

MSU ENERGY S.A.

Unaudited condensed interim financial statements for
the three-month period ended March 31, 2021

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the three-month period ended
March 31, 2021

Contents	Page
Independent auditors' report on review of condensed interim financial statements	
General Information	1
Unaudited condensed interim Statement of Financial Position	2
Unaudited condensed interim Statement of Profit or Loss and Other Comprehensive Income	3
Unaudited condensed interim Statement of Changes in Shareholders' Equity	4
Unaudited condensed interim Statement of Cash Flows	5
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	6
NOTE 1 - GENERAL INFORMATION	6
1.1) Description of the business	6
1.2) Financial situation	6
NOTE 2 - BASIS OF ACCOUNTING	6
2.1) Purpose of these condensed interim financial statements	7
2.2) Comparative information	7
2.3) Significant accounting policies	7
NOTE 3 - USE OF JUDGMENT AND ESTIMATES	7
NOTE 4 - OPERATING SEGMENTS	7
NOTE 5 - INCOME TAX	8
NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT	9
NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	11
NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	14
NOTE 9 - BALANCES AND TRANSACTIONS WITH PARENT COMPANY AND OTHER RELATED PARTIES	15
NOTE 10 - LOANS GRANTED	16
NOTE 11 - LOANS	16
NOTE 12 - CAPITAL	19
NOTE 13 - CONTRACTUAL COMMITMENTS	19
NOTE 14 - EBITDA RECONCILIATION WITH NET INCOME (LOSS)	21
NOTE 15 - SUBSEQUENT EVENTS	22



INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

MSU ENERGY S.A.
Cerrito 1294 – 2nd Floor - Buenos Aires – Argentina

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MSU ENERGY S.A. as of March 31, 2021, the condensed interim statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410 '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the three months ended March 31, 2021 are not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting*'.

Emphasis of Matter – Purpose of these condensed interim financial statements

We draw attention to note 2.1 to the condensed interim financial statements, which discloses the basis of preparation, including the approach and the purposes for preparing them. Our conclusion is not modified in respect of this matter.

Buenos Aires (Argentina), May 11, 2021

KPMG
Mario Belardinelli
Partner

MSU ENERGY S.A.

Unaudited condensed interim financial statements for the three-month period ended March 31, 2021.

Stated in United States Dollars (USD).

GENERAL INFORMATION

Legal address: Cerrito 1294 - 2nd Floor – City of Buenos Aires

Main business: Power generation

Parent company's information:

Name: MSU Energy Holding Ltd.

Main business: Investments

Ownership interest and voting stock: 75.33%

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION as of March 31, 2021 (in USD)

	<u>Notes</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7 (g)	948,011,694	953,194,678
Loans granted	10	43,464,602	42,852,555
Other assets	7 (a)	5,851,635	6,074,925
Tax assets	7 (b)	<u>1,488,491</u>	<u>1,298,582</u>
Total non-current assets		<u>998,816,422</u>	<u>1,003,420,740</u>
CURRENT ASSETS			
Tax assets	7 (b)	14,466,651	6,636,865
Other assets	7 (a)	5,061,315	5,882,350
Trade receivables		73,745,769	89,170,285
Cash and cash equivalents	7 (c)	<u>11,837,140</u>	<u>35,398,506</u>
Total current assets		<u>105,110,875</u>	<u>137,088,006</u>
Total assets		<u>1,103,927,297</u>	<u>1,140,508,746</u>
SHAREHOLDERS' EQUITY			
Share capital		30,295,440	30,295,440
Merger Premium		(20,161,526)	(20,161,526)
Legal reserve		1,475,657	1,475,657
Other reserves		2,157,498	2,157,498
Retained earnings		<u>71,246,353</u>	<u>61,642,413</u>
Total equity		<u>85,013,422</u>	<u>75,409,482</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred tax payable		24,285,065	15,268,529
Loans	7 (e)	792,331,127	816,502,591
Taxes payable		4,246,931	4,389,953
Trade and other payable	7 (d)	<u>2,260,596</u>	<u>3,422,009</u>
Total non-current liabilities		<u>823,123,719</u>	<u>839,583,082</u>
CURRENT LIABILITIES			
Loans	7 (e)	67,744,716	49,178,749
Other liabilities	7 (f)	946,726	899,512
Taxes payable		1,686,186	2,218,499
Trade and other payables	7 (d)	<u>125,412,528</u>	<u>173,219,422</u>
Total current liabilities		<u>195,790,156</u>	<u>225,516,182</u>
Total liabilities		<u>1,018,913,875</u>	<u>1,065,099,264</u>
Total liabilities and equity		<u>1,103,927,297</u>	<u>1,140,508,746</u>

The accompanying notes are part of these unaudited condensed interim financial statements.

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the three-month period ended March 31, 2020 (in USD)

	Notes	<u>03/31/2021</u> (3 months)	<u>03/31/2020</u> (3 months)
Net revenues	8 (a)	53,768,784	28,629,037
Cost of sales	8 (c)	<u>(12,636,958)</u>	<u>(5,709,057)</u>
Gross profit		<u>41,131,826</u>	<u>22,919,980</u>
General and administrative expenses	8 (c)	<u>(1,616,861)</u>	<u>(1,059,674)</u>
Operating profit		<u>39,514,965</u>	<u>21,860,306</u>
Financial income	8 (b)	7,913,441	9,202,206
Financial expenses	8 (b)	<u>(28,807,930)</u>	<u>(21,432,395)</u>
Net finance costs		<u>(20,894,489)</u>	<u>(12,230,189)</u>
Net income before income tax		<u>18,620,476</u>	<u> 9,630,117</u>
Income tax expense	5	<u>(9,016,536)</u>	<u>(3,209,504)</u>
Net income for the period		9,603,940	6,420,613
Other comprehensive income		<u> -</u>	<u> -</u>
Comprehensive income for the period		<u> 9,603,940</u>	<u> 6,420,613</u>

The accompanying notes are part of these unaudited condensed interim financial statements.

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the three-month period ended March 31, 2020 (in USD)

Items	Share capital	Merger premium	Legal reserve	Other reserves	Retained earnings (accumulated loss)	Total
Balances as of December 31, 2019	30,295,440	(20,161,526)	202,266	2,157,498	35,542,231	48,035,909
Profit for the period	-	-	-	-	<u>6,420,613</u>	<u>6,420,613</u>
Balances as of March 31, 2020	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>202,266</u>	<u>2,157,498</u>	<u>41,962,844</u>	<u>54,456,522</u>
Balances as of December 31, 2020	30,295,440	(20,161,526)	1,475,657	2,157,498	61,642,413	75,409,482
Net income for the year	-	-	-	-	<u>9,603,940</u>	<u>9,603,940</u>
Balances as of March 31, 2021	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>1,475,657</u>	<u>2,157,498</u>	<u>71,246,353</u>	<u>85,013,422</u>

The accompanying notes are part of these unaudited condensed interim financial statements.

MSU ENERGY S.A.
UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the three-month period ended March 31, 2021 (in USD)

	Notes	03/31/2021	03/31/2020
Cash Flow from operating activities			
Profit for the period		9,603,940	6,420,613
Adjustments for:			
Income tax expense	5	9,016,536	3,209,504
Depreciation of property, plant and equipment	7 (g)	6,633,448	3,093,907
Foreign exchange, differences	8 (b)	1,524,984	777,812
Accrued interest, net	8 (b)	19,369,505	11,452,377
Changes in operating assets and liabilities:			
Decrease in trade receivables		17,384,594	8,201,728
Decrease in other assets		1,648,248	6,034,045
(Increase) decrease in tax assets		(5,064,993)	5,824,413
Decrease in trade and other payable		(23,092,920)	(8,292,958)
Increase in other liabilities		42,318	60,314
(Decrease) increase in taxes payable		(290,536)	88,844
Increase in tax assets due to recoverables taxes related to property, plant and equipment		(4,697,704)	(2,163,404)
Net cash flows from operating activities		<u>32,077,420</u>	<u>34,707,195</u>
Cash flow from investing activities			
Interest received and other financials receivables		(947,888)	2,883,005
Payments for acquisition of property, plant and equipment, net of capitalized interest		(27,583,709)	(5,700,225)
Net cash flows used in investing activities		<u>(28,531,597)</u>	<u>(2,817,220)</u>
Cash flow from financing activities			
Payments of financial leasing	11 (d)	(22,543)	-
Loans received	11 (d)	10,365,002	3,131,691
Payments of loans	11 (d)	(5,674,009)	(5,650,000)
Payments of interest and financing expenses	11 (d)	(31,775,639)	(22,139,579)
Net cash flows used in financing activities		<u>(27,107,189)</u>	<u>(24,657,888)</u>
Net (decrease) increase in cash		<u>(23,561,366)</u>	<u>7,232,087</u>
Cash and cash equivalents at the beginning of year		35,398,506	21,125,794
Cash and cash equivalents at the end of the period		<u>11,837,140</u>	<u>28,357,881</u>
Net (decrease) increase in cash		<u>(23,561,366)</u>	<u>7,232,087</u>

The accompanying notes are part of these unaudited condensed interim financial statements.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 1 - GENERAL INFORMATION

1.1) Description of the business

The Company's main business is the generation of electrical power through its three main thermal plants (the "Plants"): General Rojo (Province of Buenos Aires), Barker (Province of Buenos Aires), and Villa María (Province of Córdoba).

The Company's profit comes from long-term power supply and provision agreements entered into with Cammesa (Compañía Administradora del Mercado Mayorista Eléctrico S.A.) for the total installed capacity, as specified below:

- 450MW originally installed with three gas turbines in each Plant, awarded under Resolution SEE No. 21/2016 (hereinafter, "Simple Cycle PPAs");
- 300MW added pursuant to the expansion and conversion to combined cycle of the Plants, adding a fourth gas turbine gas and a steam turbine in each Plant, which were awarded under Resolution SEE No. 287/2017 (hereinafter, "Combined Cycle PPAs");

Under the Simple Cycle PPAs, MSU Energy assumed the obligation to maintain a minimum level of generation capacity in each of the Plants for a term of 10 (ten) years, starting from each date of commercial operation (Note 13).

Under the Combined Cycle PPAs, MSU Energy assumed the obligation to expand and convert the Plants to combined cycle by installing a fourth gas turbine and a steam turbine in each of them. The combined cycle PPAs are effective for 15 years as from startup (Note 13).

1.2) Financial situation

As detailed in Note 13, MSU Energy and A-Evangelista S.A., entered into an agreement to provide certain engineering, procurement, construction and equipment provision services ("EPC") needed to expand and convert the thermoelectrical stations from a simple to a combined cycle. As of March 31, 2021, the Company discloses a negative working capital of \$ 90,679,281, primarily derived from the commitments assumed by virtue of this agreement and not yet overdue.

The Company has prepared cash flow forecasts which includes repayment of the Group's long term senior secured notes as well as short term debt. Higher cash inflows were estimated with the commencement of operations as a combined cycle. The Company estimates that current liabilities will be paid as required.

NOTE 2 - BASIS OF ACCOUNTING

These condensed interim financial statements have been prepared in conformity with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the last annual financial statements as at and for the year ended December 31, 2020 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Changes to significant accounting policies are described in Note 2.3.

These condensed interim financial statements ended March 31, 2021 were authorized for issue by the Company's President on May 11, 2021.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.1) Purpose of these condensed interim financial statements

These non statutory condensed interim financial statements have been prepared by management to provide interim financial information to the financial creditors of the entity and other interested parties pursuant requirements of the debt issuance made in February 2018 and May 2020 (Note 11 a and c).

2.2) Comparative information

The condensed interim statement of financial position is presented on a comparative basis with December 31, 2020.

The condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period ended in March 31, 2021 are presented on a comparative basis with the three months period ended as of March 31, 2020.

2.3) Significant accounting policies

The main accounting policies applied to the preparation of these condensed interim financial statements are consistent with those applied to the preparation of the financial statements under IFRS for the year ended December 31, 2020.

The Company has not adopted in advance any of the new IFRS or modifications to existing IFRS that come into effect after April 1, 2021.

NOTE 3 - USE OF JUDGMENT AND ESTIMATES

The preparation of these condensed interim financial statements under IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

The related estimates and assumptions are based on expectations and other factors deemed reasonable in the circumstances, the results of which are the basis of judgment on the value of assets and liabilities not easily evident from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed. The effect of reviews of accounting estimates is prospectively recognized.

The critical judgments made in the application of accounting policies to these condensed interim financial statements are related to the type of disbursements to be capitalized, such as property, plant and equipment, as the determination of items eligible for capitalization requires a high degree of professional judgment.

At the same time, Management recognizes estimation uncertainties with a significant effect on amounts recognized in these condensed interim financial statements in relation to the assumptions to determine the amount of deferred tax assets related to estimated tax losses carryforward.

NOTE 4 - OPERATING SEGMENTS

The Board of Directors is the chief operating decision maker, who receives and reviews financial information considering that MSU Energy has only one operating segment. This is based on the fact that MSU Energy has only one customer - CAMMESA (Note 13), to whom provides with the availability of contractual capacity and the supply of power.

All MSU Energy non-current assets are located in Argentina as of March 31, 2021 and December 31, 2020.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 5 - INCOME TAX

(a) Income tax expense

The income tax expense for interim periods is recognized on the basis of the best estimate made by Management of the weighted average rate that is expected at year end, applied to income before taxes for the period.

The effective tax rate was 48,42% and 33,32% for the three-month periods ended March 31, 2021 and 2020, respectively. The variation in the effective rate is explained mainly by the estimated impact of the inflation for tax purposes and the devaluation of the Argentine peso in relation to the US dollar.

(b) Changes in income tax rate

On December 29, 2017, the Argentine Executive Branch passed and published Law No. 27430, which introduces some amendments to the income tax law, subsequently amended by the "Social Solidarity and Production Reactivation Law within the framework of the Public Emergency" (the "Economic Emergency Law"). As of March 31, 2021, the most significant amendments in force include:

- the reduction in the tax rate from 35% to 30% for fiscal years beginning on or after January 1, 2018, and to 25% for fiscal years beginning on or after 2022; and
- the dividends distributed to individuals and foreign beneficiaries for the fiscal years mentioned above shall be levied at the 7% and 13% rates, respectively.

(c) Inflation adjustment for tax purposes

The referred Law No. 27430, after the amendments of the Economic Emergency Law, created the obligation that, as from fiscal years beginning on or after January 1, 2018, the inflation adjustment calculated based on the procedure described in the Income Tax Law be deducted or included in the tax income/loss, to the extent that the Consumer Price Index (IPC) at a general level accumulated over the 36 months prior to the end of the year that is calculated exceeds 100%.

During the first three years as from effective date (fiscal years beginning on or after January 1, 2018), the tax inflation adjustment shall be applicable to the extent the IPC variation for each of them exceeds 55%, 30% and 15%, respectively. The resulting inflation adjustment, either gain or loss, shall be recognized in six equal parts. The first part shall be computed in the year corresponding to the calculation and the remaining five parts shall be recognized in the immediately subsequent years. As from the fourth year, the amount of the tax inflation adjustment is recognized in the same fiscal year.

Since the IPC reached 36.1% and 53,8% as of December 31, 2020 and as of December 31, 2019, respectively, the Company applied the inflation adjustment for tax purposes for the last two fiscal years. Considering that the Company estimates that the inflation adjustment for tax purposes will be also applicable as of December 31, 2021, the Company considered the effect of the mentioned adjustment in the calculation of the weighted average rate mentioned in (a).

(d) IFRIC 23 Uncertainty over income tax treatments

The interpretation issued in June 2017 explains how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.

For these purposes, an entity has to consider whether it is probable that the relevant authority will accept each tax treatment that it used or plans to use in its income tax filing.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine the tax position consistently with the tax treatment used or planned to use in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity will reflect the effect of the uncertainty when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

An entity shall make consistent judgments and estimates for both current tax and deferred tax.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 5 - INCOME TAX (cont.)

An entity shall reassess a judgment or estimate required by this Interpretation if the facts and circumstances on which the judgment or estimate was based change or as a result of new information that affects the judgment or estimate.

As of March 31, 2021, the Company has applied this interpretation in the recording of current and deferred income tax, considering the adjustment for tax inflation over accumulated loss tax carryforward.

NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT

(a) Classification and fair value of financial instruments

MSU Energy uses the following hierarchy to determine the fair value of its financial instruments: Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities; level 2: inputs other than quoted prices included in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices), and level 3: inputs for the asset or liability that are not based on observable market data.

The table below shows the classification of financial instruments held by MSU Energy:

Item	Note	Balances as of March 31, 2021	
		<u>Fair value</u>	Financial assets and liabilities at amortized cost
<i><u>Financial assets</u></i>			
Other financial receivables		-	7,203,629
Loans granted	10	-	43,464,602
Trade receivables		-	73,745,769
Cash and cash equivalents	7 (c)	<u>11,837,140</u>	(*) -
Total financial assets		<u>11,837,140</u>	<u>124,414,000</u>
<i><u>Financial liabilities</u></i>			
Loans	7 (e)	-	860,075,843
Trade and other payable	7 (d)	-	126,361,754
Other liabilities	7 (f)	-	<u>946,726</u>
Total financial liabilities		<u>-</u>	<u>987,384,323</u>
Balances as of December 31, 2020			
Item	Note	<u>Fair value</u>	Financial assets and liabilities at amortized cost
<i><u>Financial assets</u></i>			
Other financial receivables		-	1,364,389
Loans granted	10	-	42,852,555
Trade receivables		-	89,170,285
Cash and cash equivalents	7 (c)	<u>35,398,506</u>	(*) -
Total financial assets		<u>35,398,506</u>	<u>133,387,229</u>
<i><u>Financial liabilities</u></i>			
Loans	7 (e)	-	865,681,340
Trade and other payables	7 (d)	-	175,155,373
Other liabilities	7 (f)	-	<u>899,512</u>
Total financial liabilities		<u>-</u>	<u>1,041,736,225</u>

(*) Level 1

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 6 - FINANCIAL INSTRUMENTS - CLASSIFICATION AND RISK MANAGEMENT (cont.)

(a) Classification and fair value of financial instruments (cont.)

As of the date of these condensed interim financial statements, the carrying balances of financial instruments are a reasonable estimate of their related fair values except in loans (liability) for which the fair value (Level 2 for Senior secured notes and Level 3 for loans) is \$ 670,467,455 and \$ 720,811,287 as of March 31, 2021 and December 31, 2020, respectively.

As of March 31, 2021, and December 31, 2020, there are no significant expected credit losses (“ECL”) to be recognized following the impairment evaluation of financial assets carried at amortized cost.

(b) Financial risk management

As part as its business activities, MSU Energy is exposed to different financial risks: market risk (including exchange rate risk, interest rate risk, and price risk); credit risk, and liquidity risk.

These condensed interim financial statements do not include all the information and disclosures regarding financial risk management; therefore, they should be read in conjunction with the annual financial statements as of December 31, 2020. No significant changes have been introduced thereafter to the risk management process or to the risk management policies applied by MSU Energy.

(c) Liquidity risk

The liquidity risk is related to MSU Energy’s capacity to finance its obligations and business plans with stable financing resources. It is also associated with the level of indebtedness and the maturity profile of loans.

MSU Energy S.A. has credit facilities and holds, mainly, short term financial assets that can be easily converted into cash known beforehand. In addition, on February 5, 2020 the CNV through Resolution No. 20.635 approved the creation of an offering program for a total outstanding nominal value of up to \$ 60.000.000 or its equivalent in another currency. On May 7, 2020 MSU ENERGY issued Senior Secured Floating Rate Notes for a total amount of \$250.300.000 due on 2024 (Note 11 c).

On August 28, 2020, in accordance with Resolution DI-2020-41-APN-GE#CNV, the CNV authorized an increase of the maximum amount of the program, mentioned in previous paragraph, for the issuance of simple notes (not convertible into shares) from USD 60,000,000 to USD 100,000,000 (or its equivalent in other currencies).

(d) COVID-19 Pandemic

In December 2019, a new coronavirus (COVID-19) was reported in Wuhan, China. Since then, COVID-19 has spread to more than 150 countries, including Argentina. On March 11, The World Health Organization (WHO) declared COVID-19 a pandemic.

Most governments, including Argentina, have taken increasingly stringent steps to help contain the spread of the virus, including closing of the country’s borders and drastic reduction in the transport by air, water, rail and road, population lockdown, quarantine and free movement restrictions, and closing of businesses.

The continued spread led to disruption and volatility in the global capital markets, which increases the cost of, and adversely impacts access to capital, and increases economic uncertainty.

The main activity of the Company has been classified as essential by the Argentine Government and therefore the Company has continued operating and recognizing revenue from generation capacity, which is their main source of revenue. As the date of this condensed interim financial statements, this situation has not affected significantly the cash flows of MSU ENERGY as payments made by CAMMESA has continue ongoing as scheduled.

The spread of the new coronavirus, or COVID-19, has had and will continue to have a significant adverse impact on the world economy that cannot be fully determined yet, and the rapid development and spread of this situation make it impossible to estimate any potential prediction related to the final impact of COVID-19 on the Company.

Regardless, the Company continues monitoring the spread of COVID-19 and related risks.

MSU ENERGY S.A.

**NOTES TO THE UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS**

as of March 31, 2021 (in USD)

**NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION**

(a) Other assets	<u>03/31/2021</u>	<u>12/31/2020</u>
Non current		
Credit of compensatory agreement (Note 13 a)	5,851,635	6,074,925
Total	<u>5,851,635</u>	<u>6,074,925</u>
Current		
Advances to suppliers	426,777	639,334
Prepaid insurance	1,496,017	2,094,726
Expenses to recover	25,951	26,704
Parent company and other related parties (Note 9.3)	1,054,273	1,065,709
Loans to personnel	25,287	27,615
Security deposits	22,434	21,065
Credit of compensatory agreement (Note 13 a)	1,760,576	1,757,197
Others	250,000	250,000
Total	<u>5,061,315</u>	<u>5,882,350</u>
(b) Tax assets		
Non current		
Income tax net advances	1,488,491	1,298,582
Total	<u>1,488,491</u>	<u>1,298,582</u>
Current		
Valued added tax	14,162,243	6,278,402
Custom tax	304,469	289,184
Other tax balances	(61)	69,279
Total	<u>14,466,651</u>	<u>6,636,865</u>
Value added tax ("VAT") balances mainly relate to the purchase of Property, plant and equipment. These balances are to be used to offset VAT payable related to the generation capacity and the supply of power.		
(c) Cash and cash equivalents		
Cash	2,042	1,755
Temporary investments	460	13,082,220
Banks	11,834,638	22,314,531
Total	<u>11,837,140</u>	<u>35,398,506</u>

MSU ENERGY S.A.

**NOTES TO THE UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS**

as of March 31, 2021 (in USD)

NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (cont.)

(d) Trade and other payables	<u>03/31/2021</u>	<u>12/31/2020</u>
Non current		
Fines imposed by Cammesa (Note 13 a)	<u>2,260,596</u>	<u>3,422,009</u>
Total	<u>2,260,596</u>	<u>3,422,009</u>
Current		
Suppliers (1)	119,579,965	167,240,358
Deferred checks	-	2,928
Fines imposed by Cammesa (Note 13 a)	4,521,193	4,490,078
Accrued expenses	<u>1,311,370</u>	<u>1,486,058</u>
Total	<u>125,412,528</u>	<u>173,219,422</u>
(1) At March 31, 2021 and December 31, 2020 includes unpaid balances of PPE of \$ 101,949,774 and \$ 127,796,620, respectively.		
(e) Loans		
Non current		
Senior secured notes (Note 11 a and c) (*)	792,238,304	816,502,591
Finance lease	<u>92,823</u>	-
Total	<u>792,331,127</u>	<u>816,502,591</u>
Current		
Senior secured notes (Note 11 a and c) (*)	57,295,292	42,261,441
Finance lease	39,260	30,615
Loans (Note 11 e)	<u>10,410,164</u>	<u>6,886,693</u>
Total	<u>67,744,716</u>	<u>49,178,749</u>
(f) Other liabilities		
Parent company and other related parties (Note 9.1 and 9.3)	896,726	849,512
Other payables	<u>50,000</u>	<u>50,000</u>
Total	<u>946,726</u>	<u>899,512</u>

(*) At March 31, 2021 and December 31, 2020 includes net transactions costs of \$ 11,061,475 and \$ 11,827,188, respectively.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of March 31, 2021 (in USD)

NOTE 7 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (cont.)

(g) Property, plant and equipment

Balances as of March 31, 2021								
Main account	Cost			Accumulated at beginning of the period	Depreciations			Net as of 03/31/2021
	At beginning of year	Additions	At period end		Rate %	Amount (Note 8 c)	Accumulated at period end	
Land	2,142,790	-	2,142,790	-	-	-	-	2,142,790
Facilities and other fixed assets	2,598,148	189,884	2,788,032	1,721,410	(**)	82,747	1,804,157	983,875 (***)
Spare parts	16,709,505	752,309	17,461,814	-	-	-	-	17,461,814
<i>Thermoelectric power plants</i>								
Infrastructure	478,982,215	195,750	479,177,965	21,359,207	3.33%	3,097,608	24,456,815	454,721,150
Plant and equipments	508,774,691	-	508,774,691	32,966,826	(*)	3,453,093	36,419,919	472,354,772
Under construction	34,772	312,521	347,293	-	-	-	-	347,293
Total	1,009,242,121	1,450,464	1,010,692,585	56,047,443		6,633,448	62,680,891	948,011,694

Balances as of December 31, 2020									
Main account	Cost				Accumulated at beginning of year	Depreciation		Accumulated at year-end	Net as of 12/31/2020
	At beginning of year	Additions	Transfers	At year-end		Rate %	Amount		
Land	2,142,790	-	-	2,142,790	-	-	-	-	2,142,790
<i>Thermoelectric power plants</i>									
Infrastructure	249,531,425	-	229,450,790	478,982,215	12,997,420	3.33%	8,361,787	21,359,207	457,623,008
Plant and equipments	357,117,615	-	151,657,076	508,774,691	22,468,082	(*)	10,498,744	32,966,826	475,807,865
Facilities and other fixed assets	2,307,289	290,859	-	2,598,148	1,354,027	(**)	367,383	1,721,410	876,738
Spare parts	6,348,859	10,360,646	-	16,709,505	-	-	-	-	16,709,505
Under construction	286,065,090	95,077,548 (***)	(381,107,866)	34,772	-	-	-	-	34,772
Total as of December 31, 2020	903,513,068	105,729,053	-	1,009,242,121	36,819,529		19,227,914	56,047,443	953,194,678

(*) By units of production

(**) Tools, 10%. Vehicules, furnitures and other facilities, 20%. Computers, 33%.

(***) Includes capitalized borrowing costs amounting to \$ 40,495,758 as of December 31, 2020.

(****) Includes \$ 121,490 of right of use related to financial leasing.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Revenue

On June 13, 2017 and December 29, 2017 turbines 01, 02, and 03 of General Rojo and Barker Thermoelectric Power Plants were authorized to conduct commercial operations with SADI. As from such date, the Wholesale Demand Agreements signed with CAMMESA on August 4, 2016 and July 25, 2016 became effective, respectively.

On January 25, 2018 turbines 01, 02, and 03 of Villa Maria Thermoelectric Power Plant were authorized to conduct commercial operations with SADI. From such date, the Wholesale Demand Agreement signed with CAMMESA on December 29, 2016 became effective.

Turbines 04 of General Rojo, Villa Maria and Barker Thermoelectric Power Plants were authorized to conduct commercial operations with SADI on April 30, 2019, May 17, 2019 and July 12, 2019 respectively. While these newly installed gas turbines are committed under the New PPAs, until completion of our expansion project and conversion of our plants from simple cycle to combined cycle and once we have reached the corresponding Commercial Operation Date ("COD"), revenues from generation capacity and electricity dispatched of these turbines is sold to CAMMESA under the framework of Resolution SE No. 95/2013, as amended, including Resolution SRRME No. 1/2019 and Resolution No. 31/2020, applicable as from February 1, 2020.

On August 15 and 20, 2020 and October 31, 2020, the expansion and conversion project of the Villa Maria, General Rojo and Barker thermoelectric power plants was completed. Since that date, the three plants have been authorized to carry out commercial operations with SADI.

As from such dates, the Wholesale Demand Agreements signed with CAMMESA on April 6, 2018 came into force.

	<u>03/31/2021</u>	<u>03/31/2020</u>
Revenues from generation capacity	43,500,982	27,399,150
Revenues from supply of power	<u>10,267,802</u>	<u>1,229,887</u>
Total revenue	<u>53,768,784</u>	<u>28,629,037</u>

(b) Net finance costs

	<u>03/31/2021</u>	<u>03/31/2020</u>
<u>Financial income</u>		
Interest income	4,646,582	2,781,006
Gain in exchange differences	<u>3,266,859</u>	<u>6,421,200</u>
Total financial income	<u>7,913,441</u>	<u>9,202,206</u>
<u>Financial expenses</u>		
Interest expense	(24,016,087)	(14,233,383)
Loss in exchange differences	<u>(4,791,843)</u>	<u>(7,199,012)</u>
Total financial expenses	<u>(28,807,930)</u>	<u>(21,432,395)</u>

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the three-month period ended March 31, 2021 (in USD)

NOTE 8 - BREAKDOWN OF THE MAIN ACCOUNT BALANCES OF THE CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont.)

(c) Expense by nature

Items	Cost of sales	General and administrative expenses	<u>03/31/2021</u>	Cost of sales	General and administrative expenses	<u>03/31/2020</u>
Salaries and other personnel-related expenses	1,106,019	532,104	1,638,123	810,848	289,289	1,100,137
Depreciation	6,602,493	30,955	6,633,448 (*)	3,004,299	89,608	3,093,907
Maintenance expenses	2,945,796	6,354	2,952,150	1,093,106	1,674	1,094,780
Taxes, rates and contributions	89,312	355,808	445,120	142,337	331,550	473,887
Insurance	661,103	10,327	671,430	325,798	17,323	343,121
Other expenses	<u>1,232,235</u>	<u>681,313</u>	<u>1,913,548</u>	<u>332,669</u>	<u>330,230</u>	<u>662,899</u>
Totals	<u>12,636,958</u>	<u>1,616,861</u>	<u>14,253,819</u>	<u>5,709,057</u>	<u>1,059,674</u>	<u>6,768,731</u>

(*) See note 7 g.

NOTE 9 - BALANCES AND TRANSACTIONS WITH PARENT COMPANY AND OTHER RELATED PARTIES

	<u>03/31/2021</u>	<u>12/31/2020</u>
1. Balances with parent company – MSU Energy Holding Ltd.		
Loans granted	35,457,643	34,958,346
Other liabilities	582,667	540,348
2. Transactions with parent company – MSU Energy Holding Ltd.	<u>03/31/2021</u>	<u>03/31/2020</u>
Interest income	499,297	504,845
Management fee (*)	42,319	60,314
3. Balance with related parties	<u>03/31/2021</u>	<u>12/31/2020</u>
Loans granted	8,006,959	7,894,209
Other assets	1,054,273	1,065,709
Other liabilities	314,059	309,164
4. Transaction with related parties	<u>03/31/2021</u>	<u>03/31/2020</u>
Management fee (*)	-	15,983
Interest income	112,750	114,003
Interest loss	4,904	4,959
Expenses to be recovered	2,308	-

(*) It relates to management, administrative and corporate services, including management, supervision, financial, accounting, investment advice. The price was determined on an arm-length basis

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 9 - BALANCES AND TRANSACTIONS WITH PARENT COMPANY AND OTHER RELATED PARTIES (cont.)

5. Balances and transactions with key management (Board of Directors and senior management)

During the period ended March 31, 2021 and 2020, key management received compensations in the total amount of \$ 314,728 and \$ 319,891 respectively, which are considered short-term benefits and entail the only benefits granted to the Board of Directors and senior Management. MSU Energy does not grant long-term benefits or share-based payments to its employees.

NOTE 10 - LOANS GRANTED

On January 31, 2018, the Company signed loans agreements with MSU Energy Holding Ltd. and MSU Energy Investment Ltd, in the amounts of \$ 29,050,000 and \$ 6,560,000, respectively at an annual fixed interest rate of 6.875%, which become due for payment in year 2025. In connection with such loans, as of March 31, 2021 and December 31, 2020, MSU Energy has principal and interest receivables equivalent to the amount of \$ 43,464,602 and \$ 42,852,555, respectively. This transaction was priced on an arm's length basis and the balances are no secured.

NOTE 11 - LOANS

(a) Senior Secured Notes

On February 1, 2018, MSU Energy S.A. issued Senior Secured Notes described as follows:

- Principal amount: \$ 600,000,000
- Gross Proceeds: \$ 595,902,000
- Maturity Date: February 1, 2025
- Amortization: capital shall be amortized in one installment on the maturity date
- Issue price: 99.317% of principal amount, plus accrued interest, from February 1, 2018,
- Interest rate: 6.875% fixed annual rate
- Interest payment dates: February 1 and August 1 of each year, commencing on August 1, 2018.
- Guarantee: The notes are secured by:
 - Debt Service Reserve Account to cover one interest payment (found either with cash or Stand by Letters of Credit).
 - A first-degree pledge on GE Sprint LM6000-PC turbines 01, 02 and 03 installed in each thermoelectric power plant. The net book value as of March 31, 2021 is \$ 168,688,018.

In connection with these Senior Secured Notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of \$ 597,974,286 and \$ 607,706,305 (Note 7 e) as of March 31, 2021 and December 31, 2020 respectively.

(b) Private Senior Secured Notes

On November 30, 2018, MSU Energy issued Senior Secured Notes described as follows:

- Principal amount: \$ 250,000,000.
- Gross Proceeds: \$ 246,875,000.
- Maturity Date: November 30, 2023.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 11 - LOANS (cont.)

(b) Private Senior Secured Notes (cont.)

- Issue price: 98.75% of principal amount.
- Interest rate: LIBOR (three months) plus 11.25%.
- Amortization: capital shall be amortized in 11 quarterly equal and consecutive installments after 30 months from the date of issuance.
- Interest payment dates: to be paid quarterly on each February 28 and every 30th day of May, August and November.
- Guarantee: The notes are secured by:
 - A first-degree pledge on GE Sprint LM6000-PC turbine 04 installed in each thermoelectric power plant and a first-degree pledge on the steam turbine BHGE MT MID-SIZED installed in each plant.
 - As of March 31, 2021, and December 31, 2020 the amount of 465,982,166 common shares that account for 99.53% of MSU Energy capital is subject to a first-degree pledge for the benefit of Citibank NA as security agent.
 - The possibility of establishing a fiduciary assignment of the collection rights arising from the new PPA's related to combined cycle capacity. (Note 13)

On May 7, 2020, the private senior secured notes in the amount of \$ 250,000,000 have been settled by the Company with the funds obtained from the issuance of new senior secured notes at the variable interest rate to that date (Note 11 c). It is worth mentioning that the Company also received as the new issuance additional funds totaling \$ 300,000.

(c) Senior Secured Floating Rate Notes

On May 7, 2020, MSU Energy issued Senior Secured Floating Rate Notes described as follows:

- Principal amount: \$ 250,300,000.
- Gross Proceeds: \$ 250,300,000.
- Maturity Date: February 28, 2024.
- Issue price: 100% of principal amount.
- Interest rate: (i) LIBOR (three months) plus 11.95% for each day during the period commencing on (and including) the issue date and ending on (but excluding) February 28, 2021, (ii) for each day during the period commencing on (and including) the last day of the period referred to in (i) and ending on but excluding February 28, 2022, 12.50%, and (iii) for each day during the period commencing on (and including) the last day of the period referred to in (ii) and thereafter until all amounts due under the notes are repaid in full, 13.00%. If LIBOR rate is not available for any reason, the LIBOR shall be the Interpolated Rate and if such rate is below 2.00%, the LIBOR shall be deemed to be 2.00%.
- Amortization: capital shall be amortized in 10 quarterly equal and consecutive installments as of November 30, 2021.
- Interest payment dates: to be paid quarterly on each February 28 and every 30th day of May, August and November, starting on August 30, 2020.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 11 - LOANS (cont.)

(c) Senior Secured Floating Rate Notes (cont.)

- Guarantee: The notes are secured by:
 - A first-degree pledge on GE Sprint LM6000-PC turbine 4, the boilers, an electric transformer and the steam turbine BHGE MT MID-SIZED installed in each plant. The book value as of March 31, 2021 is \$ 128,250,638.
 - The amount of 465,982,166 common shares that account for 99.53% of MSU Energy capital is subject to a second-degree pledge (which shall automatically become a first-priority lien upon cancellation in full of the Private Senior Secured Notes) for the benefit of Citibank NA as security agent.
 - The possibility of establishing a fiduciary assignment of the collection rights arising from the new PPA's related to combined cycle capacity. (Note 13)

The proceeds from the placement of Senior Secured Floating Rate Notes were used for the repayment of Private Senior Secured Notes (Note 11 b) and for working capital.

In connection with these Senior Secured Floating Rate Notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of \$ 251,559,310 and \$ 251,057,727 (Note 7 e) as of March 31, 2021 and December 31, 2020 respectively.

d) Reconciliation required by IAS 7

Changes from financing cash flows and from non-cash items:

	03/31/2021	03/31/2020
Loans at beginning of the period	865,681,340	869,860,856
<i>Cash flows from financing activities:</i>		
Payments of financial leasing	(22,543)	-
New loans	10,365,002	3,131,691
Payments of loans	(5,674,009)	(5,650,000)
Payments of interest and financing expenses	(31,775,639)	(22,139,579)
<i>Non-cash items changes:</i>		
Increase of financial leasing	124,011	-
Interest accrued	<u>21,377,681</u>	<u>25,285,260</u>
Loans at period-end	<u>860,075,843</u>	<u>870,488,228</u>

(e) Loans

The breakdown of loans with their related rate and maturity, comparative with the prior year is as follows:

Class	Entity	Type	Currency	Nominal interest rate	Maturity	03/31/2021	12/31/2020
Financial	Banco Provincia	Unsecured	\$	9,5%	December 2020	-	16,690
Financial	Banco de la Nacion Argentina	Unsecured	ARS	(*)	February 2021	-	5,079,656
Financial	Banco de la Nacion Argentina	Unsecured	ARS	19,6952%	March 2021	-	1,790,347
Financial	Banco de la Nacion Argentina	Unsecured	ARS	43,9	September 2021	4,062,772	-
Financial	Banco Supervielle	Unsecured	ARS	43,5	April 2021	<u>6,347,392</u>	-
Total						<u>10,410,164</u>	<u>6,886,693</u>

(*) BADLAR rate plus 10 ppts.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 12 - CAPITAL

	\$		Quantity of Shares	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
In issue at January 1	30,295,440	30,295,440	468,159,804	468,159,804
In issue at March 31 - fully paid	<u>30,295,440</u>	<u>30,295,440</u>	<u>468,159,804</u>	<u>468,159,804</u>

As of March 31, 2021, the Company's capital amounted to \$ 30,295,440 (ARS 468,159,804), represented by 468,159,804 non endorsable, registered, common shares, with a nominal value of ARS 1 each, one vote per share.

NOTE 13 - CONTRACTUAL COMMITMENTS

Agreement with CAMMESA for wholesale demand:

a) General Rojo Plant

By virtue of the Wholesale Demand Agreement, the Company agrees to add 144.22 MW of nominal capacity to SADI, out of which, all its generation capacity from turbines 01, 02 and 03 will be sold subject to the regulatory scheme regulated by SEE Resolution No. 21, under the PPA entered into by and between the Company and CAMMESA on August 4, 2016, comprised of 144.22 MW contracted for a term of ten (10) years, at a price of \$ 20,900 (\$/MW-month). Price of electricity dispatched using gas or diesel oil will be \$ 8.5 per MWh and \$ 12.50 per MWh, respectively. Fuel is provided by CAMMESA.

On June 13, 2017, turbines 01, 02 and 03 of General Rojo Thermal Plant were authorized to operate with the SADI at a maximum capacity of approximately 50 MW each. As from such date, the Wholesale Demand Agreement signed with CAMMESA on August 4, 2016 became effective.

On June 6, 2018 and by means of the provisions of Resolution No. 262 of the Ministry of Energy and Mining ("MEyM"), it was resolved that the penalty for noncompliance with the date committed for the power plant completion, as stated in the Wholesale Demand Agreement signed within the framework of SEE Resolution No. 21/2016, will be discounted from the amount to be received by the Power Generating Agent (the Company). To such end, on June 11, 2018, CAMMESA notified the Company that, under the terms and conditions of the Wholesale Demand Agreement signed between the parties for the construction of thermoelectric power plant General Rojo, the penalty amounts to \$ 18,084,770, to be paid in 48 monthly settlements at a 1.7% interest annual nominal rate. The Company appeared before CAMMESA and applied for the proceedings for the resolution of disputes stated in the Agreement, as it considers that the delay arose out of force majeure events, as provided for by section 21 of the referred Wholesale Demand Agreement such proceedings have not been concluded to date.

As of March 31, 2021, and December 31, 2020, liability in this regard amount to \$ 6,781,789 (current portion \$ 4,521,193 and non-current portion \$ 2,260,596) and \$ 7,912,087 (current portion \$ 4,490,078 and non-current portion \$ 3,422,009) respectively (Note 7 d).

Additionally, MSU Energy, as provided for by section 5.3.2 of "EPC-On- Shore Contract", is entitled to claim GE International Inc. (GEII) Sucursal Argentina for the damage suffered by the delay in the start of operations up to the total amount of \$ 22,464,640. On October 16, 2018, the Company agreed with GE II the payment of the claimed amount of \$ 22,239,882, the related income was recognized in the fiscal year ended December 31, 2019. As of March 31, 2021, and December 31, 2020, receivables in this regard amounts to \$ 7,612,211 and \$ 7,832,122 respectively (Note 7 a).

On August 20, 2020, MSU Energy completed the conversion of the General Rojo Thermal Plant from simple cycle to combined cycle, and achieved commercial operation in accordance with the PPA signed between CAMMESA and the Company on April 6, 2018, pursuant to Resolution SEE 287/2018 and related regulations (the "General Rojo Combined Cycle PPA"). The average incremental capacity is 105.37 MW and 100% operates under the terms and conditions of the General Rojo Combined Cycle PPA that has been awarded to MSU Energy under Resolution SEE287/17. In accordance therewith, the Fixed Capacity Payment is equivalent to USD 18,900 per MW per month and the Variable Payment for electricity dispatched is equivalent to USD 10,40 per MWh.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Agreement with CAMMESA for wholesale demand: (cont.)

b) Barker Plant

By virtue of the wholesale demand agreement signed, the Company agrees to add 145.19 MW of nominal capacity to SADI, out of which, all its generation capacity from turbines 01, 02 and 03 will be sold subject to the regulatory scheme regulated by SEE Resolution No. 21, under the purchase power agreement (PPA) entered into by and between MSU Energy and CAMMESA on July 25, 2016, comprised of 145.19 MW contracted for a term of ten (10) years, at a price of \$ 19,900 (MW-month). Price of electricity dispatched using gas or diesel oil will be \$8.5 per MWh and \$12.50 per MWh, respectively. Fuel is provided by CAMMESA.

On December 29, 2017 and in compliance with the committed date, turbines 01, 02 and 03 of Baker Thermal Plant were authorized to operate with SADI at a maximum capacity of approximately 50 MW each. As from such date, the Wholesale Demand Agreement signed with CAMMESA on July 25, 2016 became effective.

On October 31, 2020, MSU Energy completed the conversion of the Barker Thermal Plant from simple cycle to combined cycle, and achieved commercial operation in accordance with the PPA signed between CAMMESA and the Company on April 6, 2018, pursuant to Resolution SEE 287/2018 and related regulations (the "Barker Combined Cycle PPA"). The average incremental capacity is 105,00 MW and 100% operates under the terms and conditions of the Barker Combined Cycle PPA that has been awarded to MSU Energy under Resolution SEE287/17. In accordance therewith, the Fixed Capacity Payment is equivalent to USD 19,900 per MW per month and the Variable Payment for electricity dispatched is equivalent to USD 8,80 per MWh.

c) Villa María Plant

By virtue of the wholesale demand agreement signed, MSU Energy agrees to add 143.14 MW of nominal capacity to SADI. The Company agrees to sell installed capacity from turbines 01, 02 and 03 subject to the regulatory scheme created by SEE Resolution No. 21/2016 under the PPA entered into by and between MSU Energy and CAMMESA on December 29, 2016, comprised of 143.14 MW contracted for a term of ten (10) years, at a price of \$ 19,900 (MW-month). Price of electricity dispatched using gas or diesel oil will be \$ 8.5 per MWh and \$12.50 per MWh, respectively. Fuel is provided by CAMMESA.

On January 25, 2018 and in compliance with the committed date, turbines 01, 02 and 03 of Villa María Thermal Plant were authorized to operate with SADI at a maximum capacity of approximately 50 MW each. As from such date, the Wholesale Demand Agreement signed with CAMMESA on December 29, 2016 became effective.

On August 15, 2020, MSU Energy completed the conversion of the Villa María Thermal Plant from simple cycle to combined cycle, and achieved commercial operation in accordance with the PPA signed between CAMMESA and the Company on April 6, 2018, pursuant to Resolution SEE 287/2018 and related regulations (the "Villa María Combined Cycle PPA"). The average incremental capacity is 100,20 MW and 100% operates under the terms and conditions of the Villa María Combined Cycle PPA that has been awarded to MSU Energy under Resolution SEE287/17. In accordance therewith, the Fixed Capacity Payment is equivalent to USD 19,900 per MW per month and the Variable Payment for electricity dispatched is equivalent to USD 12,70 per MWh.

The aforementioned expansions were initially agreed by March 23, 2020 for the General Rojo plant and May 23, 2020 for the Barker and Villa María plants. However, on September 2, 2019, Resolution SRRYME 25/2019 was published, which enabled generators that had been awarded the projects under Resolution SEE 287/2017 to extend their term of commercial authorization to operate. The Company has exercised the option granted by the Resolution and stated as a new commercial operation startup date May 29, 2020 for the General Rojo plant, July 30, 2020 for the Barker plant and June 30 for the Villa Maria plant. Furthermore, on June 10, 2020, the Department of Energy issued Note NO-2020-37458730-APN-SE # MDP by which it decided a 180-day suspension in the computation of terms for the performance of contracts under Resolution Ex SEE No. 287/2017. The suspension was based on the circumstances occurring due to the COVID-19 pandemic and the social, preventive and mandatory lockdown established by Decree (DNU) No. 297 on March 19, 2020. Subsequently, the Under-Department of Energy, through Note NO-2020-60366379-APN-SSEE#MEC issued on September 10, 2020, extended until November 15, 2020 the term provided by Note NO-2020-37458730- APN-SE# MDP issued on June 10, 2020. Consequently, our three projects for expansion and conversion to combined cycle achieved the date of commercial authorization to operate as agreed, subject to no penalties for delay.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the three-month period ended March 31, 2021 (in USD)

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Agreement with CAMMESA for wholesale demand: (cont.)

Under the Combined Cycle PPAs, it is required that fuel be obtained by the Company from third parties, instead of being provided directly by CAMMESA; the cost incurred is offset by CAMMESA at the price determined by CAMMESA. Nevertheless, under Resolution SEE 354/2020, as from January 1, 2021, the Company transferred to CAMMESA the responsibility of obtaining the fuel, thus mitigating the risk of supply and pricing. The Company holds the option to reclaim fuel supply at any time in the future.

Construction agreement with A-Evangelista S.A.

In order to secure the works and supply of equipment necessary for the expansion and conversion of the simple cycle power plants into combined cycle plants, on March 7, 2018, MSU Energy S.A. and A - Evangelista S.A. entered into a contract for the supply of certain services, engineering services, procurement, construction and equipment (Engineering, Procurement and Construction, "EPC"), including three GE LM6000-PC Sprint turbines, three Baker Hughes GE steam turbines and twelve Vogt heat recovery steam generators.

The contract total value is USD 324,860,104 and Euros 24,196,040 (USD 27,702,046). As of March 31, 2021, the amount outstanding by the Company is USD 69,508,168 and EUR 14,122,532.

As of April 30, 2021, the Company paid the sum of USD 8,793,162. Pursuant to the agreement entered with A-Evangelista on February 12, 2021, the Company will cancel the remaining balance in eight consecutive monthly installments.

Service contract agreement with General Electric Packaged Power Inc. and GE International Inc.

The Company entered into a long term service contract (10 years) with General Electric Packaged Power Inc. (manufacturer of the turbines and equipment set up at the Plants) and GE International Inc. in order to guarantee availability and compliance with the Wholesale Demand Agreements mentioned above, by providing maintenance services, spare parts and remote monitoring system.

NOTE 14 - EBITDA RECONCILIATION WITH NET INCOME (LOSS)

Management has presented the performance measure EBITDA because it believes that this measure is relevant to an understanding of the financial performance. EBITDA is calculated by adding back to net profit for the period: (i) net finance costs, (ii) income tax expense or benefit and (iii) depreciation and amortization expense.

EBITDA is not a defined performance measure in IFRS Standards. The definitions of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

a) For the three-month period ended March 31, 2021 as follows:

Net profit for the period	9,603,940
Net finance costs	20,894,489
Income tax expense	9,016,536
Depreciation and amortization	<u>6,633,448</u>
EBITDA	<u>46,148,413</u>

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the three-month period ended March 31, 2021 (in USD)

NOTE 14 - EBITDA RECONCILIATION WITH NET INCOME (LOSS) (cont.)

b) For the three-month period ended March 31, 2020 as follows:

Net profit for the period	6,420,613
Net finance costs	12,230,189
Income tax expense	3,209,504
Depreciation and amortization	<u>3,093,907</u>
EBITDA	<u>24,954,213</u>

NOTE 15 - SUBSEQUENT EVENTS

No events or transactions, other than those mentioned in the notes to the condensed financial statements, have occurred from period-end to the date of issuance of these condensed interim financial statements that would have a material effect on the financial position of the Company or the results of its operations as of period-end March 31, 2021.