. It is also necessary to inform on the progress and management of the transition to alternative reference rates.

The only financial assets or liabilities that use the LIBOR as reference refer to the financial debts and interest rate hedging instruments detailed in Note 17 to the annual consolidated financial statements. The Company does not anticipate significant effects at the time of effective replacement of the reference rate considering that a substantial portion of the loans and related hedging instruments will be cancelled by June 2023. With respect to loans with maturity after June 2023, at the date of issuance of these condensed consolidated interim financial statements, the Group's Management does not have available elements to analyze the impact of the aforementioned changes. In addition, in the new loan contracts signed, where applicable, the Company has incorporated clauses to calculate alternative rates to LIBOR if it is not available.

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.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

4. ACQUISITIONS AND DISPOSITIONS

During the fiscal year ended December 31, 2021, 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 S.A., a company 100% controlled by the Company (the "Stock Subscription Agreement").

The Stock Subscription Agreement established that, subject to the fulfilment of certain precedent conditions, Equinor would subscribe shares in Luz del León in order to obtain a 50% participation equity in such company.

According to the agreements established by the parties 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.

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.

As of December 31, 2021 the Group had a negative working capital of 8,361,108, as a consequence of the financing of the construction of new generation assets, most of which had started operations at the mentioned date. The Group estimates that the cash flow from its operating assets will allow to finance this negative working capital. Likewise, the Group has different sources of financing in case it is necessary to raise additional funds to meet its short-term needs.

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 Group'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, 2021, are as follows:

	December 31, 2021
Assets	12,003,096
Liabilities	(20,743,634)
Exchange rate exposure, net	**(8,740,539)**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Exchange rate sensitivity

The following table shows the sensitivity of the net income before tax, as of December 31, 2021, 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 Argentine peso	Net Income before tax, for the fiscal year ended December 31, 2021 (Losses) / Gains
+10%	874.054
-10%	(874.054)

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, 2021, that accrues interest considering the applicable rate:

	Financial liabilities (1)
Fixed interest rate	76,161,571
Variable interest rate	10,042,781
Total (2)	**86,204,352**

(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 or other transactions costs.

The fixed and variable rate financial loans represent 88% and 12%, respectively, of the total loans as of December 31, 2021, 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, 2021
Impact on net income (loss) before tax	+100	(79,724)
	-100	79,724

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Price risk

The Group is not exposed to variations in prices in relation to sales made through the PPAs signed, which represent 79% 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. 440/2021 represent 21% of revenues for the fiscal year ended December 31, 2021 (see Note 29.1).

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, 2021, the Group has a negative working capital of 8,361,108. As of December 31, 2021, the cash and cash equivalents reached 9,934 million, considering cash and cash equivalents of 8,989 million and cash and cash equivalents restricted for 945 million.

The following table sets forth the maturity dates of the Group's financial liabilities as of December 31, 2021:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Loans	4,496,233	15,227,004	61,693,491	4,160,412	85,577,140
Leases liabilities	60,352	181,057	543,940	519,369	1,304,718
Other financial liabilities	7,064	-	-	-	7,064
Trade payables	6,797,891	-	-	-	6,797,891
	11,361,540	**15,408,061**	**62,237,431**	**4,679,781**	**93,686,813**

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, restricted 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 Statements of Comprehensive Income, based on specific information regarding its clients.

The provisions for doubtful accounts are measured by the criteria expressed in Note 2.3.12.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

The maximum exposure to credit risk of the Group as of December 31, 2021, 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, 2021
Trade receivables	11,219,351
Other receivables	4,615,375
Restricted cash and cash equivalents	944,879
	16,779,605

Considering the maximum exposure to the risk, trade receivables and other receivables related to CAMMESA accounts for approximately 58% of these receivables. Financial assets past due as of December 31, 2021 are not significant. At such date, the provision for doubtful other receivables is not significant and includes certain tax credits.

As of December 31, 2021 the allowance for doubtful other receivables is not significant and it corresponds to 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 account "Other receivables" contains financial instruments, as well as non-financial assets (such as taxes and advances to property, plant and equipment), the reconciliation is shown within the "Non-financial assets" column.

Financial Assets

	December 31, 2021			
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Non-financial assets	Total
Other receivables	676,238	-	3,381,993	4,058,231
Trade receivables	11,219,351	-	-	11,219,351
Restricted cash and cash equivalents	944,879	-	-	944,879
Cash and cash equivalents	4,191,613	4,797,528	-	8,989,141
	17,032,081	**4,797,528**	**3,381,993**	**25,211,602**

	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
Trade receivables	9,082,345	-	-	9,082,345
Restricted cash and cash equivalents	3,741,094	-	-	3,741,094
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**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Financial Liabilities

	December 31, 2021		
	Financial liabilities at amortized cost	Financial liabilities at fair value through comprehensive income	Total
Loans	85,577,140	-	85,577,140
Leases liabilities	1,304,718	-	1,304,718
Other financial liabilities	-	7,064	7,064
Trade payables	6,797,891	-	6,797,891
	93,679,749	**7,064**	**93,686,813**

	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**

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

	For the fiscal year ended December 31, 2021			
	Financial assets / liabilities at amortized cost	Financial assets at fair value through profit or loss	Non-financial assets / liabilities	Total
Interest income and other	18,352	1,569,882	139,617	1,727,851
Interest loss and other	(7,566,187)	-	-	(7,566,187)
Net exchange differences	(670,314)	(1,043,919)	1,119,276	(594,957)
Finance accretion	(192,958)	-	-	(192,958)
Other financial income	(478,015)	357,181	-	(120,834)
	(8,889,122)	**883,144**	**1,258,893**	**(6,747,085)**

	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)
Net exchange differences	(1,640,348)	(931,677)	711,026	(1,860,999)
Finance accretion	(104,908)	-	-	(104,908)
Other financial income	(179,715)	3,448,920	-	3,269,205
	(6,237,797)	**3,511,988**	**711,026**	**(2,014,783)**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

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 72,416,274 and 79,949,710 as of December 31, 2021 and 2020, 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

As of December 31, 2021, fair value assets and liabilities comprise mutual funds and derivative financial instruments. The fair value of mutual funds is determined based on the guidelines mentioned in Note 7.2.

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, 2021 and 2020, the Group maintained the following financial assets and liabilities measured at fair value in its consolidated statement of financial position:

	December 31, 2021	
Financial assets	**Level 1**	**Total**
Cash and cash equivalents:		
- Mutual funds	4,797,528	4,797,528
	4,797,528	**4,797,528**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	December 31, 2021		
Financial liabilities	**Level 3**	**Total**	
Other financial liabilities:			
- Hedging instruments	7,064	7,064	(1)
	7,064	**7,064**	

(1) Classified as current liabilities as of December 31, 2021.

	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.

There have been no transfers of financial assets between different fair value hierarchies during the fiscal years ended December 31, 2021 and 2020.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

8. 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	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
Transfers	-	49,061,245	-	(796,763)	(48,272,429)	7,947	-
Disposals and reclassifications	-	(30,419)	-	(92,636)	8,828,464 (2)	(158)	8,705,251
Translation effect	41,317	26,772,110	25,779	1,117,273	13,957,248	22,891	41,936,618
Accumulated depreciation							
Increases	(2,001)	(4,639,879)	(13,645)	-	-	(6,474)	(4,661,999)
Disposals and reclassifications	-	-	-	-	-	72	72
Translation effect	(6,597)	(5,298,945)	(13,162)	-	-	(10,477)	(5,329,181)
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**
Cost							
Increases	-	544,632	14,934	1,907,991	12,000,027 (1)	15,135	14,482,719
Disposals and reclassifications	-	(168,751)	(6,936)	(221,350)	-	-	(397,037)
Transfers	93,707	36,768,778	-	(1,270,158)	(35,941,183)	348,856	-
Translation effect	32,267	30,747,332	21,018	940,611	4,119,575	19,763	35,880,566
Accumulated depreciation							
Increases	(2,723)	(8,951,702)	(17,956)	-	-	(16,643)	(8,989,024)
Disposals and reclassifications	-	-	2,868	-	-	-	2,868
Translation effect	(5,445)	(5,314,081)	(11,601)	-	-	(9,628)	(5,340,755)
Cost	272,018	199,969,372	122,590	5,296,234	1,799,876	468,738	207,928,828
Accumulated depreciation	(31,874)	(35,007,149)	(79,536)	-	-	(65,893)	(35,184,452)
Balances as of December 31, 2021	**240,144**	**164,962,223**	**43,054**	**5,296,234**	**1,799,876**	**402,845**	**172,744,376**

(1) Includes 521,496 and 2,165,218 of financial cost related to financing from third parties for extended works in progress for fiscal years ended December 31, 2021 and 2020, respectively.

(2) 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.

SANTIAGO MARTÍNEZ TANOIRA
President

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	December 31, 2021	December 31, 2020
Net book value of property, plant and equipment	172,744,376	137,105,039
Provision for materials and equipment in warehouse	(77,764)	-
	172,666,612	**137,105,039**

Set forth below is the evolution of the provision of materials and equipment in warehouse for the fiscal years ended December 31, 2021 and 2020:

	Provision for materials and equipment in warehouse
Balances as of December 31, 2019	-
Increase charged to profit or loss	-
Balances as of December 31, 2020	-
Increase charged to profit or loss (Note 21)	69,641
Translation effect	8,123
Balances as of December 31, 2021	**77,764**

9. INTANGIBLE ASSETS

Changes in the Group's intangible assets for the fiscal years ended December 31, 2021 and 2020 are as follows:

	Intangible assets
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**
Cost	
Translation effect	97,212
Accumulated amortization	
Increases	(29,233)
Translation effect	(2,324)
Cost	537,212
Accumulated amortization	(31,557)
Balances as of December 31, 2021	**505,655**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

10. RIGHT OF USE ASSETS

Changes in Group's right of use assets for the fiscal years ended December 31, 2021 and 2020 due to the application of IFRS 16 are as follows:

	Buildings	Land	Machinery and equipment	Total
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**
Cost				
Increases	191,665	-	-	191,665
Translation effect	41,843	94,811	237,741	374,395
Accumulated depreciation				
Increases	(57,670)	(18,727)	(74,351)	(150,748)
Translation effect	(25,609)	(6,945)	(45,222)	(77,776)
Cost	359,387	523,934	1,313,780	2,197,101
Accumulated depreciation	(177,689)	(50,305)	(297,241)	(525,235)
Balances as of December 31, 2021	**181,698**	**473,629**	**1,016,539**	**1,671,866**

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, 2021 and 2020:

	December 31, 2021	December 31, 2020
Amount of investments in associates and joint ventures	**7,332,158**	**5,410,422**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

The main movements during the fiscal years ended December 31, 2021 and 2020, which affected the value of the aforementioned investments, correspond to:

	Investments in joint ventures
Balance as of December 31, 2019	**4,064,410**
Income on investments in joint ventures	355,876
Dividend distribution	(374,849)
Other comprehensive income	1,364,985
Balance as of December 31, 2020	**5,410,422**
Income on investments in joint ventures	(249,803)
Dividend distribution	(584,503)
Other comprehensive income	2,756,042
Balance as of December 31, 2021	**7,332,158**

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, 2021 and 2020. The Group has adjusted, 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, 2021	December 31, 2020
Net profit for the fiscal year	(249,803)	355,876
Other comprehensive income for the fiscal year	2,756,042	1,364,985
Comprehensive income for the fiscal year	**2,506,239**	**1,720,861**

The Group does not have any significant joint venture, with the exception of Inversora Dock Sud investment.

Inversora Dock Sud S.A.

The following table presents summary financial information for investments in IDS under IFRS as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Non-current assets	17,105,398	12,630,257
Current assets	51,175	36,892
Total assets	**17,156,573**	**12,667,149**
Non-current liabilities	40,190	36,567
Current liabilities	9,701	7,652
Total liabilities	**49,891**	**44,219**
Shareholders' equity	**17,106,682**	**12,622,930**
Investment book value	**7,331,924**	**5,410,188**

	December 31, 2021	December 31, 2020
Net (loss) income for the fiscal year	(582,834)	830,323
Share interest in net (loss) income of subsidiaries	**(249,803)**	**355,876**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

The following table shows information of investment in joint ventures as of December 31, 2021 and 2020:

			December 31, 2021			December 31, 2020	
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	7,331,924	-	5,410,188	538,065
Other companies:							
Miscellaneous [(1)]				234	234	234	234
				7,332,158	**234**	**5,410,422**	**538,299**

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

	Issuers' information						
			Last available financial statements				
Name and issuer	**Registered address**	**Main business**	**Date**	**Capital stock**	**Net profit / (loss)**	**Shareholders' equity**	**Holding in capital stock**
Investments under joint control:							
Inversora Dock Sud S.A.	San Martín 140, P.2°, Bs. Aires.	Realization of financial and investment operations.	12.31.2021	828,942	785,055	19,269,870	42.86%

12. OTHER RECEIVABLES

	December 31, 2021		December 31, 2020	
	Non-current	**Current**	**Non-current**	**Current**
Loans and advances to employees	-	34,353	-	5,479
Advances to suppliers of property, plant and equipment	310,517	-	3,028,631	-
Minimum presumed income tax	-	-	167,219	-
Related parties (Note 31)	-	247,652	-	71,085
Tax credits	51,554	2,277,850	341,109	2,147,236
Advances to suppliers and custom agents	-	64,107	-	97,622
Trusts	-	376,158	-	1,005,765
Prepaid insurance	-	647,324	-	34,067
Prepaid expenses	-	33,977	-	31,407
Miscellaneous	-	19,197	-	149,648
	362,071	**3,700,618**	**3,536,959**	**3,542,309**
Allowance for doubtful other receivables	-	(4,458)	-	(3,056)
	362,071	**3,696,160**	**3,536,959**	**3,539,253**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

13. TRADE RECEIVABLES

	December 31, 2021	December 31, 2020
	Current	Current
Trade receivables from third parties	591,873	476,113
Related parties (Note 31)	10,676,250	8,655,004
	11,268,123	**9,131,117**
Allowance for doubtful trade receivables	(48,772)	(48,772)
	11,219,351	**9,082,345**

14. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

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, 2021	December 31, 2020
Mutual funds	4,797,528	7,657,270
Fixed interest deposits	10,173	2,781,652
Cash and bank deposits	4,181,440	3,857,672
	8,989,141	**14,296,594**

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.

RESTRICTED CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash and bank deposits [(1)]	944,879	3,741,094
	944,879	**3,741,094**

(1) Not considered cash and cash equivalents for the purposes of the consolidated statements of cash flow. See Note 17.

15. INCOME TAX

The calculation of the income tax expense for the fiscal years ended December 31, 2021 and 2020 is as follows:

	For the fiscal years ended December 31,	
	2021	2020
Current income tax	(6,493,947)	(652,981)
Deferred income tax	(1,554,727)	(3,143,951)
Income Tax	**(8,048,674)**	**(3,796,932)**

The reconciliation between the charge to income tax expense for the fiscal years ended December 31, 2021 and 2020 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:

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	December 31, 2021	December 31, 2020
Profit for the fiscal year before income tax	14,366,809	9,707,580
Statutory tax rate	35%	30%
At statutory tax rate	(5,028,383)	(2,912,274)
Effect by change of tax rate (1)	(1,103,103)	(78,301)
Income on investments in joint ventures	(87,431)	106,763
Effect of tax inflation adjustment in monetary assets and liabilities	(12,566,291)	(5,392,239)
Exchange differences	5,634,089	6,239,395
Effects of the valuation of non-monetary assets in its functional currency	5,462,478	(1,512,299)
Other	(360,033)	(247,977)
Income tax for the fiscal year	**(8,048,674)**	**(3,796,932)**

(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 30) according to the estimated term of realization or settlement, respectively.

Deferred income tax

Breakdown of deferred income tax is as follows:

	December 31, 2021	December 31, 2020
Deferred tax assets		
Provisions for doubtful receivables	18,140	15,548
Tax loss carryforwards	927,962	5,935,836
Subsidiaries hedging instruments	2,503	21,152
Right of use assets	174,955	128,877
Miscellaneous	38,805	31,893
Total deferred tax assets	**1,162,365**	**6,133,306**
Deferred tax liabilities		
Property, plant and equipment	(6,976,081)	(9,565,276)
Effect of tax inflation adjustment in monetary assets and liabilities	(6,358,179)	(6,344,210)
Total deferred tax liabilities	**(13,334,260)**	**(15,909,486)**
Total net deferred tax	**(12,171,895)**	**(9,776,180)**

As of December 31, 2021, the Group recorded deferred assets of 1,228,603 and deferred liabilities of 13,400,498. As of December 31, 2020, the Group recorded deferred assets of 557,598 and deferred liabilities of 10,333,778.

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, 2021 and 2020, the Group estimated an accumulated tax loss carryforward of 927,962 and 5,935,836, respectively, 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, 2021 it is probable that the Group will realize all of the deferred income tax assets.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

As of December 31, 2021, Group’s tax loss carryforwards at the expected recovery rate were as follows:

Date of generation	Date of expiration	Amount
2020	2025	927,962
		927,962

As described in Note 2.3.7 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, 2021 and 2020 is as follows:

	Deferred income tax liability	Deferred income tax asset
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**
Other comprehensive income	(18,649)	-
Translation effect on business combination assets	(822,339)	-
Charge to net income of the fiscal year	(2,225,732)	671,005
Balance as of December 31, 2021	**(13,400,498)**	**1,228,603**

16. LEASES LIABILITIES

The evolution of the lease liability during the fiscal years ended December 31, 2021 and 2020 is as follows:

	Leases liabilities
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**
Increases	191,665
Finance accretion	133,418
Payments	(255,274)
Translation effect	144,830
Lease liability as of December 31, 2021	**1,304,718**

The following is a breakdown of the lease liabilities recorded by the Group as of December 31, 2021 and 2020, with identification of the term of the lease and each rates:

Lease term	Annual effective rate used	December 31, 2021	December 31, 2020
Two to three year	9.87%	5,589	35,354
Three to four year	7.75% - 8.35%	125,352	230,900
Four to five year	4.53%	190,258	-
More than five years	9.88% - 10.2%	983,519	823,825
Total		**1,304,718**	**1,090,079**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

The financial accretion accrued in the fiscal years ended December 31, 2021 and 2020, arising from lease contracts is exposed in the line "Financial accretion" in the line "Financial loss" included in "Net financial results" of the statements of comprehensive income.

As of December 31, 2021 and 2020, the maturities of the liabilities related to lease agreements are:

	December 31, 2021	December 31, 2020
Up to one year	241,409	227,930
Current leases liabilities	**241,409**	**227,930**
One to five years	559,255	436,620
From the 6th year onwards	504,054	425,529
Non-current leases liabilities	**1,063,309**	**862,149**
Total	**1,304,718**	**1,090,079**

17. LOANS

		December 31, 2021		December 31, 2020	
	Interest rate (1)	Non-current	Current	Non-current	Current
Negotiable obligations	(2)	51,526,868	12,297,335	37,296,657	14,212,033
Loans	(3)	14,327,035	7,425,902	21,558,970	14,818,616
		65,853,903	**19,723,237**	**58,855,627**	**29,030,649**

(1) Applicable rate as of December 31, 2021.

(2) Includes 1,755 million that accrue interest at a variable rate Badlar + 4.5% and the remaining balance corresponds to Negotiable Obligations in US dollars that accrue interest at a fixed rate between 0% and 10.24%.

(3) Corresponds to bank loans in US dollars that accrue interest at a fixed rate between 6.99% and 8.65%.

The breakdown of the Group's borrowings during the fiscal years ended on December 31, 2021 and 2020 is as follows:

	Loans
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 (2)	4,296,965
Amount as of December 31, 2020	**87,886,276**
Proceeds from loans (3)	39,541,924
Payments of loans (3)	(59,938,796)
Payments of interest	(6,991,827)
Accrued interest (1)	7,735,763
Translation effect	17,343,800
Amount as of December 31, 2021	**85,577,140**

(1) Includes transaction costs that amount 525,551 and 329,260, for the fiscal years ended December 31, 2021 and 2020, respectively, and capitalised financial costs.

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

(3) Net of 6,615,069 from the paid in kind of Class I and III Negotiable Obligations for the Class VI and IX Negotiable Obligations.

Main loans of the Group as of December 31, 2021

- **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.

- **Local issuance**

On May 7, 2019 and June 12, 2019, the Company issued Class I Negotiable Obligations, under the mentioned Global Program. The placements reached a total amount of US$ 100 million, at a 10.24% fixed rate 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 was developing.

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 was 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.

In compliance with the provisions of point 1 of Communication “A” 7230 of the BCRA, on April 9, 2021, the Company was able to refinance 60% of its maturity required by current regulations, accepting all offers of the Par option for approximately US$ 45.3 million, which consisted of the exchange of 100% of the Class I Negotiable Obligations for Class VI Negotiable Obligations, and approximately US$ 14.7 million which corresponds to 83.16% of the total of new cash offers received.

Consequently, on April 16, 2021, the Company issued the new Class VI Negotiable Obligations for a nominal value of US$ 60 million at a fixed rate of 10.24% maturing in April 2023 and quarterly interest payable since July 16, 2021.

The remaining amount of Class I Negotiable Obligations that was not exchanged was paid upon maturity with its respective interests accrued.

Subsequently, on May 20, 2021, the Company issued Additional Class IV Negotiable Obligations for an amount of US$ 16.9 million at a fixed rate of 0% denominated in US dollars and payable in Argentine pesos at the applicable exchange rate maturing in October 2022 and interests quarterly payable since July 2021. Likewise, in the same date a new Class VII Negotiable Obligation was issued for a nominal value of ARS 1,755 million at a Badlar rate + 4.5% maturing in May 2022 and interests quarterly payable since August 20, 2021.

On August 30, 2021, the Company issued additional Class VIII Negotiable Obligations for an amount of US$ 36.9 million at a fixed rate of 0%, denominated in US dollars and payable in Argentine pesos at the applicable exchange rate with maturity in August 2022. Likewise, on the same date a new Class IX Negotiable Obligations was issued for a face value of US$ 27.7 million payable in pesos at the applicable exchange rate maturing in February (33%), May (33%) and August (34%) of 2024 that accrue interest at a fixed rate of 3.5% and interest payable quarterly from November 30, 2021 thereon. Approximately US$ 11 million and US$ 13.6 million of the aforementioned Class VIII and IX Negotiable Obligations, respectively, were exchanged for Class III Negotiable Obligations of the Company.

The Company assessed for both Class I and III Negotiable Obligations refinancing if the conditions were substantially different, considering both qualitative aspects (for example, currency, term and interest rate) and quantitative aspects (if the present value of the cash flows discounted under the new conditions, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% from the discounted present value of the cash flows that still remain from the original financial liabilities). Based on this analysis, the Company has not recognized the refinancing as an extinguishment in accordance with IFRS 9 “Financial Instruments”.

Subsequently, on February 3, 2022, the Company reopened the Class IX Negotiable Obligation by issuing Additional Class IX Negotiable Obligations for an amount of US$ 10.9 million at a fixed rate of 5.5% and an effective negative rate of 0.26% denominated in US dollars and payable in Argentine pesos at the applicable exchange rate maturing in August 2024 and interests quarterly payable since February 28, 2022.

Lastly, on February 3, 2022, the Company issued a Green Bond (GBP) as defined by the International Capital Market Association (ICMA), through Class X Negotiable Obligations, for an amount of US$ 63.9 million at a fixed rate of 5% denominated in US dollars and payable in Argentine pesos at the applicable exchange rate maturing in August 2032 and interests quarterly payable since February 3, 2032.

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, the Company made an international issuance of negotiable obligations Class II for an amount of US$ 400 million which pay a 10% coupon semi-annually 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 Negotiable Obligations 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**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

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 Manantiales Behr Wind Farm. The aggregate loan amount is US$ 200 million. The capital amortization will be performed in two quarterly payments beginning in February 2020 and is structured in two tranches of US$ 100 million, maturing in December 2023 and 2025, respectively, according to 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 was 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 totalled 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 over the mentioned notional amount at a rate set at 1.947% and they will receive variable amounts subject to 3-months LIBOR.

As of December 31, 2021 and 2020, the Company had booked a result, net of income tax, of 64,398 and (33,209) respectively as Other Comprehensive Income, included in the Statements 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, 2021 and 2020 amounts 31,234 and 2,992,781 respectively, and are disclosed in the “Restricted cash and cash equivalents” 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.

Regarding the foreign reserve accounts, exposed within the caption “Restricted cash and cash equivalents”, during the fiscal year ended December 31, 2021 and subsequent to this date, the funds were used to cancel the total pending amount of this loan, according to what was established by this contract.

In this sense, on February 10, 2022, the Group has paid the total amount of the loan. As a consequence of this payment, this reserve account as well as the related guarantees, will be cancelled, leaving without any effect the financial structure of the Project Finance initially implemented.

- **Citibank 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.

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

- **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**

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 is guaranteed by the German export credit agency Euler Hermes Aktiengesellschaft. BNP's first disbursement by approximately US$ 80.5 million was received during February 2020.

The loan accrues a fixed interest rate of 3.31% with final maturity on September 15, 2034. Principal will be amortized semi-annually beginning on March 15, 2021. The funds from such loan were 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, as well as standard guarantees for this type of financing. In this sense, YPF EE maintains a reserve account for the amount of 913,645 (USD 8.9 million) as of December 31, 2021 related to this guarantee.

The amortization of capital was due to begin in March 2021 and debt services will be cancelled semi-annually beginning in March 2020. Regarding the interest payment scheduled for September 15, 2020 for an approximate amount of US$ 1.4 million, due to the new exchange regulations issued by the BCRA mentioned in Note 29, on October 15, 2020 LDL signed a "Standstill Agreement" with DFC and BNP and, thus, did not make the aforementioned payment. On December 12, 2020, LDL agreed an amendment to the loan that deferred the interest payment to March 2021 and the first capital amortization to September 2021. Likewise, on September 15, 2021, LDL agreed an amendment to the loan to defer the first capital payment to March 2022.

Finally, on December 15, 2021, LDL negotiated a new amendment to the loan contract. The main modifications established by this amendment correspond to the commercial operation date to December 15, 2021, the constructions contracts and the loan amortization schedule, subject to certain conditions that are fulfilled as of the date of issuance of these consolidated financial statements.

The Group assessed for these obligations if the refinancing conditions were substantially different, considering both qualitative aspects (for example, currency, term and interest rate) and quantitative aspects (if the present value of the cash flows discounted under the new conditions, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% from the discounted present value of the cash flows that still remain from the original financial liabilities). Based on this analysis, LDL has not recognised the refinancing as an extinguishment in accordance with IFRS 9 "Financial Instruments".

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

Main loans of the Group cancelled during the fiscal year ended December 31, 2021

- **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, that has been cancelled in full at that date. 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.

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

On September 3, 2018, the Company took out a loan from Banco Galicia y Buenos Aires S.A. for a total amount of US$ 20 million with quarterly interest at a fixed rate of 8.35% maturing on September 3, 2021, that has been cancelled at that date. 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.

- **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 semi-annual interest at an 8.40% fixed rate and final maturity on August 17, 2021, that has been cancelled at that date. The principal of the loan is repayable in three annual instalments.

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

18. TRADE PAYABLES

	December 31, 2021	December 31, 2020
	Current	**Current**
Trade [(1)]	1,672,196	1,564,380
Related parties (Note 31) [(1)]	5,125,695	6,102,222
	6,797,891	**7,666,602**

(1) Trade payables are non-interest bearing and are normally settled within the quarter.

19. REVENUES

	For the fiscal years ended December 31,	
Type of good or services	**2021**	**2020**
Energía Base [(1)]	8,735,676 [(2)]	6,736,948
Revenues under PPA	29,303,009	12,971,452
Steam sales	3,702,782	1,383,735
Other income for services	281,230	324,091
	42,022,697	**21,416,226**

(1) Includes 3,056,409 and 1,680,273 related to fuel costs and other production cost recognition corresponding to the fiscal years ended December 31, 2021 and 2020, respectively, according to the current regulatory framework.

(2) Includes the retroactive effect corresponding to the period between February and May 2021 for the application of Resolution No. 440/2021 (see Note 29.1) by 355,794.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	For the fiscal years ended December 31,	
By Customer	**2021**	**2020**
CAMMESA [(1)]	28,685,183	14,914,117
YPF S.A.[(1)]	9,450,439	4,989,680
U.T. Loma Campana [(1)]	126,131	146,675
Profertil S.A. [(1)]	849,770	369,820
Coca-Cola FEMSA de Buenos Aires S.A.	244,762	134,095
Toyota Argentina S.A.	414,069	164,421
CT Barragán S.A. [(1)]	172,493	128,818
CAF S.A.	108,737	165,845
Holcim Argentina S.A.	699,876	118,678
Other	1,271,237	284,077
	42,022,697	**21,416,226**

(1) Related parties (Note 31).

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, 2021 and 2020:

	For the fiscal year ended December 31, 2021		
	Production costs	**Administrative and selling expenses**	**Total**
Depreciation of property, plant and equipment	8,968,345	20,679	8,989,024
Depreciation of right of use assets	80,259	70,489	150,748
Amortization of intangible assets	29,233	-	29,233
Consumable materials and supplies	402,756	15,234	417,990
Banking expenses	-	11,290	11,290
Rentals	6,060	9,332	15,392
Fees and compensation for services	14,617	159,302	173,919
Other personnel expenses	42,646	236,885	279,531
Preservation, repair and maintenance	1,456,535	20,291	1,476,826
Insurance	735,918	7,069	742,987
Salaries and social security taxes	1,657,080	972,140	2,629,220
Operation services and other contracts	229,833	239,332	469,165
Transportation, products and charges	953,300 (1)	8,194	961,494
Fuel, gas, energy and miscellaneous	5,457,191 (1)	-	5,457,191
Taxes, rates and contributions	29,624	928,029	957,653
Publicity and advertising expenses	7	26,873	26,880
Miscellaneous	13,227	20,397	33,624
Total	**20,076,631**	**2,745,536**	**22,822,167**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	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**

(1) Includes 3,056,409 and 1,680,273 related to fuel costs and other production cost recognition corresponding to the fiscal years ended December 31, 2021 and 2020, respectively, according to the current regulatory framework.

21. OTHER OPERATING RESULTS, NET

	For the fiscal years ended December 31,	
	2021	2020
Commercial interests - CAMMESA (Note 31)	1,211,000	670,681
Penalties (Note 31)	247,524	1,169,798
Provision for materials and equipment in warehouse	(69,641)	-
Insurance [2]	722,681	-
Miscellaneous	51,603	227,872
	2,163,167	**2,068,351**

(1) On March 31, 2021 YPF EE, Y-GEN Eléctrica II S.A.U. and Allianz Argentina Cía. de Seguros S.A. reached a conciliatory agreement through which the latter on April 15, 2021, paid a single, total and definitive compensation for the delay in the COD of the El Bracho cycle closure caused by the sinking of the ship that transported equipment necessary for said project.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

22. NET FINANCIAL RESULTS

	For the fiscal years ended December 31,	
	2021	**2020**
Finance income		
Interest income and others	1,727,851	1,136,718
Exchange rate differences	3,899,655	4,385,784
Other finance income	357,181	3,448,920
Total finance income	**5,984,687**	**8,971,422**
Finance loss		
Interest loss and others	(7,566,187)	(4,454,799)
Exchange rate differences	(4,494,612)	(6,246,783)
Finance accretion	(192,958)	(104,908)
Other finance expense	(478,015)	(179,715)
Total finance loss	**(12,731,772)**	**(10,986,205)**
Total net financial results	**(6,747,085)**	**(2,014,783)**

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, 2021 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 Republic of Argentina, 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. 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 fiscal 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,	
	2021	**2020**
Net profit for the fiscal year attributable to holders of the parent company:	6,318,135	5,910,648
Weighted average number per share (in thousands)	**3,747,070**	**3,747,070**
Earnings per share:		
- Basic and diluted (ARS)	1.686	1.577

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.

In this sense, the General Ordinary Shareholders’ Meeting held on April 28, 2021, allocated 260,059 to constitute the legal reserve in the terms of Art. 70 of the LGS, reaching an amount equal to 20% of the capital stock.

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.

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 Argentine peso for the financial statement as of December 31, 2021 and 2020:

	December 31, 2021					December 31, 2020			
Account	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									
Trade receivables	US$	88,505	102.52	9,073,533		US$	82,269	6,906,483	
Restricted cash and cash equivalents	US$	9,217	102.52	944,879		US$	44,563	3,741,094	
Cash and cash equivalents	US$	40,072	102.52	4,108,181		US$	68,481	5,748,980	
Total of current assets				**14,126,593**				**16,396,557**	
Total of assets				**14,126,593**				**16,396,557**	
NON-CURRENT LIABILITIES									
Loans	US$	664,755	102.72	68,283,634	(2)	US$	724,372	60,955,904	(2)
Leases liabilities	US$	10,352	102.72	1,063,309		US$	10,245	862,149	
Provisions	US$	1,639	102.72	168,358		US$	492	41,402	
Other financial liabilities	US$	-	102.72	-		US$	71	5,962	
Total of non-current liabilities				**69,515,301**				**61,865,417**	
CURRENT LIABILITIES									
Trade payables	US$	48,643	102.72	4,996,609		US$	65,406	5,503,915	
	€	532	116.372	61,910		€	1,002	103,737	
Loans	US$	177,873	102.72	18,271,115	(3)	US$	351,671	29,593,115	(3)
Leases liabilities	US$	2,350	102.72	241,409		US$	2,709	227,930	
Other financial liabilities	US$	69	102.72	7,064		US$	901	75,843	
Total of current liabilities				**23,578,107**				**35,504,540**	
Total of liabilities				**93,093,408**				**97,369,957**	

(1) At the Banco de la Nación Argentina exchange rate prevailing as of December 31, 2021.
(2) Corresponds to the nominal amount owed, which is disclosed under loans for the amount of 65,853,903 and 58,855,627 as of December 31, 2021 and 2020, respectively, net of transaction fees and cost.
(3) Corresponds to the nominal amount owed, which is disclosed under loans for the amount of 19,723,237 and 29,030,649 as of December 31, 2021 and 2020, respectively, net of transaction fees and cost.

27. MAIN CONTRACTUAL COMMITMENTS AND GUARANTEES GRANTED

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

a) Loma Campana - Agreements entered into with CAMMESA

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 kilometres 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

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, 2021 and 2020, 100% of both companies' capital stock is related to the Company.

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 El Bracho Thermal Plant 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.

Trough Resolution No. 5/2022 of the Secretariat of Energy, YPF Energía Eléctrica S.A. was authorised to act as Agente Gran Usuario Mayor (GUMA) of MEM like new entitled of La Plata Refinery. Likewise, the change of agent of MEM category as also authorised from Generator to Autogenerator.

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 Group was awarded a 20-year PPA with CAMMESA through the construction of Cañadón León Wind Farm with an installed capacity of 102 MW, 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 102 MW, is for a 20 years term and has a price denominated in US dollars. Additionally, the wind farm has an ampliation of 21 MW, that will be delivered to YPF S.A., under a PPA in the MATER for a period of 15 years, also denominated in US dollars, reaching a total installed power of 123 MW.

Likewise, the Group had furnished a bid bond for an amount of US$ 3,465,000 by means of surety bond. This bid bond is already cancelled since December 23, 2021, date in which CAMMESA notified the insurer company the release of this policy.

The Cañadón León Wind Farm had the commercial operation in December 2021 for its total installed power.

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 has 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 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

During the fiscal year ended December 31, 2021, the Company has ended the construction of Los Teros II Wind Farm. This wind farm has an installed capacity of 52 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 had been furnished in the amount of US$ 12,500,000. This bond is already cancelled since September 6, 2021, date in which CAMMESA notified the insurer company the release of the policy.

As of the date of these consolidated financial statements, the Company has signed contracts for 100% of the energy generated by the wind farm, through PPAs denominated in US dollars with YPF S.A. (approximately 56%) and with different industrial users from the private sector, with terms between 10 and 15 years.

i) Zonda Solar Farm

Subsequent to December 31, 2021, the Company has reached the following contracts related to the Zonda Photovoltaic Solar Farm, located in the Iglesia department of the province of San Juan:

- Contract entered with Trina Solar Energy Development PTE. LTD. on January 18, 2022 for the provision of photovoltaic solar modules.
- Contract entered with Nextracker Inc. on January 11, 2022 for the provision of solar trackers.
- Contract entered with Huawei International Co. Limited on January 10, 2022 for the provision of inverters.
- Contract entered with Distrocuyo S.A. on January 4, 2022 for the execution of the construction of the Zonda substation, high voltage line and Bauchaceta substation connection.
- Contract entered with 360 Energy Solar S.A. on January 21, 2022 for the execution of the construction of the Zonda Solar Farm.

28. CONTINGENT LIABILITIES

a) 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.

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.

b) 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”).

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.

The Company 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.

c) 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.

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 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.

d) 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.

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.

The Company 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.

e) Manantiales Behr Thermal Power Plant

On December 28, 2018, the Company entered into an Equipment and Supply Contract with Wärtsilä Projects Oy (“Wartsila Oy”) (“Supply Contract”), a Bidding Offer 1/2018 –Assembly and Start-up Contract of Manantiales Behr Thermal Power Plant with Wärtsilä 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.

As of December 31, 2021, the Group has settled this claim through the payment of $ 42.5 million and € 22,640 related to indirect costs derived from COVID-19.

f) 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”).

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 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 considers that the intimations made by GE are completely unfounded and inadmissible, among other reasons, (i) for how much -even considering the pandemic as a Law Change event, circumstance that LDL denies- GE has not complied with any of the contractual requirements to raise aid claim, (ii) it does not exist a default by the client as the approval or rejection of Change of Order cannot configure a breach of the Contract; (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.

Likewise, without prejudice to maintaining and ratifying LDL's position regarding the lack of legitimacy of the resolution provided, LDL agreed with GESA an independent service contract that ensures the mechanical completion, commissioning services and start-up of the wind turbines. Likewise, it was agreed with the main subcontractors (Electrificadora del Valle S.A. and GRID Solutions Argentina S.A.) the continuation of the works and provisions.

It should be noted that the mentioned situation did not generate negative consequences under the contract of the project’s financing as long as the contract resolved by GESA was 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 had granted an original maturing on April 1, 2021 which was consecutively postponed until December 15, 2021, to analyse the contractual clauses related to the project.

On the other hand, on December 15, 2021, LDL negotiated a new amendment to the loan contract. The main modifications established by this amendment correspond to the commercial operation date to December 15, 2021, the construction contracts and the loan amortization schedule, subject to certain conditions that are fulfilled as of the date of issuance of these consolidated financial statements.

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. Likewise, in accordance with the terms and conditions of the renewable purchase contract, on April 19, 2021 LDL notified YPF S.A. the extension of the COD, estimating at that time that it would occur on August 31, 2021. Notwithstanding this, on August 4, 2021, YPF S.A. agreed in writing to not execute its right to terminate the purchase contract for this reason, until March 31, 2022. Finally, this situation was normalised on December 2021 with the beginning of the operations of the wind farm.

In relation to the PPA with CAMMESA, by virtue of LDL's adhesion to Resolution SGE No. 52/2019 of the Secretariat of Energy that established the extension of the scheduled commercial operation date and the subsequent notes of the Secretariat of Energy that ordered the suspension of the calculation of the periods corresponding to the execution of the contracts of the RenovAr Programs that had not been commercially enabled before March 12, 2020, no penalties will be incurred as long as the COD is reached on or before January 30, 2022, except that due to the COVID-19 situation (see Note 32), suspensions or extensions of additional terms are granted.

On December 15, 2021, the Cañadón León Wind Farm had the commercial operation for 23 wind turbines, reaching an power of 97 MW, and on December 22, 2021, it had the commercial operation for the 6 remaining wind turbines, reaching its total installed power, and normalising the previously mentioned situation.

As of the date of issuance of these consolidated financial statements, the Group estimates that there will not be significant negative effects regarding the Group’s financial position as consequence of the previously described situation.

g) High Voltage Line 132kV Santa Cruz Norte Caleta Olivia

The Cañadón León Wind Farm is connected to the Argentine Distribution System through the 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.

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.

On March 26, 2021, TEL3 submitted a new change order under the Contract for a total sum of $ 25.8 million due to the higher costs incurred from November 1, 2020 to February 28, 2021 as consequence of the implementation of sanitary measures for the prevention of COVID-19 as well as the sanitary requirements imposed by the government authorities.

On September 13, 2021, an amendment of the construction contract was signed, through which the Company will pay TEL3 the amount of US$ 1,700,000 for variation and change orders.

As of the date of these consolidated financial statements, there are claims pending of response by the CAF as client of the Work, to the claims made by the Company of recognition of higher costs by change in scope of the contract arose during its execution.

Finally, it should be noted that on June 27, 2021, the work period of industrial operation took place, after which the final tests for the commissioning of the facilities are concluded with satisfactory results.

h) 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”).

Under the Construction Contract, the Supply Contract and the Integration Agreement, since March 18, 2020 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$ 14.2 million on account of said penalties.

i) 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”).

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 GESA, desisting in its claim to initiate actions against the Company.

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 Secretariat 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 No. 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.

Los Teros II Wind Farm reached its operation date of the total of wind turbines on June 3, 2021. Therefore, the committed deadlines were accomplished in the framework of assigned dispatch priority according to Resolution S.E.E. No. 281/2017, as this deadlines were extended.

The Company and General Electric were maintaining cross-claims regarding higher costs linked to delays in the completion of the works as a consequence of COVID-19 and others; and on the other hand the application of contractual penalties accrued for not reaching the contractually committed reception date.

Finally, on August 13, 2021, the parties reached to an agreement through which they reconciled all the disputes regarding the contract and construction. Based on this agreement, YPF EE will pay General Electric the amount of US$ 1,200,000 for change orders derived from costs and terms variations to definitively resolve these disputes and resigned to demand General Electric the payment of accrued penalties.

29. REGULATORY FRAMEWORK

29.1. 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 No. 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.

On March 10, 2021, through Resolution SE 169/2021, the Secretariat of Energy resolved the award of bids in Round II of the GasAr Plan to deliver natural gas during the winter months for the period 2021-2024, for a price of 4.73 US$/MMBTU. Likewise, by means of the clarifying Circular No. 1 it had been defined that for the buyer the amount of the Take or Pay will be 75% per month, multiplied by the number of days of the month. Gas that could not be made available or that was not taken due to a major cause, or those that the supplier has not been able to make available due to force majeure or unscheduled maintenance, must be deducted from these quantities.

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

- **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.
- **SEE Resolution 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 No. 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 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 US$/MW-month, according to the technology made available for the system and the DIGO remuneration was 7,000 US$/MW-month for winter and summer periods and 5,500 US$/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 US$/MW hour for equipment consuming Natural Gas, 7 US$/MW hour for Fuel Oil or Gasoil, 10 US$/MW hour for Biofuels and12 US$/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 US$/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-MEC No. 440/2021:** On February 26, 2020, the Secretariat of Energy published in the Official Gazette the Resolution SE No. 31/2020 that adjusts the remuneration criteria for the generation not compromised in any kind of contract, under the terms economically reasonable, efficient and that are assignable and/or transferable to demand.

  Through this resolution, it was established that all concepts that are remunerated to the included generators will be nominated in Argentine pesos, and will be updated monthly according to the IPC (60%) and IPIM (40%) published by INDEC.

  This update was suspended until further decision due to the economic situation generated by the declared pandemic.

  On May 21, 2021 the Resolution No. 440/2021 of the Secretariat of Energy was published in the Official Gazette in which the remuneration established by Resolution No. 31/2020 is adjusted in approximately 29% with effectiveness since the economic transactions corresponding to February, 2021.

  In order to perceive the remuneration defined in the mentioned regulation, the Generation Agents that are reached by it, had to abandon through Note to CAMMESA any administrative claim or legal process in course raised by them against the National State, the Secretariat of Energy and/or CAMMESA and any related administrative and/or legal claim and resign to any future claim in this regard.

  On June 11, 2021, the Company presented the Note mentioned in the previous paragraph. The retroactive effect corresponding to the elapsed period between February to May 2021 for the application of Resolution No. 440/2021 rises to approximately 355,794 and was accounted in the Energía Base line within the item Revenues of the condensed interim consolidated statements of comprehensive income for the nine-month period ended September 30, 2021.

- **Resolution No. 551/2021:** Under the framework of MATER there are projects in execution with assigned dispatch priority that present delays or does not show any advance at all. As a consequence of this, on June 15, 2021, the Resolution No. 551/2021 was issued and it establishes measures that tend to the conclusion of the projects that are not yet operative, so they do not retain any dispatch priority, enabling the transport capacity to be assigned to other projects.

  From this, it is performed a restructuration of ordeal and administration of assigned dispatch priorities and to be assigned in the future, reviewing the criteria of demand of established guarantee. The Generators Agents with assigned dispatch priority under MATER in the framework of Resolution No. 281/2017 from the former Ministry of Energy and Mining and amendments, with projects with commercial operation or in construction, will be able to choose until August 27, 2021, to adhere to the terms established under the new Resolution making payments that correspond for extensions, according to Resolution No. 551, retroactively, since the deadline of the original declared period and until the commercial operation date, applying the payments that would had been performed under the previous regime as a down payment of that is established under the mentioned Resolution.

  We emphasize that the Company decided that it will benefit from the aforementioned regime in order to maintain the priority of dispatch appropriately assigned and since the new fine regime is retroactively applied and would mean a lower cost for the Company. However, this Resolution has not had a significant impact on the Group's financial statements.

- **Resolution SE 742/2021:** On July 30, 2021, Resolution SE 742/2021 is published, within the framework of Laws 26,190 and 27,191, with the objective of gradually increase the participation of renewable energies in the Argentine electricity matrix, until reaching a target of 20% participation in 2025, RenovAr 1, 1.5, 2 and 3 (miniRen) projects were awarded, as well as the conditions of previous projects to be developed to the RenovAr contract conditions, through tender 202/2016. With the objective that the projects committed in the aforementioned contracts are completed, through Resolution SE 742/2021, an additional period is granted to achieve commercial operation and a new method of payment of penalties and a reduction in the amounts is established. of the fines to be applied due to non-compliance with the Scheduled Date of Commercial Authorization and the Supply of Committed Energy.
- **Resolution SE 748/2021:** On August 3, 2021, the Ministry of Energy stated through Resolution SE 748/2021:

    a. Approve the final quarterly rescheduling for the period August-October 2021.

    b. Establish, from August thereon, the new stabilized energy prices for large users within the distribution company (except for public health or education organizations). This price is 6,813 AR$/MWh (70.1 US$/MWh in August).

    c. Maintains energy and power prices for residential users as established in Res SRRyME 14/2019 (April 2019).

    d. Maintains the Stabilized Price of High Voltage Transportation as established in Provision SEE 75/2018.

- **Resolution No. 1037/2021:** In order to guarantee the supply of additional energy for export purposes and preserve the availability of Generating Agents, on October 31, 2021, the Secretariat of Energy issued Resolution No. 1037/2021 that establishes an additional and transitory increase in remuneration to Generating Agents included in Resolution No. 440 of the Secretariat of Energy, among which is the Company, which will be effective for economic transactions from September 1, 2021 to February 28, 2022, and that will be defined by said Secretariat through the corresponding regulatory instructions.

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 Secretariat 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.

29.2. 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 "A" 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 natural and legal persons, 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; and (ii) 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 BCRA, 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.

Likewise, 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.

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.

Finally, on December 9, 2021, the BCRA issued the Communication “A” 7416, extending the point 3.5.8 of Exterior and Exchange laws for those who have programmed capital maturities up to June 30, 2022. En the case of having programmed capital maturities between January 1, 2022 and January 26, 2022, the refinancing plan should have been presented to the BCRA before December 27, 2021.

Nevertheless, the Group does not anticipate any negative impact by the extension of this communication, given that the previously mentioned will not be applicable when: (i) capital maturities correspond to indebtedness with international entities or its associated agencies, o granted by them; (ii) indebtedness given by official credit agencies or granted by them; or (iii) indebtedness originated since January 1, 2020 and that constitute refinancing of capital maturities that had already been refinanced by the parameters defined in the refinancing plan.

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 what it’s detailed in these laws.

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

29.3. 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

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

(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 fiscal year ended December, 31 2021, 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 joint ventures
Exhibit D – Other Investments	Note 6 Financial instruments by category
Exhibit E – Provisions	Note 8 Property, plant and equipment
Exhibit G – Assets and liabilities in foreign currency	Note 26 Assets and liabilities in other currencies than Argentine peso
Exhibit H – Costs of sales and services	Note 20 Expenses by nature

30. 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 natural persons 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 to 25% for the fiscal years beginning on or after January 1, 2020 and the consequently increase of withholding to dividends to 13%.

On June 16, 2021, Law No. 27,630 was issued, approved by the National Executive Branch through the Decree No. 387. One of the main changes is the instauration of a progressive scale of income tax based on accumulated net taxable income of the Company. The amounts of this scale will be adjusted annually, since January 1, 2022 according to the variations of IPC provided by INDEC corresponding to October of the fiscal year prior to the adjustment. The adjusted amounts will be applicable for subsequent fiscal years beginning after this. The progressive scale is applicable also for permanent establishments, notwithstanding the additional rate of 7% at the moment of remitting incomes to their parent company.

This dispositions of this Law are applicable since June 16, 2021 and are effective for fiscal years beginning since January 1, 2021, inclusively.

The main impact of this legal change is (i) the measurement of deferred income tax assets and liabilities (including accumulated tax loss carryforward), since they have to be recognised applying the tax rate in force at the date in which the differences between accounting and fiscal values and tax loss carryforward will be reverted or used; and (ii) the estimate of the provision for income tax payable. The impact of the regulatory change has been recognized in the fiscal year ended December 31, 2021 in the consolidated statements of comprehensive income.

Hereinafter, the net deferred income tax assets and liabilities, and the current income tax, as of December 31, 2021, is measured at an approximate rate of 35%.

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

This law, issued on December 29, 2017, establishes that a tax revaluation of property, plant and equipment, may be made according to the mechanisms provided therein.

In the financial statements for the fiscal years ended December 31, 2018, the Company implemented the tax revaluation and accounted the cost of the fiscal year under the line "Special tax – Tax revaluation Law No. 27,430" of income tax of the fiscal year.

- **Capital gains for foreign beneficiaries**

Law No. 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, Negotiable Obligations 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**

Law No. 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**

The tax transparency rules are replaced contemplating broader situations and introduces the presumed dividend concept. Moreover, the taxability of the sales of shares of Argentine companies made by non-residents is ratified as of the effectiveness of Law No. 26,983, although the taxation of results is established 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.

The Group had requested refunds regarding the tax credits, receiving during the fiscal year ended December 31, 2021 refunds for 524,750 during the fiscal year ended December 31, 2021.

- **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 until 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 consolidated financial statements of the Group.

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

31. RELATED PARTIES INFORMATION

The following table show the balances with related parties as of December 31, 2021 and 2020:

	December 31, 2021		
	Other receivables	**Trade receivables**	**Trade payables**
	Current	**Current**	**Current**
Joint controlling shareholder:			
YPF S.A.	-	3,755,831	1,744,256
Associates:			
Refinería del Norte S.A.	-	42,633	-
Metroenergía S.A.	-	4,588	-
A-Evangelista S.A.	-	-	39,003
U.T. Loma Campana	-	16,430	54
C.T. Barragán S.A.	-	37,536	-
GE Energy Parts	-	-	11,678
GE Global Parts and Products GmbH	-	-	268,135
GE International Inc. Sucursal Argentina	-	-	1,841,608
GE Packaged Power Inc.	247,652	-	755,207
GE Water & Process Technologies SC	-	-	12,111
GE Wind Energy Equipment	-	-	388,251
GE Sensing & Inspection Technologies	-	-	6,539
Innio Jenbacher GmbH & CO. OG.	-	-	9,585
Profertil S.A.	-	315,278	-
Alstom Power Service S.A.	-	-	2
Alstom Power Systems	-	-	4
Grid Solutions Argentina S.A.	-	-	46,261
Jenbacher International B.V.	-	-	3,001
Argentine federal government-controlled entities:			
CAMMESA	-	6,503,954	-
Total	**247,652**	**10,676,250**	**5,125,695**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

	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**

(Amounts expressed in thousands of Argentine pesos, except as otherwise indicated)

The following table shows transactions with related parties for the fiscal years ended December 31, 2021 and 2020:

	For the fiscal years ended December 31,						
	2021			2020			
	Revenues	Purchases of goods and services	Other operating results, net	Revenues	Purchases of goods and services	Other operating results, net	Interest gain (loss) net and others
Joint controlling shareholder:							
YPF S.A.	9,450,439	5,654,896	-	4,989,680	1,938,669	1,378	-
Associates:							
A-Evangelista S.A.	-	119,186	-	-	1,420,799	294,175	-
U.T. Loma Campana	126,131	-	-	146,675	1,823	-	-
C.T. Barragán S.A.	172,493	-	-	128,818	-	-	-
GE International Inc.	-	264	-	-	2,420,479	-	-
GE Global Parts and Products GmbH	-	1,155,972	-	-	263,787	43,670	(18,366)
GE Water & Process Technologies S.C.	-	26,770	-	-	56,493	-	-
GE Intelligent Platforms	-	-	-	-	-	-	-
GE Wind Energy Equipment	-	-	-	-	69,187	-	-
GE Wind GmbH	-	108,672	-	-	2,479,777	-	-
GE Packaged Power Inc.	-	291,015	247,524	-	454,117	267,091	-
GE International Inc. Suc.Argentina	-	4,107,224		-	1,602,462	564,862	-
GE Senging & Inspection Technologies	-	22,983	-	-	2,825	-	-
Innio Jenbacher GmbH & CO. OG.	-	13,601	-	-	11,157	-	-
GE Energy Parts Inc.	-	-	-	-	-	-	-
Metroenergía S.A.	-	-	-	-	-	-	-
YPF Tecnología S.A.	-	449	-	-	-	-	-
Profertil S.A.	849,770	-	-	369,820	-	-	-
Alstom Power Inc.	-	15,071	-	-	53,843	-	-
Grid Solutions Argntina S.A.	-	492,859	-	-	440,653	-	-
Jenbacher International B.V.	-	11,761	-	-	13,907	-	-
Argentine federal government-controlled entities:							
CAMMESA	28,685,183	177,655	1,211,000	14,914,117	169,023	670,681	-
Total	**39,284,016**	**12,198,378**	**1,458,524**	**20,549,110**	**11,399,001**	**1,841,857**	**(18,366)**

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 years ended December 31, 2021 and 2020, the remuneration to key executives amounted to 255,700 and 169,400, respectively, including short-term benefits and the only benefits granted to key executives.

32. 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. 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.

Since the month of April 2021, due the continuity of the pandemic and in a context of sustained increase in cases, the National Government established a set of general prevention measures and a classification of risk areas based on epidemiological criteria with the unavoidable objective of reducing the circulation of the virus and thus decompressing the health system. Based on the indicators of "reason" (increase in cases in the last 14 days), "incidence" (number of cases over population) and "occupation of ICU beds", four situations were established in relation to risk, which order the prevention measures in the territory in areas of: Low, Medium, High risk and Epidemiological and Sanitary Alarm. In this way, prevention parameters common to the entire national territory and new measures were established based on the classification mentioned. Thus, depending on the epidemiological and sanitary risk, the parties or urban conglomerates had different restrictions for mobility and commercial activity.

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, 2021.

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.

33. 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, 2021, or its exposure in a note to these consolidated financial statements, if corresponds, have not been considered in them according to IFRS.