MSU ENERGY S.A.

Financial statements as of December 31, 2022

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INDEPENDENT AUDITORS' REPORT

MSU ENERGY S.A.
Cerrito 1294 – 2nd Floor
City of Buenos Aires

Independent auditors' report

Opinion

We have audited the financial statements of MSU ENERGY S.A. (hereinafter, "the Company"), which comprise the statement of financial position as of December 31, 2022, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, the results of its operations, the changes in shareholders' equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (including the International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the requirements applicable to audits of financial statements in Argentina. We have also fulfilled other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. The key audit matter described below has been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Key audit matter: Recoverability of tax losses recorded as items of deferred tax liabilities

See note 5 to the accompanying financial statements: Income tax

Key audit matter	Key audit matter addressed
As of December 31, 2022, the Company recognized in Deferred tax liabilities a carryforward tax loss in the amount of $ 106,543,882 (measured at the tax rate expected to be effective when such asset is realized). The Company's Management assesses whether this item is likely to be recovered at the reporting date of its financial statements, or when events or changes in circumstances may indicate that the asset may be no longer recoverable. If the recoverable value of an asset is lower than its book value, the latter is reduced up to its recoverable value. To estimate the recoverable value, Management makes projections based on the best information available at the date of calculation and prepares a set of tax projections including different scenarios involving revenues, expenses, availability and dispatch indicators and future investments (and, consequently, the potential use of tax losses), considering the past relevant events and the expectations for changes in the business and market. As the process for the preparation of estimates is complex and, then, it requires a high level of professional judgment from the Company's Management, and it is affected by uncertain future events derived from the economic and political context, changes in the exchange rate and the projected inflation, among others, the analysis of the likelihood of recovery of deferred tax assets arising from the recognition of tax losses was considered as a key audit matter.	Our audit procedures have been, among others: • evaluation of the accounting policies adopted by the Company in connection with the recognition of deferred tax assets arising from accumulated tax loss carryforwards; • understanding the process for estimating the likelihood of recovery and the recoverable value of the deferred tax asset in order to determine the audit risks associated with such accounting estimate; • validation through specific substantive procedures of the reasonableness of the main assumptions used by the Company's Management in the preparation of its estimates, including the opinion of legal and tax advisors of the Company regarding the likelihood of recovery of these tax loss carryforwards; • sensitivity analysis about the main assumptions used by Management in the preparation of such estimates; • evaluation of the conclusion of the Company's Management that the amount recognized as deferred tax assets arising from tax losses is recoverable, and • evaluation of whether the information disclosed in the accompanying financial statements meets the requirements of the financial reporting framework.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the ability of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Additionally, the Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determined those matters that were of most significance in the audit of the financial statements for the fiscal year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

City of Buenos Aires, March 10, 2023

KPMG
Reg. de Asoc. Prof. CPCECABA Tº 2 Fº 6

Mario A. Belardinelli
Partner

MSU ENERGY S.A.

Financial statements as of December 31, 2022

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.

STATEMENT OF FINANCIAL POSITION
as of December 31, 2022 (in USD)

	Notes	12/31/2022	12/31/2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7 (h)	899,435,240	921,391,924
Loans granted	10	47,816,935	45,334,744
Other assets	7 (a)	3,982,892	4,903,032
Tax assets	7 (b)	2,036,389	2,097,065
Total non-current assets		953,271,456	973,726,765
CURRENT ASSETS			
Other assets	7 (a)	6,378,374	6,459,064
Tax assets	7 (b)	9,215,637	2,648,997
Materials and spare parts		16,075,335	12,567,785
Trade receivables		65,149,305	43,039,748
Investments	7 (c)	3,010,671	-
Cash and cash equivalents	7 (d)	78,489,181	62,818,989
Total current assets		178,318,503	127,534,583
Total assets		1,131,589,959	1,101,261,348
SHAREHOLDERS' EQUITY			
Share capital		30,295,440	30,295,440
Merger Premium		(20,161,526)	(20,161,526)
Legal reserve		1,250,092	2,547,167
Other reserves		116,737,360	40,253,636
Retained earnings		42,420,468	75,186,649
Total equity		170,541,834	128,121,366
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred tax payable	5	39,147,553	28,312,567
Loans	7 (f)	714,164,299	796,294,568
Taxes payable		3,223,348	4,790,115
Total non-current liabilities		756,535,200	829,397,250
CURRENT LIABILITIES			
Loans	7 (f)	179,828,783	116,959,863
Other liabilities	7 (g)	1,073,610	1,087,095
Taxes payable		1,683,709	1,934,910
Trade and other payables	7 (e)	21,926,823	23,760,864
Total current liabilities		204,512,925	143,742,732
Total liabilities		961,048,125	973,139,982
Total liabilities and equity		1,131,589,959	1,101,261,348

The accompanying notes are part of these financial statements.

MSU ENERGY S.A.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended December 31, 2022 (in USD)

	Notes	12/31/2022	12/31/2021
Net revenues	8 (a)	200,690,328	209,968,352
Cost of sales	8 (c)	(50,516,325)	(49,211,830)
Gross profit		150,174,003	160,756,522
Other income		-	88,495
General and administrative expenses	8 (c)	(7,105,817)	(6,896,043)
Operating profit		143,068,186	153,948,974
Financial income	8 (b)	38,457,913	19,770,117
Financial expenses	8 (b)	(128,270,645)	(107,963,169)
Net finance costs		(89,812,732)	(88,193,052)
Net income before income tax		53,255,454	65,755,922
Income tax charge	5	(10,834,986)	(13,044,038)
Net income for the year		42,420,468	52,711,884
Other comprehensive income		-	-
Comprehensive income for the year		42,420,468	52,711,884

The accompanying notes are part of these financial statements.

MSU ENERGY S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended December 31, 2022 (in USD)

Items	Share capital	Merger premium	Legal reserve	Other reserves	Retained earnings (accumulated loss)	Total	Total
Balances as of December 31, 2020	30,295,440	(20,161,526)	1,475,657	2,157,498	61,642,413	65,275,568	75,409,482
Appropriation to legal reserves (1)	-	-	1,071,510	38,096,138	(39,167,648)	-	-
Profit for the year	-	-	-	-	52,711,884	52,711,884	52,711,884
Balances as of December 31, 2021	30,295,440	(20,161,526)	2,547,167	40,253,636	75,186,649	117,987,452	128,121,366
Appropriation to legal reserves (2)	-	-	(1,297,075)	76,483,724	(75,186,649)	-	-
Profit for the year	-	-	-	-	42,420,468	42,420,468	42,420,468
Balances as of December 31, 2022	30,295,440	(20,161,526)	1,250,092	116,737,360	42,420,468	160,407,920	170,541,834

(1) As voted at the MSU ENERGY Sociedad Anónima Ordinary Shareholder's Meeting on April 27, 2021.
(2) As voted at the MSU ENERGY Sociedad Anónima Ordinary Shareholder's Meeting on April 26, 2022.

The accompanying notes are part of these financial statements.

MSU ENERGY S.A.

STATEMENT OF CASH FLOWS

for the year ended December 31, 2022 (in USD)

CAUSES OF CHANGES IN CASH	Notes	12/31/2022	12/31/2021
Cash flow from operating activities			
Income for the year		42,420,468	52,711,884
Adjustments for:			
Income tax expense	5	10,834,986	13,044,038
Depreciation of property, plant and equipment	8 (c)	22,972,259	26,117,186
Foreign exchange, differences	8 (b)	24,860,038	11,266,232
Accrued interest, net	8 (b)	64,971,865	76,926,820
Change in fair value of financial assets	8 (b)	19,171	-
Changes in operating assets and liabilities:			
(Increase) Decrease in trade receivables		(25,835,894)	51,647,545
Decrease in other assets		1,090,605	672,869
Increase in materials and spare parts		(3,507,550)	-
(Increase) Decrease in tax assets		(7,387,028)	11,998,492
Decrease in trade and other payable		(1,075,914)	(29,045,945)
Increase in taxes payable		122,665	216,813
(Decrease) Increase in other liabilities		(35,321)	167,712
Increase in tax assets due to recoverables taxes related to property, plant and equipment		-	(10,936,319)
Net cash flows from operating activities		129,450,350	204,787,327
Cash flow from investing activities			
Interest received and other financials receivables		9,189,940	5,739,678
Payments for acquisition of Investments		(3,029,842)	-
Disposal of fixed assets		1,246	-
Payments for acquisition of property, plant and equipment, net of capitalized interest		(1,496,124)	(132,409,423)
Net cash flows from (used in) investing activities		4,665,220	(126,669,745)
Cash flow from financing activities			
Payments of senior secured floating rate notes	11 (h)	(100,120,000)	(25,030,000)
Proceeds from senior unsecured notes	11 (h)	75,844,190	61,008,423
Loans received	11 (h)	857,448	24,873,757
Payments of financial leasing	11 (h)	(25,603)	(79,780)
Payments of loans	11 (h)	-	(15,747,791)
Payments of interest and financing expenses	11 (h)	(85,094,004)	(93,098,984)
Net cash flows used in financing activities		(108,537,969)	(48,074,375)
Net increase in cash		25,577,601	30,043,207
Cash and cash equivalents at the beginning of year		62,818,989	35,398,506
Effect of exchange rate changes on cash and cash equivalents		(9,907,409)	(2,622,724)
Cash and cash equivalents at the end of the year		78,489,181	62,818,989
Net increase in cash		25,577,601	30,043,207

The accompanying notes are part of these financial statements.

NOTE 1 - GENERAL INFORMATION

1.1)Description of the business

The Company owns and operates three thermal power plants: the General Rojo and the Barker plants located in the province of Buenos Aires and the Villa María plant located in the province of Cordoba with a total installed capacity of 750MW.

The Company's profit comes from having 100% installed capacity contracted under long-term power purchase agreements (PPAs) entered into with Compañía Administradora del Mercado Mayorista Eléctrico S.A. ("Cammesa"), as described below:

- 150MW, originally installed in each plant, consisting of three gas turbines of 50MW each operating in a simple cyle configuration. In total, 450MW remunerated under the Resolution SEE No. 21/2016 public auction (hereinafter, "Simple Cycle PPAs"),
- 100MW added in each plant for a total of 300MW, in connection with the expansion and conversion to combined cycle of the three plants awarded under the Resolution SEE No. 287/2017 public auction (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 the commercial operation date of each plant (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 plant. The combined cycle PPAs are effective for 15 years initiated as from the commercial operation dates (Note 13).

On June 13, December 29, 2017 and January 25, 2018, the generation turbines 01, 02 and 03 of the Thermal Station General Rojo, Barker and Villa María were authorized to operate with SADI. 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. 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. Therefore, the acquisition and construction costs of each station started to be depreciated.

1.2) Financial situation

As of December 31, 2022, the Company discloses a negative working capital of $ 26,194,422 (compare to a negative working capital of $ 16,208,149 as of December 31st, 2021), mainly driven by the maturity of the principal payment of the Senior Secured Floating Rate Notes issued on May 7, 2020 (Note 11 c).

The Company has prepared cash flow forecasts which includes repayment of the senior secured and unsecured notes as well as short term debt. Higher cash inflows were estimated as a result of the combined cycle operation in all three plants. The Company estimates that current liabilities will be paid as required.

1.3) Purpose of these financial statements

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

NOTE 2 - BASIS OF ACCOUNTING

2.1) Statements of compliance

These financial statements have been prepared in accordance with the IFRS as issued by the International Accounting Standards Board ("IASB").

These financial statements ended December 31, 2022 were authorized for issue by the Group Chairman on March 10, 2023.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.2) Changes in significant accounting policies

The accounting policies applied to the preparation of these financial statements are consistent with those applied to the preparation of the financial statements for the fiscal year ended December 31, 2021.

The Company has not adopted in advance any of the new IFRS or modifications to existing IFRS that come into effect after January 1, 2022.

Due to the transition methods chosen by MSU ENERGY in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

2.3) Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

2.3.1) Foreign currency

(a) Functional and presentation currency

These financial statements are presented in United States of America dollars (“USD” or “$”), which is the functional currency of the entity. All amounts have been rounded to the nearest USD, unless otherwise indicated.

(b) Transactions and balances

Transactions denominated in foreign currencies (all currencies other than the functional currency) are translated to the functional currency by applying the exchange rates prevailing at the dates of the transactions or the fair value measurement, as the case may be. The statement of profit or loss and other comprehensive income includes foreign exchange gains or losses derived from the settlement of these transactions and the translation at exchange rates prevailing at year-end of monetary assets and liabilities with an original currency other than the USD.

Foreign exchange differences are presented in the statement of profit or loss and other comprehensive income in the financial income or financial expenses line.

2.3.2) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. MSU Energy S.A recognizes revenue when it transfers control over a service rendered to a customer.

As mentioned on Notes 1.1 and 13, MSU Energy S.A has entered into Wholesale Demand Agreements with CAMMESA for a term of fifteen years. Based on those agreements, MSU Energy S.A will provide two components:

- Generation capacity; and
- Supply of power.

Generation capacity

Persuant to the terms of the Wholesale Demand Agreements, MSU ENERGY makes available to CAMMESA the contracted capacity and support it with the turbines commited.

Consequently, MSU Energy recognizes income from generation capacity applying the straight line method over the term of the agreements.

Supply of power

Regarding the second component, which is providing CAMMESA with the service of generating electric power, revenues are recognized as services are performed during the year.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.3) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

The Group has not entered in any share based-payments arragements with its employees or provided any defined benefit obligations plans or other long-term benefits to its employees.

2.3.4) Finance income and expense

The Company's finance income and expense include:

- Interest income
- Interest expense
- The net gain or loss on financial assets at fair value through profit or loss ("FVTPL")
- The foreign currency gain or loss on financial assets and financial liabilities
- Less borrowing costs capitalized in Property, plant and equipment

Interest income or expense is recognized using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

Exchange gains/losses results from the translation of monetary assets and liabilities denominated in currency other than USD by applying the exchange rate prevailing at year-end.

2.3.5) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year of the entity. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the entity. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.5) Income tax (cont.)

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which The Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.3.6) Property, plant and equipment

The items of property, plant and equipment are recognized at acquisition cost less accumulated depreciation, if applicable, and impairment losses, if any. The historical cost includes the spot purchase price and expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as expected by management. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Under construction line includes construction in progress of the plants and/or combined cyle plants. They are stated at cost (including elegible borrowing costs) incurred to the date on which the plant is granted an authorization to operate.

The disbursements arising from feasibility studies before deciding whether to invest in an asset or deciding which asset to acquire were recorded as expenses as they were incurred.

MSU Energy S.A applies the units of production method to recognize the depreciation of turbines, machinery and equipment composing the Plants, referred to in Note 1, as it considers that this method provides a better measurement of the profits that these assets are expected to bring to the Companies. Based on this method, the related depreciation expense is charged to profit or loss for the year based on the use of the Plants. This method provides for a depreciation charge based on the use of the Thermal Station, which might be null if the generation activity were discontinued.

MSU Energy S.A has considered 22% of the cost of each thermal power plant as residual value, which is not subject to depreciation as of December 31, 2022 and 2021.

The book value of the land where the Plants are located will not be depreciated. The buildings that are part of the Plants are depreciated over 30 years by applying the straight-line method.

The useful life of items of depreciable property, plant and equipment other than the plants has been estimated at 3 years (computers); at 5 years (vehicles) and 10 years (tools, furniture and other facilities).

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.7) Financial instruments

(1) Recognition and initial measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes party of the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value, plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(2) Classification and subsequent measurement of financial assets as from January 1, 2018

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income (“FVOCI”) or Fair Value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

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

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the asset; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The Company makes an assessment of the objective of the business model in which a financial asset is held at instrument level. The information considered includes:

- Policies in practice, including whether management’s strategy focuses on earning contractual interest income, maintening a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Company management
- The risk that affect the performance of the business model and how those risks are managed
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company continuing recognition of the assets.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.7) Financial instruments (cont.)

(2) Classification and subsequent measurement of financial assets as from January 1, 2018 (cont.)

For the purpose of assessment whether contractual cash flows are solely payments of principal and interests, "principal" is defined as the fair value of the financial assets on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

For the purpose of assessment, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that is would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features, and
- Terms that limit the Company claim to cash flows from specified assets.

The Company classifies its financial assets into one of the following categories:

- Loans and receivables
- Held to maturity
- Available for sale, and
- At FVTPL

(3) Impairment as from January 1, 2018

The Company recognizes loss allowances for Expected Credit Loses ("ECL") on:

- Financial assets measured at amortized cost
- Debt investments measured at FVOCI
- Contract assets
- Lease receivable

The Company measures loss allowances at the amount equal to lifetime ECLs, except for the other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-months ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.7) Financial instruments (cont.)

(3) Impairment as from January 1, 2018 (cont.)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- Default or delinquency by a debtor
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise
- Indications that a debtor or issuer would enter bankruptcy
- Adverse changes in the payment status of borrower or issuers
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there was a measurable decrease in the expected cash flows from a Company of financial assets.

For financial assets measured at amortized cost the Company considered evidence of impairment for these assets at individual asset level. An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account.

(4) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liability at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreigh exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(5) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it is transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognizes a financial liability when the contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially differente, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.3) Significant accounting policies (cont.)

2.3.7) Financial instruments (cont.)

(6) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable rigt to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.3.8) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

2.3.9) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2.3.10) IFRS 16 Leases

The regulation provides for a new definition of lease and different treatments applicable to lessors or lessees.

Definition of lease

Previously, the Company determined at contract inception weather an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company has no significant lease arrangements acting as a lessee. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The accounting policies applicable to the Company as a lessor under IFRS 16 do not differ in a significant manner from those previously applied and thus, the Company is not required to make any adjustments resulting from the adoption of the new standard.

2.3.11) Material and spare parts

Material and spare parts s are measured at the lower of cost and net receivable value. The cost of Material and spare parts is based in its weight average price. The book value is also reduced when appropriate, according to an analysis carried out for this purpose, by a provision for obsolescence of those goods.

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.4) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2022 and earlier application is permitted. However, MSU ENERGY has not early adopted the new or amended standards in preparing these financial statements and not significant impact derivated from those new standards is expected.

NOTE 3 - USE OF JUDGMENT AND ESTIMATES

The preparation of these 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 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 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 a), b) y c)), 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 December 31, 2022 and December 31, 2021.

NOTE 5 - INCOME TAX

(a) Changes in income tax rate

On June 16, 2021, the Executive Branch (PEN) passed and published Law No. 27630 that rendered a system of tax brackets that will be in force for fiscal years beginning on or after January 1, 2021 wich will be adjusted annually on and after January 1, 2022, by considering the variation in the Consumer Price Index (CPI) measured as of October of each year. The adjusted amounts effective for the fiscal year beginning on or after January 1, 2022 are as follows:

Accumulated taxable income		To be paid AR$	Plus %	Over the excess of AR$
From AR$	To AR$			
AR$ 0	AR$ 7,604,949	AR$ 0	25%	AR$ 0
AR$ 7,604,950	AR$ 76,049,486	ARS$ 1,250,000	30%	AR$ 7,604,949
AR$ 76,049,487	Without limit	AR$ 22,434,598	35%	AR$ 76,049,486

In addition, as provided for by Law No. 27630, the rate applicable to the dividends on earnings generated in fiscal years beginning on or after January 1, 2018 is set to 7%.

NOTE 5 - INCOME TAX (cont.)

(a) Changes in income tax rate (cont.)

As of December 31, 2022, the current tax was measured by applying the progressive tax rates on taxable income determined at such date, whereas the deferred tax balances were measured by applying the progressive tax rate expected to be applied based on the taxable income estimated in the year in which the temporary differences are reversed.

(b) Inflation adjustment for tax purposes

The Law No. 27430, 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, was recognized in six equal parts for fiscal years ending on December 31, 2020 y 2019. The first part was computed in the year corresponding to the calculation and the remaining five parts are recognized in the immediately subsequent years. As from December 31, 2021, the amount of the tax inflation adjustment is recognized in the same fiscal year.

(c) 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.

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.

Since December 31, 2019, 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 5 - INCOME TAX (cont.)

(d) The breakdown of the main components of deferred tax assets and liabilities is as follows:

	12/31/2022	12/31/2021
Deferred tax assets and (liabilities)		
Accumulated tax losses carried forward	106,751,436	160,712,045
Property, plant and equipment	(118,102,334)	(120,516,336)
Others	435,962	(720,864)
Tax inflation adjustment	(28,232,617)	(67,787,412)
Total deferred tax (liabilities)	(39,147,553)	(28,312,567)

As of December 31, 2022, and 2021, carryforward tax losses were measured at the rate of the year on which it is expected to be compensated 35%, considering their update according to the tax inflation adjustment procedures mentioned in Note 2.3.5. Based on the guidelines of IFRIC 23 “Uncertainty over income tax treatments” and in accordance with the opinions of its legal and tax advisors, the Company has concluded that it is more likely than not that the tax authority accepts the fiscal treatment, and in consequence, has proceeded to update the carryforward tax losses using the wholesale domestic price index, as indicated in article 19 of the mentioned income tax law. The Company recognizes the related deferred tax asset only to the extent that it is probable there is sufficient future taxable income to allow its consumption.

As of December 31, 2022, carryforward tax losses estimated in relation to the income tax are broken down as follows, according to their date of origin:

Year	Amount at tax rate – 35%	Expires in
2019	66,715,679	2024
2020	40,035,757	2025
Total	106,751,436 *	

*Net from provision of USD 97,792,893.

For tax purposes, items of Property, plant and equipment are stated at cost less depreciation measured in Argentine pesos, while for accounting purposes, they are stated in USD. Deferred tax liability is recognized for the tax effect of the impact of the devaluation of Argentine pesos on tax basis of Property, plant and equipment.

The changes in deferred tax assets are as follow:

	12/31/2022	12/31/2021
At the beginning of the year	(28,312,567)	(15,268,529)
Deferred income tax charge	(10,834,986)	(13,044,038)
At the end of the year	(39,147,553)	(28,312,567)

NOTE 5 - INCOME TAX (cont.)

(d) The breakdown of the main components of deferred tax assets and liabilities is as follows: (cont.)

The actual income tax (charge) benefit differs from the theoretical amount to be obtained in case of using tax rate applicable to income tax, as follows:

	12/31/2022	12/31/2021
Income before income tax	53,255,454	65,755,922
Income tax for the year at the tax rate of 35%	(18,639,409)	(23,014,573)
Increase in tax rate	-	(6,107,412)
Non-deductible expenses	(57,484)	(37,176)
Tax inflation adjustment and tax losses carried forward adjustment and others	7,861,907	16,115,123
Total income tax - charge	(10,834,986)	(13,044,038)

(e) Extraordinary income tax advance payment

On August 12, 2022 the AFIP established through RG 5248/2022 an extraordinary income tax advance payment which should be paid in 3 monthly instalments, for companies that meet any of the following requirements:

i) The amount of the income tax determined from fiscal period 2021´s tax return (year end between August and December 2021) or 2022 (year end between January and July 2022), as applicable, is equal to or greater than AR$ 100,000,000.
ii) The amount of the taxable income that arises from the tax return, without applying the deduction of tax losses from previous years, is equal to or greater than $300,000,000.

The extraordinary payment is 25% of the calculation base used for the payment of the advances if point i) is met, or 15% of the taxable income, without considering tax carrying forward losses from previous years if point ii) is met. The aforementioned payment must not be cancelled through the compensation mechanism and, moreover, could not be taken into account when applying to request for reduction of income tax advanced payments.

The Company paid the amount of AR$ 1.361.789.548 (equivalent to USD 8,488,845) in three consecutive monthly instalments of AR$ 453.929.849 (equivalent to USD 2,829,615) in the months of October, November and December of 2022 respectivelly.

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: imputs 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: imputs 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:

		Balances as of December 31, 2022		
Item	Note	Fair value	Financial assets at amortized cost	Other financial liabilities (2)
Financial assets				
Other financial receivables		-	1,541,506	-
Loans granted	10	-	47,816,935	-
Trade receivables		-	65,149,305	-
Investments	7 (c)	3,010,671 (1)		
Cash and cash equivalents	7 (d)	78,489,181 (1)	-	-
Total financial assets		81,499,852	114,507,746	-
Financial liabilities				
Loans	7 (f)	-	-	893,993,082
Trade and other payables	7 (e)	-	-	19,323,030
Other liabilities	7 (g)	-	-	1,073,610
Total financial liabilities		-	-	914,389,722

		Balances as of December 31, 2021		
Item	Note	Fair value	Financial assets at amortized cost	Other financial liabilities (2)
Financial assets				
Other financial receivables		-	1,406,730	-
Loans granted	10	-	45,334,744	-
Trade receivables		-	43,039,748	-
Cash and cash equivalents	7 (d)	62,818,989 (1)	-	-
Total financial assets		62,818,989	89,781,222	-
Financial liabilities				
Loans	7 (f)	-	-	913,254,431
Trade and other payables	7 (e)	-	-	21,806,272
Other liabilities	7 (g)	-	-	1,087,095
Total financial liabilities		-	-	936,147,798

(1) Level 1
(2) Other financial liabilities are recognized at amortized cost.

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

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

As of December 31, 2022, and December 31, 2021, 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 $ 676,929,243 and $ 790,274,183, respectively.

As of December 31, 2022, and December 31, 2021, there are no significant expected credit losses ("ELC") to be recognized following the impairment evaluation of financial assets carried at amortized cost.

(b) Financial risk management

Financial risk management is addressed by the global policies of MSU Energy S.A, which are focused on the uncertainty of the financial markets and the alternatives to minimize the potential adverse effects on its financial performance. MSU Energy S.A activities entail certain financial risks:

1. Market risk
2. Liquidity risk
3. Credit risk

The Administration and Finance Department is responsible for the financial risk management, which identifies, assesses and hedges the financial risks. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and MSU Energy´s activities.

1. Market risk

Market risk stems from the potential fluctuation to which MSU Energy S.A is exposed upon changes in fair value or future cash flows that may be adversely affected by changes in the exchange rates, interest rates or other variables.

Below is a description of the referred risks as well as a detail of the extent to which MSU Energy S.A is exposed, and a sensitivity analysis for potential changes in each of the relevant market variables.

- Currency risk

It is the risk that the fair value or future cash flows of financial instruments may fluctuate due to exchange rate changes. Given that the functional currency of MSU Energy S.A is the USD, the currency increasing exposure in terms of effects on profit or loss is the Argentine peso (legal tender in Argentina).

In order to minimize the results arising from exchange variations and, in an attempt to hedge the volatility risk in the fair value of assets and liabilities in foreign currency, MSU Energy S.A seeks to maintain a balance between assets and liabilities.

The table below provides a breakdown of the net monetary position of MSU Energy S.A in its functional currency:

Net monetary position assets	Functional currency (USD) 12/31/2022	Functional currency (USD) 12/31/2021
Argentine pesos	53,506,631	19,144,469
Total	53,506,631	19,144,469

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

(b) Financial risk management (cont.)

1. Market risk (cont.)

Based on the table above, the MSU Energy S.A analysis considers the exposure of local currency in relation to the USD (functional currency). MSU Energy S.A estimates that, for each year, should other factors remain constant, a 10% strengthening (or weakening) of the local currency in relation to the functional currency at year-end would increase (decrease) income before tax, as described in the table below (amounts stated in functional currency):

	December 31, 2022		December 31, 2021	
	+10%	-10%	+10%	-10%
Argentine Pesos	(4,864,239)	5,945,239	(1,740,406)	2,127,163
Total	(4,864,239)	5,945,239	(1,740,406)	2,127,163

- Interest rate risk

The interest risk is related with the change in fair value or in future cash flows of certain financial instruments according to the changes that may occur in market interest rates. On May 7, 2020 MSU ENERGY issued Senior Secured Floating Rate Notes at variable rate for a total amount of $250.300.000 due on 2024 (Note 11 b). Then on August 6, 2021, MSU ENERGY issued local Unsecured Floating Rate Notes Class II for a total amount of $ 18,076,950 due on 2023.

- Exchange rate risk

On September 1, 2019, Decree 609/2019 was published by the Executive Branch, whereby certain extraordinary and temporary provisions are stated related to the transfers abroad and exchange market operations. Accordingly, on the same date, the Argentine Central Bank (BCRA) issued Communication “A” 6770, whereby the following measures, among others, are set out up to December 31, 2022:

- Any funds from new external financial debts disbursed as from September 1, 2019 shall be brought into the country and converted into local currency.

- Access to the foreign exchange market in relation to liabilities in foreign currency, between Argentine residents, documented in public records or notarized instruments as of August 30, 2019 is allowed upon their maturity. However, access to the foreign exchange market to pay debts and other liabilities in foreign currency agreed by Argentine residents is forbidden as from September 1, 2019.

Access to the foreign exchange market to conduct the following transactions shall require the BCRA’s prior authorization:

- Wiring of profits and dividends;
- Payment of services to foreign related companies;
- Prepayment of financial debts (principal or interest) more than 3 days before maturity.

On January 16, 2020, the BCRA published Communication 'A' 6770, whereby it established, among other measures, that entities may have access to the foreign exchange market to pay dividends abroad, without the prior approval of the BCRA, to the extent that certain conditions are met. The cases that do not comply with the conditions detailed in the communication will still require the prior approval of the BCRA

As of December 31, 2022, the mentioned measures did not affect the normal operations.

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

(b) Financial risk management (cont.)

2. 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 August 6, 2021 the company issued Class I and Class II local unsecured notes for a total amount of USD 30,708,423 due on February 6, 2023 and August 6, 2023, respectively (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).

On December 21, 2021 the company issued class III local unsecured Notes for USD 30,300,000 bullet 24-months (Note 11 d). On, May 20, 2022 the Company issued class IV local unsecured Notes for USD 15,200,000 bullet 24-months (Note 11 e). On, July 22, 2022 the Company issued class V local unsecured Notes for USD 15,100,000 bullet 24-months (Note 11 f).

On September 27, 2022, in accordance with Resolution DI-2022-50-APN-GE#CNV, the CNV authorized an increase of the maximum amount of the program, for the issuance of simple notes (not convertible into shares) from USD 100,000,000 to USD 285,000,000 (or its equivalent in other currencies).

Recently, on November 2, 2022 the Company issued class VI local unsecured Notes for USD 45,544,190 bullet 24-months (Note 15).

The table below includes an analysis of assets and liabilities of MSU Energy S.A by maturity. The amounts in the table are undiscounted contractual cash flows:

	Balances as of December 31, 2022					
	0-3 months	3-6 months	6-9 months	9-12 months	Over 1 year	Total
As of 12/31/2022						
Trade receivables	65,149,305	-	-	-	-	65,149,305
Loans granted	-	-	-	-	47,816,935	47,816,935
Other financial assets	588,187	317,773	317,773	317,773	-	1,541,506
Total assets	65,737,492	317,773	317,772	317,773	47,816,935	114,507,746
Other liabilities	511,805	511,805	-	50,000	-	1,073,610
Taxes payable	661,810	340,633	340,633	340,633	3,223,348	4,907,057
Loans	60,781,314	40,819,965	23,632,465	54,595,039	714,164,299	893,993,082
Trade and other payables	4,830,756	4,830,758	4,830,758	4,830,758	-	19,323,030
Total liabilities	66,785,685	46,503,161	28,803,856	59,816,430	717,387,647	919,296,779

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

(b) Financial risk management (cont.)

2. Liquidity risk (cont.)

	Balances as of December 31, 2021					
As of 12/31/2021	0-3 months	3-6 months	6-9 months	9-12 months	Over 1 year	Total
Trade receivables	43,039,748	-	-	-	-	43,039,748
Loans granted	-	-	-	-	45,334,744	45,334,744
Tax assets	688,157	613,063	613,063	734,714	2,097,065	4,746,062
Other financial assets	556,413	283,439	283,439	283,439	-	1,406,730
Total assets	44,284,318	896,502	896,502	1,018,153	47,431,809	94,527,284
Other liabilities	518,547	518,548	-	50,000	-	1,087,095
Loans	41,683,923	24,160,864	26,954,212	24,160,864	796,294,568	913,254,431
Taxes payable	534,632	458,094	540,522	401,662	4,790,115	6,725,025
Trade and other payables	5,451,565	5,451,569	5,451,569	5,451,569	-	21,806,272
Total liabilities	48,188,667	30,589,075	32,946,303	30,064,095	801,084,683	942,872,823

3. Credit risk

The credit risk is defined as the possibility that a third party be unable to meet its contractual obligations, generating losses to MSU ENERGY.

MSU Energy S.A may face a credit risk related to the balances of trade receivables. Trade receivable balance comprises the value to be collected based on the agreements with CAMMESA for wholesale demand (Note 13). CAMMESA' payment period has improved compared to the previous year.

As of December 31, 2022, and December 31, 2021, there are no significant expected credit losses to be recognized following the impairment evaluation of financial assets carried at cost.

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

	12/31/2022	12/31/2021
(a) Other assets		
Non current		
Credit of compensatory agreement (Note 13 a)	3,982,892	4,903,032
Total	3,982,892	4,903,032
Current		
Advances to suppliers	451,501	797,234
Prepaid insurance	1,943,440	2,017,741
Expenses to recover	441,666	38,984
Parent company and other related parties (Note 9.3)	1,271,093	1,133,757
Loans to personnel	20,413	22,973
Credit of compensatory agreement (Note 13 a)	1,819,658	1,803,773
Others	250,000	250,000
Guarantees	158,889	372,631
Security deposits	21,714	21,971
Total	6,378,374	6,459,064

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

	12/31/2022	12/31/2021
(b) Tax assets		
Non current		
Income tax net advances	2,036,389	2,097,065
Total	2,036,389	2,097,065
Current		
Valued added tax	1,226,892	2,452,250
Income tax on credit balance	7,686,906	-
Custom tax	68,156	121,651
Other tax balances	233,683	75,096
Total	9,215,637	2,648,997

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.

	12/31/2022	12/31/2021
(c) Investments		
Investments	3,010,671	-
Total	3,010,671	-
(d) Cash and cash equivalents		
Cash	988	1,916
Temporary investments	54,987,458	20,467,607
Banks	23,500,735	42,349,466
Total	78,489,181	62,818,989
(e) Trade and other payables		
Suppliers (1)	19,323,030	18,415,378
Fines imposed by Cammesa (Note 13 a)	-	3,390,894
Accrued expenses	2,603,793	1,954,592
Total	21,926,823	23,760,864

(1) At December 31, 2022 and December 31, 2021 includes unpaid balances of PPE of 1,689,966 and $ 127,796,620, respectively.

	12/31/2022	12/31/2021
(f) Loans		
Non current		
Senior secured notes (Note 11 a, b, c, d, e, f, g and 15) (3)	697,636,685	781,758,665
Loans (Note 11 i)	16,519,644	14,476,756
Finance lease	7,970	59,147
Total	714,164,299	796,294,568
Current		
Senior secured notes (Note 11 a, b, c, d, e, f, g and 15) (3)	179,802,457	116,922,353
Finance lease	26,326	30,674
Loans (Note 11 i)	-	6,836
Total	179,828,783	116,959,863
(g) Other liabilities		
Parent company and other related parties (Note 9.1 and 9.3)	1,023,610	1,037,095
Other payables	50,000	50,000
Total	1,073,610	1,087,095

(3) At December 31, 2022 and December 31, 2021 includes net transactions costs of $ 8,853,976 and $ 9,559,556, respectively.

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

(h) Property, plant and equipment

Balances as of December 31, 2022

Main account	Cost					Depreciation					Net as of
	At beginning of year	Additions	Decreases	Transfers	At year-end	Accumulated at beginning of year	Decreases	Rate %	Amount (Note 8.c)	Accumulated at year-end	12/31/2022
Land	2,142,790	-	-	-	2,142,790	-	-	-	-	-	2,142,790
Thermoelectric power plants											
Infraestructure	479,623,982	-	-	918,244	480,542,226	33,708,026	-	3.33%	12,459,919	46,167,945	434,374,281
Plant and equipments	508,774,691	-	-	-	508,774,691	46,418,778	-	(4)	10,153,552	56,572,330	452,202,361
Facilities and other fixed assets (6)	3,224,070	370,619	(1,246)	7,788	3,601,231	2,037,825	(187)	(5)	358,788	2,396,426	1,204,805
Spare parts	8,634,049	-	-	-	8,634,049	-	-	-	-	-	8,634,049
Under construction	1,156,971	646,015	-	(926,032)	876,954	-	-	-	-	-	876,954
Total as of December 31, 2022	1,003,556,553	1,016,634	(1,246)	-	1,004,571,941	82,164,629	(187)		22,972,259	105,136,701	899,435,240

Balances as of December 31, 2021

Main account	Cost					Depreciation					Net as of
	At beginning of year	Additions	Decreases	Transfers	At year-end	Accumulated at beginning of year	Decreases	Rate %	Amount (Note 8.c)	Accumulated at year-end	12/31/2021
Land	2,142,790	-	-	-	2,142,790	-	-	-	-	-	2,142,790
Thermoelectric power plants											
Infraestructure	478,982,215	641,767	-	-	479,623,982	21,359,207	-	3.33%	12,348,819	33,708,026	445,915,956
Plant and equipments	508,774,691	-	-	-	508,774,691	32,966,826	-	(4)	13,451,952	46,418,778	462,355,913
Facilities and other fixed assets (6)	2,598,148	625,922	-	-	3,224,070	1,721,410	-	(5)	316,415	2,037,825	1,186,245
Spare parts	8,521,602	112,447	-	-	8,634,049	-	-	-	-	-	8,634,049
Under construction	34,772	1,122,199	-	-	1,156,971	-	-	-	-	-	1,156,971
Total as of December 31, 2021	1,001,054,218	2,502,335	-	-	1,003,556,553	56,047,443	-		26,117,186	82,164,629	921,391,924

(4) By units of production.
(5) Tools, 10%. Vehicules, furnitures and other facilities, 20%. Computers, 33%.
(6) Includes $48,596 and $ 90,250 of right of use related to financial leasing, as of December 31, 2022 and December 31, 2021, respectively.

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

(a) Revenue

On June 13, 2017, December 29, 2017 and January 25, 2018 turbines 01, 02, and 03 of General Rojo, Villa Maria and Barker Plants, respectively, were authorized to conduct commercial operations with SADI. As from the date the plants achieved commercial operation, the Wholesale Demand Agreements (Simple Cycle PPAs) signed with CAMMESA on August 4, 2016, July 25, 2016 and December 29, 2016, respectively, became effective.

On August 15, August 20 and October 31, 2020, the expansion and conversion projects of the Villa Maria, the General Rojo and the Barker plants were completed. Since that date, the three plants have been authorized for commercial operations in the SADI, effectively triggering the Wholesale Demand Agreements (Combined Cycle PPAs) for each plant signed with CAMMESA on April 6, 2018.

	12/31/2022	12/31/2021
Revenues from generation capacity	177,619,499	175,290,274
Revenues from supply of power	23,070,829	34,678,078
Total revenue	200,690,328	209,968,352

(b) Net finance costs

	12/31/2022	12/31/2021
Financial income		
Interest income	22,724,760	18,760,010
Change in fair value of financial assets	19,171	-
Gain on exchange differences	15,713,982	1,010,107
Total financial income	38,457,913	19,770,117
Financial expenses		
Interest expense	(87,696,625)	(95,686,830)
Loss in exchange differences	(40,574,020)	(12,276,339)
Total financial expenses	(128,270,645)	(107,963,169)

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

(c) Expenses by nature

Items	Cost of sales	General and administrative expenses	12/31/2022	Cost of sales	General and administrative expenses	12/31/2021
Salaries and other personnel-related expenses	6,316,565	3,176,186	9,492,751	4,717,563	2,508,474	7,226,037
Depreciation (Note 7 g)	22,826,661	145,598	22,972,259	25,985,235	131,951	26,117,186
Maintenance expenses	12,058,874	39,291	12,098,165	12,017,500	26,766	12,044,266
Taxes, rates and contributions	1,501,487	1,159,770	2,661,257	364,670	1,837,330	2,202,000
Insurance	2,511,801	42,604	2,554,405	2,358,039	26,036	2,384,075
Other expenses	5,300,937	2,542,368	7,843,305	3,768,823	2,365,486	6,134,309
Total as of 12/31/2022	50,516,325	7,105,817	57,622,142			
Total as of 12/31/2021	49,211,830	6,896,043		49,211,830	6,896,043	56,107,873

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

	12/31/2022	12/31/2021
1. Balances with parent company – MSU Energy Holding Ltd.		
Loans granted	39,008,199	36,983,272
Other liabilities	671,739	708,060
2. Transactions with parent company – MSU Energy Holding Ltd.		
Interest income	2,024,927	2,024,926
Management fee (8)	36,321	167,712
3. Balance with related parties		
Loans granted	8,808,736	8,351,472
Other assets	1,271,093	1,133,757
Other liabilities	351,871	329,035
4. Transaction with related parties		
Interest loss	22,836	19,974
Interest income	457,264	457,263
Expenses to be recovered	137,336	102,302

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

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

During the year ended December 31, 2022 and December 31, 2021, key management received compensations in the total amount of $ 1,955,668 and $ 1,571,263 respectively, which are considered short-term benefits and entail the only benefits granted to the Board of Directors and senior Management. MSU Energy S.A 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 December 31, 2022 and December 31, 2021, MSU Energy has principal and interest receivables equivalent to the amount of $ 47,816,935 and $ $ 45,334,744, respectively. This transaction was priced on an arm's length basis and the balances are not 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 anual 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 December 31, 2022 and 2021 is $ 162,018,539 and $ 165.175.467, respectively.

In connection with these Senior Secured Notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 612,350,155 and $ 610,028,230 (Note 7 e) as of December 31, 2022 and December 31, 2021 respectively.

NOTE 11 - LOANS (cont.)

(b) Senior Secured Floating Rate Notes

On May 7, 2020, MSU Energy issued Senior Secured Floting 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 bellow 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.
- 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 December 31, 2022 is $ 122,129,225.
  - 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 $ 124,224,271 and $ 226,460,571 (Note 7 e) as of December 31, 2022 and December 31, 2021 respectively.

(c) Class I and Class II local unsecured notes

On August 6, 2021, the Company issued the following local unsecured notes at fixed rate:

- Class I local unsecured notes denominated in USD becoming due after 18 months of the issue thereof (“Class 1 senior unsecured notes”) with the following features:
  - Amount of the issue: USD 12,631,473.
  - Term: 18 months as from the issue date.
  - Issue price: 100% of nominal value.

NOTE 11 - LOANS (cont.)

(c) Class I and Class II local unsecured notes (cont.)

- Interest rate: 5.49%.
- Date of issue: August 6, 2021.
- Maturity date: February 6, 2023.
- Amortization: principal shall be amortized in a lump sum at maturity.
- Date for payment of interest: interest shall be paid on a quarterly basis, overdue, as from issue and settlement date, on the following dates: November 6, 2021; February 6, 2022; May 6, 2022; August 6, 2022; November 6, 2022 and on maturity date of Class I, February 6, 2023.

In connection with these Class I local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 12,726,487 and $ 12,612,906 as of December 31, 2022 and December 31, 2021, respectively (Note 7 e).

- Class II local unsecured notes denominated in UVA becoming due after 24 months of the issue thereof ("Class 2 senior unsecured notes") with the following features:
  - Amount of the issue: 20,901,579 UVAs (equivalent to $ 1,750,089,210 at initial UVA value or USD 18,076,950).
  - Initial UVA value: $ 83.73, corresponding to the UVA quoted price published by the Banco Central de la República Argentina by July 30, 2021.
  - Term: 24 months as from the issue date.
  - Issue price: 100% of nominal value.
  - Interest rate: 5.49%.
  - Date of issue: August 6, 2021.
  - Maturity date: August 6, 2023.
  - Amortization: principal shall be amortized in a lump sum at maturity.
  - Date for payment of interest: interest shall be paid on a quarterly basis, overdue, as from issue and settlement date, on the following dates: November 6, 2021; February 6, 2022; May 6, 2022, August 6, 2022; November 6, 2022; February 6, 2023; May 6, 2023 and on maturity date of Class II, August 6, 2023.

In connection with these Class II local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 21,738,171 and $ 19,701,970 as of December 31, 2022 and December 31, 2021, respectively (Note 7 e).

NOTE 11 - LOANS (cont.)

(d) Class III local unsecured notes

On December 21, 2021, the Company issued the following local unsecured notes at fixed rate:

- Class III local unsecured notes denominated in USD becoming due after 24 months of the issue thereof ("Class III senior unsecured notes") with the following features:
    - Amount of the issue: USD 30,300,000.
    - Term: 24 months as from the issue date.
    - Issue price: 100% of nominal value.
    - Interest rate: 7.35%.
    - Date of issue: Dicember 21, 2021.
    - Maturity date: Dicember 21, 2023.
    - Amortization: principal shall be amortized in a lump sum at maturity.
    - Date for payment of interest: interest shall be paid on the following dates: June 21 and Dicember 21, 2022, June 21 2023 and on maturity date of Class III, December 21, 2023.

In connection with these Class III local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 30,122,718 and $ 29,877,341 as of December 31, 2022 and December 31, 2021, respectively (Note 7 e).

(e) Class IV local unsecured notes

On May 20, 2022, the Company issued U.S. dollar-denominated local unsecured notes Class IV due on May 20, 2024 (the "Local Unsecured Notes Class IV") described as follows:

- Issue amount: USD 15,200,000.
- Term: 24-months.
- Issue price: 100% of nominal amount.
- Interest rate: 7.5%.
- Issue date: May 20, 2022.
- Maturity date: May 20, 2024.
- Amortization: capital shall be amortized in one installment on maturity date.
- Interest payment dates: interest will be paid on the following dates: December 20, 2022, May 20, 2023, November 20, 2023, and on the maturity date of Local Unsecured Notes Class IV, May 20, 2024.

In connection with these Class IV local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 15,110,771 as of December 31, 2022 (Note 7 e).

(f) Class V local unsecured notes

On July 22, 2022, the Company issued U.S. dollar-denominated Local Unsecured Notes Class V due on July 22, 2024 (the "Local Unsecured Notes Class V") described as follows:

- Amount of the issue: USD 15,100,000.
- Term: 24 months as from the issue date.
- Issue price: 100% of nominal value.

NOTE 11 - LOANS (cont.)

(f) Class V local unsecured notes (cont.)

- Interest rate: 8%
- Date of issue: July 22, 2022.
- Maturity date: July 22, 2024.
- Amortization: principal shall be amortized in a lump sum at maturity.
- Date for payment of interest: interest shall be paid on the following dates: January 22, 2023; July 22, 2023; January 22, 2024 and on maturity date of Class V, July 22, 2024.

In connection with these Class V local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 15,353,460 as of December 31, 2022 (Note 7 e).

(g) Class VI local unsecured notes

On November 2, 2022, the Company issued U.S. dollar-denominated Local Unsecured Notes Class VI due on November 2, 2024 (the "Local Unsecured Notes Class V") described as follows:

- Amount of the issue: USD 45,544,190.
- Term: 24 months as from the issue date.
- Issue price: 100% of nominal value.
- Interest rate: 9,43%
- Date of issue: November 2, 2022.
- Maturity date: November 2, 2024.
- Amortization: principal shall be amortized in a lump sum at maturity.
- Date for payment of interest: interest shall be paid on the following dates: November 2, 2023; May 16, 2024; and on maturity date of Class VI, November 2, 2024.

In connection with these Class VI local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of $ 45,813,109 as of December 31, 2022 (Note 7 e).

(h) Reconciliation required by IAS 7

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

	12/31/2022	12/31/2021
Loans at beginning of the year	913,254,431	865,681,340
Cash flows from financing activities:		
Payments of senior secured floating rate notes	(100,120,000)	(25,030,000)
Proceeds from senior unsecured notes	75,844,190	61,008,423
Payments of financial leasing	(25,603)	(79,780)
New loans	857,448	24,873,757
Payments of loans	-	(15,747,791)
Payments of interest and financing expenses	(85,094,004)	(93,098,984)
Non-cash items changes:		
Exchange differences	1,834,841	1,486,287
Increase of financial leasing	25,603	125,748
Interest and other financial costs accrued	87,416,176	94,035,431
Loans at year-end	893,993,082	913,254,431

NOTE 11 - LOANS (cont.)

(i) 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	12/31/2022	12/31/2021
Financial	Silver Pass	Loan	$	8,5%	November 2028	15,608,789	14,483,592
Financial	Silver Pass	Amendment	$	8,5%	November 2028	910,855	-
Total						16,519,644	14,483,592

NOTE 12 - CAPITAL

	$		Quantity of Shares	
	2022	2021	2022	2021
In issue at January 1	30,295,440	30,295,440	468,159,804	468,159,804
In issue at December 31 - fully paid	30,295,440	30,295,440	468,159,804	468,159,804

As of December 31, 2022 and 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 agreed 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 in the SADI at a maximum capacity, effectively triggering the 10-year Simple Cycle PPA.

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, would 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.

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Agreement with CAMMESA for wholesale demand: (cont.)

a) General Rojo Plant (cont.)

As of December 31, 2021, liability in this regard amount to $ 3,390,894. As of December 31, 2022 CAMMESA's penalty have been pully paid (Note 7 d).

Additionally, MSU Energy, as provided for by section 5.3.2 of "EPC-On- Shore Contract" under the Full EPC guarrantees, was 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 December 31, 2022, and December 31, 2021, receivables in this regard amounts to $ 5,802,550 (current portion $ 1,819,658 and non-current portion $ 3,982,892) and $ 6,706,805 (current portion $ 1,803,773 and non-current portion $ 4,903,032), 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 contracted for a term of fifteen (15) years adds to 105,37 MW and 100% of MSU Energy revenues operates under the terms and conditions of the General Rojo Combined Cycle PPA that has been awarded to MSU Energy under Resolution SEE 287/17. 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 with natural gas.

b) Barker Plant

By virtue of the wholesale demand agreement signed, the Company agreed 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 is $8.5 per MWh and $12.50 per MWh, respectively. Fuel is provided by CAMMESA.

On December 29, 2017 and in compliance with the commited 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 contracted for a term of fifteen (15) years arrives to 105,00 MW and 100% of MSU Energy revenues 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 agreed to add 143.14 MW of nominal capacity to SADI. The Company agreed 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 commited 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.

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Agreement with CAMMESA for wholesale demand: (cont.)

c) Villa María Plant (cont.)

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 contracted for a term of fifteen (15) years arrives to is 100,20 MW and 100% of MSU Energy revenues 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, the 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.

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.

d) 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

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 year: (i) net finance costs, (ii) income tax expense or benefit and (iii) depreciation and amortization expense.

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

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 year ended December 31, 2022 as follows:

Net income for the year	42,420,468
Net finance costs	89,812,732
Income tax expense	10,834,986
Depreciation and amortization	22,972,259
EBITDA	166,040,445

b) For the year ended December 31, 2021 as follows:

Net income for the year	52,711,884
Net finance costs	88,193,052
Income tax expense	13,044,038
Depreciation and amortization	26,117,186
EBITDA	180,066,160

NOTE 15 - SUBSEQUENT EVENTS

- Class VII local unsecured notes

On January 12, 2023, the Company issued 24-month bullet local unsecured notes (“Class VII local unsecured notes”) at fixed rate under the following terms:

- Issue Amount: USD 15,100,000.
- Term: 24 months as from the issue date.
- Issue price: 100% of nominal value.
- Interest rate: 7,5%
- Date of issue: January 12, 2023.
- Maturity date: January 12, 2025.
- Amortization: principal shall be amortized in a lump sum at maturity.
- Interest Payment Date: interest shall be paid on the following dates: November 30, 2023; June 21, 2024; and on maturity date of Class VII, January 12, 2025.

NOTE 15 - SUBSEQUENT EVENTS (cont.)

- Class II local unsecured notes denominated in UVA

On February 27, 2023 the Company informed the pre-cancelation of the Class II local unsecured notes denominated in UVA, according to the following:

- Payment agent: Caja de Valores S.A. (25 de mayo 362, CABA).
- Payment Date: March 14, 2023.
- Nominal value in UVAs 20.901.579 at the payment date.
- Percentaje of capital redeemed: 100%.
- Redemption Price: 101% of Capital outstanding at payment date amounting to UVAs 21.110.594,79
- Interest period: from February 6, 2023 to March 13, 2023, inclusive.
- Annual nominal interest rate: 5,49%.
- Interest amount: UVAs 113.177,76
- Payment currency: ARS Pesos at the Applicable UVA Value.
- Applicable UVA Value: $207.69 for each 1 UVA, corresponding to the UVA price for March 7, 2023 published by the BCRA on its website: http://www.bcra.gov.ar/PublicacionesEstadisticas/Principales_variables.asp

No events or transactions, other than those mentioned in the notes to the financial statements, have occurred from period-end to the date of issuance of these 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 December 31, 2022.