

MSU ENERGY S.A.

Unaudited condensed interim financial statements for
the six-month period ended June 30, 2023

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended
June 30, 2023

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MSU ENERGY S.A. as of June 30, 2023, the condensed interim statements of profit or loss and other comprehensive income for the six-month and three-month periods then ended, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the condensed interim financial statements. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six months ended June 30, 2023 are not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting*'.

Emphasis of Matter – Purpose of these condensed interim financial statements

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

City of Buenos Aires (Argentina), August 11, 2023.

KPMG

Mario A. Belardinelli
Partner

MSU ENERGY S.A.

Unaudited condensed interim financial statements for the six-month period ended June 30, 2023.

Stated in United States Dollars (USD).

GENERAL INFORMATION

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

Main business: Power generation

Parent company's information:

Name: MSU Energy Holding Ltd.

Main business: Investments

Ownership interest and voting stock: 75.33%

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION as of June 30, 2023 (in USD)

	<u>Notes</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7 (h)	893,633,450	899,435,240
Loans granted	10	49,045,033	47,816,935
Other assets	7 (a)	3,283,616	3,982,892
Tax assets	7 (b)	<u>2,650,023</u>	<u>2,036,389</u>
Total non-current assets		<u>948,612,122</u>	<u>953,271,456</u>
CURRENT ASSETS			
Other assets	7 (a)	5,953,914	6,378,374
Tax assets	7 (b)	5,123,347	9,215,637
Materials and spare parts		18,019,131	16,075,335
Trade receivables		70,237,629	65,149,305
Investments	7 (d)	2,878,223	3,010,671
Cash and cash equivalents	7 (c)	<u>46,302,303</u>	<u>78,489,181</u>
Total current assets		<u>148,514,547</u>	<u>178,318,503</u>
Total assets		<u>1,097,126,669</u>	<u>1,131,589,959</u>
SHAREHOLDERS' EQUITY			
Share capital		30,295,440	30,295,440
Merger Premium		(20,161,526)	(20,161,526)
Legal reserve		2,026,783	1,250,092
Other reserves		158,381,137	116,737,360
Retained earnings		<u>14,120,592</u>	<u>42,420,468</u>
Total equity		<u>184,662,426</u>	<u>170,541,834</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred tax payable		42,755,262	39,147,553
Loans	7 (f)	706,573,224	714,164,299
Taxes payable		<u>2,395,582</u>	<u>3,223,348</u>
Total non-current liabilities		<u>751,724,068</u>	<u>756,535,200</u>
CURRENT LIABILITIES			
Loans	7 (f)	130,892,336	179,828,783
Other liabilities	7 (f)	1,117,641	1,073,610
Taxes payable		1,687,255	1,683,709
Trade and other payables	7 (e)	<u>27,042,943</u>	<u>21,926,823</u>
Total current liabilities		<u>160,740,175</u>	<u>204,512,925</u>
Total liabilities		<u>912,464,243</u>	<u>961,048,125</u>
Total liabilities and equity		<u>1,097,126,669</u>	<u>1,131,589,959</u>

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

MSU ENERGY S.A.

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

for the six and three-month period ended June 30, 2023 (in USD)

	Notes	06/30/2023 (6 months)	06/30/2022 (6 months)	06/30/2023 (3 months)	06/30/2022 (3 months)
Net revenues	8 (a)	94,943,698	101,379,311	47,461,562	50,579,820
Cost of sales	8 (c)	<u>(29,333,334)</u>	<u>(25,854,270)</u>	<u>(12,879,160)</u>	<u>(13,516,999)</u>
Gross profit		65,610,364	75,525,041	34,582,402	37,062,821
Other income		50,803	-	-	-
General and administrative expenses	8 (c)	<u>(3,783,709)</u>	<u>(3,639,236)</u>	<u>(1,953,712)</u>	<u>(1,943,567)</u>
Operating profit		61,877,458	71,885,805	32,628,690	35,119,254
Financial income	8 (b)	25,514,159	14,773,574	12,103,375	10,911,932
Financial expenses	8 (b)	<u>(69,663,316)</u>	<u>(57,614,512)</u>	<u>(35,139,947)</u>	<u>(32,480,232)</u>
Net finance costs		(44,149,157)	(42,840,938)	(23,036,572)	(21,568,300)
Net income before income tax		17,728,301	29,044,867	9,592,118	13,550,954
Income tax expense		<u>(3,607,709)</u>	<u>(5,601,781)</u>	<u>(1,952,378)</u>	<u>(2,528,245)</u>
Net income for the period		<u>14,120,592</u>	<u>23,443,086</u>	<u>7,639,740</u>	<u>11,022,709</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income for the period		<u>14,120,592</u>	<u>23,443,086</u>	<u>7,639,740</u>	<u>11,022,709</u>

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

MSU ENERGY S.A.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the six-month period ended June 30, 2023 (in USD)

Items	Share capital	Merger premium	Legal reserve	Other reserves	Retained earnings (accumulated loss)	Total	Total
Balances as of December 31, 2021	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>2,547,167</u>	<u>40,253,636</u>	<u>75,186,649</u>	<u>117,987,452</u>	<u>128,121,366</u>
Appropriation to legal reserve (1)	-	-	(1,297,075)	76,483,724	(75,186,649)	-	-
Profit for the period	-	-	-	-	<u>23,443,086</u>	<u>23,443,086</u>	<u>23,443,086</u>
Balances as of June 30, 2022	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>1,250,092</u>	<u>116,737,360</u>	<u>23,443,086</u>	<u>141,430,538</u>	<u>151,564,452</u>
Balances as of December 31, 2022	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>1,250,092</u>	<u>116,737,360</u>	<u>42,420,468</u>	<u>160,407,920</u>	<u>170,541,834</u>
Appropriation to legal reserve (2)	-	-	776,691	41,643,777	(42,420,468)	-	-
Profit for the period	-	-	-	-	<u>14,120,592</u>	<u>14,120,592</u>	<u>14,120,592</u>
Balances as of June 30, 2023	<u>30,295,440</u>	<u>(20,161,526)</u>	<u>2,026,783</u>	<u>158,381,137</u>	<u>14,120,592</u>	<u>174,528,512</u>	<u>184,662,426</u>

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

(2) As voted at the MSU ENERGY Sociedad Anónima Ordinary Shareholder's Meeting on April 19, 2023.

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

MSU ENERGY S.A.
UNAUDITED CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the six-month period ended June 30, 2023 (in USD)

	<u>Notes</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
Cash Flow from operating activities			
Profit for the period		14,120,592	23,443,086
Adjustments for:			
Income tax expense		3,607,709	5,601,781
Depreciation of property, plant and equipment	7 (h)	15,650,551	12,101,706
Foreign exchange, differences	8 (b)	23,026,863	8,265,762
Accrued interest, net	8 (b)	21,069,769	34,575,176
Change in fair value of financial assets	8 (b)	52,525	-
Other income		(50,803)	-
Changes in operating assets and liabilities:			
Increase in trade receivables		(6,137,921)	(21,487,922)
Decrease in other assets		1,059,598	1,341,045
Increase in materials and spare parts		(1,943,796)	(2,325,115)
(Increase) decrease in tax assets		(276,972)	1,950,294
Increase (decrease) in trade and other payable		4,553,329	(988,809)
Increase (decrease) in other liabilities		34,185	(67,067)
Increase in taxes payable		<u>85,526</u>	<u>2,127,458</u>
Net cash flows from operating activities		<u>74,851,155</u>	<u>64,537,395</u>
Cash flow from investing activities			
Interest received and other financials receivables		8,120,460	3,142,254
Proceeds from disposal of fixed assets		50,803	-
Net Proceeds for sell and acquisition of investments		54,370	-
Payments for acquisition of property, plant and equipment, net of capitalized interest		(9,478,981)	(433,585)
Net cash flows (used in) from investing activities		<u>(1,253,348)</u>	<u>2,708,669</u>
Cash flow from financing activities			
Proceeds from senior unsecured notes		15,100,000	15,200,000
Payments of senior secured floating rate notes		(84,411,771)	(50,060,000)
Payments of financial leasing		(10,276)	(13,194)
Loans received		8,051,844	857,448
Payments of interest and financing expenses		(36,568,970)	(43,527,515)
Net cash flows used in financing activities		<u>(97,839,173)</u>	<u>(77,543,261)</u>
Net decrease in cash		<u>(24,241,366)</u>	<u>(10,297,197)</u>
Cash and cash equivalents at the beginning of year		78,489,181	62,818,989
Exchange rate difference		(7,945,512)	(3,843,453)
Cash and cash equivalents at the end of the period		<u>46,302,303</u>	<u>48,678,339</u>
Net decrease in cash		<u>(24,241,366)</u>	<u>(10,297,197)</u>

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

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

NOTE 1 - GENERAL INFORMATION

1.1) Description of the business

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

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

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

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

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

On June 13, December 29, 2017, and January 25, 2018, the gas turbines 01, 02 and 03 of the General Rojo, Barker and Villa María Thermoelectric Power Plants were authorized to operate with Argentine Interconnection Grid System (SADI). Turbines 04 of General Rojo, Villa María and Barker power plants were authorized to conduct commercial operations with SADI on April 30, May 17 and July 12 of 2019, respectively. On August 15, August 20 and October 31 of 2020, the expansion and conversion project of the Villa María, General Rojo and Barker power plants was completed, respectively. Since that date, the three plants have been authorized to initiate commercial operations with SADI. Therefore, the acquisition and construction costs of each plant started to be depreciated.

1.2) Financial situation

The Company's installed capacity is fully contracted under long-term power purchase agreements (PPAs) with Cammesa (Note 14). The remuneration scheme consists of a fixed capacity payment coupled with a variable payment. The fixed capacity payment is the key economic driver of the business since it represents more than 85% of total revenues ensuring predictable cash flows.

As of June 30, 2023, the Company presents a negative working capital of \$ 12,225,628 mainly driven by financial obligations incurred subject to the strategic financial plan defined by Management to optimize the capital and liquidity structure.

Management considers that current debt profile over the next 12 months is well aligned with projected cash flow generation and, additionally, the company has access to short-term facilities to cover any unforeseen event.

NOTE 2 - BASIS OF ACCOUNTING

These condensed interim financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting and should be read in conjunction with the last annual financial statements as at and for the year ended December 31, 2022 ("last annual financial statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

Changes to significant accounting policies are described in Note 2.3.

These condensed interim financial statements ended June 30, 2023 were authorized for issue by the Company's President on August 11, 2023.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

NOTE 2 - BASIS OF ACCOUNTING (cont.)

2.1) Purpose of these condensed interim financial statements

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

2.2) Comparative information

The condensed interim statement of financial position is presented on a comparative basis with December 31, 2022.

The condensed interim statements of profit or loss and other comprehensive income for the six-months and three-month periods ended as of June 30, 2023 are presented on a comparative basis with comparable interim periods ended as of June 30, 2022. The condensed interim statements of changes in shareholders' equity and cash flows for the six-month period ended in June 30, 2023 are presented on a comparative basis with the six months ended as of June 30, 2022.

2.3) Significant accounting policies

The main accounting policies applied to the preparation of these condensed interim financial statements are consistent with those applied to the preparation of the financial statements under IFRS for the year ended December 31, 2022.

The Company has not adopted in advance any of the new IFRS or modifications to existing IFRS that come into effect after January 1, 2023.

NOTE 3 - USE OF JUDGMENT AND ESTIMATES

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

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

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

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

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

NOTE 4 - OPERATING SEGMENTS

The Board of Directors is the chief operating decision maker, who receives and reviews financial information considering that MSU Energy has only one operating segment. This is based on the fact that MSU Energy has only one customer - CAMMESA (Note 13 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 June 30, 2023 and December 31, 2022.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

NOTE 5 - INCOME TAX

(a) Income tax expense

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

At the end of June 30, 2023, the effective tax rate calculated for the year reached 20.22%, compared to the 19.28% estimated as of June 2022. The variation is mainly related with the macroeconomic fluctuations of exchange rates and hyperinflation indicators.

(b) 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 which 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, 2023 are as follows:

Accumulated taxable income		To be paid AR\$	Plus %	Over the excess of AR\$
From AR\$	To AR\$			
AR\$ 0	AR\$ 14,301,209	AR\$ 0	25%	AR\$ 0
AR\$ 14,301,209	AR\$ 143,012,092	AR\$ 3,575,302	30%	AR\$ 14,301,209
AR\$ 143,012,092	Without limit	AR\$ 42,188,567	35%	AR\$ 143,012,092

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%.

As of June 30, 2023, 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.

(c) Inflation adjustment for tax purposes

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

During the first three years as from effective date (fiscal years beginning on or after January 1, 2018), the tax inflation adjustment shall be applicable to the extent the IPC variation for each of them exceeds 55%, 30% and 15%, respectively. The resulting inflation adjustment, either gain or loss, 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.

(d) IFRIC 23 Uncertainty over income tax treatments

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

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

NOTE 5 - INCOME TAX (cont.)

(d) IFRIC 23 Uncertainty over income tax treatments (cont.)

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.

(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\$ 1.361.812.239 (equivalent to USD 5,305,073 (Note 7 (b)) in three consecutive monthly instalments of AR\$ 453.929.849 (equivalent to USD 1,768,358) in the months of October, November and December of 2022 respectively. The credit related to the advance payments is disclosed in line Extraordinary income tax advance payment (Note 7 (b)) as of June 30, 2023.

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.

MSU ENERGY S.A.

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

as of June 30, 2023 (in USD)

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

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

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

Item	Note	Balances as of June 30, 2023		Other financial liabilities (2)
		Fair value	Amortized cost	
<i>Financial assets</i>				
Other financial receivables		-	1,958,241	-
Loans granted	10	-	49,045,033	-
Trade receivables		-	70,237,629	-
Investments	7 (d)	2,878,223 (1)	-	-
Cash and cash equivalents	7 (c)	<u>35,737,591 (1)</u>	<u>10,564,712</u>	-
Total financial assets		<u>38,615,814</u>	<u>131,805,615</u>	-
<i>Financial liabilities</i>				
Loans	7 (f)	-	-	837,465,560
Trade and other payable	7 (e)	-	-	24,828,560
Other liabilities	7 (f)	-	-	<u>1,117,641</u>
Total financial liabilities		-	-	<u>863,411,761</u>
Item	Note	Balances as of December 31, 2022		Other financial liabilities (2)
		Fair value	Financial assets and liabilities at amortized cost	
<i>Financial assets</i>				
Other financial receivables		-	1,541,506	-
Loans granted	10	-	47,816,935	-
Trade receivables		-	65,149,305	-
Investments		3,010,671 (1)	-	-
Cash and cash equivalents	7 (c)	<u>54,987,458 (1)</u>	<u>23,501,723</u>	-
Total financial assets		<u>57,998,129</u>	<u>138,009,469</u>	-
<i>Financial liabilities</i>				
Loans	7 (f)	-	-	893,993,082
Trade and other payables	7 (e)	-	-	19,323,030
Other liabilities	7 (f)	-	-	<u>1,073,610</u>
Total financial liabilities		-	-	<u>914,389,722</u>

(1) Level 1

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

As of the date of these condensed interim financial statements, the carrying balances of financial instruments are a reasonable estimate of their related fair values except in loans (liability) for which the fair value (Level 2 for Senior secured notes and Level 3 for loans) is \$ 820,604,209 and \$ 676,929,243 as of June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023, and December 31, 2022, there are no significant expected credit losses ("ECL") to be recognized following the impairment evaluation of financial assets carried at amortized cost.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

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

(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:

<u>Net monetary position assets</u>	<u>Functional currency (USD) 6/30/2023</u>	<u>Functional currency (USD) 12/31/2022</u>
Argentine pesos	59,222,446 (*)	53,506,631
Total	59,222,446	53,506,631

(*) Includes \$ 37,737,591 of temporary investments

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 20% 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):

	<u>June 30, 2023</u>		<u>December 31, 2022</u>	
	+20%	-20%	+10%	-10%
USD	(9,870,408)	14,805,611	(4,864,239)	2,127,163
Total	(9,870,408)	14,805,611	(4,864,239)	2,127,163

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

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

(b) Financial risk management (cont.)

1. Market risk (cont)

• 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).

The Company estimates that, for each period presented, all other factors remaining constant, a strengthening of 100 points (or weakening) of the year-end market interest rate would increase (or decrease) the fair value of financial instruments as follows:

	June 30, 2023		December 31, 2022	
	+1%	-1%	+1%	-1%
USD	(129,658)	130,014	(8,524,733)	8,732,089
Total	(129,658)	130,014	(8,524,733)	8,732,089

• 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 June 30, 2023, the mentioned measures did not affect the normal operations.

2. Liquidity risk

The liquidity risk estimates 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 current debt maturity profile.

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.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

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

(b) Financial risk management (cont.)

2. Liquidity risk (cont.)

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).

On November 2, 2022 the Company issued class VI local unsecured Notes for USD 45,544,190 bullet 24-months (Note 11 g).

On January 12, 2023 the Company issued class VII local unsecured Notes for USD 15,100,000 bullet 24-months (Note 11 h).

On May 5, 2023, in accordance with Resolution DI-2023-28-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 285,000,000 to USD 900,000,000 (or its equivalent in other currencies).

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 June 30, 2023, and June 30, 2022, 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 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(a) Other assets	<u>06/30/2023</u>	<u>12/31/2022</u>
Non current		
Credit of compensatory agreement (Note 13 a)	3,283,616	3,982,892
Total	3,283,616	3,982,892
Current		
Advances to suppliers	512,888	451,501
Prepaid insurance	805,460	1,943,440
Expenses to recover	197,775	441,666
Parent company and other related parties (Note 9)	1,072,120	1,021,687
Related companies (Note 9)	607,054	249,406
Loans to personnel	18,645	20,413
Credit of compensatory agreement (Note 13 a)	1,820,518	1,819,658
Others	260,422	250,000
Guarantees	636,911	158,889
Security deposits	22,121	21,714
Total	5,953,914	6,378,374

MSU ENERGY S.A.

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

as of June 30, 2023 (in USD)

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

	<u>06/30/2023</u>	<u>12/31/2022</u>
(b) Tax assets		
Non current		
Income tax net advances	2,650,023	2,036,389
Total	<u>2,650,023</u>	<u>2,036,389</u>
Current		
Valued added tax	2,654,678	1,226,892
Extraordinary income tax advance payment	1,877,769	7,686,906
Custom tax	47,040	68,156
Other tax balances	<u>543,860</u>	<u>233,683</u>
Total	<u>5,123,347</u>	<u>9,215,637</u>
(c) Cash and cash equivalents		
Cash	672	988
Banks	10,564,040	54,987,458
Temporary investments	<u>35,737,591</u>	<u>23,500,735</u>
Total	<u>46,302,303</u>	<u>78,489,181</u>
(d) Investments		
Investments	<u>2,878,223</u>	<u>3,010,671</u>
Total	<u>2,878,223</u>	<u>3,010,671</u>
(e) Trade and other payables		
Suppliers (2)	24,828,560	19,323,030
Accrued expenses	<u>2,214,383</u>	<u>2,603,793</u>
Total	<u>27,042,943</u>	<u>21,926,823</u>
(2) At June 30, 2023 and December 31, 2022 includes unpaid balances of PPE of \$ 2.070.022 and \$ 1,689,966, respectively.		
(f) Loans		
Non current		
Senior secured notes (Note 11 a and b) (3)	598,645,543	622,108,034
Local unsecured notes (Note 11 c, d, e, f, g, and h) (3)	90,777,713	75,528,651
Loans (Note 11 i)	17,149,968	16,519,644
Finance lease	<u>-</u>	<u>7,970</u>
Total	<u>706,573,224</u>	<u>714,164,299</u>
Current		
Senior secured notes (Note 11 a and b) (3)	89,491,750	114,466,392
Local unsecured notes (Note 11 c, d, e, f, g, and h) (3)	33,393,823	65,336,065
Loans (Note 11 i)	7,991,300	-
Finance lease	<u>15,463</u>	<u>26,326</u>
Total	<u>130,892,336</u>	<u>179,828,783</u>
(g) Other liabilities		
Parent company and other related parties (Note 9.1 and 9.3)	1,067,607	1,023,610
Related companies (Note 9)	34	-
Other payables	<u>50,000</u>	<u>50,000</u>
Total	<u>1,117,641</u>	<u>1,073,610</u>
(3) At June 30, 2023 and December 31, 2022 includes net transactions costs of \$ 6,337,603 and \$ 8,853,976, respectively.		

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

as of June 30, 2023 (in USD)

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

(h) Property, plant and equipment

Main account	Balances as of June 30, 2023									
	Cost				Depreciations					Net as of
	At beginning of year	Additions	Decreases	At period end	Accumulated at beginning of the period	Decreases	Rate %	Amount (Note 8 c)	Accumulated at period end	06/30/2023
Land	2,142,790	-	-	2,142,790	-	-	-	-	-	2,142,790
Spare parts	8,634,049	-	-	8,634,049	-	-	-	-	-	8,634,049
<i>Thermoelectric power plants</i>										
Infrastructure	480,542,226	16,063	-	480,558,289	46,167,945	-	3.33%	6,239,366	52,407,311	428,150,978
Plant and equipments (7)	508,774,691	8,821,147	-	517,595,838	56,572,330	-	(4)	9,202,906	65,775,236	451,820,602
Facilities and other fixed assets (6)	3,601,231	482,280	(36,028)	4,047,483	2,396,426	(36,028)	(5)	208,279	2,568,677	1,478,806
Under construction	876,954	529,271	-	1,406,225	-	-	-	-	-	1,406,225
Total	1,004,571,941	9,848,761	(36,028)	1,014,384,674	105,136,701	(36,028)		15,650,551	120,751,224	893,633,450

Main account	Balances as of December 31, 2022										
	Cost					Depreciation				Net as of	
	At beginning of year	Additions	Decreases	Transfers	At year-end	Accumulated at beginning of year	Decreases	Rate %	Amount	Accumulated at year-end	12/31/2022
Land	2,142,790	-	-	-	2,142,790	-	-	-	-	-	2,142,790
<i>Thermoelectric power plants</i>											
Infrastructure	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

(4) By units of production.

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

(6) Includes \$ 27,769 and \$ 48,596 of right of use related to financial leasing, as of June 2023 and December 31, 2022, respectively.

(7) Includes \$ 5,595,708 of accelerated depreciation related to the replacement of parts due to the maintenance done on turbines of Villa María and Rojo.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the six-month period ended June 30, 2023 (in USD)

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

(a) Revenue

On June 13, 2017, December 29, 2017 and January 25, 2018 General Rojo, Villa Maria and Barker Plants, respectively, were authorized to conduct commercial operations with SADI, effectively triggering the Wholesale Demand Agreements (Simple Cycle PPAs) signed with CAMMESA on August 4, July 25 and December 29 of 2016, respectively.

On August 15, August 20 and October 31 of 2020, the Villa Maria, the General Rojo and the Barker plants expansion capacity was authorized for commercial operations in the SADI, activating the Wholesale Demand Agreements (Combined Cycle PPAs) for each plant signed with CAMMESA on April 6, 2018.

	<u>06/30/2023</u> (6 months)	<u>06/30/2022</u> (6 months)	<u>06/30/2023</u> (3 months)	<u>06/30/2022</u> (3 months)
Revenues from generation capacity	85,140,791	88,050,090	44,084,627	44,873,209
Revenues from supply of power	<u>9,802,907</u>	<u>13,329,221</u>	<u>3,376,935</u>	<u>5,706,611</u>
Total revenue	<u>94,943,698</u>	<u>101,379,311</u>	<u>47,461,562</u>	<u>50,579,820</u>

(b) Net finance costs

	<u>06/30/2023</u> (6 months)	<u>06/30/2022</u> (6 months)	<u>06/30/2023</u> (3 months)	<u>06/30/2022</u> (3 months)
<u>Financial income</u>				
Interest income	21,703,502	7,566,261	11,981,169	4,412,109
Gain on exchange differences	<u>3,810,657</u>	<u>7,207,313</u>	<u>122,206</u>	<u>6,499,823</u>
Total financial income	<u>25,514,159</u>	<u>14,773,574</u>	<u>12,103,375</u>	<u>10,911,932</u>
<u>Financial expenses</u>				
Interest expense	(42,773,271)	(42,141,437)	(21,367,547)	(20,119,165)
Change in fair value of financial assets	(52,525)	-	46,813	-
Loss in exchange differences	<u>(26,837,520)</u>	<u>(15,473,075)</u>	<u>(13,819,213)</u>	<u>(12,361,067)</u>
Total financial expenses	<u>(69,663,316)</u>	<u>(57,614,512)</u>	<u>(35,139,947)</u>	<u>(32,480,232)</u>

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
for the six-month period ended June 30, 2023 (in USD)

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

(c) Expense by nature

<u>Items</u>	<u>Cost of sales</u>	<u>General and administrative expenses</u>	<u>06/30/2023</u> <u>(6 months)</u>	<u>Cost of sales</u>	<u>General and administrative expenses</u>	<u>06/30/2022</u> <u>(6 months)</u>
Salaries and other personnel-related expenses	3,458,499	1,681,411	5,139,910	3,318,430	1,597,046	4,915,476
Depreciation (7)	15,570,807	79,744	15,650,551	12,027,025	74,681	12,101,706
Maintenance expenses	5,790,330	25,686	5,816,016	5,956,602	50,620	6,007,222
Taxes, rates and contributions	705,434	707,480	1,412,914	592,765	814,813	1,407,578
Insurance	1,190,434	8,966	1,199,400	1,258,729	16,387	1,275,116
Other expenses	<u>2,617,830</u>	<u>1,280,422</u>	<u>3,898,252</u>	<u>2,700,719</u>	<u>1,085,689</u>	<u>3,786,408</u>
Total	<u>29,333,334</u>	<u>3,783,709</u>	<u>33,117,043</u>	<u>25,854,270</u>	<u>3,639,236</u>	<u>29,493,506</u>

<u>Items</u>	<u>Cost of sales</u>	<u>General and administrative expenses</u>	<u>06/30/2023</u> <u>(3 months)</u>	<u>Cost of sales</u>	<u>General and administrative expenses</u>	<u>06/30/2022</u> <u>(3 months)</u>
Salaries and other personnel-related expenses	1,685,715	883,380	2,569,095	1,720,856	878,495	2,599,351
Depreciation	6,504,229	40,177	6,544,406	5,741,147	42,635	5,783,782
Maintenance expenses	2,786,438	14,510	2,800,948	3,557,386	38,223	3,595,609
Taxes, rates and contributions	319,082	366,218	685,300	431,767	497,302	929,069
Insurance	596,399	3,486	599,885	639,691	8,077	647,768
Other expenses	<u>987,297</u>	<u>645,941</u>	<u>1,633,238</u>	<u>1,426,152</u>	<u>478,835</u>	<u>1,904,987</u>
Total	<u>12,879,160</u>	<u>1,953,712</u>	<u>14,832,872</u>	<u>13,516,999</u>	<u>1,943,567</u>	<u>15,460,566</u>

(7) See note 7 h.

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

	<u>06/30/2023</u>	<u>12/31/2022</u>
1. Balances with parent company – MSU Energy Holding Ltd.		
Loans granted	40,009,544	39,008,199
Other assets	162,229	110,011
Other liabilities	705,914	671,739
2. Transactions with parent company – MSU Energy Holding Ltd.	<u>06/30/2023</u>	<u>06/30/2022</u>
Interest income	1,001,346	1,004,142
Expenses to be recovered	52,218	-
Management fee (8)	(34,166)	68,067
3. Balance with related parties	<u>06/30/2023</u>	<u>12/31/2022</u>
Loans granted	9,035,489	8,808,736
Other assets	1,516,945	1,161,082
Other liabilities	361,727	351,871

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

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

4. Transaction with related parties	<u>06/30/2023</u>	<u>06/30/2022</u>
Interest income	226,753	226,753
Interest loss	(9,863)	(9,863)
Expenses to be recovered	54,103	11,848

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

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

During the period ended June 30, 2023 and 2022, key management received compensations in the total amount of \$ 1,203,125 and \$ 1,127,968 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 June 30, 2023 and December 31, 2022, MSU Energy has principal and interest receivables equivalent to the amount of \$ 49,045,033 and \$ 47,816,935, 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 annual rate.
- Interest payment dates: February 1 and August 1 of each year, commencing on August 1, 2018.
- Guarantee: The notes are secured by:
- Debt Service Reserve Account to cover one interest payment (founded 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 June 30, 2023 and December 31, 2022 is \$ 156,158,449 and \$ 162,018,539, 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 \$ 613,511,118 and \$ 612,350,155 (Note 7 e) as of June 30, 2023 and December 31, 2022 respectively.

MSU ENERGY S.A.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

NOTE 11 - LOANS (cont.)

(b) Senior Secured Floating Rate Notes

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

- Principal amount: \$ 250,300,000.
- Gross Proceeds: \$ 250,300,000.
- Maturity Date: February 28, 2024.
- Issue price: 100% of principal amount.
- Interest rate: (i) LIBOR (three months) plus 11.95% for each day during the period commencing on (and including) the issue date and ending on (but excluding) February 28, 2021, (ii) for each day during the period commencing on (and including) the last day of the period referred to in (i) and ending on but excluding February 28, 2022, 12.50%, and (iii) for each day during the period commencing on (and including) the last day of the period referred to in (ii) and thereafter until all amounts due under the notes are repaid in full, 13.00%. If LIBOR rate is not available for any reason, the LIBOR shall be the Interpolated Rate and if such rate is below 2.00%, the LIBOR shall be deemed to be 2.00%.
- Amortization: capital shall be amortized in 10 quarterly equal and consecutive installments as of November 30, 2021.
- Interest payment dates: to be paid quarterly on each February 28 and every 30th day of May, August and November, starting on August 30, 2020.
- 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 June 30, 2023 and 2022 is \$ 120,947,485 and \$ 122,129,225, respectively.
 - The amount of 465,982,166 common shares that account for 99.53% of MSU Energy capital is subject to a first-degree pledge for the benefit of Citibank NA as security agent.
 - The possibility of establishing a fiduciary assignment of the collection rights arising from the new PPA's related to combined cycle capacity. (Note 13)

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 \$ 74,626,175 and \$ 124,224,271 (Note 7 e) as of June 30, 2023 and December 31, 2022 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 I local 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.
 - Interest rate: 5.49%.
 - Date of issue: August 6, 2021.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

NOTE 11 - LOANS (cont.)

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

- Class I local unsecured notes (cont.)
 - 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, on maturity date February 6, 2023, MSU Energy paid in full the outstanding principal and due interest for the amount of \$ 12,806,265.

As of June 30, 2023 the entity has no outstanding amounts due related to this unsecured notes. As of December 31, 2022 had principal and interest debt (net of deferred transactions costs) equivalent to the amount of \$ 12,726,487 (Note 7 e).

- Class II local unsecured notes denominated in UVA becoming due after 24 months of the issue thereof (“Class 2 local 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 executed the optional redemption of the total outstanding notes. On March 14, 2023 MSU Energy paid principal and due interest to the amount of AR\$ 4.407.965.321 equivalent to \$ 21,814,051 at the date of the transaction.

As of June 30, 2023 the entity has no outstanding amounts due related to these unsecured notes. As of December 31, 2022 had principal and interest debt (net of deferred transactions costs) equivalent to the amount of \$ 21,738,171 (Note 7 e).

(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 local unsecured notes”) with the following features:
 - Amount of the issue: USD 30,300,000.
 - Term: 24 months as from the issue date.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

NOTE 11 - LOANS (cont.)

(d) Class III local unsecured notes (*) (cont.)

- Issue price: 100% of nominal value.
- Interest rate: 7.35%.
- Date of issue: December 21, 2021.
- Maturity date: December 21, 2023.
- Amortization: principal shall be amortized in a lump sum at maturity.
- Date for payment of interest: interest shall be paid every six months, overdue, as from issue and settlement date, on the following dates: June 21 and December 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 \$ 30,238,818 and \$ 30,122,718 as of June 30, 2023 and December 31, 2022, 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: 2 years from issue date.
- 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 \$ 15,248,962 and \$ 15,110,771 as of June 30, 2023 and December 31, 2022, respectively (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.
- 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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

NOTE 11 - LOANS (cont.)

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

- 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 \$ 15,433,457 and \$ 15,353,460 as of June 30, 2023 and December 31, 2022, respectively (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 VI") described as follows: (cont.)

- Amount of the issue: USD 45,544,190.
- Term: 24 months as from the issue date.
- Issue price: 100% of nominal value.
- Interest rate: 9,00%
- 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 \$ 47,952,789 and \$ 45,813,109 as of June 30, 2023 and December 31, 2022, respectively (Note 7 e).

(h) 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.

In connection with these Class VII local unsecured notes MSU Energy has principal and interest debt (net of deferred transactions costs) equivalent to the amount of \$ 15,297,510 as of June 30, 2023 (Note 7 e).

(*) Issued in accordance with foreign currency regulations in force.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

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	06/30/2023	12/31/2022
Financial	Silver Pass	Loan	\$	8,5%	November 2028	16,199,332	15,608,789
Financial	Silver Pass	Amendment	\$	8,5%	November 2028	950,636	910,855
Financial	BNA	Loan	ARS	83,93%	October 2023	7,991,300	-
Total						<u>25,141,268</u>	<u>16,519,644</u>

NOTE 12 - CAPITAL

	\$		Quantity of Shares	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
In issue at January 1	<u>30,295,440</u>	<u>30,295,440</u>	<u>468,159,804</u>	<u>468,159,804</u>
In issue at June 30 - fully paid	<u>30,295,440</u>	<u>30,295,440</u>	<u>468,159,804</u>	<u>468,159,804</u>

As of June 30, 2023, 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 of approximately 50 MW each. As from such date, the Wholesale Demand Agreement signed with CAMMESA on August 4, 2016 became effective.

On June 6, 2018 and by means of the provisions of Resolution No. 262 of the Ministry of Energy and Mining ("MEyM"), it was resolved that the penalty for noncompliance with the date committed for the power plant completion, as stated in the Wholesale Demand Agreement signed within the framework of SEE Resolution No. 21/2016, 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. The Company appeared before CAMMESA and applied for the proceedings for the resolution of disputes stated in the Agreement, as it considers that the delay arose out of force majeure events, as provided for by section 21 of the referred Wholesale Demand Agreement such proceedings have not been concluded to date.

As of June 30, 2023, and December 31, 2022, CAMMESA's penalty have been fully paid.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

NOTE 13 - CONTRACTUAL COMMITMENTS (cont.)

Agreement with CAMMESA for wholesale demand (cont.)

a) General Rojo Plant (cont.)

Additionally, MSU Energy, as provided for by section 5.3.2 of “EPC-On- Shore Contract” under the Full EPC guarantees, 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 June 30, 2023, and December 31, 2022, receivables in this regard amounts to \$ 5,104,134 (current portion \$ 1,820,518 and non-current portion \$ 3,283,616) and \$ 5,802,550 (current portion \$ 1,819,658 and non-current portion \$ 3,982,892), 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.

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

On October 31, 2020, MSU Energy completed the conversion of the Barker Thermal Plant from simple cycle to combined cycle and achieved commercial operation in accordance with the PPA signed between CAMMESA and the Company on April 6, 2018, pursuant to Resolution SEE 287/2018 and related regulations (the “Barker Combined Cycle PPA”). The average incremental capacity 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 SEE No. 287/17. 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 Resolution SEE No. 21/2016 under the PPA entered into by and between MSU Energy and CAMMESA on December 29, 2016, comprised of 143.14 MW contracted for a term of ten (10) years, at a price of \$ 19,900 (MW-month). Price of electricity dispatched using gas or diesel oil will be \$ 8.5 per MWh and \$ 12.50 per MWh, respectively. Fuel is provided by CAMMESA.

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

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 No. 287/2018 and related regulations (the “Villa María Combined Cycle PPA”). The average incremental capacity contracted for a term of fifteen (15) years adds to 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 SEE N° 287/17. 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 No. 25/2019 was published, which enabled generators that had been awarded the projects under Resolution SEE No. 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 María 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.

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

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

NOTE 14 - EBITDA RECONCILIATION WITH NET INCOME (LOSS)

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

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS for the six-month period ended June 30, 2023 (in USD)

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

a) For the six-month period ended June 30, 2023 as follows:

Net profit for the period	14,120,592
Net finance costs	44,149,157
Income tax expense	3,607,709
Depreciation and amortization	<u>15,650,551</u>
EBITDA	77,528,009

b) For the six-month period ended June 30, 2022 as follows:

Net profit for the period	23,443,086
Net finance costs	42,840,938
Income tax expense	5,601,781
Depreciation and amortization	<u>12,101,706</u>
EBITDA	83,987,511

NOTE 15 - SUBSEQUENT EVENTS

No events or transactions, other than those mentioned in the notes to the condensed financial statements, have occurred from period-end to the date of issuance of these condensed interim financial statements that would have a material effect on the financial position of the Company or the results of its operations as of period-end June 30, 2023.